

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).