



Election for Gains on Shares of a Corporation Becoming Public

- This form is for use by individuals who own capital property that is a share of a class of the capital stock of a corporation that is a small business corporation at that time to elect under section 48.1 when the corporation ceases to be a small business corporation because its or another corporation's class of shares is listed on a designated stock exchange.
- This election is to ensure that owners of qualified small business corporation shares do not lose their entitlement to the special capital gains deduction for gains accrued, but not realized, on their shares before the corporation ceases to be a small business corporation as indicated above. By specifying any amount from the adjusted cost base up to the fair market value of the shares as proceeds of disposition, the owner can control the amount of taxable capital gain that will be brought into income for the elected disposition, and match that gain to the availability of the capital gains deduction. The shares are then considered as having been immediately reacquired at a capital cost equal to the elected proceeds of disposition.
- The special capital gains deduction amount increased from \$750,000 to \$800,000 effective January 1, 2014, and will be indexed after 2014.
- The elected disposition does not apply for the purposes of sections 7 and 35, paragraph 110(1)(d.1) and subsections 120.4(4) and (5).
- Mail one completed copy of this election, separately from any other return, to the tax centre on or before the individual's filing-due date for the individual's tax year in which the corporation ceases to be a small business corporation. Find your tax centre's address by going to www.cra.gc.ca/tso.
- All legislative references are to the federal *Income Tax Act*.

Do not use this area

Name of individual		Social insurance number / trust account number			
Address					Postal code
Telephone number		Filing-due date	Year	Month	Day

Name of small business corporation		Business number				
Address		Postal code	Date corporation became public	Year	Month	Day

Proceeds of deemed disposition

Adjusted cost base (ACB) to the individual of shares of the corporation immediately before going public 1

Fair market value (FMV) of shares of the corporation immediately before going public 2

Specified proceeds of disposition where line 2 exceeds line 1 (see note) 3

Number of shares _____ Type of shares* _____

Note
You may specify any amount from the ACB (line 1) to the FMV (line 2) as proceeds of disposition. The specified proceeds of disposition cannot be less than the ACB.

* If you need more space, attach a separate page.

Penalty for late-filed elections

An election will be accepted up to 2 years following the individual's filing-due date for the individual's tax year in which the corporation ceases to be a small business corporation, provided a penalty is paid at the time of filing.

Calculation of late-filed penalty per subsection 48.1(4):

Amount from line 3 A

Less: amount from line 1 B

Difference $\times \frac{1}{4} \times 1\% \times N^*$ = C

$\$100 \times N^*$ = D

Late-filing penalty (amount C or amount D, whichever is less) E

Amount enclosed _____

Do not use this area

Make cheque or money order payable to the **Receiver General**. Specify **T2101** on the remittance and indicate the tax year, name, and social insurance number (or trust account number) of the taxpayer whose account is to be credited.

* Total of each month and any part month (if applicable) during the period from the filing-due date to the actual date filed.

Election and certification

I elect to have the provisions of section 48.1 apply and certify that the information given in this election, and in any attached documents, is correct and complete.

Name of authorized individual

Position

Signature of authorized individual

Date (YYYY/MM/DD)