

## Transfer of Property to a Canadian Partnership

This form is to be used by any taxpayer<sup>1</sup> (the transferor) and any Canadian partnership<sup>2</sup> (the transferee) to which the taxpayer has transferred property and of which the taxpayer was a member immediately following the transfer. An election in respect of the transfer pursuant to subsection 97(2) of the *Income Tax Act* (ITA) must have been made with the Canada Revenue Agency (CRA) by means of form T2059, *Election on Disposition of Property by a Taxpayer to a Canadian Partnership*. Note that, if the conditions listed in Table 2 (see page 6) are met, a transferor and transferee (the parties) can **agree on an amount that is different** from the one in form T2059.

This form must also be completed in order to make:

- a **rollover application** (for Québec income tax purposes only) if, by reason of subsection 13(21.2) of the ITA, the election under subsection 97(2) of the ITA cannot be made; or

- an **application to the Minister** to amend a previous TP-614-V form, where:
  - the parties had agreed on an amount that was the same as the one in form T2059 but wish to agree on a different amount;
  - the parties had agreed on an amount that was different from the one in form T2059 and wish to cancel or change the amount; or
  - the parties wish to change the amount they agreed on as part of a rollover application for Québec income tax purposes only.

The conditions in Table 2 (see page 6) must be met in order for either application mentioned above to be made.

### Important

File this form and the required documents (see page 5) **separately from any income tax return**. If there is more than one transferor, they must each complete a copy of the form. All the forms must be sent to us **together**.<sup>3</sup>

## 1 Identification

### 1.1 Transferor

Social insurance number	Identification number	File	Québec enterprise number (NEQ)
01a	01b	0001	01c
Name or business name of transferor			
02			
Apartment number	Street number	Street name or P.O. Box	
03	03a	03b	
City, town or municipality			Province Postal code
03c			03d 03e

Taxation year of the transfer (or fiscal period, if the transferor is a partnership)

Start date	End date
04	05
Y Y Y Y M M D D	Y Y Y Y M M D D

### 1.2 Transferee

Identification number	File	Québec enterprise number (NEQ)
10a	S P 0001	10b
Name of partnership		
11		
Street number	Street name or P.O. Box	Suite
12	12a	12b
City, town or municipality		Province Postal code
12c		12d 12e

Fiscal period of the transfer

Start date	End date
13	14
Y Y Y Y M M D D	Y Y Y Y M M D D

### 1.3 Contact person

Name of contact person	Area code Telephone
20	20a



## 2 Details concerning certain applications

Complete this part if the conditions in Table 2 (page 6) are met and the parties are making one of the following applications:

- an application to agree on amount that is different from the amount in form T2059 (complete section 2.1);
- a rollover application for Québec income tax purposes only if, by reason of subsection 13(21.2) of the ITA, the election under subsection 97(2) of the ITA cannot be made (complete section 2.2);
- an application to the Minister to amend a previous TP-614-V form, if:
  - the parties had agreed on an amount that was the **same** as the one in form T2059 but wish to agree on a different amount (complete section 2.1); or
  - the parties had agreed on an amount that was **different** from the one in form T2059 and wish to change the amount (complete section 2.1).

You do not have to complete Part 2 for other types of application to the Minister, but the conditions in Table 2 (see page 6) must be met.

### 2.1 Application to agree on a different amount

If, for a transferred property, the agreed amount in column E of the table in section 3.1 is different from the amount in form T2059, is the difference **entirely (or almost entirely)** attributable to the difference between the cost of the property (for purposes of Québec legislation) in column C of the table and the cost of the property (for purposes of federal legislation) in form T2059?..... 30  Yes  No

If you answered **No**, explain the difference:..... 30a .....

We must deem the reason to be acceptable in the circumstances.

