

Election to Defer the Payment of Income Tax Resulting from the Deemed Disposition of a Trust's Interest in a Qualified Public Corporation

This form is to be completed by any trust that elects, after February 21, 2017, to defer the payment of the income tax resulting from the deemed disposition of its interest in a qualified public corporation. The payment can be deferred over a maximum period of 20 years.

An interest includes any **eligible share** held by the trust at the time of the deemed disposition, that is:

- included in a large block of shares of the capital stock of a qualified public corporation that gives the trust more than **33 1/3%** of the qualified public corporation's voting rights;
- included in a portion of a large block of shares of the capital stock of a qualified public corporation that gives the owner (the trust and the members of a related group that includes the trust) more than **33 1/3%** of the qualified public corporation's voting rights; or
- included in the capital stock of a **private corporation** if the following conditions are met:
 - where the deemed disposition took place after February 21, 2017, but before November 7, 2019, **more than 95%** of the fair market value (FMV) of all of the private corporation's assets is attributable to a large block of shares (or to a portion of a large block of shares) of a qualified public corporation,

- where the deemed disposition took place after November 6, 2019, **more than 50%** of the FMV of all of the private corporation's assets is attributable to a large block of shares (or to a portion of a large block of shares) of a qualified public corporation,
- the large block of shares (or portion of a large block of shares) of the capital stock of the qualified public corporation gives the owner (the private corporation only **or** the private corporation and all members of a related group that includes the private corporation) **more than 33 1/3%** of the public corporation's voting rights.

If the trust held eligible shares of the capital stock of **more than one** qualified public corporation or private corporation, complete a separate copy of this form for each corporation.

Enclose all copies of this form with the *Trust Income Tax Return* (form TP-646-V).

Important: Read the "Information" section on pages 5 and 6 before you complete this form.

Identification number	Trust account number	Date of deemed disposition
1a	1a1 T - -	1c
		Y Y Y Y M M D D

1 Information about the trust (please print)

Name of the trust

1b

Last name of the trustee or liquidator of the succession (in the case of an individual) First name

2a 2b

Identification number of the trustee or liquidator of the succession (social insurance number in the case of an individual)

2d

Address of the trustee or liquidator of the succession

3a 3b 3c

Apartment Street number Street name or P.O. box

City, town or municipality Province Postal code

3d 3e 3f

Area code Telephone Extension

3g

2 Information about the qualified public corporation

Name of corporation

04

Québec enterprise number (NEQ) Identification number File

04a 04b IC 0001

Address of head office

5a 5b 5c

Street number Street name or P.O. box Suite

City, town or municipality Province Postal code

5d 5e 5f



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3 Information about the eligible shares of the capital stock of the qualified public corporation held by the trust

Complete the section(s) applicable to the trust's situation.

3.1 Information about the eligible shares (by class)

	A Number of shares with voting rights	B Class	C Percentage of voting rights in the qualified public corporation held by the trust
10.1			. %
10.2			. %
10.3			. %
10.4			. %
10.5			. %
10.6	Total		. %

If the percentage entered on line 10.6 is **greater than 33 1/3%**, go directly to Part 5. Otherwise, go to section 3.2.

3.2 Information about each member of the related group of which the trust was a member

	A Member's name (last name and first name in the case of an individual)	B Identification number	C Relationship with the trust	D Percentage of voting rights in the qualified public corporation held by the member
20.1				. %
20.2				. %
20.3				. %
20.4				. %
20.5				. %
20.6	Total			. %

Percentage of voting rights in the qualified public corporation held by all members of the related group (total of the percentages entered on line 20.6 of all copies of form TP-1033.18-V completed for the year of the deemed disposition **and** the percentage entered on line 10.6) 30 . %

If the percentage on line 30 is **less than or equal to 33 1/3%**, you **cannot** defer the payment of income tax resulting from the deemed disposition of eligible shares of the capital stock of the qualified public corporation held by the trust.

4 Information about eligible shares of the capital stock of a private corporation held by the trust

Complete sections 4.1 through 4.3 and, if applicable, section 4.4.

4.1 Information about the private corporation

Name of private corporation
40

Québec enterprise number (NEQ) Identification number File
41 42 IC 0001

Percentage of the FMV of all of the private corporation's assets that is attributable to a large block of shares (or a portion of a large block of shares) of the capital stock of a qualified public corporation 43 . %

If the percentage on line 43 is **less than or equal to 95%** (if the deemed disposition took place before November 7, 2019) or 50% (if the deemed disposition took place after November 6, 2019), you **cannot defer the payment** of income tax resulting from the deemed disposition of eligible shares of the capital stock of the private corporation held by the trust.



