

ELECTION ON DISPOSITION OF PROPERTY BY A PARTNERSHIP TO A TAXABLE CANADIAN CORPORATION

- For use by a taxable Canadian corporation and all the members of a partnership, to jointly elect under subsection 85(2) where the partnership has disposed of property to the corporation and has received as consideration shares of any class of capital stock of the corporation.
- File one completed copy of the election and related schedules (if any) as follows:
 - by a partner designated for the purpose by the partnership;
 - on or before the earlier date on which any party to the election has to file an income tax return for the taxation year in which the transaction occurred (due date);
 - at the tax centre serving the area where the partnership is located; and
 - separate from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return.
- Sections and subsections referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of partnership (transferor) (print)						Business Number or Social Insurance Number											
Address											Postal code						
Taxation year of partnership		Year		Month		Day		to		Year		Month		Day		Tax services office	
from																	

Name of corporation (transferee) (print)						Business Number											
Address											Postal code						
Taxation year of corporation		Year		Month		Day		to		Year		Month		Day		Tax services office	
from																	
Name of person to contact for more information											Area code		Telephone number				

Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2058 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2058 can be amended or filed after the 3-year period, but in these situations, attach both an estimate of the penalty and a written submission for consideration by the Minister, explaining the reason why the election is amended or late.

Calculation of late-filing penalty:

Fair market value of property transferred		
Less: agreed amount		
Difference		A
Amount A		B
\$100 x N*		C

Do not use this area

*N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above

Make cheque or money order payable to the Receiver General. Specify "T2058" on the remittance, and indicate the name and the taxation year of the partnership whose account will be credited. Amount enclosed

Unpaid amounts, including late-filing penalties, are subject to daily compound interest at a prescribed rate.

Particulars of property disposed of and consideration received

Date of sale or transfer of all properties listed below:									Year	Month	Day	Note: For properties sold or transferred on different dates, use separate Form T2058.					
Property disposed of				Agreed amount B	Amount to be reported B-A (if greater than 0, see note 4)	Consideration received			Fair market value								
Description	Elected amount limits*		Fair market value			Non-share	Share	Description		Number and class							
				A													
Capital property excluding depreciable property	(Brief legal)		(see note 1)														
Depreciable property	(Description and prescribed class)		(see note 2)														
Eligible capital property	(Kind)		(see note 3)														
Inventory excluding real property	(Kind)		(cost amount)														
Resource property	(Brief legal)		nil														
			nil														
			nil														
Security or debt obligation property	(Description)		(cost amount)														

Notes

1. Adjusted cost base (subject to adjustment per section 53.)
2. The lesser of undepreciated capital cost of all property of the class and the cost of the property.
3. The lesser of 4/3 x cumulative eligible capital and the cost of the property. Use "2" instead of "4/3" for dispositions in taxation years starting before July 1, 1988, in the case of a corporation or for dispositions in fiscal periods starting before January 1, 1988, in any other case.
4. Report this amount either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, you may have to report a portion of the amount as a capital gain and another portion of as income.

* See Interpretation Bulletin IT-291 for an explanation of the limits.

Election and certification

The corporation and all members of the partnership hereby jointly elect under subsection 85(2) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is true, correct and complete to the best of their knowledge.

	Date	Signature of authorized officer of corporation	Position or office
1	Social insurance number or Business Number	Name of partner, authorized person or authorized officer	Partner's tax services office
	Signature of partner, authorized person or authorized officer	Position of office of authorized person or authorized officer	Date
2	Social insurance number or Business Number	Name of partner (print)	Partner's tax services office
	Signature of partner or authorized officer		Date
3	Social insurance number or Business Number	Name of partner (print)	Partner's tax services office
	Signature of partner or authorized officer		Date

The election form must be signed by all partners, or by a person authorized in writing by all partners to sign for them, and by an authorized officer of the transferee. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If space is insufficient, attach "Election and Certification" giving similar details. Attach a list containing the name, Social insurance number, or Business Number of each partner. If a member of the partnership is in itself a partnership, attach a list showing the name, Social insurance number, or Business Number of each member of that partnership. Also, indicate the fiscal period of the partnership.