### 2.2 Rollover application

If, by application of subsection 13(21.2) of the ITA, the election under subsection 97(2) of the ITA cannot be made, and the parties wish to make a rollover application for Québec income tax purposes only, provide the following information:

- Are the parties dealing at non-arm's-length? ..... 40  Yes  No
- Has all or substantially all (90% or more) of the transferor's property been transferred to the transferee?..... 41  Yes  No
- Is there a written agreement related to the transfer?..... 42  Yes  No
- Does a price adjustment claim apply to any of the transferred property? ..... 43  Yes  No
- Complete the table below with the number and undepreciated capital cost (UCC) of each class of property the transferred property belongs to.

	A Class number	B UCC before transfer
44		
45		
46		
47		
48		

## 3 Particulars of the transferred property and the consideration received

If shares of the capital stock of a private corporation are included in the transfer, provide the following information:

Name of the private corporation  
50 .....

Identification number      File      Québec enterprise number (NEQ)      Paid-up capital of shares transferred

51a .....

51b **0001**      52 .....



### 3.2 Consideration received

	A	Consideration other than an interest in the transferee	Interest in the transferee	D
	Line of the table in section 3.1 associated with the property	B Short description	C FMV	Total FMV of the consideration received (Col. C of this table + Col. D of the table in section 3.1)
56a				
56b				
56c				
56d				
56e				

### 4 Penalty (for late filing of the form or for an application to the Minister)

If this transfer results in more than one penalty, only the highest penalty must be paid.

FMV of the transferred property	60	
Agreed amount for the property	- 61	
Subtract line 61 from line 60.	= 62	
Multiply line 62 by 0.25%.	× 63	<b>0.25%</b>
Number of months <sup>7</sup>	= 64	
Multiply line 64 by the number entered on line 65.	× 65	
Number of months entered on line 65 multiplied by <b>\$100</b>	= 66	
Enter the amount on line 66, the amount on line 67 or \$5,000, whichever is <b>least</b> .	67	
<b>Penalty</b>	68	

### 5 Certification

We, the parties shown in Part 1, are filing this form for one of the following reasons:

- 70** We have made an election under subsection 97(2) of the ITA with respect to the property described in Part 3.
- 71** We are filing an application to the Minister under the second paragraph of section 614 of the *Taxation Act* with respect to the property described in Part 3.
- 72** We are submitting a rollover application for Québec income tax purposes because no election may be made under subsection 97(2) of the ITA by reason of subsection 13(21.2) of the ITA.

We certify that the information given in this form and in any enclosed documents is accurate and complete.

_____ Name of the transferor or the transferor's authorized signee <sup>8</sup>	_____ Name of the authorized signee for the transferee <sup>8</sup>
_____ Signature of the transferor or the transferor's authorized signee	_____ Signature of the authorized signee for the transferee
	_____ Date

### Do not use this space.

Date de réception	Autorisation	Montant faisant l'objet d'une pénalité	Pénalité	Versement	Total



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## Information

Table 1 lists the documents to enclose with this form, as well as the filing deadline, by application type. It also indicates whether the conditions in Table 2 on the next page must be met and if the parties must complete Part 2 above.

