



CALCULATION OF CAPITAL GAINS DEDUCTION FOR 1988

- For use by an individual who was resident in Canada throughout 1988 to compute a deduction for capital gains realized on a disposition of capital property in 1988 in accordance with section 110.6 of the Income Tax Act.
- An individual who ceased to be resident in Canada in 1988, but who was resident in Canada throughout 1987, shall be deemed for the purpose of section 110.6 to be resident in Canada throughout 1988.
- A reserve claimed in respect of a disposition of capital property after 1984 will qualify for the capital gains deduction when brought into income in a subsequent year.
- You must file an income tax return for 1988 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 1988 Farming Income Tax Guide.
- For further information on capital gains refer to the 1988 Capital Gains Tax Guide.
- Additional information may be obtained from your District Taxation Office.

NAME IN FULL (Print)	SOCIAL INSURANCE NUMBER
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PART 1 — CALCULATION OF ANNUAL GAINS LIMIT FOR 1988

(For all dispositions of capital property, including reserves on dispositions after 1984, reported in 1988, complete Part 1)

(a) Total capital gain for 1988 (total of line 540 on Schedule 3 and line 390 on form T2017)	1			
Net Taxable capital gains (2/3 of amount at line 1 above)	2			
ADD: Taxable capital gain on disposition of eligible capital property (total of lines 543 and 544 on Schedule 3)	3			
Total taxable capital gains for 1988		▶ 4		
(b) Net capital losses of other years (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 1988 (line 5 plus line 6)		▶ 7		
ANNUAL GAINS LIMIT (subtract line 7 from line 4 — if negative, enter zero)		8		

PART 2 — CALCULATION OF CUMULATIVE GAINS LIMIT FOR 1988

(For all dispositions of capital property, including reserves on dispositions after 1984, reported in 1988, complete Part 2)

(a) Net taxable capital gains reported after 1984 and before 1988 (do not include reserves other than reserves on qualified farm property dispositions after 1984)	9			
ADD: Total taxable capital gains reported in 1988 (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.)	12			
Total allowable business investment losses after 1984 and before 1988	13			
Total net capital losses of other years claimed after 1984 and before 1988	14			
Cumulative net investment loss (line (T) in Part 7 below)	15			
Total losses claimed in 1988 (line 7 in Part 1 above)	16			
Cumulative loss amount claimed after 1984 (total of lines 12 to 16)	17			
ADD: Total capital gains deductions claimed after 1984 and before 1988	18			
Sub-total		▶ 19		
CUMULATIVE GAINS LIMIT FOR 1988 (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, or are reporting reserves on dispositions of qualified farm property after 1984, in 1988)

Maximum farm capital gains deduction for 1988			21	333,333 00
Total capital gains deductions claimed after 1984 and before 1988 (from line 18 in Part 2 above)	22			
ADD: Adjustment of pre-1988 capital gains deductions (1/3 of amount reported at line 22 above)	23			
Sub-total		▶		
Farm capital gains deduction available for 1988 (line 21 minus line 23)			(A)	
Total of all net capital gains from disposition of qualified farm property (total of lines 516 (Schedule 3), 373 and 377 (form T2017))	24			
Taxable capital gains on disposition of qualified farm property in 1988 (2/3 of amount at line 24 above)				
ADD: Taxable capital gain on disposition of eligible capital farm property in 1988 (reported at line 543 on Schedule 3)				
Total taxable capital gains on disposition of qualified farm property		▶	(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 or reserves on dispositions of capital property in 1988, complete Part 6 below.			(E)	

PART 4 — CALCULATION OF CAPITAL GAINS DEDUCTION - QUALIFIED SMALL BUSINESS CORPORATION SHARES

(Complete this part if you disposed of qualified small business corporation shares, or are reporting reserves on dispositions of small business corporation shares after June 17, 1987, in 1988)

Maximum small business corporation shares capital gains deduction for 1988			333,333	00
SUBTRACT: Total capital gains deductions claimed after 1984 and before 1988 (from line 23 in Part 3 above)				
Small business corporation shares capital gains deduction available for 1988			(F)	
Total of all net gains from disposition of qualified small business corporation shares (total of lines 513 (Schedule 3) and 381 (form T2017))	25			
Taxable capital gains on disposition of qualified small business corporation shares in 1988 (2/3 of amount at line 25 above)			▶ (G)	
Annual gains limit (from line 8 in Part 1 above)				
SUBTRACT: Farm capital gains deduction (line (E) in Part 3 above)				
Net annual gains limit (if negative, enter zero)			▶ (H)	
Cumulative gains limit (line 20 in Part 2 above)				
SUBTRACT: Farm capital gains deduction (line (E) in Part 3 above)				
Net cumulative gains limit (if negative, enter zero)			▶ (I)	
SMALL BUSINESS CORPORATION SHARES CAPITAL GAINS DEDUCTION - Enter at line (J) an amount not exceeding the least of (F), (G), (H) and (I). If you did not have other dispositions or reserves on dispositions of capital property in 1988, complete Part 6 below.				(J)

