

Income Earned by a Trust from the Rental of Immovable Property

This form is to be completed by all trusts **other than specified trusts** that earned income from the rental of immovable property, whether as the sole owner or co-owner of the property, or as a member of a partnership that owned the property. A **separate form** must be completed for each immovable. However, complete Part 5 only once to report **all** the income from the rental of immovable property (including the rental income allocated by a partnership).

1 Information about the trust (please print)

Name of trust _____ Identification number _____ Taxation year _____

2 Information about the immovable

Number _____ Street, P.O. box _____
City, town or municipality _____ Province _____ Postal code _____

If the immovable was disposed of during the year, check this box. Number of units leased _____
If the immovable was acquired during the year, check this box. Portion of the immovable used by a beneficiary or a co-owner _____ % Trust's percentage interest _____ %

Names and addresses of the **other co-owners** (attach another sheet containing the required information if the space provided is insufficient) _____ Percentage interest _____ %
_____ %

3 Net rental income (or net rental loss) before capital cost allowance

Income (gross rent and related income) _____ 1 _____ 00

Expenses

		Total expenses		Portion of the expenses not attributable to the rental	
Advertising		2 00		00	
Insurance premiums	+	3 00	+	00	
Interest	+	4 00	+	00	
Maintenance and repairs (see the section of the trust guide pertaining to line 58)	+	5 00	+	00	
Management and administration fees	+	6 00	+	00	
Legal, accounting and other professional fees	+	7 00	+	00	
Property taxes (municipal and school taxes)	+	8 00	+	00	
Salaries, wages, benefits and employer contributions	+	9 00	+	00	
Electricity, heating, etc.	+	10 00	+	00	
Other expenses. Specify: _____	+	11 00	+	00	
Add lines 2 through 11, for each column.	=	12 00	=	00	
Subtract the amount in the second column of line 12 from the amount in the first column of line 12.			-	13 00	
Subtract line 13 from line 1.			=	14 00	
Amount from line 14 or, in the case of property held in co-ownership, the portion of the amount corresponding to the trust's percentage interest				15 00	
Recapture of capital cost allowance (see the instructions concerning column 5 on page 3)	+		+	16 00	
Add lines 15 and 16.			=	17 00	
Terminal loss (see the instructions concerning column 5 on page 3)	-		-	18 00	
Subtract line 18 from line 17.			=	19 00	
Net rental income (or net rental loss) before capital cost allowance					

Instructions for completing the capital cost allowance table

Definitions

Cost amount

For depreciable property of a prescribed class, the cost amount is the amount equal to the UCC of all the property in the class, multiplied by the fraction represented by the ratio between the capital cost of the particular property and the capital cost of all the property in the class.

Specified Trust

For a given taxation year, a specified trust is an inter vivos trust that was not resident in Canada at any time during the year and that is not tax-exempt.

Undepreciated capital cost (UCC)

As a rule, the UCC is the amount by which the capital cost of all the property in the class (the cost of acquisitions and additions) **exceeds** the total of the following two amounts:

- for each property disposed of, the proceeds of disposition of the property (after subtraction of the expenses incurred for the disposition) or the capital cost of the property, **whichever is less**; and
- the total of the amounts deducted as capital cost allowance (CCA) for previous years.

Where there is more than one property in a prescribed class, the UCC of each property corresponds to the UCC of all the property in the class, multiplied by the fraction represented by the ratio between the fair market value (FMV) of the particular property and the FMV of all the property in the class.

Column 3

Enter the cost of acquisitions and additions made during the taxation year. If property was transferred to the trust as an inter vivos gift, enter the FMV of the property at the time of the transfer.

Special cases

Follow the rules below to determine the capital cost of the property transferred to the trust.

In the case of an **inter vivos transfer** by the settlor (the transferor) to a spousal trust, an alter ego trust or a joint spousal trust, where the trust and the settlor were both resident in Canada at the time of the transfer, the property is deemed to have been disposed of by the settlor and acquired by the trust for an amount corresponding to the UCC of the property immediately before the transfer. Enter the UCC of the property in column 3 (see the note opposite). However, under federal legislation, the settlor may elect to have the property deemed to have been transferred at its FMV. This election applies automatically for the purposes of Québec legislation. We must be notified in writing of the election made with the Canada Revenue Agency (CRA), and provided proof thereof, either within 30 days after making the election, or by the deadline for filing the trust return, whichever is later.

