

## Transfer of Property by a Taxpayer to a Taxable Canadian Corporation

This form is to be used by any taxpayer (the transferor) and any taxable Canadian corporation (the transferee) to which the taxpayer has transferred property for consideration that includes a share of the transferee's capital stock. An election in respect of the transfer pursuant to subsection 85(1) of the *Income Tax Act* (ITA) must have been made with the Canada Revenue Agency (CRA) by means of form T2057, *Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*. Note that, if the conditions listed in Table 2 (see page 6) are met, a transferor and transferee (the parties) can **agree on an amount that is different** from the one in form T2057.

- the parties had agreed on an amount that was different from the one in form T2057 and wish to cancel or change the amount; or
- the parties wish to change the amount they agreed on as part of a rollover application for Québec income tax purposes only.

The conditions in Table 2 (see page 6) must be met in order for either application mentioned above to be made.

This form must also be completed in order to make:

- a **rollover application** (for Québec income tax purposes only) if, by reason of subsection 13(21.2) of the ITA, the election under subsection 85(1) of the ITA cannot be made; or
- an **application to the Minister** to amend a previous TP-518-V form, where:
  - the parties had agreed on an amount that was the same as the one in form T2057 but wish to agree on a different amount;

### Important

File this form and the required documents (see page 5) **separately from any income tax return**. If multiple transferors elect to transfer a single property held in co-ownership, or if multiple members of the same partnership make an election with respect to the transfer of their interest in the partnership, each transferor must complete a separate copy of this form. A person appointed by the transferors must then send us all the forms for each transferor **together**.

## 1 Identification

### 1.1 Transferor

Social insurance number Identification number File Québec enterprise number (NEQ)

01a 01b 0001 01c

Name or business name of transferor

02

Apartment number Street number Street name or P.O. Box

03 03a 03b

City, town or municipality Province Postal code

03c 03d 03e

Taxation year of the transfer

Start date of taxation year End date of taxation year

04 05

Y Y Y Y M M D D Y Y Y Y M M D D

### 1.2 Transferee

Identification number File Québec enterprise number (NEQ)

10a IC 0001 10b

Name of corporation

11

Street number Street name Suite

12 12a 12b

City, town or municipality Province Postal code

12c 12d 12e

Taxation year of the transfer

Start date of taxation year End date of taxation year

13 14

Y Y Y Y M M D D Y Y Y Y M M D D

### 1.3 Contact person

Name of contact person Area code Telephone

20 20a



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## 2 Details concerning certain applications

Complete this part if the conditions in Table 2 (page 6) are met and the parties are making one of the following applications:

- an application to agree on amount that is different from the amount in form T2057 (complete section 2.1);
- a rollover application for Québec income tax purposes only if, by reason of subsection 13(21.2) of the ITA, the election under subsection 85(1) of the ITA cannot be made (complete section 2.2); or
- an application to the Minister to amend a previous TP-518-V form, if:
  - the parties had agreed on an amount that was the **same** as the one in form T2057 but wish to agree on a different amount (complete section 2.1); or
  - the parties had agreed on an amount that was **different** from the one in form T2057 and wish to change the amount (complete section 2.1).

You do not have to complete Part 2 for other types of application to the Minister, but the conditions in Table 2 (see page 6) must be met.

### 2.1 Application to agree on a different amount

If, for a transferred property, the agreed amount in column E of the table in section 3.1 is different from the amount in form T2057, is the difference **entirely (or almost entirely)** attributable to the difference between the cost of the property (for purposes of Québec legislation) in column C of the table and the cost of the property (for purposes of federal legislation) in form T2057?

30  Yes  No

If you answered **No**, explain the difference: 30a

We must deem the reason to be acceptable in the circumstances.

### 2.2 Rollover application

If, by application of subsection 13(21.2) of the ITA, the election under subsection 85(1) of the ITA cannot be made, and the parties wish to make a rollover application for Québec income tax purposes only, provide the following information:

- Are the parties dealing at non-arm's-length? ..... 40  Yes  No
- Has all or substantially all (90% or more) of the transferor's property been transferred to the transferee? ..... 41  Yes  No
- Is there a written agreement related to the transfer? ..... 42  Yes  No
- Does a price adjustment claim apply to any of the transferred property? ..... 43  Yes  No
- Complete the table below with the number and undepreciated capital cost (UCC) of each class of property the transferred property belongs to.

	A Class number	B UCC before transfer
44		
45		
46		
47		
48		

## 3 Particulars of the transferred property and the consideration received

If shares of the capital stock of a private corporation are included in the transfer, provide the following information:

Name of the private corporation

50

Identification number

File

Québec enterprise number (NEQ)

Paid-up capital of transferred shares

51a 0001 51b 52



### 3 Particulars of the transferred property and the consideration received (continued)

If multiple transfers of depreciable property were carried out at the same time, they must be entered in the order chosen by the transferor.

