

**Tax on Split Income – 2021**

**Before you complete this form, read the attached information section.** Attach this form to your return.

**Dispositions of certain capital property – shares subject to tax on split income (TOSI)**

**Complete this part if you** (or a trust of which you are the beneficiary) disposed of shares to a person with whom you do not deal at arm's length, and the dividends from those shares would be subject to TOSI.

Capital gain on dispositions in 2021

Amount of 2020 reserve (from line C of Form T1206 for 2020)		<b>B</b>		<b>A</b>
Amount of 2021 reserve (calculated below)	–	<b>C</b>		
Line B minus line C (if negative, show in brackets)	=	<b>D</b>	+	
Line A plus line D	<b>Net capital gain</b>	<b>E</b>	=	
Capital gains from box 21 of your T3 slip(s) (relating to dispositions in 2021)		<b>F</b>	+	
Line E plus line F		<b>G</b>	=	

**If you were under 18 years of age at the end of the year**, the amount at line G is deemed to be a dividend (other than eligible dividend). Multiply the amount on line G by **1.15** and include this amount under "Taxable amount of dividends (eligible and other than eligible) from taxable Canadian corporations" on the Federal Worksheet, and on lines 12000 and 12010 of your return. In addition, enter this amount on lines 1 and 2 as indicated in Part 1 on page 7. **Do not** include this amount on Schedule 3.

**If you were 18 years of age or older in 2021**, enter the amount from line G on the applicable line(s) of Schedule 3. In addition, enter 50% of the amount from line G on line 3 in Part 1 on page 7.

**Calculation of reserve**

Complete this calculation and include the total amount of your 2021 reserve on line C above. You can claim a reserve up to a maximum of four years for each disposition. Your reserve in each year cannot be more than whichever of the following two calculations is **less** (use a separate sheet of paper for multiple dispositions):

(i) Capital gain \_\_\_\_\_ ×  $\frac{\text{Amount payable after the end of the year}}{\text{Proceeds of disposition}}$  \_\_\_\_\_ = \_\_\_\_\_

(ii) Capital gain \_\_\_\_\_ ×  $\frac{\text{Applicable percentage for year of sale or year after sale}}{\text{Applicable percentage for year of sale or year after sale}}$  \_\_\_\_\_ % = \_\_\_\_\_

Year of sale	Year after sale
80%	1st year: 60%
	2nd year: 40%
	3rd year: 20%
	4th year: 0%

**Part 1 – TOSI-adjusted net income**

The part of the taxable amount of dividends (eligible and other than eligible) described in the information section received from taxable Canadian corporations	<b>68330</b>		<b>1</b>
The part of the taxable amount of dividends other than eligible dividends, included on line 1, from taxable Canadian corporations	<b>68340</b>	<b>2</b>	
All other split income (see the definition in the information section)		+	<b>3</b>
<b>Total split income:</b> Add lines 1 and 3. Enter this amount on line 23200 of your return.	<b>68360</b>	=	<b>4</b>
Net income from line 23600 of your tax return		+	<b>5</b>
<b>TOSI-adjusted net income:</b> Add lines 4 and 5 (see note below).		=	<b>6</b>

**Note**

Use the TOSI-adjusted net income from line 6 of this form in place of your net income from line 23600 to calculate the federal amounts you can claim, if applicable, for the following amounts:

- the basic personal amount on line 30000 of your return (use line 6 of this form at line 3 of your Federal Worksheet for line 30000)
- the age amount on line 30100 of your return (use line 6 of this form at line 2 of your Federal Worksheet for line 30100)
- the refundable medical expenses supplement on line 45200 of your tax return (use line 6 of this form at line 1 of your Federal Worksheet for line 45200)
- the Canada workers benefit (CWB) on line 45300 of your tax return (use line 6 of this form at line 7 of column 1 of Schedule 6)

Also, add the amount from line 4 of this form to line 6 of your Federal Worksheet in the calculation of the social benefits repayment for the calculation of lines 23500 and 42200 of your tax return, if applicable.

