

Designation of Property as a Principal Residence

Read the information on page 4 before completing this form.

1 Information about you

Taxation year

Last name

First name

Apartment Street number Street name or P.O. box

City, town or municipality Province Postal code

Social insurance number

2 Designation

2.1 Information about the designated property

Address or legal description of the property

Apartment Street number Street name or P.O. box

City, town or municipality Province Postal code

Lot number Year of acquisition

2.2 Years covered by the designation¹

If you need more space, attach a separate copy of this form showing the additional periods or years covered by the designation.

Years before 1982 (enter the periods or years)

Periods
from to from to from to

Years

Years after 1981 (enter the periods or years)

Periods
from to from to from to

Years

Year a real servitude encumbering the property was established

2.3 Certification

I hereby designate this property as my principal residence, to the exclusion of all other property, for the above years² during which I owned the property.

I certify that I have not designated any other property as my principal residence and that, for every year after 1981 or for the year a real servitude encumbering the property was established, as applicable, no other property was designated as a principal residence by any of the following persons:

- my spouse (unless he or she lived separate and apart from me throughout the year pursuant to a judicial separation or a written separation agreement);
- my child (unless, during the year, he or she was aged 18 or older or had a spouse); or
- my father, mother, brother or sister (unless, during the year, my brother or sister was aged 18 or older or had a spouse), if I had no spouse and was under 18 during the year.

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



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3 Information used to calculate the capital gain subject to income tax

Number of years that **the property is designated** as your principal residence (see Part 2):

• after 1971 and before 1982		40	
• after 1981	+	41	
Add lines 40 and 41.	=	42	

Number of years that **you owned or co-owned the property**

(include the year in which the property was acquired and the year in which it was disposed of):

• after 1971 and before 1982		43	
• after 1981	+	44	
Add lines 43 and 44.	=	45	

Proceeds of disposition ³	46	
Expenses incurred for the disposition ³	47	
Adjusted cost base at the time of disposition (do not take into account the adjusted cost base resulting from the election made in 1994) ³	48	
Adjusted cost base on December 31, 1981	49	
Fair market value on December 31, 1981	50	
Capital expenditures made after 1981	51	

4 Capital gain subject to income tax

4.1 Net capital gain

Proceeds of disposition (line 46)		60	
Expenses incurred for the disposition (line 47)		61	
Adjusted cost base at the time of disposition (line 48)	+	62	
Add lines 61 and 62.	=	63	

Subtract line 63 from line 60. If the result is negative (capital loss), enter 0 because this loss is not deductible, then go directly to line 109 and enter 0 there as well.

Amount from line 64		65	
Number of years entered on line 42 or number of years entered on line 42 plus 1, as applicable ⁴	×	66	
Multiply line 65 by line 66.	=	67	

Number of years that you owned or co-owned the property (line 45)	÷	68	
Divide line 67 by line 68.	=	69	
Subtract line 69 from line 64.		70	

Capital gain before the principal residence exemption =

Net capital gain =

4.2 Adjusted net capital gain

Complete section 4.2 if you owned or co-owned the property on December 31, 1981, and continuously thereafter. Otherwise, carry the amount from line 70 to line 107.

4.2.1 Capital gain realized before 1982

If the property was designated as your principal residence for all the years before 1982 during which you owned or co-owned it, the aggregate capital gain realized before 1982 is tax-exempt. If that is the case, enter 0 on line 88 and continue the calculations. Otherwise, complete lines 80 through 88 below.

Fair market value on December 31, 1981 (line 50)		80	
Adjusted cost base on December 31, 1981 (line 49)	-	81	
Subtract line 81 from line 80.		82	

Capital gain realized before 1982, before the principal residence exemption =

Amount from line 82		83	
Number of years entered on line 40 or number of years entered on line 40 plus 1, as applicable ⁴	×	84	
Multiply line 83 by line 84.	=	85	

Number of years entered on line 43	÷	86	
Divide line 85 by line 86.	=	87	
Subtract line 87 from line 82.		88	
If the result is negative, enter 0.			