### Note

ACB = adjusted cost base

**Table 1 – General information**

Application type	Conditions in Table 2	Complete Part 2	Documents to enclose	Filing deadline
<b>Original application</b> <ul style="list-style-type: none"> <li>Application to agree on an amount that is the same as the one in form T2059</li> </ul>	No	No	<ul style="list-style-type: none"> <li>A copy of form T2059 and any other document sent to the CRA</li> <li>The information requested in section 1.1 for each member of the transferee<sup>9</sup></li> <li>If the transferor is a partnership, the information requested in section 1.1 for each of its members<sup>9</sup></li> </ul>	<p>The <b>later</b> of the following dates:</p> <ul style="list-style-type: none"> <li>The earliest of the filing deadlines for the income tax returns in question<sup>11</sup></li> <li>The last day of the second month following the later of the dates on lines 05 and 14 in Part 1</li> </ul>
<ul style="list-style-type: none"> <li>Application to agree on an amount that is different from the one in form T2059</li> </ul>	Yes	Yes (section 2.1)		
<ul style="list-style-type: none"> <li>Rollover application for Québec income tax purposes</li> </ul>	Yes	Yes (section 2.2)		
<b>Application to the Minister to amend a previous TP-614-V form</b> <ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>the same as</b> the one in form T2059 but wish to agree on a <b>different</b> amount</li> </ul>	Yes	Yes (section 2.1)	<ul style="list-style-type: none"> <li>A copy of form T2059 and any other document sent to the CRA, if the previous T2059 form was amended</li> <li>The information requested in section 1.1 for each member of the transferee<sup>12</sup></li> <li>If the transferor is a partnership, the information requested in section 1.1 for each of its members<sup>12</sup></li> </ul>	<p>The application must be filed within three years of the filing deadline for the TP-614-V form the parties want to amend.</p> <p>However, it can be filed later if we authorize the parties to do so.</p> <p>The parties must pay a late-filing penalty if they file an application to the Minister after the filing deadline for the TP-614-V form the parties want to amend.</p>
<ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>different</b> from the one in form T2059 and wish to <b>change</b> it</li> </ul>	Yes	Yes (section 2.1)		
<ul style="list-style-type: none"> <li>The parties had agreed on an amount that was <b>different</b> from the one in form T2059 and wish to <b>cancel</b> it</li> </ul>	Yes	No		
<ul style="list-style-type: none"> <li>The parties wish to change the amount they agreed on as part of a rollover application for Québec income tax purposes</li> </ul>	Yes	No		



**Table 2 – Conditions for certain applications**

Application type	Conditions	Note
Application to agree on an amount that is different from the one in form T2059	<ul style="list-style-type: none"> <li>• If the transferor is an individual, he or she must have been resident in Québec on the date on line 05 in section 1.1.</li> <li>• The transferor must have carried on at least 90% of its business in Québec for the taxation year (or fiscal period) on lines 04 and 05 in section 1.1 (the taxation year or fiscal period of the transfer).</li> <li>• The transferee must have carried on at least 90% of its business in Québec for the fiscal period on lines 13 and 14 in section 1.2 (the fiscal period of the transfer).</li> </ul>	To determine the proportion of business carried on in Québec if the transferor is an individual, divide his or her income earned in Québec by his or her income earned in Québec and elsewhere as determined under the regulations.
Rollover application for Québec income tax purposes		If the transferor is a corporation, the proportion of its business carried on in Québec must be calculated in accordance with the regulations made under section 771 of the <i>Taxation Act</i> .
Application to the Minister to amend a previous TP-614-V form (all situations)		If the transferor is a partnership, the proportion of business carried on in Québec must be calculated in accordance with the regulations made under section 771 of the <i>Taxation Act</i> for both the transferee and the transferor. For the transferor, the proportion must be calculated as though the transferor were a corporation with a fiscal year that corresponds to a taxation year. The proportion for the transferee is calculated in the same way.



## Notes

1. In this form, a “taxpayer” includes a partnership. Note that only the person who is authorized to sign for the transferor can file this form for the transferor’s members and, if applicable, for the members of any partnership that is a member of the transferor.

A taxpayer that transferred property to a Canadian partnership should not complete this form in the following cases:

- As part of the transfer (or of a series of transactions or events that include the transfer):
    - one taxable Canadian corporation (the parent corporation) acquires control of another (the subsidiary);
    - the subsidiary is either amalgamated with one or more other corporations in an amalgamation subject to section 550.9 of the *Taxation Act* or is wound up in accordance with Chapter VII of Title IX of that Act;
    - the parent corporation determined an amount in respect of interest in a partnership, in accordance with paragraph 88(1)(d) of the ITA.
  - The property is transferred after the parent corporation acquired control of the subsidiary.
  - The taxpayer is either the subsidiary or a partnership in which the subsidiary held an interest (directly or indirectly) before the transfer.
  - The property is depreciable property in respect of which a rollover application for Québec income tax purposes could normally be filed.
2. A “Canadian partnership” is a partnership whose members are all resident in Canada. Note that only the person who is authorized to sign for the transferee can file this form for the transferee’s members and, if applicable, for the members of any partnership that is a member of the transferee.

