



# Corporate Liquidation Worksheet

This worksheet determines the net after tax cash available to shareholders when liquidating a corporation.

Your client's situation:

- Corporate and personal inputs
  - Tax province ON
  - Tax year ending Dec 31, 2016
  
- Summary of assets and liabilities
 

	FMV	Tax cost
○ Cash	100,000	-
○ Accounts receivable	-	10,000
○ GIC	50,000	50,000
○ Liabilities	15,000	15,000
○ Marketable securities	300,000	200,000
  
- Existing corporate income and balances
 

○ Opening net capital losses	20,000	
○ Opening RDTOH balance	30,000	
○ Opening GRIP balance	60,000	
○ Active business income	70,000	
○ Other Canadian investment income	5,000	
○ Eligible dividend income - not connected	25,000	
  
- Other existing personal income and deductions
 

	Mr. A	Mrs. A
○ CPP	12,000	10,000
○ Old Age Security	6,846	6,846
○ Eligible pension	50,000	40,000
○ Interest income	7,000	6,000

Determine the net cash proceeds for Mr. A and Mrs. A when liquidating Opco, and splitting dividends equally.

Prepared	Andrew	May 1, 2016
Reviewed		
Approved		

Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Net cash results of liquidation					
Fair market value	Tax cost	Tax amount	Passive	Capital gains	ABI
Cash	100,000				
Accounts receivable					
Investments - not capital assets	50,000	10,000	(10,000)		(10,000)
Capital assets	300,000				
Intangible assets	-				
Adjustment					
Adjustment					
Adjustment					
Adjustment					
Adjustment					
Adjustment					
(Liabilities)	(15,000)	(15,000)			
(Tax deductible expenses)					
(Non-deductible expenses)					
(Tax deductible expenses - capital assets)					
Net proceeds for assets	435,000				
(Salaries paid)					
(Corporate taxes)	12,225				
(Tax free distributions)					
(Capital dividends)					
(Eligible dividends)	(85,000)				
(Other than eligible dividends)	(362,225)				
Net cash retained in corporation					

Notes and calcs	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Taxpayer name
Existing salary from corporation
Taxpayer subject to CPP
Taxpayer subject to EI
EI payable by corporation
Provincial health tax rate - %

Taxpayer salary conditions					
Mr. A	Mrs. A	Taxpayer 3	Taxpayer 4	Taxpayer 5	Taxpayer 6
-	-				
No	No	Yes			
No	No	No	Yes	Yes	Yes
No	No	No	No	No	No
No	No	No	No	No	No
-	-	-	-	-	-

Notes and calcs	

Tax results - individuals

	Marginal cash results					
	Mr. A	Mrs. A	Taxpayer 3	Taxpayer 4	Taxpayer 5	Taxpayer 6
Salary allocated	-					
(Related amounts)						
(Corporate CPP + EI + health tax)	-	-	-	-	-	-
Tax free distributions						
Capital dividends allocated						
Eligible dividends allocated	42,500	42,500				
Other than eligible dividends allocated	181,112	181,113				
Gross cash	223,612	223,613	-	-	-	-
(Federal taxes)	(48,271)	(46,582)	-	-	-	-
(Provincial taxes)	(35,345)	(34,017)	-	-	-	-
(CPP on business income)	-	-	-	-	-	-
(EI on business income)	-	-	-	-	-	-
(Social benefits repayment)	(6,533)	(6,846)	-	-	-	-
Provincial or territorial credits	-	-	-	-	-	-
Adjustment						
Net cash before CPP & EI	133,463	136,168	-	-	-	-
(CPP on employment income)	-	-	-	-	-	-
(EI on employment income)	-	-	-	-	-	-
Net cash	133,463	136,168	-	-	-	-



