

Transfer of Property by a Partnership to a Taxable Canadian Corporation

This form is to be used by any partnership and by any taxable Canadian corporation to which the partnership has transferred property for consideration that includes a share of the capital stock of the corporation, where an election respecting the transfer has been filed with the Canada Revenue Agency (CRA) pursuant to subsection 85(2) of the *Income Tax Act* (ITA).

Note that effective December 20, 2006, the members of a partnership and a corporation may no longer agree on an amount that differs from the amount shown on form T2058, *Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation*, of the CRA nor may they file an application to the Minister unless the conditions referred to in Part 2 of this form are met.

This form must also be completed in order to submit,

- a **rollover application**, if, pursuant to subsection 13(21.2) of the ITA, no election may be made where the partnership sustains a capital loss on the transfer of property; or
- an **application to the Minister** to amend a TP-529-V form previously filed with respect to a transfer, in order to agree on an amount (if this has not already been done), to be deemed to have never agreed on an amount, or to agree on a new amount.

Definitions

In this form, "transferor" refers to the partnership, "corporation" refers to a taxable Canadian corporation, and the term "parties" refers to both the transferor and the corporation. "Transfer year" refers to the fiscal period of the partnership or the taxation year of the corporation in which the transfer took place.

Documents to submit

Enclose the following documents with this form:

- a **copy of form T2058 and any other document filed with the CRA** (unless you are submitting a rollover application or an application to the Minister and form T2058 has already been filed and has never been amended);

- a document listing the names and addresses of all the members of the transferor partnership, as well as their Québec enterprise numbers (NEQ), and their social insurance numbers or identification numbers, depending on whether the partners are individuals, corporations, trusts or partnerships. Provide the same information for all the members of a partnership that is a member of the transferor partnership.

The authorized signee for the transferor partnership is the only person who can file this form on behalf of the members of the partnership, including the members of any partnership that is a member of the transferor partnership.

Filing date

You must submit to us the duly completed form and the attached documents separately from any income tax return by the later of the following dates:

- the earliest date by which the corporation or the members of the transferor partnership or the corporation must file an income tax return for the fiscal period or the taxation year in which the transfer took place;
- the date of the last day of the two-month period following the end of the taxation year of the corporation or the end of the fiscal period of the partnership in which the transfer took place, whichever is later.

Applications to the Minister, however, must be submitted to us within three years following the date on which the late-filing penalty is applied, or later, if we authorize it.

Penalty

The parties must pay a penalty if this form or any required documents are sent to us after the prescribed deadline.

1 Identification

1.1 Transferor

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



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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	12a Postal code
13	Start date of transfer year		14 End date of transfer year	

1.3 Contact person

20	Name of contact person	20a	Area code	Telephone
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2 Conditions

The following conditions must be met if the parties wish to submit an application to the Minister, or agree on an amount different from the amount indicated in federal form T2058:

- The parties carried on at least 90% of their business in Québec during the transfer year.¹
- At least one of the members of the transferor partnership is subject to provincial income tax in the transfer year.
- If the amount agreed to in Part 4 of this form is different from the amount indicated in the federal form T2058, answer the following question:

Is the difference between the amounts **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

The condition is considered to be met where we deem the reason acceptable in the circumstances.

3 Rollover application

In the case of a rollover application, 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

Where shares of the capital stock of a private corporation are included in the transfer, complete the lines below.

50	Name of the private corporation			
51a	Identification number	File	51b	Québec enterprise number (NEQ)
		0001		
				52 Paid-up capital of shares transferred

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



4 Particulars of the property transferred and the consideration received

4.1 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 such documents so we may access them during an audit.

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 property transferred.

List and describe each property transferred 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 space is insufficient, attach a separate sheet showing the same information.

55	Date of transfer of the property indicated below: _____ Use a separate copy of this part for any property that was transferred on a different date.		Limits respecting the agreed amount		D Agreed amount (see note 5)	E Consideration received		F FMV of the consideration received	G Col. D – col. C (see note 6) If the result is negative, enter 0.
	A Property	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 2)						
1									0.00
2									0.00
3									0.00
4									0.00
	Depreciable property (description and prescribed class)		(see note 3)						
5									0.00
6									0.00
7									0.00
	Incorporeal capital property (type)		(see note 4)						
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 7) (brief description)								
19									0.00
20									0.00

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4.2 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"/>

5 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 property transferred	60	NaN
Agreed amount for the property	- 61	NaN
Subtract line 61 from line 60.	= 62	NaN
Multiply line 62 by 0.25%.	x 63	0.25%
Number of months ⁸	= 64	NaN
Multiply line 64 by the number entered on line 65.	x 65	
Number of months entered on line 65 multiplied by \$100	= 66	NaN
Enter the amount on line 66, the amount on line 67 or \$5,000, whichever is least .	▶ 67	NaN
Penalty	68	NaN

6 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(2) of the *Income Tax Act* with respect to the property described in Part 4.
- 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 4.
- We are submitting a rollover application because no election may be made under subsection 85(2) 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 the authorized signee for the transferor ⁹	Name of authorized signee for the corporation ⁹	
_____	_____	_____
Signature of authorized signee for the transferor	Signature of authorized signee for the corporation	Date

1. The proportion of business carried on in Québec by the transferor is calculated in accordance with the regulations made pursuant to section 771 of the *Taxation Act* for the taxation year in which the transfer took place as if the partnership were a corporation and as if its fiscal period were a taxation year.
2. Enter the adjusted cost base (ACB), which is subject to adjustments under sections 255 and 257 of the *Taxation Act*.
3. Enter the capital cost of the property or the UCC of all property in the class immediately before the transfer, whichever is **less**.
4. 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**.
5. As a rule, the agreed amount must be the amount entered on form T2058. However, if the parties meet the conditions in 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.
6. 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. With respect to incorporeal capital property held in the course of carrying on a business, the negative balance of the eligible incorporeal capital amount of this business must also be reported as income.
7. The property may be capital property that is an immovable held by a non-resident, or a NISA fund No. 2.
8. Number of months or parts of a month between the filing deadline prescribed by law and the date on which all of the required documents are filed with us (or, in the case of an application to the Minister, the date on which this form is filed).
9. Attach a copy of the document authorizing the person to sign.



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