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## **ELIGIBLE TAXABLE CAPITAL GAINS**

**SCHEDULE 3** 

- Enter the applicable tax year in the box above. Include a completed copy of this schedule with the trust's return.
- 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. Also use this schedule if the trust is a spousal or common-law partner trust claiming a capital gains deduction, available only in the year the beneficiary spouse or common-law partner dies.
- Eligible capital gains include only gains from dispositions, or deemed dispositions, of qualified farm property (QFP), qualified fishing property (QXP) disposed of after May 1, 2006, or qualified small business corporation shares (QSBCS).

Eligible capital gains (losses) for the year	ar (lines 1 and 2 of Sche	dula 1 and lines	1 and 2 of Form	T1055)				1			
Capital gains (losses) from reserves on	,			11000)	-	+		2			
Capital gains (losses) non reserves on	QI F/QXF alid Q3DC3	(iiiles i to o oi c	Subtotal (line	1 plue line 2	_	=		3			
Multiply line 3 by 1/2.			Subtotal (iiile	i pius iiile z	<u>')</u>	× 1/	2	- =		1	4
Farming or fishing income eligible for the capital	gains deduction (See Chante	er 4 of the guide T40	03 Farming Income of	or the guide T41	_ NN4 Fishind			3080	<b>1</b> +		
Tarring or issuing income engine for the capital	gains deduction (occ onapte	or 4 or the guide 140				ne 5; if negati	ve enter "0"	_	=		6
Total taxable capital gains (or net capital	al losses) for the year (lir	ne 21 of Schedul			<u> </u>		10, 0.110. 0	<u>-</u>			— Ĭ
minus 1/2 of the T3 amount on line 10	, ,	ic 21 or concadi	e i ana mie 20 or	1 01111 1 1000	',			7			
Amount from line 5 above					_	+		8			
	s	ubtotal (line 7 p	lus line 8; if negati	ive, enter "0"	<u> </u>	=		9			
Total qualifying taxable capital gains for	the year (line 6 or line 9	, whichever is le	ess)		<u>-</u>			_			10
Net capital losses of other years deduct	ted in current year (line 5	52 of the T3 retu	rn)					11			
Line 9		minus line 10		-	=	-		12			
	Subto	otal (line 11 minu	ıs line 12; if negati	ive, enter "0"	<u> </u>	=		13			
Allowable business investment losses (	line 25 of the T3 return)				_	+		14			
		To	otal losses (line 13	3 plus line 14	·)	=			_		1
Annual gains limit (line 10 minus line	15; if negative, enter "0";	)			_				=		16
								_		<u> </u>	=
Part 2 – Trust's cumulative gain Qualifying taxable capital gains reported Schedule 3)	d after 1984 and before		e 19 of previous ye	ear's	3200 •			_ 17			
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## 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 tax year after 1984 and before 1992 if, in the same tax 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 21. 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 21							
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	\$	\$		
Total					\$		

Enter the total of column 5 on line 21 of this schedule.

- 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 dispositions 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 34 of Schedule 3 when you complete Schedule 5, *Spousal or Common-Law Partner Trust's Capital Gains Deduction in Year of Beneficiary's Death*, 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 1 of Schedule 5) or an individual beneficiary (lines 929 and 930 of Schedule 9).