REVENU QUÉBEC

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2012-02

Election Respecting the Fair Market Value of Capital Property on Valuation Day

This form is for use by individuals who wish to elect that the cost of all capital property they owned on December 31, 1971, be deemed the fair market value on valuation day.

Since January 1, 1972, taxpayers have been required to include in their income for a given taxation year a portion of the capital gains realized in that year on the disposition of capital property. A capital loss may, under certain conditions, be deducted from the capital gains for the year or carried, as net capital loss, to a previous or subsequent year.

As a rule, to calculate the amount of a capital gain or loss with respect to capital property you acquired before 1972, you must determine the V-Day value of the property, as well as its deemed cost price according to the median rule (see definitions below).

However, if you make an election using this form, the cost of all capital property you owned on December 31, 1971, is deemed to be its V-Day value.

Complete the form for the first taxation year during which you disposed of all or part of the capital property. Send the form to the office of Revenu Québec where you normally file your income tax return, by the date on which the income tax return for that year is to be filed.

Definitions

The terms "capital property," "valuation day" and "median rule" are defined as follows for the purposes of this form:

Capital property:

Property other than

- depreciable property,
- an interest in a partnership, and
- personal-use property, except, in certain cases, personal-use property that is precious property or immovable property.

Valuation day:

- December 22, 1971, for securities or shares prescribed as publicly traded (common and preferred shares, rights and warrants).

  The fair market value of such securities on valuation day corresponds to their value as listed on the stock exchange on that date.
- December 31, 1971, for all other capital property.

  You are required to calculate the V-Day value of your other capital property. Consultation with a professional appraiser would be worthwhile in some cases.

Median rule:

Within the meaning of section 68 of the *Act respecting the application of the Taxation Act* (R.S.Q., c. I-4), the rule according to which you must first determine

- the actual cost,
- the fair market value on valuation day, and
- the proceeds of disposition (including certain adjustments) of each capital property.

The median amount corresponds to whichever of the above three amounts is neither the highest nor the lowest, and is deemed to be the cost of the capital property in the calculation of the capital gain or loss. When two or all three of these amounts are the same, that amount is deemed to be the cost.

Election (please print)

Legal last name of taxpayer	First name	Social insurance number
Current address		
City	Postal code	Taxation year

Pursuant to section 72 of the *Act respecting the application of the Taxation Act* (R.S.Q., c. I-4), I elect to have the cost of all capital property owned by me on December 31, 1971, deemed to be the fair market value on valuation day.

Signature	Date	Area code Telephone (work)	Area code Telephone (home)

Form prescribed by the President and Chief Executive Officer