PART 5 — CALCULATION OF CAPITAL GAINS DEDUCTION — OTHER CAPITAL PROPERTY

(Complete this part if you disposed of capital property or are reporting reserves, other than dispositions or reserves reported on qualified farm property or qualified small business corporation shares, in 1988)

Maximum capital gains deduction for 1988		26	66,667	00
Capital gains deductions claimed after 1984 and before 1988 - other capital property only	27			
ADD: Adjustment of pre-1988 other capital property capital gains deductions (1/3 of amount reported at line 27 above)				
Subtotal	28			
Capital gains deduction available for 1988 (line 26 minus line 28) (if negative, enter zero)		(K)		
Annual gains limit (line 8 in Part 1 above)				
SUBTRACT: Farm and small business corporation shares capital gains deductions (total of line (E) in Part 3 and line (J) in Part 4 above)				
Net annual gains limit (if negative, enter zero)		(L)		
Cumulative gains limit (line 20 in Part 2 above)				
SUBTRACT: Farm and small business corporation shares capital gains deductions (total of line (E) in Part 3 and line (J) in Part 4 above)				
Net cumulative gains limit (if negative, enter zero)		(M)		
CAPITAL GAINS DEDUCTION ON OTHER CAPITAL PROPERTY - Enter at line (N) an amount not exceeding the least of (K), (L) and (M).		(N)		

PART 6 — CALCULATION OF CAPITAL GAINS DEDUCTION FOR 1988 - ALL PROPERTY

MAXIMUM LIFETIME DEDUCTION - ALL PROPERTY		29	333,333	00
Capital gains deductions claimed in previous years (line 18 in Part 2 above)	30			
ADD: Adjustment of total capital gains deductions claimed in previous years (1/3 of amount reported at line 30 above)				
Subtotal	31			
Capital gains deduction available for 1988 (line 29 minus line 31) (if negative, enter zero)		(O)		
SUBTRACT: Total of amounts (E), (J) and (N) above		(P)		
Capital gains deduction available for subsequent taxation years (if negative, enter zero)		(Q)		
Enter an amount not exceeding the lesser of amounts (O) and (P) on line 254 on page 2 of your return. *If less than the amount allowable is claimed, the amount at (Q) above will increase accordingly.				

PART 7 - CALCULATION OF CUMULATIVE NET INVESTMENT LOSS TO DECEMBER 31, 1988

(Complete this part if you have any "investment expenses" and/or "investment income" for 1988. These amounts must be cumulated in 1988 and combined with all such amounts in subsequent years if a capital gains deduction is to be claimed in any year. Investment income and expenses include amounts relating to taxable dividends, interest, rents, royalties, limited or non-active partnerships, exploration and development and other property as listed in Notes 1 and 2 below.)

INVESTMENT EXPENSES FOR 1988 (claimed on your 1988 return)				
ADD: (a) Carrying charges and interest expenses (from line 221)				
(b) Net rental loss reported on Line 126				
(c) Limited or non-active partnership loss (from line 122)				
(d) Limited partnership losses of other years (1986 and 1987) (from line 251)				
(e) 50% of exploration and development expenses (from line 224)				
(f) Any other expenses claimed in 1988 to earn property income (from line 232)*				
Total investment expenses		(R)		
INVESTMENT INCOME FOR 1988 (Reported on your 1988 return)				
ADD: (a) Investment income (from lines 120 and 121)				
(b) Net rental income, including recaptured depreciation (from line 126)				
(c) Limited or non-active partnership income (from line 122)				
(d) 50% of income from the recovery of exploration and development expenses (from line 130)				
(e) Any other property income reported on line 130 **				
Total investment income		(S)		
CUMULATIVE NET INVESTMENT LOSS (Line (R) minus line (S)) - if negative, (if income exceeds expenses) enter zero		(T)		

*Note 1: Other expenses claimed to earn property income include repayments of shareholders' loans, repayments of inducements, repayments of refund interest, uncollectible portion of proceeds from disposition of depreciable property, sale of agreement for sale or mortgage included in proceeds of disposition in a previous year, foreign non-business tax under SS 20(11) and SS 20(12), annuity contract payments under SS 20(19) and debt obligations under SS 20(21). Do not include expenses incurred to earn business income.

**Note 2: Other property income to be reported includes amounts from insurance proceeds in respect of depreciable property, home insulation or energy conservation grants and payments received as an inducement or reimbursement. Also included are other income from a trust and appropriation of property, payments, benefits or loan received as a shareholder. Do not include income amounts that relate to business income.