



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

Name of corporation, Business Number, Tax year-end (Year, Month, Day)

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
According to 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. Also, 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) and (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 the schedule by itself to the tax centre where the return is filed.
Parts, sections, subsections, paragraphs, and subparagraphs mentioned in this schedule refer to the Act.

Part 1 - Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes

Deduct: (increase a loss)

Net capital losses deducted in the year (enter as a positive amount)

Taxable dividends deductible under sections 112, 113(1), 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")

Deduct: (increase a loss)

Section 110.5 or subparagraph 115(1)(a)(vii) - Addition for foreign tax deductions

Subtotal

Add: (decrease a loss)

Current-year farm loss

(whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss. Enter this amount on line 310.)

Current-year non-capital loss (if positive, enter "0"; if negative, enter this amount on line 110 as a positive)

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year

Deduct: Non-capital loss expired\* 100

Non-capital losses at the beginning of the tax year 102

Add:

Non-capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation 105

Current-year non-capital loss (from calculation above) 110

Subtotal

**Part 1 – Non-capital losses (continued)**

Subtotal from page 1 \_\_\_\_\_

**Deduct:**

Other adjustments (includes adjustments for an acquisition of control) . . . . . **150** \_\_\_\_\_

Section 80 – Adjustments for forgiven amounts . . . . . **140** \_\_\_\_\_

Non-capital losses of previous tax years applied in the current tax year  
(enter on line 331 of the T2 return) . . . . . **130** \_\_\_\_\_

Current and previous year non-capital losses applied against current-year taxable dividends  
subject to Part IV tax (enter on lines 330 and 335 of Schedule 3, *Dividends Received*,  
*Taxable Dividends Paid*, and *Part IV Tax Calculation*, respectively) . . . . . **135** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

Amount of non-capital losses available to carry back or carry forward to other years \_\_\_\_\_

**Deduct – Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income . . . . . **901** \_\_\_\_\_

Second previous tax year to reduce taxable income . . . . . **902** \_\_\_\_\_

Third previous tax year to reduce taxable income . . . . . **903** \_\_\_\_\_

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **911** \_\_\_\_\_

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **912** \_\_\_\_\_

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . . **913** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

Closing balance of non-capital losses to be carried forward to future tax years . . . . . **180** \_\_\_\_\_

\* 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 before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

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; and
- after **10** tax years if it arose in a tax year ending after March 22, 2004.

**Part 2 – Capital losses**

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

Capital losses at the end of the previous tax year . . . . . **200** \_\_\_\_\_

Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation . . . . . **205** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

**Deduct:**

Other adjustments (includes adjustments for an acquisition of control) . . . . . **250** \_\_\_\_\_

Section 80 – Adjustments for forgiven amounts . . . . . **240** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

Subtotal \_\_\_\_\_

**Add:** Current-year capital loss (from the calculation on Schedule 6) . . . . . **210** \_\_\_\_\_

Unused non-capital losses that expired in the tax year\* . . . . . \_\_\_\_\_ **A**

Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year\*\* . . . . . \_\_\_\_\_ **B**

Enter amount from line A or B, whichever is less . . . . . **215** \_\_\_\_\_

ABILs expired as non-capital loss: line 215 **divided** by the inclusion rate\*\*\* . . . . . **220** \_\_\_\_\_

Subtotal \_\_\_\_\_

**Part 2 – Capital losses (continued)**

Subtotal from page 2 \_\_\_\_\_

**Note**

If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts, and enter the total on line 220 on page 2.

**Deduct:** Capital losses from previous tax years applied against the current-year net capital gain (see Note 1) . . . . . **225** \_\_\_\_\_

Amount of capital losses available to carry back or carry forward to other years \_\_\_\_\_

**Deduct – Request to carry back capital loss to** (see Note 2):

First previous tax year . . . . . **951** \_\_\_\_\_

Second previous tax year . . . . . **952** \_\_\_\_\_

Third previous tax year . . . . . **953** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

Capital losses – Closing balance . . . . . **280** \_\_\_\_\_

**Note 1**

To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**Note 2**

On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

\* If the losses were incurred in a tax year ending before March 23, 2004, enter the losses from the 8th previous tax year. If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line A.

\*\* If the losses were incurred in a tax year ending before March 23, 2004, enter the losses from the 8th previous tax year. If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line B.

\*\*\* This inclusion rate is the rate used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:  
 • For ABILs incurred in the 1999 and previous tax years, use 0.75.  
 • For ABILs incurred in the 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 – Version T2SCH6(01)  
 • For ABILs incurred in the 2002 and later tax years, use 0.50.

**Part 3 – Farm losses**

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

Farm losses at the end of the previous tax year . . . . . \_\_\_\_\_

**Deduct:** Farm loss expired\* . . . . . **300** \_\_\_\_\_

Farm losses at the beginning of the tax year . . . . . **302** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

**Add:**

Farm losses transferred on the amalgamation or the windup of a subsidiary corporation . . . . . **305** \_\_\_\_\_