Unless otherwise indicated, it is not necessary to provide documents to support the elected order of transfer, the information provided in this section or the method used to evaluate each transferred property. However, you must keep any relevant documents for audit purposes.

Enter the fair market value (FMV) of the property and the FMV of the consideration received as calculated on the date of transfer. If you need more space, attach a separate sheet showing the same information.

#### 3.1 Transferred property and agreed amount

Date of transfer of the property below:

54 

Y	Y	Y	Y	M	M	D	D
---	---	---	---	---	---	---	---

► Use a separate copy of this part for any property that was transferred on a different date.

55	A Description of property	Limits respecting the agreed amount			E Agreed amount <sup>2</sup>	F Col. E – Col. C <sup>3</sup> (if the result is negative, enter 0)
	B FMV of property	C Cost of property <sup>1</sup>	D FMV of the consideration received (other than shares)			
<b>Capital property other than depreciable property</b> (short description)						
1						
2						
3						
4						
<b>Depreciable property</b> (short description and prescribed class)						
5						
6						
7						
8						
9						
10						
11						
<b>Inventory</b> (type)						
12						
13						
14						
<b>Mining property</b> (short description)						
15			N/A			
16			N/A			
<b>Securities and debt obligations</b> (short description)						
17						
18						
<b>Other</b> <sup>4</sup> (short description)						
19						
20						



### 3.2 Consideration received

A Line of the table in section 3.1 associated with the property	Consideration other than shares		Shares		E Total FMV of the consideration received (Col. D of the table in section 3.1 + FMV of shares)
	B Short description	C Number	D Class		
56a					
56b					
56c					
56d					
56e					

  

F Cash surrender value per share (\$)	G Tax value of paid-up capital per share (\$)	H Are the shares voting shares?		I Are the shares retractable?	
		Yes	No	Yes	No
56a		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56b		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56c		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56d		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56e		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### 4 Penalty (for late filing of the form or for an application to the Minister)

If this transfer results in more than one penalty, only the highest penalty must be paid.

FMV of the transferred property	60	
Agreed amount for the property	61	
Subtract line 61 from line 60.	62	
	63	<b>0.25%</b>
Multiply line 62 by 0.25%.	64	
Number of months <sup>5</sup>	65	
Multiply line 64 by the number entered on line 65.	66	
Number of months entered on line 65 multiplied by \$100	67	
Enter the amount on line 66, the amount on line 67 or \$5,000, whichever is the <b>least</b> .	68	<b>Penalty</b>

### 5 Certification

We, the parties shown in Part 1, are filing this form for one of the following reasons:

- 70 We have made an election under subsection 85(1) of the ITA with respect to the property described in Part 3.
- 71 We are filing an application to the Minister under the third paragraph of section 522 of the *Taxation Act* with respect to the property described in Part 3.
- 72 We are submitting a rollover application because no election can be made under subsection 85(1) of the ITA by reason of subsection 13(21.2) of the ITA.

We certify that the information given in this form and in any enclosed documents is accurate and complete.

\_\_\_\_\_  
Name of transferor or authorized signee<sup>6</sup> (please print)

\_\_\_\_\_  
Name of authorized signee for the transferee<sup>6</sup> (please print)

\_\_\_\_\_  
Signature of transferor or authorized signee

\_\_\_\_\_  
Signature of authorized signee for the transferee

\_\_\_\_\_  
Date

**Do not use this space.**

Date de réception	Autorisation	Montant faisant l'objet d'une pénalité	Pénalité	Versement	Total



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## Information

Table 1 lists the documents to enclose with this form, as well as the filing deadline, by application type. It also indicates whether the conditions in Table 2 on the next page must be met and if the parties must complete Part 2 above.

**Table 1 – General information**

Application type	Conditions in Table 2	Complete Part 2	Documents to enclose	Filing deadline
<b>Original application</b> <ul style="list-style-type: none"> <li>Application to agree on an amount that is the same as the one in form T2057</li> </ul>	No	No	A copy of form T2057 and any other document sent to the CRA	The <b>later</b> of the following dates: <ul style="list-style-type: none"> <li>The earliest of the filing deadlines for the income tax returns in question<sup>8</sup></li> <li>The last day of the second month following the later of the dates on lines 05 and 14 in Part 1</li> </ul> The parties must pay a late-filing penalty if they file this form and the required documents after the deadline.
<ul style="list-style-type: none"> <li>Application to agree on an amount that is different from the one in form T2057</li> </ul>	Yes	Yes (section 2.1)		
<ul style="list-style-type: none"> <li>Rollover application for Québec income tax purposes</li> </ul>	Yes	Yes (section 2.2)		
<b>Application to the Minister to amend a previous TP-518-V form</b> <ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>the same as</b> the one in form T2057 but wish to agree on a <b>different</b> amount</li> </ul>	Yes	Yes (section 2.1)	A copy of form T2057 and any other document sent to the CRA, if the previous T2057 form was amended	The application must be filed within three years of the filing deadline for the TP-518-V form the parties want to amend.  However, it can be filed later if we authorize the parties to do so.  The parties must pay a late-filing penalty if they file an application to the Minister after the filing deadline for the TP-518-V form the parties want to amend.
<ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>different</b> from the one in form T2057 and wish to <b>change</b> it</li> </ul>	Yes	Yes (section 2.1)		
<ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>different</b> from the one in form T2057 and wish to <b>cancel</b> it</li> </ul>	Yes	No		
<ul style="list-style-type: none"> <li>The parties wish to change the amount they agreed on as part of a rollover application for Québec income tax purposes</li> </ul>	Yes	No		
			The documents enclosed with the <b>original</b> rollover application for Québec income tax purposes	