If the property was transferred subsequent to the death of the transferor, the cost of acquisition of the property transferred is deemed to correspond to the FMV of the property immediately before the transferor's death (see the note below). However, if the transfer was made by the settlor to a spousal trust created under a will, the cost of acquisition of the property is deemed to be equal to the capital cost of the property or the cost amount of the property (see the definition above) for the settlor immediately before his or her death, **whichever is less**. However, in the latter case, the following conditions must be met:

- The settlor was resident in Canada immediately before his or her death.
- The trust was resident in Canada immediately after the property was indefeasibly vested in the trust.
- The individual's legal representative did not notify the CRA that he or she was electing not to take advantage of the rollover rule, an election whereby the proceeds of disposition of the property would be deemed to be equal to the FMV of the property immediately before the individual's death.

Column 4

For each property in a prescribed class disposed of during the taxation year, determine the **lesser** of the following amounts:

- the proceeds of disposition of the property (after subtraction of the expenses incurred for the disposition);
- the capital cost of the property (the note below may apply).

Do this for all the property in a prescribed class that was disposed of, and enter the result in column 4.

The rules concerning the transfer of property by a personal trust to its beneficiaries are set out in section 5.1.1, of the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).

Note: Do not enter in column 3 the amount mentioned if it is less than the capital cost of the property for the transferor. Instead, enter the amount in column 2 as if it constituted the UCC of the property at the beginning of the year of the transfer. When the property is subsequently disposed of, the trust must determine the amount to enter in column 4 as if the capital cost of the property for the trust were equal to the capital cost of the property for the transferor.

Column 5

A negative result entered in this column corresponds to a recapture of CCA that must be entered on line 16. If there is any property left in the class at the end of the taxation year, enter 0 in column 10.

A positive result corresponds to a terminal loss that must be entered on line 18 if there is no property left in the class at the end of the taxation year.

Column 6

No adjustment should be made in this column for property acquired from a person with whom the trust was not dealing at arm's length if it is depreciable property owned by the person for an uninterrupted period of at least 364 days immediately before the trust's acquisition of the property.

Column 9

Enter in this column the amount deducted as CCA by the trust (the amount must not exceed the result obtained by multiplying column 7 by column 8).

Deemed sale applicable to certain trusts

If a **deemed sale** (see form TP-653-V, *Deemed Sale Applicable to Certain Trusts*) occurred during the year, the trust is deemed to have sold each of its properties (other than tax-exempt property) for an amount equal to the **FMV of the property at the time of the deemed sale** and to have reacquired the property immediately thereafter for the same amount. You must complete form TP-653-V to report the deemed sale and any recapture of CCA resulting from the deemed sale. In column 2 of Part 4 of this form (TP-128.F-V), enter the FMV of the property at the time of the deemed sale.

If the property was **actually sold** later in the same taxation year, you must report the actual sale and, if applicable, the deemed sale as indicated below.

For a spousal trust, a joint spousal trust, an alter ego trust or a self-benefit trust

Complete form TP-653-V to report the deemed sale.

Complete Schedule A of the *Trust Income Tax Return* (form TP-646-V) to report the actual sale.

Enter in column 3 of this form (TP-128.F-V) the amount that corresponds to the total of the FMV of the property at the time of the deemed sale and any additions made to the property afterwards. Enter in column 4 the **lesser** of the following amounts:

- the proceeds of disposition of the property (after subtraction of the expenses incurred for the sale);
- the amount entered in column 3 or the capital cost of the property determined immediately before the disposition, whichever is greater.

Then calculate the amount in column 5.

For any other trust

Do not report the deemed sale of any property that was actually sold during the taxation year. Complete Schedule A of the *Trust Income Tax Return* (form TP-646-V) to report the actual sale.

Enter in column 4 of this form (TP-128.F-V) the **lesser** of the following amounts:

- the proceeds of disposition of the property (after subtraction of the expenses incurred for the sale);
- the capital cost of the property.

Then calculate the amount in column 5.

