ELIGIBLE TAXABLE CAPITAL GAINS

• Enter the applicable taxation year in the box above.

T3 –

- Complete this schedule if the trust is a personal trust designating net taxable capital gains (see reverse) to a beneficiary who is an individual or a trust, to determine the amount that is eligible for the beneficiary's capital gains deduction, or if the trust is a spousal trust claiming a capital gains deduction, which is available only in the year the beneficiary spouse dies.
- Before completing this schedule, you have to determine the trust's inclusion rate. For more details, see the T3 guide.
- Eligible capital gains include only gains from dispositions, or deemed dispositions, of qualified farm property (QFP) or qualified small business corporation shares (QSBCS).

Part 1 – Trust's annual gains limit for the year Eligible capital gains (losses) for the year (lines 131, 132, 181, 182, 101, and 102 of Sch	hedule 1. and				
lines 1 and 2 of Form T1055)	,		301		
Capital gains (losses) from reserves on QFP and QSBCS (lines 211, 212, 221, 222, 231	1, and 232 of Schedule 2)	+	302		
Sul	2) =	306			
Ente	=		307		
Deemed taxable capital gains on disposition of eligible capital property: QFP (included in		+	308 •		
	Sı	ibtotal (line 307	olus line 308)	=	310
Total taxable capital gains (or net capital loss) for the year (line 122 of Schedule 1 and line 25 of Form T1055)		A			
Deemed taxable capital gains (line 308)	+	В			
Subtotal (line A plus line B)	=	С			
Total qualifying taxable capital gains for the year (line 310 or line C, whichever is less)					311
Net capital losses of other years deducted in current year (line 52 of the T3 return)			312		
Line C minus line 311		= -	313		
Subtotal (line 312 minus li	ne 313; if negative, enter "0	") =	314		
Allowable business investment losses (line 25 of the T3 return)		+	315		
Total le	osses (line 314 plus line 31	5) =		-	316
Annual gains limit (line 311 minus line 316; if negative, enter "0")			<u> </u>	=	317

Part 2 - Trust's cumulative gains limit for the year

Qualifying taxable capital gains reported after 1984 and before current year (line 322 of previo	us year's Schedule 3)	320 •	
Qualifying taxable capital gains for the year (line 311)	+	321	
Cumulative taxable capital gains eligible for the capital gains deduction (line 320 plus line 321)	=		322
Cumulative loss amount reported in previous years after 1984 (line 325 of previous year's Sch	edule 3)	D	
Taxable portion of reserves from pre-1985 dispositions included in income for the years 1985 to claimed net capital losses of other years and in the same year reported reserves from pre-198 1985 to 1991 taxation year, complete the chart on the back.		E	
Adjusted cumulative loss amount reported after 1984 and before the current year (line D minus line E)		323 •	
Total losses used to calculate the annual gains limit (line 316)	+	324	
Cumulative loss amount (line 323 plus line 324)	=	325	
Cumulative net investment loss (line 433 of Schedule 4)	+	326	
Total losses	(line 325 plus line 326) =		327
Cumulative gains limit (line 322 minus line 327; if negative, enter "0")		<u> </u>	328
Part 3 – Trust's eligible taxable capital gains for the year			
Annual gains limit (line 317)			330
Cumulative gains limit (line 328)		331	
Eligible taxable capital gains designated in earlier years			
Line 332 of previous year's Schedule 3	F 🛛		
Line 930 of previous year's Schedule 9 +	G •		
Subtotal (line F plus line G) =	-	332	1
Subtotal (line 331 minus line 332	; if negative, enter "0")		333

Eligible taxable capital gains (line 330 or line 333, whichever is less)

Enter the amount from line 334 on line A of Schedule 5, or use it to calculate the taxable capital gains eligible for deduction. See Line 930 in the T3 guide.

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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.

/ear	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")
985	\$	\$	x 1/2	\$	\$
986	\$	\$	x 1/2	\$	\$
987	\$	\$	x 1/2	\$	\$
988	\$	\$	x 2/3	\$	\$
989	\$	\$	x 2/3	\$	\$
990	\$	\$	x 3/4	\$	\$
991	\$	\$	x 3/4	\$	\$
otal					\$

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.

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).