



**CORPORATION LOSS CONTINUITY AND APPLICATION**  
(2006 and later tax years)

Corporation's name	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> </tr> <tr> <td style="text-align: center;">Year      Month      Day</td> </tr> </table>	Tax year-end	Year      Month      Day
Tax year-end				
Year      Month      Day				

- For use by a corporation to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- In accordance with subsection 111(4) of the *Income Tax Act*, when control has been acquired no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time AND no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) & (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.

**Part 1 – Non-capital losses**

**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes .....		
<b>Deduct:</b> (increase a loss)		
Net capital losses deducted in the year (enter as a positive amount) .....		
Taxable dividends deductible under sections 112, 113, or subsection 138(6) .....		
Amount of Part VI.1 tax deductible .....		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2) .....		
Subtotal (if positive, enter "0") .....		
<b>Deduct:</b> (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions .....		
<b>Add:</b> (decrease a loss)		Subtotal
Current-year farm loss .....		
Current-year non-capital loss (if positive, enter "0") .....		

**Continuity of non-capital losses and request for a carryback**

Non-capital loss at the end of preceding tax year .....		
<b>Deduct:</b> Non-capital loss expired * .....	<b>100</b>	
Non-capital losses at beginning of tax year .....	<b>102</b>	
<b>Add:</b> Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation .....	<b>105</b>	
Current-year non-capital loss (from calculation above) .....	<b>110</b>	
<b>Deduct:</b>		
Other adjustments (includes adjustments for an acquisition of control) .....	<b>150</b>	
Section 80 – Adjustments for forgiven amounts .....	<b>140</b>	
<b>Deduct:</b>		
Amount applied against taxable income (enter on line 331 of the T2 return) .....	<b>130</b>	
Amount applied against taxable dividends subject to Part IV tax .....	<b>135</b>	
<b>Deduct – Request to carry back non-capital loss to:</b>		Subtotal
First preceding tax year to reduce taxable income .....	<b>901</b>	
Second preceding tax year to reduce taxable income .....	<b>902</b>	
Third preceding tax year to reduce taxable income .....	<b>903</b>	
First preceding tax year to reduce taxable dividends subject to Part IV tax .....	<b>911</b>	
Second preceding tax year to reduce taxable dividends subject to Part IV tax .....	<b>912</b>	
Third preceding tax year to reduce taxable dividends subject to Part IV tax .....	<b>913</b>	
Non-capital losses – Closing balance .....		<b>180</b>

- \* A non-capital loss expires as follows:
- After **7** tax years if it arose in a tax year ending before March 23, 2004;
  - After **10** tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
  - After **20** tax years if it arose in a tax year ending in 2006 and later.
- An allowable business investment loss becomes a net capital loss as follows:
- After **7** tax years if it arose in a tax year ending before March 23, 2004;
  - After **10** tax years if it arose in a tax year ending after March 22, 2004.

**Election under paragraph 88(1.1)(f)**

Paragraph 88(1.1)(f) election indicator ..... **190** Yes

Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately preceding tax year.

**Part 2 – Capital losses**

**Continuity of capital losses and request for a carryback**

Capital losses at end of preceding tax year .....	<b>200</b>	_____	
Capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation .....	<b>205</b>	_____	_____
<b>Deduct:</b>			
Other adjustments (includes adjustments for an acquisition of control) .....	<b>250</b>	_____	
Section 80 – Adjustments for forgiven amounts .....	<b>240</b>	_____	_____
<b>Add:</b>			
			Subtotal
Current-year capital loss (from Schedule 6 calculation) .....			<b>210</b>
Unused non-capital losses from the 11th preceding tax year* .....		=====	<b>A</b>
Allowable business investment losses (ABIL) incurred in the 11th preceding tax year* .....		=====	<b>B</b>
Enter amount from line A or B, whichever is less .....	<b>215</b>	=====	
Allowable business investment loss expired as non-capital loss: line 215 divided by inclusion rate** .....			<b>220</b>
			Subtotal
<b>Note:</b> If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the allowable business investment loss expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.			
<b>Deduct:</b> Amount applied against current-year capital gain (see Note 1) .....			<b>225</b>
			Subtotal
<b>Deduct – Request to carry back capital loss to: (see Note 2)</b>			
First preceding tax year .....	<b>951</b>	_____	
Second preceding tax year .....	<b>952</b>	_____	
Third preceding tax year .....	<b>953</b>	_____	_____
Capital losses – Closing balance .....			<b>280</b>

**Note 1**  
On line 332 of the T2 return, enter the amount from line 225 multiplied by 50%.

**Note 2**  
Enter on lines 225, 951, 952, or 953, whichever applies, the actual amount of the loss. At the time of the application of the loss carryback, the net capital loss amount will be calculated at the inclusion rate of the year to which the net capital loss is applied.

\* • Losses from the 11th preceding tax year to be entered at line A and line B are those incurred in a tax year ending after March 22, 2004. If they were incurred in a tax year ending before March 23, 2004, enter the losses from the 8th preceding tax year.

• For non-capital losses, enter at line A the portion that has not been used in previous years and the current year. For allowable business investment losses, enter the full amount at line B.

\*\* The inclusion rate is the one that you used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABILs incurred in 1999 and preceding tax years, use 0.75.
- For ABILs incurred in 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 - version T2SCH6(01).
- For ABILs incurred in 2002 and later tax years, use 0.5.

