



SUMMARY OF RESERVES ON DISPOSITIONS OF CAPITAL PROPERTY

- Complete this form if you are an individual (other than a trust) who is reporting a reserve claimed on your 2004 income tax and benefit return or claiming a reserve on dispositions of capital property (including gifts of certain securities) in 2005.
- To determine if you are eligible to claim a reserve in 2005, see the section "Claiming a reserve" in guide T4037, *Capital Gains*. The information on the back of this form explains how to calculate a capital gains reserve.
- **Attach one completed copy of this form to your 2005 income tax and benefit return.**

Part 1 – Dispositions of capital property after November 12, 1981

A. Dispositions of qualified farm property (QFP)

Amount of 2004 reserve for dispositions of QFP to your child after 1995 and all other dispositions of QFP after 2000 (from line 6680 of Form T2017 for 2004) 6680 _____

Amount of 2005 reserve for dispositions of QFP to your child after 1996 and all other dispositions of QFP after 2001 6681 - _____

Subtotal: line 6680 minus line 6681 (if negative, show in brackets) **6683** = _____ ▶ _____

B. Dispositions of qualified small business corporation shares (QSBCS)

Amount of 2004 reserve for dispositions of QSBCS to your child after 1995 and all other dispositions of QSBCS after 2000 (from line 6688 of Form T2017 for 2004) 6687 _____

Amount of 2005 reserve for dispositions of QSBCS to your child after 1996 and all other dispositions of QSBCS after 2001 6688 - _____

Subtotal: line 6687 minus line 6688 (if negative, show in brackets) **6690** = _____ ▶ + _____

C. Dispositions of property (other than QFP and QSBCS) to your child

Amount of 2004 reserve for dispositions after 1995 to your child of:

- family farm property **other than QFP**; or
- shares of capital stock of a small business corporation **other than QFP and QSBCS** (from line 6692 of Form T2017 for 2004). 6691 _____

Amount of 2005 reserve for dispositions after 1996 to your child of:

- family farm property **other than QFP**; or
- shares of capital stock of a small business corporation **other than QFP and QSBCS**. 6692 - _____

Subtotal: line 6691 minus line 6692 (if negative, show in brackets) **6694** = _____ ▶ + _____

D. Dispositions of property other than dispositions described in A, B, and C above

Amount of 2004 reserve for dispositions of property after 2000, **other than dispositions described on lines 6680, 6687, and 6691** (from line 6699 of Form T2017 for 2004) 6696 _____

Amount of 2005 reserve for dispositions of property after 2001, **other than dispositions described on lines 6681, 6688, and 6692** 6699 - _____

Subtotal: line 6696 minus line 6699 (if negative, show in brackets) **6701** = _____ ▶ + _____

Total of lines 6683, 6690, 6694, and 6701 (if negative, show in brackets) **6702** = _____

Part 2 – Dispositions of capital property before November 13, 1981

Amount of 2004 reserve for dispositions before November 13, 1981 (from line 6704 of Form T2017 for 2004) 6703 _____

Amount of 2005 reserve for dispositions before November 13, 1981 6704 - _____

Subtotal: line 6703 minus line 6704 **6705** = _____ ▶ + _____

Total of lines 6702 and 6705. If negative, show in brackets. Enter this amount on line 192 of Schedule 3. 6706 = _____

Definitions

- **Child** – Your child includes:
 - your natural child, your adopted child, or your spouse's or common-law partner's child;
 - your grandchild or great-grandchild;
 - a person who, while under age 19, was in your custody and control and was wholly dependent on you for support; and
 - the spouse or common-law partner of any of the above.
- **Family farm property** – Family farm property includes:
 - shares of a family farm corporation;
 - an interest in a family farm partnership; or
 - land or depreciable property in Canada that you, your spouse or common-law partner, or any of your children used in a farming business.
- **Non-qualifying securities, qualified farm property, qualified small business corporation shares, small business corporation, spouse or common-law partner** – To find out the definition of these terms, see the Glossary in guide T4037, *Capital Gains*.

How do you calculate a reserve?

The reserve you can claim in a tax year depends on when you disposed of the property, and the type of property you disposed of. You do not have to claim the maximum reserve in a tax year (**Year A**). However, the amount you claim in a later year (**Year B**) cannot be more than the amount you claimed for that property in the previous year (**Year A**). To determine your maximum reserve for 2005, use the calculation below that applies to you.

Dispositions of capital property after November 12, 1981

If you disposed of property after November 12, 1981, the calculation you use will depend on the type of property and disposition.

- **All property (other than family farm property and small business corporation shares sold to your child, and donated non-qualifying securities)**

You can claim a reserve up to a maximum of four years. Your reserve in each year cannot be more than the **lesser** of the following:

(i) Capital gain X $\frac{\text{Amount payable after the end of the year}}{\text{Proceeds of disposition}}$

Year of sale (A)	Year after the sale (B)			
80%	1st year: 60%	3rd year: 20%		
	2nd year: 40%	4th year: zero		

(ii) Capital gain X _____ % ← (Enter the applicable percentage)

- **Family farm property and small business corporation shares sold to your child**

You can claim a reserve up to a maximum of nine years. Your reserve in each year cannot be more than the **lesser** of the following:

(i) Capital gain X $\frac{\text{Amount payable after the end of the year}}{\text{Proceeds of disposition}}$

Year of sale (A)	Year after the sale (B)					
90%	1st year: 80%	4th year: 50%	7th year: 20%			
	2nd year: 70%	5th year: 40%	8th year: 10%			
	3rd year: 60%	6th year: 30%	9th year: zero			

(ii) Capital gain X _____ % ← (Enter the applicable percentage)

- **Gift of non-qualifying security (other than an excepted gift) to a qualified donee**

You can claim a reserve for any tax year ending within 60 months after the time you made the gift. However, you cannot claim a reserve for a gift of non-qualifying securities for the year in which the donee disposes of the securities, or the security ceases to be a non-qualifying security, or for any following year. Your reserve in each year cannot be more than the amount of the capital gain you realized from the making of the gift.

Under proposed legislation, for gifts of non-qualifying securities made after December 20, 2002, the reserve you can claim **cannot be greater** than the eligible amount of the gift.

For the definitions of **excepted gift** and **eligible amount of gift**, see the Glossary in guide T4037, *Capital Gains*.

Dispositions of capital property before November 13, 1981

If you sold property before November 13, 1981, use the calculation below to determine your reserve. You should also use the calculation for property that you sold, or are considered to have sold, after November 12, 1981, if the disposition occurred under the terms of an offer or a written agreement made or entered into before November 13, 1981, or as a result of the property having been stolen, destroyed, or expropriated before November 13, 1981.

Capital gain X $\frac{\text{Amount payable after the end of the year}}{\text{Proceeds of disposition}}$