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ELECTION FOR A DISPOSITION OF SHARES IN A FOREIGN AFFILIATE

- For use by a corporation resident in Canada to elect under subsection 93(1) of the *Income Tax Act* for the disposition of shares in a foreign affiliate or such disposition by another foreign affiliate.
- Separate elections have to be made when a disposition of shares in a foreign affiliate involves shares of different classes or when dispositions are made at different times.
- Send one completed copy of this election (plus attachments) to the tax centre where the T2 return is filed by the due date referred to in subsection 5902(5) of the *Income Tax Regulations*.
- For late-filed or amended elections, send one completed copy of this election (plus attachments) to the tax centre where the T2 return is filed.
- Surplus calculations must be filed with this election (see note 3 on reverse).

Resident corporation filing this election	Name of corporation (print)	Taxation year-end	Year	Month	Day
	Address	Business number			

Disposing corporation (if different)	Name of corporation (print)	Taxation year-end	Year	Month	Day
	Address	Business number			

Foreign affiliate whose shares have been disposed of	Name of corporation (print)
	Address

Penalty for late-filed and amended elections

Late-filed election – subsection 93(5) – we will accept an election filed within three years after the due date and consider it to have been filed on the due date, provided an estimate of the penalty described in subsection 93(6) is paid at the time of filing the election.

Special cases – subsection 93(5.1) – we may accept an election filed after the three-year due date or an amended election. At the discretion of the Minister, if it is considered just and equitable to do so, the late or amended election will be considered to have been filed by the due date, provided an estimate of the penalty described in subsection 93(6) is paid at the time of filing the election. A written submission setting out reasons supporting the acceptance of this election should accompany the election.

Calculation of late-filed penalty:

$$\frac{\text{amount A on reverse}}{\text{Amount C}} \times \frac{\text{amount B on reverse}}{\text{Amount C}} = \text{amount C}$$

$$\text{Amount C} \times \frac{1}{4} \times 1\% \times N^* = \text{_____} \quad 1$$

$$\text{\$100} \times N^* \text{ (maximum \$ 8,000)} \dots\dots\dots = \text{_____} \quad 2$$

Late-filing penalty is the lesser of 1 and 2 above

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* 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.

Attach cheque or money order payable to the Receiver General, if a penalty is payable. Specify "T2107" on the remittance and indicate the name and Business Number of the corporation whose account is to be credited.

Amount enclosed _____

Particulars of disposition for which an election is made

Class of capital stock (detailed description)		
Date of disposition	Number of shares disposed of	A
Proceeds per share	Elected amount per share (note 1)	B
Adjusted cost per share	Balance of exempt surplus at time of disposition	
Balance of taxable surplus (if any) at time of disposition		

NOTES

1. Is the amount designated in this election based on a determination of one or more fair market values? yes no
2. Specify the amounts entered above in Canadian currency.
3. You have to file with this election a calculation of the balance of exempt surplus and balance of taxable surplus (if any) at the time of disposition. *Income Tax Regulation 5902* contains the rules for calculating the required surplus balances. You do not need to submit documentation to support these balances, but you have to keep it in case we ask for it.

Election and certification

The resident corporation named in the election hereby elects to have subsection 93(1) of the *Income Tax Act* apply for the disposition of the shares specified above.
I hereby certify that the information given in this election, and in any documents attached, is true, correct, and complete in every respect.

Signature of an authorized officer of the corporation

Position or title of officer

Date