**Table 2 – Conditions for certain applications**

Application type	Conditions	Note
Application to agree on an amount that is different from the one in form T2057	<ul style="list-style-type: none"> <li>If the transferor is an individual, he or she must have been resident in Québec on the date on line 05 in section 1.1.</li> <li>The transferor must have <b>carried on at least 90% of their business in Québec</b> in the taxation year on lines 04 and 05 in section 1.1 (the taxation year of the transfer).</li> <li>The transferee must have <b>carried on at least 90% of their business in Québec</b> in the taxation year on lines 13 and 14 in section 1.2 (the taxation year of the transfer).</li> </ul>	To determine the proportion of business carried on in Québec if the transferor is an individual, divide his or her income earned in Québec by his or her income earned in Québec and elsewhere as determined under the regulations.  If the transferor is a corporation, the proportion of its business carried on in Québec must be calculated in accordance with the regulations made under section 771 of the <i>Taxation Act</i> . The same is true for the proportion of business carried on in Québec by the transferee.
Rollover application for Québec income tax purposes		
Application to the Minister to amend a previous TP-518-V form (all situations)		



## Notes

1. Enter the following in column C:
  - for **capital property other than depreciable property**, the adjusted cost base (it is subject to adjustments under sections 255 and 257 of the *Taxation Act*);
  - for **depreciable property**, the lesser of the following:
    - the capital cost of the property, or
    - the UCC of all the property in that class immediately before the transfer;
  - for **inventory, securities and debt obligations**, the cost amount.

If the transferred property is class 14.1 property acquired before January 1, 2017, contact us.
2. The agreed amount must generally be the same as the amount in form T2057. However, if the parties file an application to the Minister or another application for which you are completing Part 2, you can enter a different amount, calculated while taking into account the limits in columns B, C and D. The agreed amount must therefore be:
  - **equal to or greater than:**
    - the **lesser** of the amounts in columns B and C, except in the case of mining property, and
    - the amount in column D; **and**
  - **less than or equal to** the amount in column B.

If the transferred property is depreciable property and, on the 30th day following the transfer, the transferor or a related person is its owner or has the right to acquire it (except in the case of a right that exists only as a guarantee and arises from a hypothec, a sale contract or similar title), the agreed amount under the rules above must be equal to or less than the **lesser** of the following:

  - the capital cost of the property; or
  - the UCC of the applicable class **multiplied** by the ratio between the FMV of the property and the FMV of all the property in that class.
3. The transfer of the property by the transferor to the transferee constitutes a disposition of property, and the agreed amount (column E) represents both the proceeds of disposition for the transferor and the capital cost of the property for the transferee. Depending on the type of property, the transferor must report all amounts entered in column F as a capital gain or as income. For depreciable property, part of the amount can be reported as a capital gain and part as business or property income.
 

If you entered 0 in column F because the amount is negative, the amount may constitute a capital loss or, in the case of depreciable property, a terminal loss.

For more on the tax treatment of the disposition of property, see guide IN-120-V, *Capital Gains and Losses*.
4. The property can be capital property that is an immovable held by a non-resident or a NISA fund No. 2.
5. Enter the number of months or fraction of a month from the filing deadline (see page 5) to the day the required documents were sent or, in the case of an application to the Minister, the number of months or fraction of a month from the filing deadline for the TP-518-V form that the parties are amending to the date of the application to the Minister.
6. Attach a copy of the document authorizing the person to sign.
7. If one of the electing members is a partnership, you must also enclose the information requested in section 1.1 for every member of the partnership.
8. The income tax returns in question are:
  - if there is one transferor, the transferor's income tax return for the taxation year covered by lines 04 and 05 in section 1.1;
  - if there are multiple transferors, their income tax returns for the taxation year covered by lines 04 and 05 in section 1.1;
  - the transferee's income tax return for the taxation year covered by lines 13 and 14 in section 1.2.

