T3 – [ ] **SPOUSAL OR COMMON-LAW PARTNER TRUST'S CAPITAL GAINS DEDUCTION IN YEAR OF BENEFICIARY'S DEATH** **SCHEDULE 5**

- Enter the applicable taxation year in the box above. **Attach a completed copy of this schedule to the trust's return.**
- Use this schedule to calculate a spousal or common-law partner trust's capital gains deduction for the taxation year in which the beneficiary spouse or common-law partner died. The trust must be a resident of Canada throughout the current calendar year to be eligible to claim the capital gains deduction. For the purpose of this deduction, we also consider the trust to be a resident throughout the current year if the trust was a resident of Canada for part of the current year and throughout the previous year, or the following year.

  Note: A joint spousal or common-law partner trust, an alter ego trust**,** or a trust that elected to defer the deemed realization day **cannot** claim a capital gains deduction.
- Before completing this schedule, you have to calculate:
  - the trust's eligible taxable capital gains (line 34 of Schedule 3, *Eligible Taxable Capital Gains*); and
  - the spouse's or common-law partner's unused lifetime capital gains deduction limit for the year the spouse or common-law partner died (Form T657, *Calculation of Capital Gains Deduction*, for the year of death).
- If the spousal or common-law partner trust is subject to the deemed realization rule, see the section called "Form T1055, *Summary of Deemed Realizations*" in the *T3 Trust Guide*.
- A **post-1971 spousal or common-law partner trust** can claim a capital gains deduction on qualified farm property or qualified small business corporation shares in the taxation year the beneficiary spouse or common-law partner dies. The trust can claim the deduction to the extent that the beneficiary spouse or common-law partner could have claimed a deduction for the eligible taxable capital gains if the gains had belonged to that spouse or common-law partner and not to the trust**.**
- A **pre-1972 spousal trust** can claim a capital gains deduction on qualified farm property or qualified small business corporation shares when reporting a deemed realization on the day the beneficiary spouse dies. The trust can claim this deduction if the trustee has never elected to defer the deemed realization day.
- For definitions of **post-1971 spousal or common-law partner trust** and **pre-1972 spousal trust**, see Chart 1 in the *T3 Trust Guide*.

Part A – Deceased beneficiary spouse or common-law partner information

Name of deceased beneficiary spouse or common-law partner	Address	Social insurance number	Date of death Year Month Day

Part B – Calculating the spousal or common-law partner trust's capital gains deduction on all property

Spousal or common-law partner **trust's** eligible taxable capital gains for the year (line 34 of Schedule 3)			1		
Amounts designated on line 930 of Schedule 9		–	2		
Trust's eligible taxable capital gains for the year (line 1 minus line 2)		=	▶		3
Spouse's or common-law partner's cumulative loss amount and cumulative capital gains deduction claimed after 1984 (see Note 1)	5020 ●		4		
Spouse's or common-law partner's cumulative eligible taxable capital gains reported after 1984 (see Note 2)	5030 ●	–	5		
Subtotal (line 4 minus line 5; if negative, enter "0")		=	▶	–	6
Net amount (line 3 minus line 6)				= ▶	7
Spousal or common-law partner **trust's** taxable capital gains for the year on qualified farm property and qualified small business corporation shares (line 6 of Schedule 3)					8
Spouse's or common-law partner's unused capital gains deduction for the year (see Note 3 – attach a copy of Form T657)	5200 ●				9
Capital gains deduction for spousal or common-law partner trust (line 7, 8, or 9, whichever is **less**)					10

Enter this amount on line 53 of the T3 return.

Note 1
The cumulative loss amount and cumulative capital gains deduction claimed after 1984 are the total of the amounts from lines 25, 26, 27, and 29 of Form T657.

Note 2
The cumulative eligible taxable capital gains reported after 1984 is the amount on line 23 of Form T657.

Note 3
The unused capital gains deduction is the **lesser** of lines 52 and 55 of Form T657, **minus** the amount entered on line 56 of Form T657.