



# Corporate Asset Disposition Worksheet

This worksheet determines the total corporate and personal taxes from the disposition of corporate capital assets and subsequent distribution of the net proceeds to a shareholder.

Your client's situation:

- Corporate and personal inputs
  - Tax province ON
  - Tax year ending Dec 31, 2016
  - Existing salary income 300,000
  
- Existing corporate income
  - Other Canadian investment income 20,000
  - Eligible dividends – not connected 10,000
  
- Opening carryforward balances
  - Refundable dividend tax on hand 10,000
  - Net capital loss 30,000
  
- Asset details

○ Description	Land	Building
○ Proceeds of disposition	500,000	400,000
○ (Adjusted cost base)	(350,000)	(250,000)
○ Undepreciated capital cost	n/a	150,000
  
- Corporate taxable income and cash summaries
  - Existing mortgage to repay 125,000

Determine the net after tax proceeds from the corporate asset disposition if the funds are retained in the corporation, paid to the shareholder by salary, and paid to the shareholder by dividends

Prepared	Andrew	May 1, 2016
Reviewed		
Approved		

Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Corporate inputs	
Tax province	ON
Tax year ending	Dec 31, 2016
Tax year starting	Jan 1, 2016
Type of corporation	CCPC

Opening carryforward balances	
Net capital losses	30,000
Non-capital losses	
Refundable Dividend Tax on Hand	10,000
General Rate Income Pool	

Notes and calcs	

Existing corporate income	
Active business income	
Other Canadian investment income	20,000
Net capital gains (losses)	
Eligible dividends - not connected	10,000
Eligible dividends - connected	
Other than eligible dividends - not connected	
Other than eligible dividends - connected	
Income subject to Federal SBD rate	-
Business limit percentage	100.00%

Salary inputs	
Taxpayer subject to CPP	Yes
Taxpayer subject to EI	No
EI payable by corporation	No
Provincial health tax rate - %	-
Existing salary from corporation	300,000

Notes and calcs	

Capital asset details						
Description	Asset 1	Asset 2	Asset 3	Asset 4	Asset 5	Asset 6
Asset depreciable for tax purposes						
Proceeds of disposition	500,000	400,000				
(Adjusted cost base)	(350,000)	(250,000)				
(Cash outlays and expenses from disposition)						
Capital gain (loss)	150,000	150,000	-	-	-	-
Undepreciated capital cost of asset class		150,000				
Lesser of proceeds and ACB	-	250,000	-	-	-	-
Claim terminal loss						
Recapture (terminal loss)	-	100,000	-	-	-	-
Active or passive income		Passive				

Capital asset details						
Asset 1	Asset 2	Asset 3	Asset 4	Asset 5	Asset 6	
Land	Building					
No	Yes					
500,000	400,000					
(350,000)	(250,000)					
150,000	150,000	-	-	-	-	
	150,000					
-	250,000	-	-	-	-	
-	100,000	-	-	-	-	
	Passive					

Notes and calcs	
Projected increase to CDA from capital asset dispositions: 150,000	

Summary of disposed ECP assets	
Opening cumulative eligible capital balance	
ECP acquired during taxation year - 100%	
Net proceeds of sale on ECP - 100%	
CEC deductions and reductions of prior tax years	
Amounts included in prior years taxable income	
(CEC deduction for property no longer owned)	-