3. If multiple transferors elect to transfer a single property held in co-ownership, or if multiple members of the same partnership make an election with respect to the transfer of their interest in the partnership, each transferor must complete a separate copy of this form. A person appointed by the transferors must then send us all the forms for each transferor together.

4. Enter the following in column C:

- for **capital property other than depreciable property**, the adjusted cost base (it is subject to adjustments under sections 255 and 257 of the *Taxation Act*);
- for **depreciable property**, the lesser of the following:
  - the capital cost of the property, or
  - the UCC of all the property in that class immediately before the transfer;
- for **inventory**, the cost amount.

If the transferred property is class 14.1 property acquired before January 1, 2017, contact us.

5. The agreed amount must generally be the same as the amount in form T2059. However, if the parties file an application to the Minister or another application for which you are completing Part 2, you can enter a different amount, calculated while taking into account the limits in columns B, C and D. The agreed amount must therefore be:

- **equal to or greater than:**
  - the lesser of the amounts in columns B and C, except in the case of mining property, **and**
  - the amount in column D; and
- **less than or equal to** the amount in column B.

If the transferred property is depreciable property and, on the 30th day following the transfer, the transferor or a related person is its owner or has the right to acquire it (except in the case of a right that exists only as a guarantee and arises from a hypothec, a sale contract or similar title), the agreed amount under the rules above must be equal to or less than the lesser of the following:

- the capital cost of the property; or
  - the UCC of the applicable class **multiplied** by the ratio between the FMV of the property and the FMV of all the property in that class.
6. The transfer of the property by the transferor to the transferee constitutes a disposition of property, and the agreed amount (column E) represents both the proceeds of disposition for the transferor and the capital cost of the property for the transferee. Depending on the type of property, the transferor must report all amounts entered in column F as a capital gain or as income. For depreciable property, part of the amount can be reported as a capital gain and part as business or property income.

If you entered 0 in column F because the amount is negative, the amount may constitute a capital loss or, in the case of depreciable property, a terminal loss.

For more on the tax treatment of the disposition of property, see guide IN-120-V, *Capital Gains and Losses*.

7. Enter the number of months or fraction of a month from the filing deadline (see page 5) to the day the required documents were sent or, in the case of an application to the Minister, the number of months or fraction of a month from the filing deadline for the TP-614-V form that the parties are amending to the date of the application to the Minister.
8. Attach a copy of the document authorizing the person to sign.
9. If any member of the transferor or transferee is also a partnership, you must also provide the information requested in section 1.1 for each of its members.
10. If any of the members transferring their interest is also a partnership, you must also provide the information requested in section 1.1 for each of its members.
11. The income tax returns in question are:
  - the transferor’s (or transferors’) income tax return for the taxation year covered on lines 04 and 05 in section 1.1;
  - if the transferor is a partnership:
    - its members’ income tax returns for the taxation year in which the fiscal period covered on lines 04 and 05 in section 1.1 ends,
    - if one of its members is also a partnership, its members’ income tax returns for the taxation year that includes the end of the member partnership’s fiscal period that includes the fiscal period on lines 04 and 05 in section 1.1;
  - the income tax returns of the transferee’s members for the taxation year in which the fiscal period covered by lines 13 and 14 in section 1.2 ends;
  - if one of the transferee’s members is also a partnership, its members’ income tax returns for the taxation year that includes the end of the member partnership’s fiscal period that includes the fiscal period on lines 13 and 14 of section 1.2.
12. See note 9.