Current-year farm loss . . . . . **310** \_\_\_\_\_

\_\_\_\_\_ ▶ \_\_\_\_\_

Subtotal \_\_\_\_\_

**Part 3 – Farm losses (continued)**

		Subtotal from page 3	
<b>Deduct:</b>			
Other adjustments (includes adjustments for an acquisition of control) . . . . .	<b>350</b>		_____
Section 80 – Adjustments for forgiven amounts . . . . .	<b>340</b>		_____
Amount applied against taxable income (enter on line 334 of the T2 return) . . . . .	<b>330</b>		_____
Amount applied against taxable dividends subject to Part IV tax . . . . .	<b>335</b>		_____
		▶	_____
		=====	_____
Amount of farm losses available to carry back or carry forward to other years			_____
 <b>Deduct – Request to carry back farm loss to:</b>			
First previous tax year to reduce taxable income . . . . .	<b>921</b>		_____
Second previous tax year to reduce taxable income . . . . .	<b>922</b>		_____
Third previous tax year to reduce taxable income . . . . .	<b>923</b>		_____
First previous tax year to reduce taxable dividends subject to Part IV tax . . . . .	<b>931</b>		_____
Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . .	<b>932</b>		_____
Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . .	<b>933</b>		_____
		▶	_____
		=====	_____
Farm losses – Closing balance . . . . .		<b>380</b>	=====

\* A farm loss expires as follows:  
 • after **10** tax years if it arose in a tax year ending before 2006; and  
 • after **20** tax years if it arose in a tax year ending after 2005.

**Part 4 – Restricted farm losses**

<b>Current-year restricted farm loss</b>			
Total losses for the year from farming business . . . . .		<b>485</b>	_____ C
<b>Minus</b> the deductible farm loss:			
\$2,500 <b>plus</b> D or E, whichever is less . . . . .	2,500		_____
(amount C above _____ – \$2,500) <b>divided</b> by 2 = _____ D			_____
	<b>6,250</b>	E	_____
		▶	_____ F
		=====	_____
Current-year restricted farm loss (amount C <b>minus</b> amount F) (enter this amount on line 410) . . . . .			=====
 <b>Continuity of restricted farm losses and request for a carryback</b>			
Restricted farm losses at the end of the previous tax year . . . . .			_____
<b>Deduct:</b> Restricted farm loss expired* . . . . .	<b>400</b>		_____
Restricted farm losses at the beginning of the tax year . . . . .	<b>402</b>		_____
		▶	_____
		=====	_____
<b>Add:</b>			
Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation . . . . .	<b>405</b>		_____
Current-year restricted farm loss (enter on line 233 of Schedule 1) . . . . .	<b>410</b>		_____
		▶	_____
		=====	_____
		Subtotal	_____

**Part 4 – Restricted farm losses (continued)**

<b>Deduct:</b>			Subtotal from page 4 _____
Amount applied against farming income (enter on line 333 of the T2 return) . . . . .	<b>430</b>	_____	
Section 80 – Adjustments for forgiven amounts . . . . .	<b>440</b>	_____	
Other adjustments . . . . .	<b>450</b>	_____	
		_____	▶ _____
Amount of restricted farm losses available to carry back or carry forward to other years			_____

**Deduct – Request to carry back restricted farm loss to:**

First previous tax year to reduce farming income . . . . .	<b>941</b>	_____	
Second previous tax year to reduce farming income . . . . .	<b>942</b>	_____	
Third previous tax year to reduce farming income . . . . .	<b>943</b>	_____	
		_____	▶ _____
Restricted farm losses – Closing balance . . . . .			<b>480</b> _____

**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 **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

**Part 5 – Listed personal property losses**

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

Listed personal property losses at the end of the previous tax year . . . . .			
<b>Deduct:</b> Listed personal property loss expired after seven tax years . . . . .	<b>500</b>	_____	
Listed personal property losses at the beginning of the tax year . . . . .	<b>502</b>	_____	▶ _____
<b>Add:</b> Current-year listed personal property loss (from Schedule 6) . . . . .			<b>510</b> _____
			Subtotal _____
<b>Deduct:</b>			
Previous year personal property losses applied in the current tax year against listed personal property gains (enter on line 655 of Schedule 6) . . . . .	<b>530</b>	_____	
Other adjustments . . . . .	<b>550</b>	_____	
		_____	▶ _____
Amount of listed personal property losses available to carry back or carry forward to other years			_____

**Deduct – Request to carry back listed personal property loss to:**

First previous tax year to reduce listed personal property gains . . . . .	<b>961</b>	_____	
Second previous tax year to reduce listed personal property gains . . . . .	<b>962</b>	_____	
Third previous tax year to reduce listed personal property gains . . . . .	<b>963</b>	_____	
		_____	▶ _____
Listed personal property losses – Closing balance . . . . .			<b>580</b> _____



**Part 7 – Limited partnership losses (continued)**

**Limited partnership losses from previous tax years that may be applied in the current year**

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 minus column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
<b>630</b>	<b>632</b>	<b>634</b>	<b>636</b>	<b>638</b>		<b>650</b>
1						
2						
3						
4						
5						

**Continuity of limited partnership losses that can be carried forward to future tax years**

1	2	3	4	5	6
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied in the current year (cannot be more than column 650)	Current year limited partnership losses closing balance to be carried forward to future years (662 + 664 + 670 – 675)
<b>660</b>	<b>662</b>	<b>664</b>	<b>670</b>	<b>675</b>	<b>680</b>
1					
2					
3					
4					
5					

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

**Note 1**

If you have any current–or previous–year losses, please enter your partnership identifier on line 600, 630, or 660.

**Note 2**

If you need more space, you can attach more schedules.

**Part 8 – Election under paragraph 88(1.1)(f)**

If you are making an election under paragraph 88(1.1)(f), check the box ..... **190** Yes

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

**Note**

This election is only applicable for wind-ups under 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.