Eligible capital property details	
Income inclusion	Notes and calcs

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Corporate tax calculation		Corporate tax calculation		Corporate tax calculation	
	Retain funds in corporation		Salary		Dividends	
	Marginal taxable income		Marginal taxable income		Marginal taxable income	
Income from disposed assets	250,000		250,000		250,000	
(Amount allocated as salary)	-		(235,000)		-	
(Net capital losses of previous tax years)	(15,000)		(15,000)		(15,000)	
(Non-capital losses of previous tax year)	-		-		-	
Taxable income	235,000		-		235,000	
Income subject to Federal SBD	-		-		-	
	Corporate cash summary		Corporate cash summary		Corporate cash summary	
Total cash	900,000		900,000		900,000	
Adjustment	(125,000)		(125,000)		(125,000)	
(Net salary paid)	-		(235,000)		-	
(CPP paid by corporation)	-		-		-	
(EI paid by corporation)	-		-		-	
(Provincial health tax)	-		-		-	
(Other salary amounts)	-		-		-	
Net cash before corporate taxes	775,000		540,000		775,000	
(Part I tax - non-refundable)	(18,800)		-		(18,800)	
(Part I tax - refundable)	(72,067)		-		(72,067)	
(Part III.1 tax)	-		-		-	
(Net provincial tax)	(27,025)		-		(27,025)	
Dividend refund	-		19,967		92,033	
Adjustment	-		-		-	
Net cash after corporate taxes	657,108		559,967		749,142	
(Tax free distributions)	-		-		-	
(Dividends paid - capital)	-		(150,000)	Use CDA Worksheet to consider historical data	(150,000)	Use CDA Worksheet to consider historical data
(Dividends paid - eligible)	-		(10,000)		(10,000)	
(Dividends paid - other than eligible)	-		(399,967)		(589,142)	
Net cash retained in corporation	657,108		(0)		(0)	
	Personal cash summary		Personal cash summary		Personal cash summary	
Net salary received	-		235,000		-	
Tax free distributions received	-		-		-	
Dividends received - capital	-		150,000		150,000	
Dividends received - eligible	-		10,000		10,000	
Dividends received - other than eligible	-		399,967		589,142	
(Total personal taxes + CPP + EI)	- ∞		(310,914) ∞		(270,815) ∞	
Net cash received personally	-		484,053		478,326	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Carryforwards summary		Carryforwards summary		Carryforwards summary	
	Net capital losses		Net capital losses		Net capital losses	
Opening balance	30,000		30,000		30,000	
Increase to net capital losses	-		-		-	
(Net capital losses claimed)	(30,000)		(30,000)		(30,000)	
Closing balance	-		-		-	
	Non-capital losses		Non-capital losses		Non-capital losses	
Opening balance	-		-		-	
Increase to non-capital losses	-		-		-	
(Non-capital losses claimed)	-		-		-	
Closing balance	-		-		-	
	Refundable Dividend Tax on Hand		Refundable Dividend Tax on Hand		Refundable Dividend Tax on Hand	
Opening balance	10,000		10,000		10,000	
Part I tax - refundable	78,200		6,133		78,200	
Part IV tax - not connected	3,833		3,833		3,833	
Part IV tax - connected			-		-	
(Dividend refund)	-		(19,967)		(92,033)	
Closing balance	92,033		-		-	
	General Rate Income Pool		General Rate Income Pool		General Rate Income Pool	
Opening balance	-		-		-	
Income taxable at the general rate * 0.72	-		-		-	
Eligible dividends received	10,000		10,000		10,000	
(Eligible dividends paid)	-		(10,000)		(10,000)	
Closing balance	10,000		-		-	

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2017	-
2018	-
2019	-
2020+	-

	Existing personal tax calculation		Existing personal tax calculation		Existing personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
<b>Name</b>	Taxpayer		Taxpayer		Taxpayer	
<b>Description</b>	Retain funds in corporation		Salary		Dividends	
<b>Tax province</b>	ON		ON		ON	
<b>Tax year ending</b>	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
<b>Net capital loss carryforwards</b>	-		-		-	
	Existing taxable income		Existing taxable income		Existing taxable income	
<b>Employment</b>	300,000		300,000		300,000	
<b>CPP</b>	-		-		-	
<b>Old Age Security</b>	-		-		-	
<b>Eligible pension</b>	-		-		-	
<b>Other than eligible dividends</b>	-		-		-	
<b>Gross-up</b>	-		-		-	
<b>Eligible dividends</b>	-		-		-	
<b>Gross-up</b>	-		-		-	
<b>Interest and other investment</b>	-		-		-	
<b>Net capital gains (losses)</b>	-		-		-	
<b>(Non-taxable portion)</b>	-		-		-	
<b>Other income</b>	-		-		-	
<b>Net business income (loss)</b>	-		-		-	
<b>Total income (loss)</b>	300,000		300,000		300,000	
<b>(RRSP deduction)</b>	-		-		-	
<b>(CPP on business)</b>	-		-		-	
<b>(Social benefits repayment)</b>	-		-		-	
<b>Adjustment</b>	-		-		-	
<b>Net income (loss)</b>	300,000		300,000		300,000	
<b>(Non capital losses of other years)</b>	-		-		-	
<b>(Net capital losses of other years)</b>	-		-		-	
<b>Adjustment</b>	-		-		-	
<b>Taxable income (loss)</b>	300,000		300,000		300,000	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Existing tax credits for Taxpayer		Existing tax credits for Taxpayer		Existing tax credits for Taxpayer	
	Carryforwards		Carryforwards		Carryforwards	
Charitable donations - 2015 or before - 75%	-		-		-	
Charitable donations - 2015 or before - no limit	-		-		-	
Charitable donations - 2016 or after - 75%	-		-		-	
Charitable donations - 2016 or after - no limit	-		-		-	
Tuition and related amounts - federal	-		-		-	
Tuition and related amounts - provincial	-		-		-	
	Current year		Current year		Current year	
Claim disability amount	-		-		-	
Charitable donations - 75%	-		-		-	
Charitable donations - no limit	-		-		-	
Tuition and related amounts - federal	-		-		-	
Other federal credits - credit rate	-		-		-	
Tuition and related amounts - provincial	-		-		-	
Other provincial credits - credit rate	-		-		-	
Other than eligible dividends - before rate change	-		-		-	
Eligible dividends - before rate change	-		-		-	

