ELECTION ON DISPOSITION OF PROPERTY BY A PARTNERSHIP TO A TAXABLE CANADIAN CORPORATION

For use by a taxable Canadian corporation and all the members of a partnership, to jointly elect under Do not use this area subsection 85(2) where the partnership has disposed of property to the corporation and has received as consideration shares of any class of capital stock of the corporation. File one completed copy of the election and related schedules (if any) as follows: 1 - by a partner designated for the purpose by the partnership; 2 - on or before the earlier date on which any party to the election has to file an income tax return for the taxation year in which the transaction occurred (due date); 3 - at the tax centre serving the area where the partnership is located; and 4 - separately from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return. Sections and subsections referred to on this form are from the Income Tax Act. Partnership identification number Name of partnership (transferor) (print) Address Postal code Year Month Day Month Day Tax services office Taxation year of to from partnership Name of corporation (transferee) (print) **Business Number** Address Postal code Month Day Tax services office Year Month Day Year Taxation year of from corporation Name of person to contact for more information Area code Telephone number Penalty for late-filed and amended elections An election that is filed after its due date is subject to a late-filing penalty. Form T2058 can be filed Do not use this area within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2058 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason for why the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of submission. Calculation of late-filing penalty: Fair market value of property transferred Difference _____ x 1/4 x 1% x N* = \$100 x N* = *N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000. Make cheque or money order payable to the Receiver General. Specify "T2058" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if Amount enclosed a corporation. Unpaid amounts, including late-filing penalties, are subject to daily compound interest at a prescribed rate.

Information re	quired —									
received has to be she calculation of the adju disposition of each de documentation relatin	own opposite the related prop sted cost base. If space on th preciable property. With this e	erty transfer e form is in: election, you stions below	rred. Where the sufficient, atta u do not have v; and a brief s	ne transferred ch schedule to file the foll summary of t	d property s giving sidowing ma he method	escription and fair market value is a partnership interest, attach milar details. You have to design terials: schedules supporting this d of evaluating the fair market valuater date.	a schedule of the ate the order of designation;			
1. Is there a written a	greement relating to this trans	fer?					yes no			
2. Does a price adjustment clause apply to any of the properties? (See Interpretation Bulletin IT-169 for details.)										
3. Do any persons other than the members of the partnership own or control, directly or indirectly, any shares of any class of the transferee?										
4. Does a non-arm's length rollover exist between the partnership(s) and the transferee corporation? a) Have all or substantially all (90% or more) of all properties of the partnership been transferred to the corporation? 5. Are any partners non-residents of Canada?										
Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following: Name of corporation Business Number Paid-up capital of shares transferred										
				1 1 1	1 1					
— Description of	shares received ——									
Number of shares transferor received	(lass of shares '		•	Pai	d-up capital	Voting or non-voting	Are shares retractable?*			
							yes no			
							yes no			
							yes no			
							yes no			
							yes no			
*Retractable means re	edeemable at the option of the	holder.								

Informative notes -

- The rules for section 85 elections are complex. Essential information is contained in Information Circular 76-19 and Interpretation Bulletins IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

Date of sale or transfer of all properties listed Year			Month Day		Day	.				
pelow:						Form 12	Form T2058.			
Property disposed of				4	Agreed		Amount to be	Consideration received		
	Description	Elected amount limits*		Agreed amount			reported B-A	Non-share	Share	Fair market
		Fair market value	Α	В			(if greater than 0, see note 4)	Description	Number and class	value
Capital property excluding depreciable property	(Brief legal)		(see note 1)							
Depreciable property	(Description and prescribed class)		(see note 2)							
Eligible capital property	(Kind)		(see note 3)							
Inventory excluding	(Kind)		(cost amount)							
real property										
Resource property	(Brief legal)		nil							
			nil nil							
Security or debt obligation property	(Description)		(cost amount)							

Notes

- 1. Adjusted cost base (subject to adjustment per section 53.)
- 2. The lesser of undepreciated capital cost of all property of the class and the cost of the property.
- 3. The lesser of 4/3 x cumulative eligible capital and the cost of the property. (New rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).
- 4. Report this amount either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, you may have to report a portion of the amount as a capital gain and another portion of as income.
- * See Interpretation Bulletin IT-291 for an explanation of the limits.

Election and certification -

The corporation and all members of the partnership hereby jointly elect under subsection 85(2) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is true, correct and complete to the best of their knowledge.

	Date	Signature of authoriz	ed officer of corporation	Position or office		
1	Social insurance number or Business Number		Name of partner, authorized person or authorized officer	Partner's tax services office		
	Signature of partner, authorized person or authorized officer		Position of office of authorized person or authorized officer	Date		
2	Social insurance number or Business Number		Name of partner (print)	Partner's tax services office		
	Signature of partner or authorized officer			Date		
	Social insurance number or Business Number		Name of partner (print)	Partner's tax services office		
	Signature of partner or authorized officer			Date		

The election form must be signed by all partners, or by a person authorized in writing by all partners to sign for them, and by an authorized officer of the transferee. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If space is insufficient, attach "Election and Certification" giving similar details. Attach a list containing the name, Social insurance number, or Business Number of each partner. If a member of the partnership is in itself a partnership, attach a list showing the name, Social insurance number, or Business Number of each member of that partnership. Also, indicate the fiscal period of the partnership.