

Taxable Capital Gains of a Trust That Give Entitlement to a Deduction

This form is to be completed by a **personal trust** that is reporting, for the **2022 taxation year**, a capital gain on qualified property, that is, qualified farm or fishing property or qualified small business corporation shares (QSBCS).

It can be used to calculate the taxable capital gains that, once allocated to the beneficiaries, may be designated as taxable capital gains giving entitlement to a deduction for 2022 (Part 1).

It can also be used to calculate the trust's cumulative net investment loss (CNIL) at the end of 2022 (Part 2). This ensures that the CNIL calculation is up to date should the trust need to calculate taxable capital gains giving entitlement to a deduction for a subsequent year.

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

Important

- In this form, the term "return" refers to the trust income tax return for 2022 and the term "schedule" refers to a schedule of the return.
- On lines 10, 11 and 18, use a minus sign (–) to indicate a loss and subtract losses from positive amounts.

You can download this form from our website at revenuquebec.ca.

	Identification number	Trust account number
1a		1a1 T - - - - -
1b	Name of the trust	

1 Taxable capital gains giving entitlement to a deduction

Gains limit for 2022

Capital gains (or losses) on qualified property before reserves (amount from line 236 of Schedule A)

10		
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Capital gains (or losses) resulting from a deemed sale applicable to certain trusts and related to qualified property (total of lines 10 and 11 of form TP-653-V, *Deemed Sale Applicable to Certain Trusts*)

+ 11		
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Reserves for qualified property (total of the amounts in column C of Part 2 of Schedule A)

+ 12		
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Add lines 10 through 12. If the result is negative, enter 0.

= 14		
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Multiply line 14 by 1/2.

×	1/2	
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= 15		
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Taxable capital gains (or net capital loss) for the year:
 Amount from line 224 of Schedule A Amount from line 213c of Schedule A
 - = × 50% ▶

18		
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Enter the amount from line 15 or line 18, whichever is less. If the result is negative or equal to 0, go to line 46 and enter 0. Otherwise, continue the calculation.

Net taxable capital gains that may give entitlement to a deduction

21		
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Net capital losses from other years (amount from line 92 of the return)¹

22		
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Net taxable capital gains that do not give entitlement to a deduction:²
 Amount from line 230 of Schedule A Amount from line 15
 - ▶

- 23		
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Subtract line 23 from line 22. If the result is negative, enter 0.

= 24		
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Business investment loss (amount from line 69 of the return)

+ 25		
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Add lines 24 and 25.

=		
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▶ 26		
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Subtract line 26 from line 21. If the result is negative or equal to 0, go to line 46 and enter 0. Otherwise, continue the calculation.

Gains limit for 2022 =

27		
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1 Taxable capital gains giving entitlement to a deduction (continued)

Cumulative gains limit

For the lines in the following table that cover more than one year, first do the calculations for each year individually, then add the results and enter the total in the appropriate space. For example, if the trust had capital gains on qualified property for 1993 and 1994, calculate the amounts for columns A to E separately for each of those years, then total the amounts for each column and enter the result in the appropriate space on line 1.

Previous taxation years	A Taxable capital gains ³	B Net taxable capital gains on qualified property ⁴	C Net capital losses from other years, carried to the years concerned ⁵	D Taxable capital gains that do not give entitlement to a deduction (col. A – col. B) ⁶	E Amount by which column C exceeds column D
29 1 1985 through 1994
2 1995 through 1999
3 2000
4 2001 and 2002
5 2003 through 2021
Total					.

Net taxable capital gains that may give entitlement to a deduction before 2003 (total of the amounts in column B for years prior to 2003)

30 .

Net taxable capital gains that may give entitlement to a deduction for the years after 2002 (total of the following amounts: the amount from line 113 of form TP-668.1-V for 2003, the amount from line 613 of form TP-668.1-V for each of the years from 2004 through 2012, and the amount from line 21 of form TP-668.1-V for each of the years from 2013 through 2022)

+ 31 .

Add lines 30 and 31.

Cumulative taxable capital gains that may give entitlement to a deduction = 32 .

Net capital losses carried to previous taxation years to reduce taxable capital gains giving entitlement to a deduction (total of column E)

33 .

Allowable capital losses deducted for 1985 (maximum \$1,000)

+ 34 .

Business investment losses deducted for previous taxation years

+ 35 .

CNIL at the end of 2022. Complete Part 2 and enter the amount from line 75.

+ 36 .

Amount from line 26

+ 37 .

Add lines 33 through 37.

= 38 .

Subtract line 38 from line 32. If the result is negative or equal to 0, go to line 46 and enter 0. Otherwise, continue the calculation.

Cumulative gains limit = 39 .

Taxable capital gains giving entitlement to a deduction for 2022

Cumulative gains limit (amount from line 39)

40 .

Taxable capital gains giving entitlement to a deduction and designated as such for previous years:

• amount from line 43 of form TP-668.1-V for 2021

41 .

