

Income-Averaging for Forest Producers 2007

You may use this form if, at the end of 2007,

- you were a forest producer recognized by the Ministère des Ressources naturelles et de la Faune (MRNF) with respect to the operation of a private woodlot; or
- you were a member of a partnership that, at the end of its fiscal period in 2007, was such a producer.

A portion of your net income from the sale of timber from the private woodlot, to a purchaser with an establishment in Québec, may be averaged over a maximum of **four years**. Income from retail sales (the sale of firewood to individuals, for example) cannot be averaged. More specifically, income-averaging allows you

- **to deduct**, in calculating your **taxable income** for 2006, 2007, 2008 and 2009, a maximum of 80% of the portion of your net income for the year (including your share of the partnership's net income) earned from the sale of timber related to the operation of the private woodlot. The income must be earned in a period during which you (or the partnership) were a recognized forest producer;
- **to include** all or part of the amount deducted for a year in calculating your **taxable income** for one or more of the four years following the year of the deduction. The total amount deducted must be included, at the latest, by the fourth year.

In order to qualify for income-averaging, the income must have been earned in a taxation year or a partnership's fiscal period that ended after **March 23, 2006**, and before January 1, 2010.

Moreover, in calculating your taxable income for the year in which you dispose of the private woodlot, the year in which you cease to be a member of the partnership or the year in which the fiscal period during which the partnership disposed of the private woodlot ends, you must include any portion of the deduction that has not yet been included.

Income-averaging does not affect the logging tax. Total income from the sale of timber related to a private woodlot continues to be included in the calculation of the income for the year in which the forest operations are carried out.

File a copy of this form for each woodlot and attach all the completed forms to your income tax return, along with a copy of the valid **forest producer's certificates** issued by the MRNF.

1 Information about you and your business (or the partnership)

Name of the business or partnership End-date of fiscal period

1 _____ 2 _____
Y Y Y Y M M D D

Social insurance number Identification number (if you are the sole proprietor) File

3 _____ 4 _____ **T Q**

Identification number (in the case of a partnership) File Your share of the partnership income Location of the woodlot

5 _____ **S P** _____ 6 _____ % 7 _____

2 Income-averaging

2.1 Amount included for 2007

Amount deducted in 2006 (line 297, point 21, of your return) _____ 10 _____

Amount or portion of the amount on line 10 that you are including on **line 276** of your income tax return. If you complete more than one TP-726.30 form, carry to line 276 the total of the amounts appearing on line 16 of all of your TP-726.30 forms.

Amount included for 2007

16		
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2.2 Amount deducted in 2007

Net income earned from the sale of timber related to the operation of a private woodlot, for the period during which you (or the partnership) were a recognized forest producer. The income to be reported on this line includes income earned on behalf of timber producers' unions or bureaus.

Portion of the amount on line 20 that represents the income from the sale of timber to purchasers with an establishment outside Québec and from retail sales (for example, the sale of firewood to individuals)

Subtract line 21 from line 20.

20		
-	21	
=	22	

Amount on line 22, or your share of this amount as a member of the partnership _____ 23 _____

Multiply line 23 by 80%.

	x	80%		
=			24	

Amount or portion of the amount on line 24 that you are deducting on **line 297** of your income tax return. If you complete more than one TP-726.30 form, carry to line 276 the total of the amounts appearing on line 25 of all of your TP-726.30 forms.

Amount deducted in 2007

25		
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2.3 Amounts to be included in subsequent years

A	B	C			
Amounts from lines 10 and 25 above	Amount or portion of the amount from column A included in 2007	Amount to be included in subsequent years (subtract col. B from col. A)			
(10)	(25)	+	0 00	+	=
30	31	32			
Amount for 2006	Amount for 2007	Total (the amount in column B must equal the amount on line 16)			