

SIMPLIFIED SCI FLOWCHART

(CCPC providing services/property to a private corporation):

Does the CCPC (directly or indirectly, in any manner whatsoever) provide services/property to a private corporation that is not associated? Note that the exception for associated corporations is revoked to the extent the service/property is deductible by the recipient against income subject to any of the carve-outs in sub-paragraph 125 (1)(a)(i).

NO
→

↓ **YES**

Does the CCPC, a shareholder of the CCPC or a person who does not deal at arm's length with either the CCPC or a CCPC shareholder hold a direct or indirect interest in the private corporation?

NO
→

↓ **YES**

Does the CCPC earn all or substantially all of its active business income from providing services/property to:

- (I) Arm's length persons (other than the private corporation), or
- (II) Partnerships with which the CCPC deals at arm's length, other than a partnership in which a non-arm's length person holds a direct or indirect interest.

YES
→

↓ **NO**

All of the CCPC's income from providing services/property to the private corporation is carved-out per clause 125(1)(a)(i)(B):

↓

Does the CCPC provide services/property directly to the private corporation?

NO
→

↓ **YES**

Does the recipient private corporation have business limit determined under subsections 125(2), (3) or (4)?

NO
→

↓ **YES**

The CCPC may include carved-out income as SCI in paragraph 125(1)(a) equal to least of:

- a) CCPC's income from providing services/property directly to the private corporation, less any portion of that income that is deductible by the private corporation against income subject to carve-outs in sub-paragraph 125 (1)(a)(i)(A) or (B);
- b) The amount of business limit assigned by the private corporation to the CCPC;
- c) An amount the Minister determines to be reasonable in the circumstances [paragraph (b) of definition of SCI].

Clause 125(1)(a)(i)(B) carve-out does not apply.

CCPC may include income in paragraph 125(1)(a).

CCPC cannot include any carved-out income in paragraph 125(1)(a).

SIMPLIFIED SPI FLOWCHART

(CCPC earning partnership income or providing services/property to a partnership):

