

Deemed Sale Applicable to Certain Trusts

This form is intended for any trust that is required to report a sale deemed to have been made in a taxation year on one of the following days (referred to as the "date of deemed sale"):

- the day the beneficiary spouse died, in the case of a **spousal trust**;
- the day the surviving spouse died, in the case of a **joint spousal trust**;
- the day the settlor died (or, if the trust so elects, the 21st anniversary of the day the trust was created), in the case of an **alter ego trust**;
- the day the person died, in the case of a person who transferred property to the trust as part of a **qualifying transfer** or a **qualifying disposition** (see section 3.1 of the *Guide to Filing the Trust Income Tax Return* [TP-646.G-V]), if the transfer has no impact on the beneficial ownership of the property and the person is the sole beneficiary of the trust;
- the 21st anniversary of the day the trust was created, in the case of a **trust other than those mentioned above**.

There is a deemed sale every 21 years on the same date after the first deemed sale.

In certain situations, other days, such as the ones below, are also considered to be dates of deemed sale:

- the day property was distributed to a beneficiary because of the beneficiary's capital interest in the trust, if the trust contracted a debt to finance the distribution and one of the reasons for this was to avoid the income tax payable on the death of an individual;
- in the case of a spousal trust, a joint spousal trust or an alter ego trust, the day the settlor ceased to be resident in Canada, if the settlor made a qualifying transfer of property to the trust and it is reasonable to believe that the transfer was made with a view to the settlor's departure;

- in the case of a deemed resident trust, the day immediately preceding the day it is deemed to have ceased to be resident in Canada, either because it no longer has any resident contributors or resident beneficiaries, or because it becomes an exempt foreign trust. (This presumption does not apply to certain property, such as taxable Canadian property or property included in the inventory of a business carried on in Canada.)

If property covered by the deemed sale was **actually sold** in the taxation year the deemed sale was made, do not complete this form. Report the actual sale on Schedule A of the *Trust Income Tax Return* (form TP-646-V). If the property in question is rental property, complete form TP-128.F-V, *Income Earned by a Trust from the Rental of Immovable Property*, to report the actual sale.

Note that the instructions in the previous paragraph do not apply to spousal trusts, joint spousal trusts, alter ego trusts or self-benefit trusts, since the taxation year of such trusts is deemed to end on the date of the beneficiary's death. For such trusts, only complete this form to report the deemed sale.

Incorporeal capital property is depreciable property included in the new Class 14.1 of Schedule B to the *Regulation respecting the Taxation Act*.

A trust may elect to defer payment of Québec income tax resulting from the deemed sale of qualified shares of a qualified public corporation for a maximum period of 20 years, subject to certain conditions.

For more information, see the trust guide (TP-646.G-V).

Enclose this form with the trust return.

1 Information about the trust (please print)

Identification number	Trust account number	Date of deemed sale
1a	1a	1c
Name of trust	T - -	Y Y Y Y M M D D
1b		

2 Information about the deceased beneficiary spouse or deceased settlor (if applicable)

Last name and first name	Social insurance number
5a	5b
Mailing address	Postal code
5c	5d



3 Net amount of capital gains or losses resulting from the deemed sale

Enter a minus sign (–) before negative amounts. If you need more space, enclose a separate sheet with the requested information.

Purchase month year	A Deemed selling price ¹	B Adjusted cost base (ACB)	C (A – B)	Gain (or loss) Total of column C
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Qualified farm or fishing property

Description				
10.1				
Number of shares	10.2	10.3		
Description				
Number of shares				+ 10

Qualified small business corporation shares

Name of corporation and type of shares				
11.1				
Number of shares	11.2	11.3		
Name of corporation and type of shares				
Number of shares				+ 11

Other shares and mutual fund units

Name of corporation or fund				
12.1				
Number	12.2	12.3		
Name of corporation or fund				
Number				+ 12
Portion of the amount on line 12 attributable to the deemed sale of qualified shares of the capital stock of a qualified public corporation			12.4	
Portion of the amount on line 12 attributable to the deemed sale of qualified shares of the capital stock of a private corporation			12.5	

Bonds, debt obligations, promissory notes and other securities

Name of issuer				
13.1				
Face value	13.2	13.3		
Maturity date	13.4			
Name of issuer				
Face value				+ 13
Maturity date				

Virtual currency transactions (cryptocurrency, token, etc.)

Name of virtual currency				
14.1				
Number of units	14.2	14.3		+ 14

Immovables and depreciable property. Do not enter losses sustained on depreciable property.

Address or legal description				
16.1				
Address or legal description				
	16.2			+ 16

Personal-use property (automobile, cottage, boat, etc., but not precious property).² Do not enter losses.

Description				
17.1				
Description				
	17.2			+ 17



3 Net amount of capital gains or losses resulting from the deemed sale (continued)

Enter a minus sign (–) before negative amounts. If you need more space, enclose a separate sheet with the requested information.

Purchase month year	A Deemed selling price ¹	B Adjusted cost base (ACB)	C (A – B)	Gain (or loss) Total of column C
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Personal-use precious property (jewellery, coins, paintings, stamps, etc.)²

Description	18.1	18.2	18	19	20	21
Description						
Total of column C with respect to precious property			Gain (or net loss)			
If the amount on line 18 is negative, go to line 20 and enter 0. If the amount is positive, enter (without exceeding that amount) the net loss on precious property for the year (the amount on line 206 of Schedule A) and the net losses on precious property from the seven preceding years, provided the losses were not deducted on line 207 of the copy of Schedule A for a previous year.						
Subtract line 19 from line 18.			Net gain	=		
Add lines 10 to 14, 16, 17 and 20. If the result is negative, enter a minus sign (–) before the amount. Enter the result on this line and on line 213d of Schedule A.						
Net amount of capital gains or losses resulting from the deemed sale						=

4 Net amount of capital gains or losses resulting from the deemed sale

Income (or loss) relating to Canadian and foreign resource property:

• Total income	22			
• Total deductions	– 23			
Subtract line 23 from line 22.	=			24
Recapture of capital cost allowance (Complete the table in Part 5.)				+ 25
Income (or loss) relating to land included in the inventory of a business				+ 26
Add lines 24 through 26. If the result is negative, enter a minus sign (–) before the amount. Enter the result on this line and on line 60 of the trust return.				Income (or losses) relating to the deemed sale = 30

5 Recapture of capital cost allowance (CCA)

Complete this table only with respect to property whose deemed sale gave rise to a recapture of capital cost allowance.

	1	2	3	4	5	6
40	Class No.	Description of the property	Capital cost	Deemed selling price	Undepreciated capital cost (UCC)	Recapture of CCA ³
1						
2						+
3						+
4						+
5						+
Add the amounts in column 6. Enter the total on this line and on line 25 above.						Recapture of CCA = 40

- The deemed selling price corresponds to the fair market value of the property on the date of deemed sale.
- As a rule, the deemed selling price and the ACB of each property are deemed to have a value of at least \$1,000 each.
- For each class of property, calculate the amount by which the lesser of the amounts in columns 3 and 4 exceeds the amount in column 5.

