



## Election on Disposition of Property by a Taxpayer to a Canadian Partnership

- For use by a taxpayer and a Canadian partnership (where the taxpayer is a member of the partnership immediately after the transfer) to jointly elect under subsection 97(2).
- Mail this election and related schedules (if any), separately from other tax returns, to the tax centre where the transferor is located as follows:
  - by the taxpayer who is the sole transferor or, where the transferor is a partnership, by an authorized member of the partnership or, where the property being transferred is held in co-ownership, one copy by each co-owner;
  - with a list containing the name, address, and social insurance number or business number of each transferor and of each transferee (including each member of a transferor partnership and each member of a partnership which is itself a member of either the transferor or the transferee partnership);
  - on or before the earliest date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred, taking into consideration any election under subsection 99(2) (due date);

Find your tax centre's address by going to [www.cra.gc.ca/tso](http://www.cra.gc.ca/tso).

- Sections, subsections, and paragraphs on this form are from the *Income Tax Act*.

**Do not use this area**

Taxpayer's name (transferor)							Social Insurance number or Business number				
Address										Postal code	
Tax year of taxpayer	Start	Year	Month	Day	End	Year	Month	Day	Tax services office		
Partnership's name (transferee)							Business number				
Address										Postal code	
Tax year of partnership	Start	Year	Month	Day	End	Year	Month	Day	Tax services office		
Name of person to contact for more information										Telephone number	

### Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2059 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2059 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of filing.

#### Calculation of late-filing penalty:

Fair market value of property transferred. . . . . \_\_\_\_\_

**Less:** agreed amount . . . . . \_\_\_\_\_

Difference . . . . . \_\_\_\_\_ **A**

Amount A \_\_\_\_\_ x 1/4 x 1% x N\* . . . . . = \_\_\_\_\_ **B**

\$100 x N\* . . . . . = \_\_\_\_\_ **C**

**Do not use this area**

\* N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

**Late-filing penalty** is the lesser of amounts B and C above . . . . . \_\_\_\_\_

Make cheque or money order payable to the Receiver General. **Specify** "T2059" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or business number if a corporation.

Amount enclosed \_\_\_\_\_

Unpaid amounts, including late-filing penalties, are subject to daily compound interest at a prescribed rate.

**Information required**

On the following page, list, describe, and state the fair market value of properties transferred. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election, you do not have to file the following materials: schedules supporting this designation; documentation relating to the responses to the questions below; and a brief summary of the method of evaluating the fair market value of each property transferred. However, you have to keep them as Canada Revenue Agency may ask to see them at a later date.

1. Is there a written agreement relating to this transfer? . . . . . Yes  No
2. Does a price adjustment clause involved apply to any of the properties? (See Folio S4-F3-C1 for details.) . . . . . Yes  No
3. Is the taxpayer a non-resident of Canada? . . . . . Yes  No
4. Are any of the transferred properties capital properties? . . . . . Yes  No
- If yes,
  - a) have they been owned continuously since Valuation Day (V-Day)? . . . . . Yes  No
  - b) have they been acquired after V-Day in a transaction considered not to be at arm's length? . . . . . Yes  No
  - c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for the transferred shares? (If **yes**, provide details of amounts and dates received, and attach a schedule.) . . . . . Yes  No
5. Is the agreed amount of any of the transferred properties based on an estimate of the fair market value on V-Day? . . . . . Yes  No
- a) If **yes**, does a formal documented V-Day value report exist? . . . . . Yes  No
6. Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the taxpayer? . . . . . Yes  No

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Corporation's name	Business number	Paid-up capital of shares transferred (under the <i>Income Tax Act</i> )
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**Informative notes**

- The rules for subsection 97(2) elections are complex. Essential information is contained in Folio S4-F3-C1 and Interpretation Bulletins, IT-291 and IT-413.
- Complete all information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of property disposed of and consideration received**

Date of sale or transfer of all properties listed below:		Year	Month	Day	<b>Note:</b> For properties sold or transferred on different dates use separate Form T2059.		
Property disposed of				Agreed amount (cannot be zero) B	Amount to be reported B - A (if greater than 0, see note 4)*	Consideration received	
Description	Elected amount limits*		Description			Fair market value	
	Fair market value	A					
Capital property depreciable property excluding	(Brief legal)		(see note 1)*				
Depreciable property	(Description and prescribed class)		(see note 2)*				
Eligible capital property	(Kind)		(see note 3)*				
Inventory	(Kind)		(cost amount)				
Resource property	(Brief legal)						

**Notes**

- Adjusted cost base (subject to adjustment per section 53.)
- The lesser of undepreciated capital cost of all property of the class and the cost of the property.
- The lesser of 4/3 x cumulative eligible capital and the cost of the property.
- This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

\* See Interpretation Bulletin IT-291 for an explanation of the limits.

**Election and certification**

The taxpayer and all members of the partnership hereby jointly elect under subsection 97(2) in respect of the property specified above and certify that the information given in this election, and in any documents attached, is true, correct, and complete to the best of their knowledge.

\_\_\_\_\_ Date \_\_\_\_\_ Signature of transferor or authorized signing officer \* and \_\_\_\_\_ Signature of authorized officer of transferee \*

\* Attach a copy of the authorizing agreement.

1	Social insurance number or business number	Name of partner, authorized person or authorized officer	Partner's tax services office
	Signature of partner, authorized person or authorized officer	Position of office of authorized person or authorized officer	Date
2	Social insurance number or business number	Name of partner	Partner's tax services office
	Signature of partner or authorized officer		Date
3	Social insurance number or business number	Name of partner	Partner's tax services office
	Signature of partner or authorized officer		Date

**The election form must be signed by all partners**, or by a person authorized in writing by all partners to sign for them, and by the transferor or an authorized signing officer of the transferor. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If space is insufficient, attach "Election and certification" giving similar details. Attach a list containing the name, social insurance number, or business number of each partner. If a member of the partnership is in itself a partnership, attach a list showing the name, social insurance number, or business number of each member of that partnership. Also, indicate the fiscal period of the partnership.