• amount from line 412 of Schedule C for 2021

+ 42 .

Add lines 41 and 42.

= 43 .

Subtract line 43 from line 40.

= 44 .

Gains limit for 2022 (amount from line 27)

45 .

Enter the amount from line 44 or 45, whichever is less. Use the amount to designate the taxable capital gains giving entitlement to a deduction (see the section of the *Guide to Filing the Trust Income Tax Return* [TP-646.G-V] pertaining to line 412 of Schedule C).

Taxable capital gains giving entitlement to a deduction for 2022 46 .



2 Cumulative net investment loss (CNIL)

Complete this part if the trust is reporting investment income for the year or deducting investment expenses.

Investment expenses

Amount from line 336 of Schedule B ⁷		50	.
Losses on rental property (amount from line 58 of the return, if it is negative, plus the amount of any such loss used in calculating the amount on line 55 of the return). ⁸ Do not take into account the rental loss allocated by a partnership of which the trust is a specified member, because that loss must be reported on line 330 of Schedule B.	+	51	.
Amount from line 339 of Schedule B ⁹	+	52	.
Add lines 50 through 52.	=	55	.
Total adjustment of investment expenses (total of the amounts from lines 350 and 355 of Schedule B)	-	56	.
Subtract line 56 from line 55.	=	57	.
Investment expenses			.

Investment income

Amount from line 346 of Schedule B ¹⁰		60	.
Income from rental property (amount from line 58 of the return plus the amount of any such income included in the amount on line 55 of the return). Do not take into account the rental income allocated by a partnership of which the trust is a specified member, because that income must be reported on line 344 of Schedule B.	+	61	.
Add lines 60 and 61.	=	65	.
Investment income			.

CNIL at the end of 2022

Total investment expenses (amount from line 57)		70	.
Total investment income (amount from line 65)	-	71	.
Subtract line 71 from line 70. If the result is negative, put a minus sign (-) before the amount.	=	72	.
CNIL at the end of the previous year. ¹¹ If the amount is negative, put a minus sign (-) before the amount.	+	73	.
Carry-forward of the adjustment of investment expenses from previous taxation years (amount from line 86 of the return) or carry-back of the adjustment of investment expenses for 2022 (total of amounts from line 86 of the returns for 2019 through 2021).	+	74	.
Add lines 72 through 74. If the result is negative, put a minus sign (-) before the amount. ¹²	=	75	.
CNIL at the end of 2022			.

Notes

- If no amount is entered on line 92 of the return, go to line 24 of this form and enter 0.
- If the result on line 23 is negative, enter 0.
- For each year prior to 2003, this is the amount from line 230 of Schedule A (positive or negative) **plus**, if applicable, any farm income from the disposition of incorporeal capital property (included in the amount on line 56 of the return). Enter the amount only if it is positive. If the amount on line 230 of Schedule A includes a taxable capital gain allocated by another trust, take into account only the amount giving entitlement to a deduction.
For each year after 2002, enter the taxable capital gains reported (amount from line 230 of Schedule A, if it is positive).
- For each year prior to 2003, enter the **lesser** of the following amounts:
 - the amount from column A;
 - one of the following amounts:
 - for a year prior to 1994, the net amount of taxable capital gains and allowable capital losses on qualified property (and on other property giving entitlement to a deduction),
 - for a year after 1993, the result (if positive) of the following calculation: **add** the farm income derived from the disposition of incorporeal capital property to the net amount of taxable capital gains and allowable capital losses on qualified property, then **subtract** any portion of the reduction of capital gains attributable to flow-through entities that is related to the qualified property.
- For each of the years, enter the amount from line 92 of the return.
- For each of the years, enter 0 if the result is negative.
- If, on line 70 of the return, the trust claimed a deduction for Canadian exploration and development expenses, you must add the amount from line 93a of the return to the amount on line 336 of Schedule B.
- Enter the amount without the minus sign (-).
- Enter the amount you would have obtained on line 339 of Schedule B if, on line 338 of that schedule, you had entered the **lesser** of the amounts from lines 22 and 23 of this form.
- Enter the amount you would have obtained on line 346 of Schedule B if, on line 343 of that schedule, you had entered the amount from line 23 of this form.
- If the trust calculated its CNIL at the end of the 2021 taxation year, enter on line 73 the amount entered on line 75 of form TP-668.1-V for that year. Otherwise:
 - do the calculations for lines 50 through 72 using the data for 1998 through 2021, and carry the result to line 73;
 - enter on line 74 any carry-over of the adjustment of investment expenses for 2001 through 2022 (enclose your worksheet).
- A negative result need not be taken into account in the calculation of taxable capital gains giving entitlement to a deduction. Keep this form, however, as the result may be useful for a subsequent year.

For each year after 2002, enter the appropriate amount from the copy of form TP-668.1-V filed for that year, as follows:

- the amount from line 107 for 2003;
- the amount from line 607 for 2004 through 2012;
- the amount from line 15 for 2013 through 2021.