Capital gain realized before 1982 =



4.2.2 Capital gain realized after 1981

If the property was designated as your principal residence for all the years after 1981 during which you owned or co-owned it, the aggregate capital gain realized after 1981 is tax-exempt. If that is the case, enter 0 on line 100 and go to section 4.2.4.

If the fair market value of the property on December 31, 1981 (line 50) is greater than the proceeds of disposition (line 46), you sustained a capital loss; go to section 4.2.3.

Otherwise, complete lines 89 through 100 below.

Proceeds of disposition (line 46)			89	
Expenses incurred for the disposition (line 47)		90		
Fair market value on December 31, 1981 (line 50)	+	91		
Capital expenditures made after 1981 (line 51)	+	92		
Add lines 90 through 92.	=		93	
Subtract line 93 from line 89. If the result is negative, enter 0.				
Capital gain realized after 1981, before the principal residence exemption				= 94
Amount from line 94		95		
Number of years entered on line 41	×	96		
Multiply line 95 by line 96.	=	97		
Number of years entered on line 44	÷	98		
Divide line 97 by line 98.	=		99	
Subtract line 99 from line 94. If the result is negative, enter 0.				
Capital gain realized after 1981				= 100

4.2.3 Capital loss sustained after 1981

Fair market value on December 31, 1981 (line 50)			101	
Proceeds of disposition (line 46)	-		102	
Subtract line 102 from line 101. If the result is negative, enter 0.				
Capital loss sustained after 1981				= 103

4.2.4 Adjusted net capital gain

Capital gain realized before 1982 (line 88)			104	
Capital gain realized after 1981 (line 100) or capital loss sustained after 1981 (line 103). In the case of a loss, enter a minus sign (-) before the amount.			105	
Add lines 104 and 105 or subtract line 105 from line 104. If the result is negative, enter 0.				
Adjusted net capital gain				= 106

4.3 Net capital gain subject to income tax

Net capital gain. Enter the amount from line 70 (or, if you completed section 4.2, the amount from line 70 or line 106, whichever is less).			107	
Reduction of the capital gain deemed to have been realized on the property on February 22, 1994 (line 60 of form TP-274.S-V), if applicable	-		108	
Subtract line 108 from line 107. If the result is negative, enter 0.				
Net capital gain subject to income tax				= 109

- List the years beginning with the year you or your spouse acquired the property or the year one of you is deemed to have reacquired the property for the last time. If the year in question is before 1972, list the years beginning with 1972.
- As a rule, the years for which you are designating a property as your principal residence must be the same as the years you reported to the Canada Revenue Agency (CRA)
- If you used only a portion of the property as a principal residence, take into account only the amount attributable to that portion.
- An additional year is granted under the *Taxation Act* **only** if the disposition (including a deemed disposition) of the property took place:
 - before October 3, 2016; or
 - after October 2, 2016, provided you were resident in Canada during the year in which you acquired the property.



Information

You must complete this form if, during the year, you disposed of (or are deemed to have disposed of) property that you owned or co-owned and you elect to designate the property as your principal residence.

Such property includes:

- a housing unit, such as a house; a dwelling in a rental building, in a duplex or in a condominium; a cottage; a mobile home; a trailer; or a floating home;
- a leasehold interest in a housing unit; and
- a share of the capital stock of a housing cooperative.

This form can also be used to calculate the capital gain resulting from the disposition of the property.

There is no capital gain if the designation applies to **all the years** during which you owned or co-owned the property or to **the year** in which a real servitude encumbering the property was established. In such a case, complete only Part 1 and Part 2 of the form.

Enclose this form with your income tax return for the taxation year in which you disposed of the property or in which a real servitude encumbering the property was established.

For more information, refer to section 3.5 (Principal residences) of guide IN-120-V, *Capital Gains and Losses*, which is available on our website at revenuquebec.ca.

If you were resident outside Canada while you owned or co-owned the property, contact us.

