



Election in Respect of the Sale of Debts Receivable

- For use by the vendor and the purchaser of a business to elect jointly under subsection 22(1) of the *Income Tax Act* where:
 - all or substantially all the property used in carrying on the business in Canada of the vendor is being sold;
 - the sale includes all the debts receivable of the business of the vendor; and
 - the purchaser proposes to continue the business the vendor has been carrying on.
- The vendor or the purchaser must mail two completed copies of this form to their tax centre (TC) for the tax year that includes the date of the sale. Find your TC's address by going to www.cra.gc.ca/tso.
- If the vendor or the purchaser is a partnership, a designated partner must sign the election. Attach a list that includes the name, address, and social insurance number (SIN), business number (BN), or partnership account number, whichever applies, of each partner.
- For more information, see interpretation bulletins IT-188, *Sale of Accounts Receivable*, and IT-442, *Bad Debts and Reserves for Doubtful Debts*.

Do not use this area

Vendor's name	SIN, BN, or partnership account number
Address	Tax services office
Name of person to contact for more information	Telephone number

Purchaser's name	SIN, BN, or partnership account number
Address	Tax services office
Name of person to contact for more information	Telephone number

Debts receivable sold

Date of sale	Year	Month	Day
Face value of debts receivable sold that have been or will be included in computing the vendor's income excluding debts previously written off as bad debts			
Deduct:			
Consideration paid by the purchaser			
Difference*			

* Vendor: **Deduct** this amount when you calculate your income for the tax year.
 Purchaser: **Add** this amount when you calculate your income for the tax year.

Election and statement of consideration paid

We the vendor and purchaser named above, jointly elect to have the provisions of section 22 of the *Income Tax Act* apply, and jointly certify that the consideration in the amount shown above has been paid for the debts receivable sold by the vendor to the purchaser.

Name of individual, designated partner, or authorized officer for the vendor	Position or office
Signature of individual, designated partner, or authorized officer for the vendor	Date yyyy/mm/dd
Name of individual, designated partner, or authorized officer for the purchaser	Position or office
Signature of individual, designated partner, or authorized officer for the purchaser	Date yyyy/mm/dd

The above statement of consideration paid is, subject to subsection 69(1) of the *Income Tax Act*, binding upon the vendor and purchaser.