

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 corporation) to which the taxpayer has transferred property for consideration that includes a share of the capital stock of the corporation. 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 on page 5 are met, a transferor and a corporation (the parties) can **agree on an amount that is different** from the one in form T2057.

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;
 - 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 on page 5 must be met in order for either application mentioned above to be made.

Important

File this form and the required documents (see page 5) **separately from any income tax return.**

1 Identification

1.1 Transferor

01a	Social insurance number	01b	Identification number	File	01c	Québec enterprise number (NEQ)
				0001		
02	Name or business name of transferor					
03	Number	Street or P.O. Box	Suite			
	City, town or municipality		Province	Postal code		
				03a		
04	Start date of transfer year		End date of transfer year			
	05					

1.2 Corporation

10a	Identification number	File	10b	Québec enterprise number (NEQ)	
		I C 0001			
11	Name of corporation				
12	Number	Street or P.O. Box	Suite		
	City, town or municipality		Province	Postal code	
				12a	
13	Start date of transfer year		End date of transfer year		
	14				

1.3 Contact person

20	Name of contact person	20a	Area code	Telephone



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2 Details concerning certain applications

Complete this part if the conditions on page 5 are met and the parties are making either of the following applications:

- an application (including an application to the Minister) to agree on amount that is different from the amount in form T2057; or
- 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.

2.1 Application to agree on a different amount

If the amount in this form concerning transferred property is different from the amount in form T2057, is the difference **entirely (or almost entirely)** attributable to the difference between the cost amount of the property used to calculate provincial income tax and the cost amount used to calculate federal income tax? 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 corporation? 41 Yes No
- Is there a written agreement related to the transfer? 42 Yes No

If you answered **Yes**, enclose a copy of the agreement with this form.

- Does a price adjustment claim apply to any of the transferred property? 43 Yes No
- Enter the undepreciated capital cost (UCC) of the property. 44

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

If any of the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base.



3 Particulars of the transferred property and the consideration received

3.1 Transferred property and consideration received

Where several transfers of depreciable property or incorporeal capital property were carried out at the same time, each transfer must be entered in the order of transfer elected by the transferor.

However, you must keep any relevant documents for audit purposes.

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.

List and describe each transferred property and the consideration received. 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.

55	Date of transfer of the property below:	Use a separate copy of this part for any property that was transferred on a different date.						
	A Property	Limits respecting the agreed amount		D Agreed amount (see note 1)	E Consideration received		F FMV of the consideration received	G Col. D – col. C (see note 2) If the result is negative, enter 0.
		B FMV of the property	C Other limits		Other than shares (brief description)	Name and class of shares		
	Capital property other than depreciable property (brief description)		(see note 3)					
1								0.00
2								0.00
3								0.00
4								0.00
	Depreciable property (description and prescribed class)		(see note 4)					
5								0.00
6								0.00
7								0.00
	Incorporeal capital property (type)		(see note 5)					
8								0.00
9								0.00
10								0.00
11								0.00
	Inventory (type)		(cost amount)					
12								0.00
13								0.00
14								0.00
	Resource property (brief description)							
15			n/a					
16			n/a					
	Securities or debt obligations (brief description)		(cost amount)					
17								0.00
18								0.00
	Other (see note 6) (brief description)							
19								0.00
20								0.00

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3.2 Shares received

	A Number of shares received by transferor	B Class of shares	C Cash surrender value per share (\$)	D Tax value of paid-up capital per share (\$)	E Are the shares voting shares?		F Are the shares retractable?	
					Yes	No	Yes	No
1					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4					<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 a number of penalties result from this transfer, only the highest penalty must be paid.

FMV of the transferred property	60	0:00
Agreed amount for the property	61	0:00
Subtract line 61 from line 60.	62	false
	63	0.25%
Multiply line 62 by 0.25%.	64	NaN
Number of months ⁷	65	
Multiply line 64 by the number entered on line 65.	66	NaN
Number of months entered on line 65 multiplied by \$100	67	NaN
Enter the amount on line 66, the amount on line 67 or \$5,000, whichever is the least .	68	NaN

5 Certification

70 We, the transferor and the corporation shown in Part 1, are filing this form for one of the following reasons:

We have made an election under subsection 85(1) of the *Income Tax Act* with respect to the property described in Part 3.