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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Description	Capital asset details					
	Asset 1	Asset 2	Asset 3	Asset 4	Asset 5	Asset 6
Marketable securities						
No						
Proceeds of disposition	300,000					
(Adjusted cost base)	(200,000)					
(Cash outlays and expenses from disposition)						
Capital gain (loss)	100,000	-	-	-	-	-
Undepreciated capital cost of asset class						
Lesser of proceeds and ACB	-	-	-	-	-	-
Claim terminal loss						
Recapture (terminal loss)	-	-	-	-	-	-
Active or passive income						

Notes and calcs	
Projected increase to CDA from capital asset dispositions: 50,000	

Summary of disposed ECP assets	Eligible capital property details	
	Income inclusion	Notes and calcs
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)	-	

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Indexation rates		
2017	-	
2018	-	
2019	-	
2020+	-	

Corporate tax calculation		
Corporate details		
Name	Opco	
Description	Existing results	
Tax province	ON	
Tax year ending	Dec 31, 2016	
Tax year starting	Jan 1, 2016	
Type of corporation	CCPC	

Corporate tax calculation		
Corporate details		
Name	Opco	
Description	Corporate Liquidation	
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	20,000	
Non-capital losses	-	
Refundable Dividend Tax on Hand	30,000	
General Rate Income Pool	60,000	
Charitable donations - 75%	-	
Charitable donations - no limit	-	

Opening carryforward balances		
Net capital losses	20,000	
Non-capital losses	-	
Refundable Dividend Tax on Hand	30,000	
General Rate Income Pool	60,000	
Charitable donations - 75%	-	
Charitable donations - no limit	-	

Taxable income		
Active business income	70,000	
Related addbacks (deductions)	-	
Related addbacks (deductions)	-	
(Net salary paid)		
(CPP paid by corporation)		
(EI paid by corporation)		
(Provincial health tax)		
(Related amounts)		
Other Canadian investment income	5,000	
Related addbacks (deductions)	-	
Net capital gains (losses)	-	
(Non-taxable portion)	-	
(Allowable business investment losses)	-	
Non-taxable portion	-	
Eligible dividends - not connected	25,000	
Eligible dividends - connected	-	
Other than eligible dividends - not connected	-	
Other than eligible dividends - connected	-	
Capital dividends received	-	
(Non-taxable portion)	-	
Net income (loss) for tax purposes	100,000	
(Taxable dividends deductible)	(25,000)	
(Charitable donations - 75% limit)	-	
(Charitable donations - no limit)	-	
(Net capital losses of previous tax years)	-	
(Non-capital losses of previous tax year)	-	
Taxable income	75,000	

