

- This tax credit applies only to spousal or common-law partner trusts that are resident in Saskatchewan on the last day of the trust's 2004 taxation year and that have not elected to defer the deemed realization date. It can only be claimed in the year the beneficiary spouse or common-law partner died. The credit does not apply to joint spousal or common-law partner or alter ego trusts.
- **Do not** complete this form if:
  - the taxable income on line 56 of the T3 return of the trust is \$36,155 or less; **or**
  - the total of lines 1 and 2 on T3 Schedule 1, and lines 1 and 2 on T3 Schedule 2, is zero or negative.
- On this form, "qualified taxable capital gains" are the net taxable capital **gains** from the disposition of (or reserves from) qualified farm property (QFP) and qualified small business corporation shares (QSBCS).
- Attach a copy of this form to the *T3 Trust Income Tax and Information Return*.

**Step 1 – Eligible taxable capital gains**

**Qualified taxable capital gains**

Taxable capital gains included on line 01 of the T3 return					1
Deemed realizations (line 11 of the T3 return)		+			2
		=			3
	<b>Subtotal (line 1 plus line 2)</b>				
Net capital losses of other years (line 52 of the T3 return)		-			4
		=			5
	<b>Total (line 3 minus line 4)</b>				
Taxable capital gains (losses) and deemed realizations for the year (lines 1 and 2 of T3 Schedule 1, and lines 1 and 2 of Form T1055)					6
Capital gains (losses) from reserves on QFP and QSBCS (lines 1 and 2 of T3 Schedule 2)		+			7
		=			8
	<b>Subtotal (line 6 plus line 7)</b>				
Line 8 multiplied by 1/2		x	1/2		=
Deemed total taxable capital gains on disposition of eligible capital property: QFP (included in line 07 of the T3 return)		+			10
Taxable capital gains on qualified farm property and qualified small business corporation shares (line 9 plus line 10; if negative, enter "0")		=			11
Amount from line 5 or line 11, whichever is less.					12
Line 930 of T3 Schedule 9		-			13
<b>Qualified taxable capital gain (line 12 minus line 13)</b>		=			14
If the amount is zero, no credit is allowed – <b>do not</b> continue.					

**Eligible taxable capital gains**

Qualified taxable capital gain (enter the amount from line 14 above)					15
Capital gains deductions (line 53 of the T3 return)		-			16
<b>Eligible taxable capital gains (line 15 minus line 16)</b>		=			17
If the amount is negative or zero, no credit is allowed – <b>do not</b> continue.					

**Step 2 – Adjusted Saskatchewan tax**

Taxable income from line 56 of the T3 return					18
Eligible taxable capital gains (line 17 above)		-			19
Adjusted taxable income (line 18 minus line 19)		=			20

**Testamentary trusts or grandfathered inter vivos trusts**

Use the amount from line 20 to determine which **one** of the following columns you have to complete.

If the amount from line 20 is:	\$36,155 or less	more than \$36,155, but not more than \$103,300	more than \$103,300
Enter the amount from line 20 above	21		
Income base	22	22	22
Line 21 minus line 22	23	23	23
Tax rate	24	24	24
<b>Multiply</b> line 23 by line 24	25	25	25
Tax on income base	26	26	26
<b>Saskatchewan tax on adjusted taxable income (line 25 plus line 26)</b>	27	27	27

**Inter vivos trusts (other than grandfathered)**

Saskatchewan tax on adjusted taxable income	line 20		x 15% =		28
Tax on adjusted taxable income (line 27 or line 28, whichever applies)					29
Tax on eligible taxable capital gains	line 17		x 11% =		30
<b>Adjusted Saskatchewan tax (line 29 plus line 30)</b>					31

**Step 3 – Tax credit**

Saskatchewan tax on taxable income from line 8 or line 9 of Form T3SK, whichever applies					32
Adjusted Saskatchewan tax (line 31, above)		-			33
<b>Saskatchewan farm and small business capital gains tax credit (line 32 minus line 33)</b>		=			34
Enter this amount on line 14 of Form T3SK.					