**Part 3 – Farm losses**

**Continuity of farm losses and request for a carryback**

Farm losses at end of preceding tax year .....			
<b>Deduct:</b> Farm loss expired after 10 tax years *	300		
Farm losses at beginning of tax year .....	302		
<b>Add:</b> Farm losses transferred on an amalgamation or the wind-up of a subsidiary corporation .....	305		
Current-year farm loss .....	310		
<b>Deduct:</b>			
Other adjustments (includes adjustments for an acquisition of control) .....	350		
Section 80 – Adjustments for forgiven amounts .....	340		
Amount applied against taxable income (enter on line 334 of the T2 return) .....	330		
Amount applied against taxable dividends subject to Part IV tax .....	335		
		Subtotal	
<b>Deduct – Request to carry back farm loss to:</b>			
First preceding tax year to reduce taxable income .....	921		
Second preceding tax year to reduce taxable income .....	922		
Third preceding tax year to reduce taxable income .....	923		
First preceding tax year to reduce taxable dividends subject to Part IV tax .....	931		
Second preceding tax year to reduce taxable dividends subject to Part IV tax .....	932		
Third preceding tax year to reduce taxable dividends subject to Part IV tax .....	933		
Farm losses – Closing balance .....		380	

\* A farm loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After 20 tax years if it arose in a tax year ending in 2006 and later.

**Part 4 – Restricted farm losses**

**Current-year restricted farm loss**

Total losses for the year from farming business .....		485		C
<b>Minus</b> the deductible farm loss:				
\$2,500 plus D or E, whichever is less		\$ 2,500		
(Amount C above _____ – \$2,500) divided by 2 =			D	
	\$ 6,250		E	F
Current-year restricted farm loss (amount C minus amount F) (enter this amount on line 410) .....				

**Continuity of restricted farm losses and request for a carryback**

Restricted farm losses at end of preceding tax year .....			
<b>Deduct:</b> Restricted farm loss expired after 10 tax years *	400		
Restricted farm losses at beginning of tax year .....	402		
<b>Add:</b> Restricted farm losses transferred on an amalgamation or the wind-up of a subsidiary corporation .....	405		
Current-year restricted farm loss (enter on line 233 of Schedule 1) .....	410		
<b>Deduct:</b>			
Amount applied against farming income (enter on line 333 of the T2 return) .....	430		
Section 80 – Adjustments for forgiven amounts .....	440		
Other adjustments .....	450		
		Subtotal	
<b>Deduct – Request to carry back restricted farm loss to:</b>			
First preceding tax year to reduce farming income .....	941		
Second preceding tax year to reduce farming income .....	942		
Third preceding tax year to reduce farming income .....	943		
Restricted farm losses – Closing balance .....		480	

**Note**  
The total losses for the year from all farming businesses are calculated without including scientific research expenses.

\* A restricted farm loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After 20 tax years if it arose in a tax year ending in 2006 and later.

**Part 5 – Listed personal property losses**

**Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at end of preceding tax year .....		_____
<b>Deduct:</b> Listed personal property loss expired after seven tax years .....	<b>500</b>	_____
Listed personal property losses at beginning of tax year .....	<b>502</b>	_____
<b>Add:</b> Current-year listed personal property loss (from Schedule 6) .....	<b>510</b>	_____
<b>Deduct:</b> Subtotal .....		_____
Amount applied against listed personal property gains (enter on line 655 of Schedule 6) .....	<b>530</b>	_____
Other adjustments .....	<b>550</b>	_____
		Subtotal _____
<b>Deduct – Request to carry back listed personal property loss to:</b>		
First preceding tax year to reduce listed personal property gains .....	<b>961</b>	_____
Second preceding tax year to reduce listed personal property gains .....	<b>962</b>	_____
Third preceding tax year to reduce listed personal property gains .....	<b>963</b>	_____
Listed personal property losses – Closing balance .....	<b>580</b>	_____

**Part 6 – Analysis of balance of losses by year of origin**

Year of origin	Non-capital losses *	Farm losses	Restricted farm losses	Listed personal property losses
	\$	\$	\$	\$
<b>Total</b>				

\* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004 and ending before 2006; or
- After 20 tax years if it arose in a tax year ending in 2006 and later.

An allowable business investment loss becomes a net capital loss as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004.

**Part 7 – Limited partnership losses**

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier <b>600</b>	Fiscal period ending <b>602</b>	Corporation's share of limited partnership loss <b>604</b>	Corporation's at-risk amount <b>606</b>	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses <b>608</b>	Column 4 <b>minus</b> column 5 If negative, enter "0".	Current-year limited partnership losses  Column 3 - 6 <b>620</b>
1.						
2.						
3.						
4.						
5.						

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior tax years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier <b>630</b>	Fiscal period ending <b>632</b>	Limited partnership losses at end of preceding tax year <b>634</b>	Corporation's at-risk amount <b>636</b>	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses <b>638</b>	Column 4 <b>minus</b> column 5 If negative, enter "0".	Limited partnership losses that may be applied in the year  The lesser of columns 3 and 6 <b>650</b>
1.						
2.						
3.						
4.						
5.						

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier <b>660</b>	Limited partnership losses at end of preceding tax year <b>662</b>	Limited partnership losses transferred on an amalgamation or the wind-up of a subsidiary <b>664</b>	Current-year limited partnership losses (from column 620) <b>670</b>	Limited partnership losses applied (cannot exceed column 650) <b>675</b>	Limited partnership losses closing balance (662 + 664 + 670 - 675) <b>680</b>
1.					
2.					
3.					
4.					
5.					

Total (enter this amount on line 335 of the T2 return)

**Note**

If you need more space, please continue on a separate schedule.