Taxable income		
Active business income	60,000	
Related addbacks (deductions)	-	
Related addbacks (deductions)	-	
(Net salary paid)	-	
(CPP paid by corporation)	-	
(EI paid by corporation)	-	
(Provincial health tax)	-	
(Related amounts)	-	
Other Canadian investment income	5,000	
Related addbacks (deductions)	-	
Net capital gains (losses)	100,000	
(Non-taxable portion)	(50,000)	
(Allowable business investment losses)	-	
Non-taxable portion	-	
Eligible dividends - not connected	25,000	
Eligible dividends - connected	-	
Other than eligible dividends - not connected	-	
Other than eligible dividends - connected	-	
Capital dividends received	-	
(Non-taxable portion)	-	
Net income (loss) for tax purposes	140,000	
(Taxable dividends deductible)	(25,000)	
(Charitable donations - 75% limit)	-	
(Charitable donations - no limit)	-	
(Net capital losses of previous tax years)	(10,000)	
(Non-capital losses of previous tax year)	-	
Taxable income	105,000	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Active business income		Active business income	
Income subject to Federal SBD	70,000		60,000	
Business limit %	100.00%		100.00%	
Taxable capital for SBD	-		-	
Cost of capital	-		-	
Cost of M&P capital	-		-	
Cost of labour	-		-	
Cost of M&P labour	-		-	
Personal service business income	-		-	
	Corporate taxes payable		Corporate taxes payable	
Part I tax - non-refundable	7,750		9,900	
Part I tax - refundable	1,533		13,800	
Part III.1 tax	-		-	
Part IV tax	9,583		9,583	
Net provincial tax	3,725		7,875	
(Dividend refund)	-		(53,383)	
Adjustment				
Tax payable (refundable)	22,592		(12,225)	
	Dividends paid		Dividends paid	
(Dividends paid - eligible)	-		(85,000)	
(Dividends paid - other than eligible)	-		(362,225)	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Carryforwards summary		Carryforwards summary	
	Net capital losses		Net capital losses	
Opening balance	20,000		20,000	
Increase to net capital losses	-		-	
(Net capital losses claimed)	-		(20,000)	
Closing balance	20,000		-	
	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	
Opening balance	30,000		30,000	
Part I tax - refundable	1,533		13,800	
Part IV tax - not connected	9,583		9,583	
Part IV tax - connected	-		-	
(Dividend refund)	-		(53,383)	
Closing balance	41,117		-	
	General Rate Income Pool		General Rate Income Pool	
Opening balance	60,000		60,000	
Income taxable at the general rate * 0.72	-		-	
Eligible dividends received	25,000		25,000	
(Eligible dividends paid)	-		(85,000)	
Closing balance	85,000		-	
	Charitable donations - 75% limit		Charitable donations - 75% limit	
Opening balance	-		-	
Current year donations	-		-	
(Donations claimed)	-		-	
Closing balance	-		-	
	Charitable donations - no limit		Charitable donations - no limit	
Opening balance	-		-	
Current year donations	-		-	
(Donations claimed)	-		-	
Closing balance	-		-	



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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Existing personal tax calculation		Existing personal tax calculation		Existing personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
Name	Mr. A		Mrs. A		Taxpayer 3	
Description	Personal results		Personal results		Personal results	
Tax province	ON		ON		ON	
Tax year ending	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
Net capital loss carryforwards	-		-		-	
	Existing taxable income		Existing taxable income		Existing taxable income	
Employment	-		-		-	
CPP	12,000		10,000		-	
Old Age Security	6,846		6,846		-	
Eligible pension	50,000		40,000		-	
Other than eligible dividends	-		-		-	
Gross-up	-		-		-	
Eligible dividends	-		-		-	
Gross-up	-		-		-	
Interest and other investment	7,000		6,000		-	
Net capital gains (losses)	-		-		-	
(Non-taxable portion)	-		-		-	
Other income	-		-		-	
Net business income (loss)	-		-		-	
Total income (loss)	75,846		62,846		-	
(RRSP deduction)	-		-		-	
(CPP on business)	-		-		-	
(Social benefits repayment)	(314)		-		-	
Adjustment	-		-		-	
Net income (loss)	75,533		62,846		-	
(Non capital losses of other years)	-		-		-	
(Net capital losses of other years)	-		-		-	
Adjustment	-		-		-	
Taxable income (loss)	75,533		62,846		-	

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Existing tax credits for Mr. A		Existing tax credits for Mrs. A		Existing tax credits for Taxpayer 3	
	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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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Marginal personal tax calculation		Marginal personal tax calculation		Marginal personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
Name	Mr. A		Mrs. A		Taxpayer 3	
Description	Personal results		Personal results		Personal results	
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	-		-		-	
Other than eligible dividends	181,112		181,113		-	
Gross-up	30,789		30,789		-	
Eligible dividends	42,500		42,500		-	
Gross-up	16,150		16,150		-	
Net capital gains (losses)	-		-		-	
(Non-taxable portion)	-		-		-	
Total income (loss)	270,551		270,552		-	
(RRSP deduction)	-		-		-	
(CPP on business)	-		-		-	
(Social benefits repayment)	(6,533)		(6,846)		-	
Adjustment	-		-		-	
Net income (loss)	264,019		263,706		-	
(Non capital losses of other years)	-		-		-	
(Net capital losses of other years)	-		-		-	
Adjustment	-		-		-	
Taxable income (loss)	264,019		263,706		-	

