



● **Line 323 – Adjusted cumulative loss amount reported after 1984 and before the current year**

You have to make an adjustment if the trust claimed net capital losses of other years in a taxation year after 1984 and before 1992 if, in the taxation year, the trust reported a pre-1985 reserve. You have to reduce the net capital losses of other years claimed in a year by the taxable portion of the pre-1985 reserve reported in the year. The following chart will help you calculate this adjustment for line E of Part 2 of Schedule 3. If you have never made this calculation, you have to make it in the current year for all the years from 1985 to 1991.

**Calculation for line E of Schedule 3**

Year	1 Net capital losses of other years claimed in the year	2 Reserves related to capital dispositions before 1985	3	4 Taxable portion of reserve (column 2 × column 3)	5 Lesser of amounts in column 1 and column 4 (if negative, enter "0")
1985	\$ _____	\$ _____	x 1/2	\$ _____	\$ _____
1986	\$ _____	\$ _____	x 1/2	\$ _____	\$ _____
1987	\$ _____	\$ _____	x 1/2	\$ _____	\$ _____
1988	\$ _____	\$ _____	x 2/3	\$ _____	\$ _____
1989	\$ _____	\$ _____	x 2/3	\$ _____	\$ _____
1990	\$ _____	\$ _____	x 3/4	\$ _____	\$ _____
1991	\$ _____	\$ _____	x 3/4	\$ _____	\$ _____
<b>Total</b>					\$ _____

Enter the total of column 5 on line E of Part 2 of Schedule 3.

1. Net capital losses of other years claimed in the year – for 1985 and 1986, line 6 of Part I of Form T672; for 1987, line 523 of Schedule 5B; for 1988 to 1991, line 52 of the T3 return. Also include any capital loss carrybacks claimed in each year.
2. Reserves related to capital disposition before 1985 – for 1985, prior-year reserve from Schedule 2; for 1986, line 511 of Schedule 5; for 1987, 1985 and prior net reserve (line 513 **minus** line 514) from Schedule 5A; for 1988 and 1989, line 575 of Schedule 5C; and for 1990 and 1991, line 215 of Schedule 2.

**Related Schedules**

If you complete Schedule 3, you also have to complete and submit Schedule 4, *Cumulative Net Investment Loss*. You will need the amount you calculated on line 334 on this schedule when you complete Schedule 5, *Beneficiary Spouse Information and Spousal Trust's Capital Gains Deduction*, and Schedule 9, *Income Allocations and Designations to Beneficiaries*. This is the amount of the trust's taxable capital gain that qualifies for a capital gains deduction for a spousal trust (line 501 of Schedule 5) or an individual beneficiary (line 930 of Schedule 9).