4.2 Information about the eligible shares of the capital stock of the private corporation held by the trust (by class)

	A Number of shares with or without voting rights	B Class
45.1		
45.2		
45.3		
45.4		
45.5		

4.3 Information about shares of the capital stock of the qualified public corporation held by the private corporation (by class)

	A Number of shares with voting rights	B Class	C Percentage of voting rights in the qualified public corporation held by the private corporation
46.1			. %
46.2			. %
46.3			. %
46.4			. %
46.5			. %
46.6		Total	. %

If the percentage on line 46.6 is **greater than 33 1/3%**, go directly to Part 5. Otherwise, go to section 4.4.

4.4 Information about each member of the related group of which the private corporation is a member

	A Name of member (last name and first name in the case of an individual)	B Identification number	C Relationship with the trust	D Percentage of voting rights in the qualified public corporation held by the member
47.1				. %
47.2				. %
47.3				. %
47.4				. %
47.5				. %
47.6			Total	. %

Percentage of voting rights in the qualified public corporation held by all members of the related group (total of the percentages on line 47.6 of all copies of form TP-1033.18-V completed for the year of the deemed disposition **and** the percentage on line 46.6) 50 %

If the percentage on line 50 is **less than or equal to 33 1/3%**, you **cannot** defer the payment of income tax resulting from the deemed disposition of the eligible shares of the capital stock of the private corporation held by the trust.



5 Income tax payable by the trust that can be deferred

Complete the sections applicable to the trust's situation.

5.1 Income tax resulting from the deemed disposition of eligible shares of the capital stock of a qualified public corporation

If the trust held eligible shares of the capital stock of **more than one** qualified public corporation:

- complete lines 60 through 69 on a separate copy of this form for each qualified public corporation;
- carry the total of the amounts on line 69 of all copies of the completed form to line 90 of **only one** copy of the form; and
- complete Part 6 on each copy of the form.

Amount of capital gain resulting from the deemed disposition of eligible shares of a qualified public corporation (amount from line 12.1 of form TP-653-V, <i>Deemed Sale Applicable to Certain Trusts</i>)	60	
Income tax payable for the taxation year in question (amount from line 135 of the trust's income tax return)	61	
Taxable income calculated without taking into account the deemed disposition of eligible shares of a qualified public corporation	62	
Income tax the trust would have had to pay if the taxable income had corresponded to line 62	63	
Subtract line 63 from line 61. Carry the result to line 90.		
Income tax resulting from the deemed disposition of eligible shares of the capital stock of a qualified public corporation	= 69	

5.2 Income tax resulting from the deemed disposition of eligible shares of the capital stock of a private corporation

If the trust held eligible shares of the capital stock of **more than one** private corporation:

- complete lines 70 through 79 on a separate copy of the form for each private corporation;
- carry the total of the amounts on line 81 of all copies of the completed form to line 90 of **only one** copy of the form; and
- complete Part 6 on each copy of the form.

Amount of the capital gain resulting from the deemed disposition of eligible shares of a private corporation (line 12.2 of form TP-653-V)	70	
Income tax payable for the taxation year in question (amount from line 135 of the trust's income tax return)	71	
Taxable income without taking into account the deemed disposition of eligible shares of a private corporation	72	
Income tax the trust would have had to pay if the taxable income had corresponded to line 72	73	
Subtract line 73 from line 71.		
Income tax resulting from the deemed disposition of eligible shares of the capital stock of a private corporation	= 79	
Enter the percentage from line 43 if it is equal to or less than 95%. Otherwise, enter 100%.	× 80	%
Multiply line 79 by line 80. Carry the result to line 90.		
Portion of income tax resulting from the deemed disposition of eligible shares of the capital stock of a private corporation	= 81	

Enter the amount from line 69 or 81, or the total of the amounts on lines 69 and 81.

If you completed more than one copy of this form for the year of the deemed disposition, enter on only one copy the total of the amounts entered on lines 69 and 81 of all copies of the completed form.

Income tax payable by the trust that can be deferred	= 90	
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6 Election and signature

Under section 1033.18 of the *Taxation Act*, the trust elects to defer, over a period of 20 years maximum, payment of the income tax resulting from the deemed disposition of its interest in a qualified public corporation. As the trustee or the trustee's representative, I certify that the information provided on this form is accurate and complete.

Name of trustee or its representative

Signature

Date



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Information

Since February 22, 2017, a trust can elect to defer the payment of income tax payable resulting from the deemed disposition of its interest in a qualified public corporation. The trust must calculate the amount of income tax to be deferred and provide adequate security no later than the deadline for paying its income tax for the taxation year in which the deemed disposition took place.

This measure applies to shares that are eligible shares at the time of the deemed disposition.

The **deemed disposition** of property of certain trusts occurs on a date specified by the *Taxation Act* (in general, on the day of the 21st anniversary of the creation of the trust or on the date of death of the spouse for whom the trust was created, and afterwards on that same day every 21 years).

An **eligible share** is a share of the capital stock of a qualified public corporation (or, under certain conditions, of the capital stock of a **private corporation**) held by the trust.