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Indexation rates		
2017	-	
2018	-	
2019	-	
2020+	-	

	Marginal tax credits for Mr. A		Marginal tax credits for Mrs. A		Marginal tax credits for Taxpayer 3	
	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						



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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Bracket 1			
Bracket 2			
Bracket 3			
Bracket 4			
Bracket 5			
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			
Surtaxes			
(Dividend credit - other)			
(Dividend credit - eligible)			
(Tax reduction)			
Health tax			
Adjustment			
Provincial taxes			

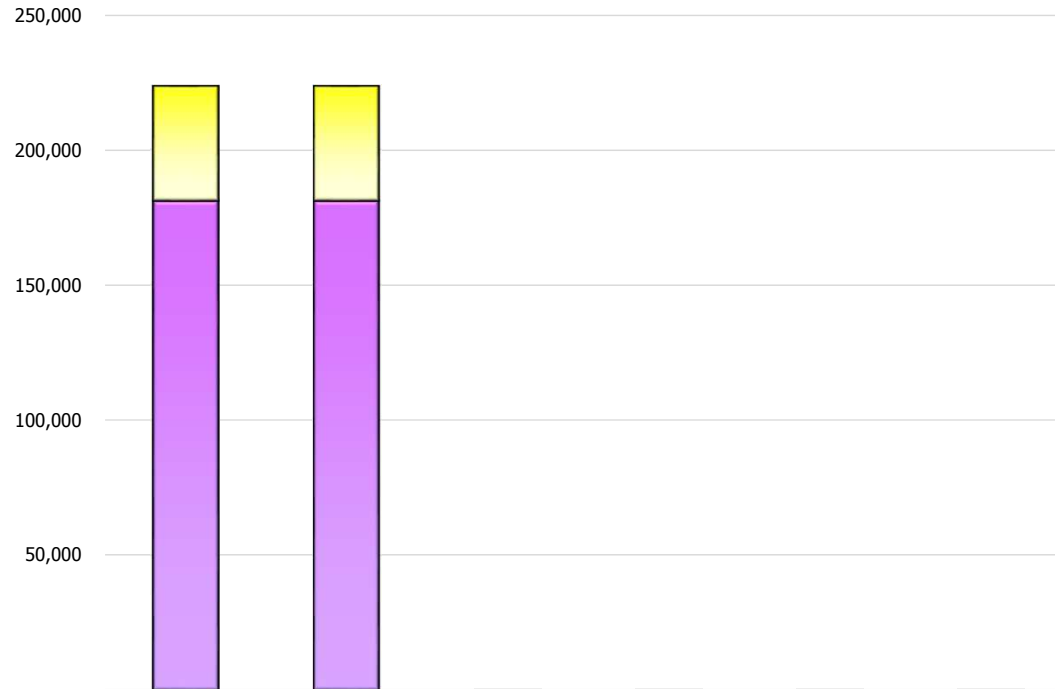
Marginal tax details for Mr. A			
Amount	Provincial		Tax
	Rate		
-	-		-
7,543	9.15%		690
66,925	11.16%		7,469
70,000	12.16%		8,512
119,551	13.16%		15,733
-	-		-
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-	-		-
(211,901)	4.29%		(9,091)
(58,650)	10.00%		(5,865)
			-
			150
			35,345

Marginal tax details for Mrs. A			
Amount	Provincial		Tax
	Rate		
-	-		-
20,229	9.15%		1,851
66,925	11.16%		7,469
70,000	12.16%		8,512
106,552	13.16%		14,022
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-	-		-
(211,902)	4.29%		(9,091)
(58,650)	10.00%		(5,865)
			-
			300
			34,017

Marginal tax details for Taxpayer 3			
Amount	Provincial		Tax
	Rate		
-	-		-
-	-		-
-	-		-
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# Corporate Liquidation Worksheet - Gross Remuneration