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2017	-
2018	-
2019	-
2020+	-

	Marginal personal tax calculation		Marginal personal tax calculation		Marginal personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
Name	Taxpayer		Taxpayer		Taxpayer	
Description	Retain funds in corporation		Salary		Dividends	
Tax province	ON		ON		ON	
Tax year ending	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
	Marginal taxable income		Marginal taxable income		Marginal taxable income	
Employment	-		235,000		-	
Other than eligible dividends	-		399,967		589,142	
Gross-up	-		67,994		100,154	
Eligible dividends	-		10,000		10,000	
Gross-up	-		3,800		3,800	
Total income (loss)	-		716,761		703,096	
(RRSP deduction)	-		-		-	
(CPP on business)	-		-		-	
(Social benefits repayment)	-		-		-	
Adjustment	-		-		-	
Net income (loss)	-		716,761		703,096	
(Non capital losses of other years)	-		-		-	
(Net capital losses of other years)	-		-		-	
Adjustment	-		-		-	
Taxable income (loss)	-		716,761		703,096	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Marginal tax credits for Taxpayer		Marginal tax credits for Taxpayer		Marginal tax credits for Taxpayer	
	Current year		Current year		Current year	
Charitable donations - 75%	-		-		-	
Charitable donations - no limit	-		-		-	
Other federal credits - credit rate	-		-		-	
Other provincial credits - credit rate	-		-		-	
Other than eligible dividends - before rate change						
Eligible dividends - before rate change						
	Marginal tax summary for Taxpayer		Marginal tax summary for Taxpayer		Marginal tax summary for Taxpayer	
(Federal taxes)	-		(185,221)		(157,423)	
(Provincial taxes)	-		(125,693)		(113,392)	
(CPP on business income)	-		-		-	
(EI on business income)	-		-		-	
(Social benefits repayment)	-		-		-	
Provincial or territorial credits	-		-		-	
Adjustment						
(Total income taxes)	-		(310,914)		(270,815)	
(CPP on employment income)	-		-		-	
(EI on employment income)	-		-		-	
(Total income taxes + CPP + EI)	-		(310,914)		(270,815)	