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.

We are submitting a rollover application because no election can be made under subsection 85(1) of the *Income Tax Act* by reason of subsection 13(21.2) of that Act.

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

Name of transferor or authorized signee ⁸	Name of authorized signee for the corporation ⁸
Signature of transferor or authorized signee	Signature of authorized signee for the corporation
	Date

- The agreed amount must be the amount entered on form T2057. However, if you completed Part 2, the agreed amount must be calculated as follows:
 - It must be equal to or greater than the **lesser** of the amounts in columns B and C (this limit does not apply to resource property). It must also be equal to or greater than the amount in column F, unless the consideration received consists of a share of the corporation, or a right to receive such a share.
 - It must not exceed the amount in column B.
- The transferor must report any amount in this column as a capital gain or as income, depending on the type of property. For example, if the UCC of the class of a depreciable property results in a negative amount, this amount must be reported as income.
- Enter the adjusted cost base (ACB), which is subject to adjustments under sections 255 and 257 of the *Taxation Act*.
- Enter the capital cost of the property or the UCC of all property in the class immediately before the transfer, whichever is **less**.
- For incorporeal capital property transferred before January 1, 2017, enter the cost of the property in respect of a business or 4/3 of the eligible incorporeal capital amount in respect of the same business immediately before the transfer, whichever is **less**. Effective January 1, 2017, incorporeal capital property is class 14.1 depreciable property, which must be entered on lines 5 through 7 of the table in section 3.1.
- The property can be capital property that is an immovable held by a non-resident or a NISA fund No. 2.
- Number of months or partial months between the filing deadline (see page 5) and the date on which all of the required documents were filed with us. In the case of an application to the Minister, the number of months or partial months between the filing deadline for the TP-518-V form the parties wish to amend and the date of the application to the Minister.
- Attach a copy of the document authorizing the person to sign.



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Information

Conditions for making an application to the Minister or an application described in Part 2

The following conditions must be met if the parties wish to agree on an amount that is different from the one in form T2057 or to make a rollover application for Québec income tax purposes or an application to the Minister:

- The parties carried on at least 90% of their business in Québec during the transfer year.
- If one of the parties is an individual, he or she was a resident in Québec on the last day of the transfer year.

Definition

Transfer year

The taxation year of either the transferor or the corporation in which the transfer took place

Required documents

You must enclose **a copy of form T2057 and any other document filed with the CRA**, except in the case of:

- a rollover application for Québec income tax purposes only; or
- an application to the Minister, where form T2057 has already been filed and has never been amended.

Other documents to enclose if there is more than one transferor

If more than one transferor makes an election concerning the transfer of the same property, each transferor must complete a separate copy of this form. All the forms must be sent **together**, along with a document listing the transferors that made the election and providing each transferor's Québec enterprise number (NEQ), social insurance number or identification number.

If more than one member of the same partnership makes an election concerning the transfer of interest in the partnership, the authorized partner must file this form on behalf of all the members that made the election. The person must enclose a document providing the information requested in section 1.1 for each member that made the election. If any of the members is a partnership, the document must provide the information requested in section 1.1 for all the members of that partnership.

Filing deadline

The duly completed form and required documents must be filed by **the later of the following dates**:

- the earliest date by which any of the parties must file an income tax return for the taxation year in which the transfer took place; or
- the last day of the second month following the end of the transferor's or the corporation's taxation year, whichever is latest.

The parties will be liable to a late-filing penalty if this form and the required documents are filed after the deadline.

Applications to the Minister

Applications to the Minister must be made:

- within three years of the filing deadline for the TP-518-V form the parties wish to amend (see above); or
- after that date, if we authorize it.

The parties will be liable to a late-filing penalty if the application to the Minister is made after the filing deadline for the TP-518-V form they wish to amend.

Do not use this space.

Réservé à Revenu Québec

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



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