

- Enter the applicable tax year in the box above. **Include a completed copy of this schedule with the trust's return.**
- Use this schedule to calculate a spousal or common-law partner trust's capital gains deduction for the tax 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 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 or the next year.

Note: A joint spousal or common-law partner trust, an alter ego trust, or a trust that elected to defer the deemed disposition 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 T3 Schedule 3, *Eligible Taxable Capital Gains*).
- If the spousal or common-law partner trust is subject to a deemed disposition, see the section called "Form T1055, *Summary of Deemed Dispositions*," in publication T4013, *T3 Trust Guide*.
- A **post-1971 spousal or common-law partner trust** can claim a capital gains deduction on qualified farm property, qualified fishing property, or qualified small business corporation shares in the tax 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, qualified fishing property, or qualified small business corporation shares when reporting a deemed disposition on the day the beneficiary spouse dies. If the trustee has never elected to defer the deemed disposition day, the trust can claim this deduction.
- 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 T3 Schedule 3)		1		
Amounts designated on lines 929 and 930 of T3 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 (line 16 of Chart 1 on page 2)	5020 •	4		
Spouse's or common-law partner's cumulative eligible taxable capital gains reported after 1984 (line 25 of Chart 2 on page 2)	5030 •	5		
Subtotal (line 4 minus line 5; if negative, enter "0")	=	▶	–	6
Net amount (line 3 minus line 6; if negative, enter "0")			=	▶
Spousal or common-law partner trust's taxable capital gains for the year on qualified farm or fishing property, and qualified small business corporation shares (line 6 of T3 Schedule 3)				7
Spouse's or common-law partner's unused capital gains deduction for the year (the lesser of the amounts from lines 33 or 40, on page 3)	5200 •			8
Capital gains deduction for resident spousal or common-law partner's trust (line 7, 8, or 9, whichever is less)				9
Enter this amount on line 53 of the T3 return.				10

Chart 1 – Spouse's or common-law partner's cumulative loss amount and cumulative capital gain deduction claimed after 1984

Amount of line 217 of the spouse's or common-law partner's T1 returns for each year			11
Net capital losses applied after 1984, up to the end of the year of death (line 253 of the spouse's or common-law partner's T1 return for each year)			12
Spouse's or common-law partner's cumulative eligible taxable capital gains (line 25 of Chart 2)	-		13
Subtotal (line 12 minus 13; if negative, enter "0")	=		14
Total capital gains deductions claimed after 1984, up to the end of the year of death (line 254 of the spouse's or common-law partner's T1 returns for each year).		+	15
Subtotal (add lines 11, 14 and 15)	=		16

Enter the result from line 16 on line 4 of this schedule.

Chart 2 – Spouse's or common-law partner's cumulative eligible taxable capital gains reported after 1984

Total taxable capital gains reported after 1984 and before 1992 (line 127 of spouse's or common-law partner's T1 returns for these years). Do not include reserves reported on property disposed of before 1985			17
1992 and 1993 eligible taxable capital gains (line 3 in Part 1 of Form T657 or T657A for 1992 and 1993)	+		18
1994 eligible taxable capital gains (line 5 in Part 1 of Form T657 or T657A for 1994)	+		19
1995 eligible taxable capital gains (line 7 in Part 1 of Form T657, or line 3 of Form T657A for 1995)	+		20
1996 to 1999 eligible taxable capital gains (line 8 in Part 1 of Form T657 for those years)	+		21
2000 eligible taxable capital gains (line 7 in Part 1 of Form T657 for 2000)	+		22
2001 eligible taxable capital gains (line 8 in Part 1 of Form T657 for 2001)	+		23
2002 to 2009 eligible taxable capital gains (line 10 in Part 1 of Form T657 for those years)	+		24
Cumulative eligible taxable capital gains (total of lines 17 to 24)	=		25

Enter the result from line 25 on line 5 of this schedule.

