T3 – [| | |]

BENEFICIARY SPOUSE INFORMATION AND CALCULATION OF SPOUSAL TRUST'S CAPITAL GAINS DEDUCTION

SCHEDULE 5

- Enter the applicable taxation year in the box above.
- Use this schedule to calculate a spousal trust's capital gains deduction for the taxation year in which the beneficiary spouse died.
- Before completing this schedule, you have to calculate:
  - the trust's eligible taxable capital gains (line 334 on Schedule 3, *Calculation of a Trust's Eligible Taxable Capital Gains*); and
  - the spouse's unused lifetime capital gains deduction limit for the year the spouse died (on Form T657, *Calculation of Capital Gains Deduction*, for the current year). Attach a copy of the spouse's Form T657 to the T3 return.
- If the spousal trust is subject to the the deemed realization rule, see the section called "Form T1055, *Summary of Deemed Realizations*" in the T3 guide.
- A **post-1971** spousal trust can claim a capital gains deduction on qualified farm property or qualified small business corporation shares in the taxation year the beneficiary spouse dies. The trust can claim the deduction to the extent that the beneficiary spouse could have claimed a deduction for the eligible taxable capital gains if the gains had belonged to that spouse 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 does not file Form T1015 to defer the deemed realization day. For more information, see the section called "Form T1015, *Election by a Trust to Defer the Deemed Realization Day*" in the T3 guide.
- If the spousal trust is claiming a capital gains deduction, you also have to complete Schedule 3.

Part A – Deceased spouse information

Name of beneficiary spouse	Address	Social insurance number	Date of death: Year / Month / Day

Part B – Calculating the spousal trust's capital gains deduction on all property

Spousal **trust's** eligible taxable capital gains for the year from line 334 of Schedule 3		A			
Amounts designated on line 930 of Schedule 9	–	B			
Spousal **trust's** eligible taxable capital gains for the year (line A minus line B)	=	▶		501	
Spouse's cumulative loss amount claimed after 1984 (see Note 1 below)		502 •			
Spouse's cumulative eligible taxable capital gains reported after 1984 (see Note 2 below)	–	503 •			
Subtotal (line 502 minus line 503; if negative, enter "0")	=	▶	–	504	
Net amount (line 501 minus line 504)			=	▶	505
Spousal **trust's** taxable capital gains for the year on qualified farm property and qualified small business corporation shares					
Trust's eligible capital gains (losses) (from line 301 of Schedule 3)		509			
Trust's gains or losses from reserves (from line 302 of Schedule 3)	+	510			
Subtotal (add lines 509 and 510)	=	X 75% =		515	
Deemed taxable capital gains from disposition of eligible capital property (from line 308 of Schedule 3)			+	516	
Subtotal (add lines 515 and 516)			=	▶	517
Spouse's unused capital gains deduction for the year (see Note 3 below – Attach a copy of Form T657)					520 •
Capital gains deduction for spousal trust (line 505, 517, or 520, whichever amount is less) Transfer this amount to line 53 of the T3 return.					525

Note 1
The cumulative loss amount claimed after 1984 is the **total** of the amounts reported on the following lines in Part 2 of Form T657:
- Allowable capital losses claimed in 1985 (maximum $2,000);
- Allowable business investment losses claimed after 1984 and before the current year;
- Net capital losses of other years claimed after 1984 and before the current year;
- Total losses used to calculate the spouse's annual gains limit for the current year; and
- Cumulative net investment loss to December 31 of the current year.

Note 2
The cumulative eligible taxable capital gains reported after 1984 is the amount calculated on the line called "Cumulative eligible taxable capital gains" in Part 2 of Form T657.

Note 3
The unused capital gains deduction for the year is the amount you calculated on the last line in Part 5 of Form T657.