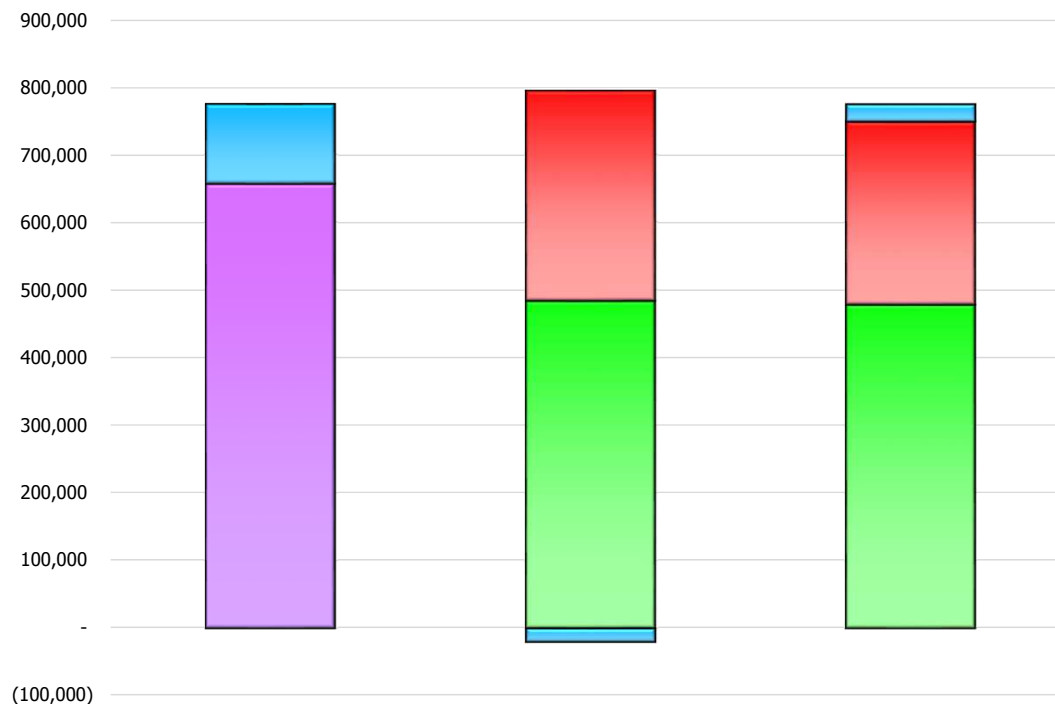
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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Marginal tax details for Taxpayer			Marginal tax details for Taxpayer			Marginal tax details for Taxpayer		
	Provincial			Provincial			Provincial		
	Amount	Rate	Tax	Amount	Rate	Tax	Amount	Rate	Tax
Bracket 1	-	-	-	-	-	-	-	-	-
Bracket 2	-	-	-	-	-	-	-	-	-
Bracket 3	-	-	-	-	-	-	-	-	-
Bracket 4	-	-	-	-	-	-	-	-	-
Bracket 5	-	-	-	716,761	13.16%	94,326	703,096	13.16%	92,527
Bracket 6	-	-	-	-	-	-	-	-	-
(Basic personal amount)	-	-	-	-	-	-	-	-	-
(CPP credit - employment)	-	-	-	-	-	-	-	-	-
(CPP credit - business)	-	-	-	-	-	-	-	-	-
(EI credit - employment)	-	-	-	-	-	-	-	-	-
(EI credit - business)	-	-	-	-	-	-	-	-	-
(Canada employment amount)	-	-	-	-	-	-	-	-	-
(Disability amount - self)	-	-	-	-	-	-	-	-	-
(Tuition and related amounts)	-	-	-	-	-	-	-	-	-
(Other credits - calculated amounts)	-	-	-	-	-	-	-	-	-
(Other credits - credit rate)	-	-	-	-	-	-	-	-	-
(Unused credits from existing income)			-			-			-
(Donations and gifts)			-			-			-
Alternative Minimum Tax			-			-			-
Surtxes			-			52,822			51,815
(Dividend credit - other)	-	-	-	(467,961)	4.29%	(20,076)	(689,296)	4.29%	(29,571)
(Dividend credit - eligible)	-	-	-	(13,800)	10.00%	(1,380)	(13,800)	10.00%	(1,380)
(Tax reduction)			-			-			-
Health tax			-			-			-
Adjustment			-			-			-
Provincial taxes			-			125,693			113,392

# Corporate Asset Disposition Worksheet - Net Cash Results

Opco - Prepared May 1, 2016



	Retain funds in corporation	Salary	Dividends
Adjusted cash proceeds from dispositions	775,000	775,000	775,000
Less: CPP + EI + other salary amounts	-	-	-
Less: Corporate taxes (net dividend refund)	117,892	(19,967)	25,858
Less: Personal taxes	-	310,914	270,815
Net cash retained in corporation	657,108	(0)	(0)
Net cash received personally	-	484,053	478,326
Net salary paid	-	235,000	-
Tax free distributions paid	-	-	-
Dividends paid - capital	-	150,000	150,000
Dividends paid - eligible	-	10,000	10,000
Dividends paid - other than eligible	-	399,967	589,142