Chart 3 – Spouse's or common-law partner's adjusted capital gains deduction after 1984

Total capital gains deductions claimed after 1984 and before 1988 (line 254 of spouse's or common-law partner's 1985 to 1987 T1 returns).			a
Capital gains deductions claimed in 1988 and 1989 excluding eligible capital property (line 254 of spouse's or common-law partner's 1988 and 1989 T1 returns), minus any amounts reported on lines 543 and 544 on the spouse's or common-law partner's T1 Schedule 3 for 1988 and 1989; if negative, enter "0"	+		b
Adjustment of 1988 and 1989 capital gains deductions excluding eligible capital property (enter 1/4 of amount on line b)	-		c
Capital gains deductions claimed in 1988 and 1989 for eligible capital property (total of lines 254 of spouse's or common-law partner's 1988 and 1989 T1 returns), minus the amount on line b above; not to exceed the total of lines 543 and 544 on the spouse's or common-law partner's T1 Schedule 3 for 1988 and 1989	+		d
Adjustment of 1988 and 1989 capital gains deductions for eligible capital property (enter 1/3 of amount on line d)	-		e
Total capital gains deductions claimed in 1990 to 1999 (line 254 of spouse's or common-law partner's T1 returns for these years)	+		f
Adjustment of 1990 to 1999 capital gains deductions (enter 1/3 of amount on line f)	-		g
Total capital gains deduction claimed in 2000 (line 254 of spouse's or common-law partner's 2000 T1 return).	+		h
Adjustment of 2000 capital gains deduction. Amount from line h x [1 - (1 ÷ (2 x IR))]	-		i
Total capital gains deduction claimed in 2001 to 2009 (line 254 of spouse's or common-law partner's T1 returns for these years).	+		j
Total of lines a to j	=		k

Note: IR represents the inclusion rate for 2000. This rate is from line 16 in Part 4 of the spouse's or common-law partner's T1 Schedule 3 for 2000, or from the spouse's or common-law partner's notice of assessment or latest notice of reassessment for 2000.

Part 1a – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares

Complete this part if:

- the **trust** is reporting a reserve in 2009 from the disposition, before March 19, 2007, of qualified farm property, qualified fishing property, and/or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm property, qualified fishing property, and/or qualified small business corporation shares for dispositions before March 19, 2007	\$250,000	00	26
Spouse's or common-law partner's capital gains deductions (line k of Chart 3 above)	-		27
Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares (line 26 minus line 27; if negative, enter "0")	=		28

Taxable capital gains from reserves on dispositions before March 19, 2007, of qualified farm property, qualified fishing property, and/or qualified small business corporation shares.

Line 1, column 3 of T3 Schedule 2	+		
Line 3, column 3 of T3 Schedule 2	+		
Line 5, column 3 of T3 Schedule 2	+		
Total	=		

x 1/2 ▶

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares – Enter the **lesser** of lines 28 or 29 30

Part 1b – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares

Complete this part if:

- the **trust** disposed of qualified farm property, qualified fishing property, or qualified small business corporation shares in the year; or
- the **trust** is reporting a reserve in 2009 from the disposition, after March 18, 2007, of qualified farm property, qualified fishing property, and/or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm property, qualified fishing property, and/or qualified small business corporation shares for dispositions after March 18, 2007 \$375,000 31

Spouse's or common-law partner's capital gains deductions (line k of Chart 3 on page 2) - 32

Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares (line 31 **minus** line 32; if negative, enter "0") = 33

Taxable capital gains from dispositions after March 18, 2007, of qualified farm property, qualified fishing property and/or qualified small business corporation shares included in the spousal or common-law partner **trust's** income for the year:

Line 1 of T3 Schedule 1	+		
Line 2 of T3 Schedule 1	+		
Line 2, column 3 of T3 Schedule 2	+		
Line 4, column 3 of T3 Schedule 2	+		
Line 6, column 3 of T3 Schedule 2	+		
Line 1 of T3 Form T1055	+		
Line 2 of T3 Form T1055	+		
Total	=		

x 1/2 ▶

Spousal or common-law partner **trust's** farming/fishing income eligible for the capital gains deduction (line 5 of T3 Schedule 3) + 35

The **trust's** total taxable capital gains from the disposition of qualified farm property, qualified fishing property, and qualified small business corporation shares after March 18, 2007 (line 34 **plus** line 35; if negative, enter "0") = 36

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares – Enter the **lesser** of lines 33 or 36 37

Part 1c – Spouse's or common-law partner's unused capital gains deduction for the year

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner **trust's** dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares before March 19, 2007 (the amount from line 30) 38

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner **trust's** dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares after March 18, 2007 (the amount from line 37) + 39

(Subtotal add lines 38 and 39) = 40

On line 9, enter the **lesser** of the amounts from lines 33 or 40.