A trust can defer the payment of **all** the income tax resulting from the deemed disposition of eligible shares of the capital stock of:

- a qualified public corporation;
- a private corporation, where **more than 95%** of the FMV of the assets is attributable to, as applicable:
 - a **large block of shares** of the capital stock of a qualified public corporation,
 - a **portion of a large block of shares** of the capital stock of a qualified public corporation.

However, special rules apply in the case of a deemed disposition of all eligible shares of a given class of the capital stock of a **private corporation** that takes place after November 6, 2019. Only the portion of income tax resulting from the deemed disposition that corresponds to the percentage of the FMV of the corporation's assets that is attributable to a large block of shares (or a portion of a large block of shares) of the capital stock of a qualified public corporation, where that percentage is **more than 50% but no more than 95%**, can be the subject of a payment deferral.

Since the portion of income tax that can be subject to payment deferral is determined at the time of the deemed disposition, the increase or decrease, during the twenty-year period, of the percentage will have no effect on the portion of income tax for which payment has been deferred, as long as the shares deemed to have been disposed of remain eligible shares.

Security

The tax relief in respect of an eligible share in a particular class can be claimed for a trust if security we deem satisfactory is provided **no later than** the deadline for paying the trust's income tax for the taxation year in which the deemed disposition took place. The security **cannot be less than 120%** of the amount of income tax resulting from the deemed disposition of the eligible shares covered by an election.

If we accept the security, no interest or penalty applies to the amount of income tax for which payment is deferred and deemed paid by the trust for the entire period during which the security is valid.

Income tax payable

In certain situations, such as when the security is no longer adequate or a share is no longer eligible, a portion or all of the income tax for which payment was deferred may become payable.

Inadequate security

If the security provided is no longer satisfactory (that is, it no longer corresponds to 120% of the income tax resulting from the deemed disposition of eligible shares covered by the election), a portion of the income tax, proportional to the decrease in the value of the security, will become payable. For example, security equivalent to 108% of the amount of income tax resulting from the deemed disposition of eligible shares would result in an amount payable corresponding to 10% of the income tax.

Cessation of share eligibility

Income tax resulting from the deemed disposition of an eligible share becomes payable on the due date for the payment of the income tax of the trust for the taxation year in which the share ceases, for a full month, to be an eligible share.

Note that a share may cease to be an eligible share for the trust for reasons completely beyond the trust's control (for example, another member of the related group of shareholders of which the trust is a member disposes of its own shares, or the corporation ceases to be a qualified public corporation).

Twentieth anniversary of the deemed disposition of an eligible share

The income tax resulting from the deemed disposition of an eligible share of a qualified public corporation is payable on the twentieth anniversary of the deemed disposition of the share or upon its actual disposition. The distribution of an eligible share by a trust or succession is a deemed disposition.

However, if a succession or trust distributes an eligible share to a beneficiary, the debt that is the income tax resulting from the deemed disposition of the eligible share could be the beneficiary's if the share remains an eligible share immediately after its distribution.

Definitions

The terms below are defined within the context of this form.

Eligible share

An eligible share is:

- a share forming part of a large block of shares or of a portion of a large block of shares of the capital stock of a **qualified public corporation**; or
- a share of the capital stock of a **private corporation** of which:
 - **more than 95%** of the FMV of the assets is attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation, where the deemed disposition of the share occurred after February 21, 2017, but before November 7, 2019, or
 - **more than 50%** of the FMV of the assets is attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation, where the deemed disposition of the share occurred after November 6, 2019.



Large block of shares

A block of shares of the capital stock of a qualified public corporation that gives its owner, under all circumstances, **more than 33 1/3%** of the corporation's voting rights.

Portion of a large block of shares

One or more shares of the capital stock of a qualified public corporation held by a member of a **related group** of which each member owns shares of the capital stock of the corporation, where the related group owns a large block of shares of the capital stock that grants it **more than 33 1/3%** of the corporation's voting rights.

Qualified public corporation

Qualified public corporation means a corporation that, at a particular time:

- is a public corporation;
- has its head office in Québec; and
- its base total payroll in Québec for its taxation year that includes the particular time is at least 75% of its base total payroll in Québec for the taxation year in which the deemed disposition occurred (unless the particular time corresponds to the time of the deemed disposition of the share).

Note

For a given taxation year, the base total payroll of a corporation in Québec generally corresponds to its average annual total payroll in Québec calculated over a three-year period that ends in the given taxation year, taking into account the total payroll of corporations associated with the public corporation, where applicable.

Related group

A group of shareholders comprised of persons who are each related to the other and own shares of the same qualified public corporation. These persons can be:

- individuals related by blood, marriage (or civil union), de facto union or adoption;
- a corporation and a person who is a member of a related group that controls the corporation;
- two corporations if one of them is controlled by a member of a related group that controls the other corporation.