Opco and A Family - Prepared May 1, 2016



	Mr. A	Mrs. A	Taxpayer 3	Taxpayer 4	Taxpayer 5	Taxpayer 6
Salary	-	-	-	-	-	-
Tax free distributions	-	-	-	-	-	-
Capital dividends	-	-	-	-	-	-
Eligible dividends	42,500	42,500	-	-	-	-
Other than eligible dividends	181,112	181,113	-	-	-	-
<b>Total</b>	<b>223,612</b>	<b>223,613</b>	-	-	-	-

# Corporate Liquidation Worksheet - Gross Remuneration

Opco and A Family - Prepared May 1, 2016

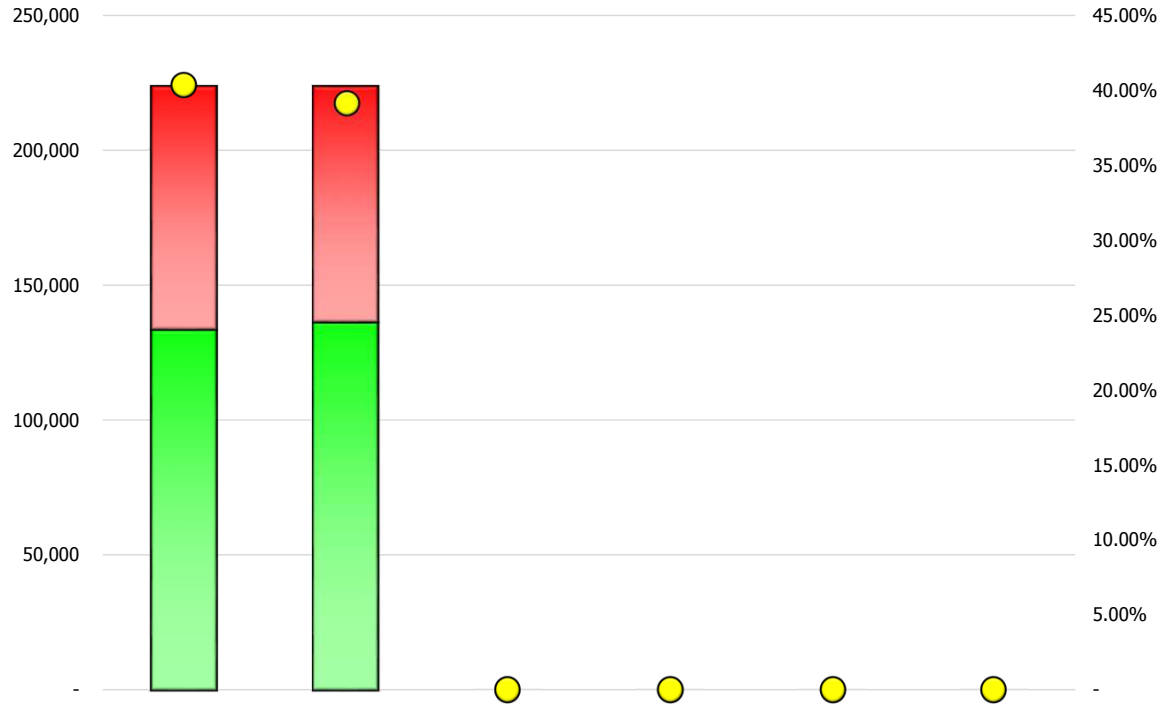
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	Corporation 1	Corporation 2	Corporation 3	Corporation 4	Corporation 5	Corporation 6
Tax free distributions	-	-	-	-	-	-
Capital dividends	-	-	-	-	-	-
Eligible dividends	-	-	-	-	-	-
Other than eligible dividends	-	-	-	-	-	-
(Part IV tax)	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-