Conditions for making the designation

As a rule, you can designate property as your principal residence only if you are in one of the following situations:

- You, your spouse, your former spouse or your child ordinarily used the property as a residence during the year.
- You made, after December 19, 2006, an **election concerning a change in the use of the property** (principal residence converted into income-producing property or vice-versa) with the Canada Revenue Agency (CRA).

In addition, if the property was disposed of in a taxation year ending after October 2, 2016, you must have designated the property as your principal residence with the CRA for that year. You cannot make such a designation for Québec income tax purposes if you did not make one with the CRA. You must keep proof that the designation was made with the CRA in case we request it.

Election concerning the change in use of a property

If you are making (or have previously made) the election under section 284 or 286.1 of the *Taxation Act*, in accordance with subsection 45(2) or 45(3) of the federal *Income Tax Act*, a property can be designated as your principal residence for a maximum period of four additional years, even if the property was not ordinarily inhabited during that period by you, your spouse, your former spouse or your child. This period of four years can be extended indefinitely if certain requirements are met for taxation years in which a change of workplace (whether it is yours or your spouse's) prevents you from meeting the requirement of ordinarily inhabiting the property.

If you made the election concerning the change in use with the CRA, you must provide a **copy of any document sent to the CRA proving that the election was made**, in particular the letter used to make the election and your federal income tax return. You must send these documents to us by the later of the following dates:

- the 30th day following the day on which you made the election with the CRA; or
- the deadline for filing your income tax return.

Note

If you are using software to prepare your income tax return and form TP-274-V and are filing them online, refer to section 3.5.3 of guide IN-120-V, *Capital Gains and Losses*.

If you do not provide a copy of the documents you sent the CRA by the deadline, you will be liable to a **penalty** of \$25 per day, up to a maximum of \$2,500.

Unless this election has been filed with the CRA, no such election is possible for Québec income tax purposes. Once the election has been made with the CRA it is deemed to have been made for Québec income tax purposes.

Reduction of the capital gain deemed to have been realized on the property on February 22, 1994

If you or your spouse elected to report a capital gain deemed to have been realized on the property on February 22, 1994, you are **not** considered to have disposed of the property and reacquired it immediately thereafter. Therefore, you must calculate the number of years during which you or your spouse owned or co-owned the property (lines 43 and 44) as if the election had not been made. You can reduce the amount of the deemed capital gain by completing form TP-274.S-V, *Reduction of the Capital Gain Deemed to Have Been Realized on a Principal Residence*, and entering the result from line 60 of that form on line 108 in section 4.3 of this form.



Definitions

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

Disposition

A transaction in which a person disposes of capital property voluntarily (by way of sale, transfer, exchange, gift, etc.) or involuntarily (where property is expropriated or destroyed by fire or otherwise, etc.). Disposition also includes granting an option to purchase the property and deemed disposition.

Deemed disposition (also referred to as "deemed sale")

A hypothetical transfer of property whereby a person is considered to have actually disposed of the property. A deemed disposition is the result of certain events that are prescribed by law, such as a change in the use of the property, the establishment of a real servitude encumbering the property, or the death of the owner or co-owner of the property.

Spouse

The person:

- who was married to you;
- who was in a civil union with you (for 2002 and subsequent years); or
- who was your de facto spouse (see the definition below) and, as applicable,
 - was of the opposite sex (for 1993 and subsequent years),
 - was of the same sex (for 1999 and subsequent years, if the person was your de facto spouse at any time after June 15, 1999, or for 1998 or 1999, if you both elected to consider yourselves de facto spouses at any time in 1998 or at any time between December 31, 1998, and June 16, 1999).

De facto spouse

The person who, at any time in a given year:

- was living in a conjugal relationship with you and was the biological or adoptive parent (mother or father), legally or in fact, of a child of whom you were also the parent;
- had been living in a conjugal relationship with you for at least 12 consecutive months; or
- had been living in a conjugal relationship with you for less than 12 consecutive months, where the person had previously lived in a conjugal relationship with you for at least 12 consecutive months and the year concerned is before 2001.

The 12-month period is considered not to have been interrupted if you and the person were separated for a period of less than 90 days.