Use the TOSI-adjusted net income from line 6 of this form in place of your net income from line 23600 to calculate the provincial and territorial amounts you can claim, if applicable, for the following amounts:

- except for Nova Scotia, the age amount on Form 428 or Form 428MJ for all provinces and territories (use line 6 of this form at line 2 of the calculation of line 58080 of your provincial or territorial worksheet)
- the low income tax reductions on Form 428 or Form 428MJ for New Brunswick (use line 6 of this form at column 1 of line 68 of Form NB428 or line 34 of Form NB428MJ), for Prince Edward Island (use line 6 of this form at column 1 of line 70 of Form PE428 or line 39 of Form PE428MJ), for British Columbia (use line 6 of this form at line 67 of Form BC428 or line 33 of Form BC428MJ), and for Newfoundland and Labrador (use line 6 of this form at column 1 of line 81 of Form NL428 or line 45 of Form NL428MJ)
- the sales tax credit on Form BC479 for British Columbia (use line 6 of this form at column 1 of line 1 of Form BC479)
- the Childcare access and relief from expenses tax credit for Ontario (use line 6 of this form at column 1 of line 1 of Schedule ON479—A)
- the Low-income individuals and families tax credit for Ontario (use line 6 of this form at line 6 of Schedule ON428—A or Schedule ON428—A MJ)
- Saskatchewan active families benefit (use line 6 of this form at column 1 of line 1 of Form SK479)

For more information and further instructions, see "TOSI-adjusted net income" on page 4.



**Part 3 – Provincial or territorial tax payable by an individual with split income**

If you are not completing Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions, complete lines 29 to 50 only. Enter your total split income from line 4 **on line 29** below.

If you are completing Form T2203, Provincial and Territorial Taxes for Multiple Jurisdictions, do not complete lines 29 to 50. Enter your total split income from line 4 **on line 51** in Part 4, Tax on Split Income for Multiple Jurisdictions.

**Provincial or territorial tax on split income**

Total split income from line 4					<b>29</b>
Tax rate that applies to your province or territory of residence from column 2 in Chart C on page 5		<b>x</b>	<b>%</b>		<b>30</b>
Multiply the amount on line 29 by the tax rate you entered on line 30. Enter this amount on the line of your Form 428 shown in column 4 in Chart C on page 5.		<b>=</b>			<b>31</b>

**TOSI-adjusted taxable income**

Amount from line 31					<b>31A</b>
Tax rate that applies to your province or territory from column 3 in Chart C on page 5		<b>÷</b>	<b>%</b>		<b>31B</b>
Divide the amount on line 31A by the tax rate you entered on line 31B.		<b>=</b>			<b>31C</b>
Use the amount from line 31C to adjust your taxable income for certain amounts. For more information, see "TOSI-adjusted taxable income" on page 5.					

**Calculation of line 42800 of your return****Provincial or territorial disability tax credit (DTC)**

DTC from line 58440 of your provincial or territorial Form 428					<b>32</b>
DTC transferred from a dependant from line 58480 of your provincial or territorial Form 428		<b>+</b>			<b>33</b>
Line 32 plus line 33		<b>=</b>			<b>34</b>
Tax rate that applies to your province or territory from column 3 in Chart C on page 5		<b>x</b>	<b>%</b>		<b>35</b>
Multiply the amount on line 34 by the tax rate you entered on line 35.		<b>=</b>		<b>▶</b>	<b>36</b>
Line 31 minus line 36				<b>=</b>	<b>37</b>

**Provincial or territorial dividend tax credit on split income for eligible dividends and dividends other than eligible dividends**

Amount from line 16					<b>38</b>
Eligible dividend tax credit rate that applies to your province or territory from column 5 in Chart C on page 5		<b>x</b>	<b>%</b>		<b>39</b>
Multiply the amount on line 38 by the rate on line 39.		<b>=</b>		<b>▶</b>	<b>40</b>
Amount from line 15					<b>41</b>
Dividend other than eligible dividend tax credit rate that applies to your province or territory from column 6 in Chart C on page 5		<b>x</b>	<b>%</b>		<b>42</b>
Multiply the amount on line 41 by the rate on line 42.		<b>=</b>		<b>▶</b>	<b>43</b>
Line 40 plus line 43		<b>=</b>		<b>▶</b>	<b>44</b>
Line 37 minus line 44				<b>=</b>	<b>45</b>

Part 3 – Provincial or territorial tax payable by an individual with split income (continued)

Provincial or territorial foreign tax credit on split income

Amount from line 45 on the previous page									46
The part of the amount from line 68370 on page 8 that is <b>non-business</b> income									
	×	Amount from line number of your Form 428 shown in column 7 in Chart C on page 5		=	-				47
The part of the amount from line 68380 on page 8 that is <b>non-business</b> income									
Line 46 minus line 47				=					48
Amount from the line number of your Form 428 shown in column 8 of Chart C on page 5									49
Enter the amount from line 48 or line 49, whichever is <b>more</b> . Enter the amount from line 50 on line 42800 of your return. <sup>(1)</sup>									50

(1) If you were a resident of **Ontario**, enter this amount on line 88 of Form ON428 and complete the remaining lines of that form.

continue on the next page.