

T3 -

ELIGIBLE TAXABLE CAPITAL GAINS

SCHEDULE 3

- Enter the applicable taxation year in the box above.
- 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 or common-law partner trust claiming a capital gains deduction, which is available only in the year the beneficiary spouse or common-law partner dies.
- If the trust has a taxation year ending in 2001, and had capital dispositions for that year **before** October 18, 2000, use the 2000 Schedule 3. If the trust only has capital dispositions **after** October 17, 2000, use this version.
- **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 101 and 102 of Schedule 1, and lines 1 and 2 of Form T1055)

Eligible capital gains (losses) for the year (lines 101 and 102 of Schedule 1, and lines 1 and 2 of Form T1055)					301	
Capital gains (losses) from reserves on QFP and QSBCS (lines 231 and 232 of Schedule 2)	+				302	
Subtotal (line 301 plus line 302)	=				306	
	x	1/2	=		307	
Deemed taxable capital gains on disposition of eligible capital property: QFP (included in line 07 of the T3 return)				3080 •	+	308
Subtotal (line 307 plus 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)						
Deemed taxable capital gains (line 308)	+					A
Subtotal (line A plus line B)	=					B
Total qualifying taxable capital gains for the year (line 310 or line C, whichever is less)						C
Net capital losses of other years deducted in current year (line 52 of the T3 return)						
Line C		minus line 311	=			
Subtotal (line 312 minus line 313; if negative, enter "0")	=					311
Allowable business investment losses (line 25 of the T3 return)	+					
Total losses (line 314 plus line 315)	=					312
Annual gains limit (line 311 minus line 316; if negative, enter "0")	=					313
						314
						315
						316
						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 previous year's Schedule 3)	3200 •					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 Schedule 3)						D
Taxable portion of reserves from pre-1985 dispositions included in income for the years 1985 to 1991. If the trust claimed net capital losses of other years and in the same taxation year reported reserves from pre-1985 dispositions, in a 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)	3230 •	=				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")		=				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	3321 •					F
Line 930 of previous year's Schedule 9	3322 •	+				G
Subtotal (line F plus line G)		=				332
Subtotal (line 331 minus line 332; if negative, enter "0")		=				333
Eligible taxable capital gains (line 330 or line 333, whichever is less)						334

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.

● **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 same 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 x 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	\$ _____	\$ _____
Total					\$ _____

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, previous-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 or Common-Law Partner Information and Spousal or Common-Law Partner 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 or common-law partner trust (line 501 of Schedule 5) or an individual beneficiary (line 930 of Schedule 9).