# Corporate Liquidation Worksheet - Personal Tax Results - Marginal Income

Opco and A Family - Prepared May 1, 2016



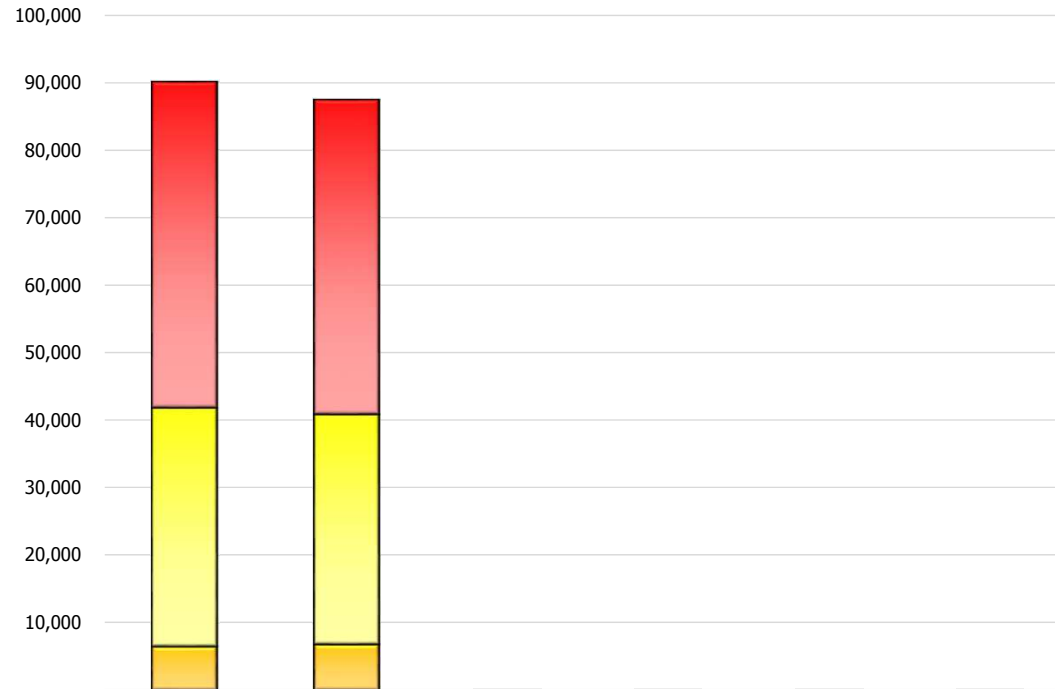
	Mr. A	Mrs. A	Taxpayer 3	Taxpayer 4	Taxpayer 5	Taxpayer 6
	Personal results	Personal results	Personal results	Personal results	Personal results	Personal results

Net cash before personal taxes		223,612	223,613	-	-	-	-
Less: Taxes payable		90,149	87,445	-	-	-	-
Net cash		133,463	136,168	-	-	-	-
Average tax rate		40.31%	39.11%	-	-	-	-

Tax province		ON	ON	ON	ON	ON	ON
Tax year ending		Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016
Existing income		75,533	62,846	-	-	-	-

# Corporate Liquidation Worksheet - Taxes Payable - Personal Marginal Income

Opco and A Family - Prepared May 1, 2016



	Mr. A	Mrs. A	Taxpayer 3	Taxpayer 4	Taxpayer 5	Taxpayer 6
	Personal results	Personal results	Personal results	Personal results	Personal results	Personal results

Federal taxes	48,271	46,582	-	-	-	-
Provincial taxes	35,345	34,017	-	-	-	-
CPP and EI	-	-	-	-	-	-
Social benefits repayment	6,533	6,846	-	-	-	-
(Provincial or territorial credits)	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
<b>Total income taxes + CPP + EI</b>	<b>90,149</b>	<b>87,445</b>	-	-	-	-

Tax province	ON	ON	ON	ON	ON	ON
Tax year ending	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016	Dec 31, 2016