

- For use by an individual who was resident in Canada throughout 1986 to compute a deduction for capital gains realized on a disposition of capital property in 1986 in accordance with section 110.6 of the Income Tax Act.
- An individual who ceased to be resident in Canada in 1986, but who was resident in Canada throughout the period commencing on January 1, 1985 and ending on the date in 1986 the individual ceased to be resident, shall be deemed for the purpose of section 110.6 to be resident in Canada throughout 1986.
- A reserve claimed in respect of a disposition of qualified farm property after 1984 will qualify for the capital gains deduction when brought into income in a subsequent year. Reserves claimed in respect of dispositions of other capital property do not qualify for the deduction.
- You must file an income tax return for 1986 if you have a capital disposition to report even if you have no tax payable. Failure to report a capital gain or to file an income tax return may result in the loss of the capital gains deduction in respect of that disposition.
- For details of what is considered to be qualified farm property, refer to the 1986 Farmer's Income Tax Guide.
- For further information on capital gains refer to the 1986 T1 Guide for Capital Gains.
- Additional information may be obtained from your District Taxation Office.

DETACH HERE

NAME IN FULL (Print)	SOCIAL INSURANCE NUMBER
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PART 1 — CALCULATION OF ANNUAL GAINS LIMIT FOR 1986
(For all dispositions of capital property in 1986, complete Part 1)

(a) Total of all net gains (from line 540 on Schedule 3)	1		
Subtract: 1986 Reserve claimed at line 542 on Schedule 3 in respect of 1986 non-farm dispositions only	2		
Net capital gain on 1986 dispositions	3		
Net taxable capital gains reported on 1986 dispositions (50% of amount at line 3 above)			4
(b) Capital losses of other years deducted (from line 253 on page 2 of your return)	5		
Add: Allowable business investment losses (from line 217 on page 2 of your return)	6		
Total of above losses in 1986	7		
ANNUAL GAINS LIMIT (subtract line 7 from 4 — if negative, enter zero)			8

Note: A reserve in respect of a disposition of qualified farm property after 1984 is included in the amount recorded at line 540 on Schedule 3.

PART 2 — CALCULATION OF CUMULATIVE GAINS LIMIT FOR 1986
(For all dispositions of capital property in 1986, complete Part 2)

(a) Net taxable Capital gains reported in 1985	9		
Add: Net taxable capital gains reported in 1986 (from line 4 in Part 1 above)			10
Cumulative taxable capital gains reported after 1984			11
(b) Add: Allowable capital loss claimed in 1985 (maximum \$2000.00)	12		
Allowable business investment loss claimed in 1985	13		
Net capital losses of other years claimed in 1985	14		
Total of above losses claimed in 1985	15		
Add: Total losses claimed in 1986 (from line 7 in Part 1 above)	16		
Cumulative loss amount claimed after 1984	17		
Add:			
(c) Total capital gains deduction claimed in 1985	18		
Sub-total	19		
CUMULATIVE GAINS LIMIT FOR 1986 (line 11 minus line 19 — if negative, enter zero)			20

PART 3 — CALCULATION OF CAPITAL GAINS DEDUCTION — QUALIFIED FARM PROPERTY
(Complete this part if you disposed of qualified farm property in 1986)

Farm capital gains deduction for 1986	250,000.00		
Subtract: Farm capital gains deduction claimed in 1985			
Farm capital gains deduction available for 1986			▶ (A)
Total of all net gains from disposition of qualified farm property included in line 540 on Schedule 3	21		
Taxable capital gains on disposition on qualified farm property after 1984 (50% of amount at line 21 above)			(B)
Annual gains limit (from line 8 in Part 1 above)			(C)
Cumulative gains limit (from line 20 in Part 2 above)			(D)
FARM CAPITAL GAINS DEDUCTION — Enter at line (E) an amount not exceeding the least of (A), (B), (C), and (D). If you did not have other dispositions of capital property, claim this amount at line 254 on page 2 of your return.			
			(E)

PART 4 — CALCULATION OF CAPITAL GAINS DEDUCTION
(Complete this part if you disposed of capital property other than qualified farm property in 1986)

Maximum capital gains deduction for 1986	25,000.00		
Subtract: Capital gains deduction allowed in 1985			
Capital gains deduction available for 1986 (if negative — enter zero)			▶ (F)
Annual gains limit (from line 8 in Part 1 above)			
Subtract: Farm capital gains deduction (from line (E) in Part 3 above)			
Net annual gains limit (if negative — enter zero)			▶ (G)
Cumulative gains limit (from line 20 in Part 2 above)			
Subtract: Farm capital gains deduction (from line (E) in Part 3 above)			
Net cumulative gains limit (if negative — enter zero)			▶ (H)
CAPITAL GAINS DEDUCTION ON OTHER CAPITAL PROPERTY — Enter at line (I) an amount not exceeding the least of (F), (G) and (H).			
			(I)
CAPITAL GAINS DEDUCTION — Total of amounts (E) and (I) — not to exceed \$250,000.00 Enter this amount at line 254 on page 2 of your return			
			(J)