

Deferral of the Capital Gain Realized on Small Business Corporation Shares

This form is to be filed by an individual (other than a trust) who realized a capital gain on the disposition of eligible small business corporation shares (called "initial shares") and wishes to defer taxation of the gain because he or she subsequently acquired other eligible small business corporation shares (called "replacement shares"). The replacement shares must be designated as such with the Canada Customs and Revenue Agency (CCRA) for the year of disposition. Proof of the designation must be enclosed with this form and filed with the income tax return for the year in question.

In this way you may exclude all or part of your capital gain from your income, though you must use the gain to reduce the adjusted cost base of the replacement shares. For further information, consult the brochure *Capital Gains and Losses* (IN-120-V).

Complete this form only if the disposition of initial shares was made **before February 19, 2003**.

Last name	First name	Social insurance number
Address		Postal code
Name of issuing corporation (initial shares)		Registration number
Name of issuing corporation (replacement shares)		Registration number

Date of disposition (initial shares):

Y	M	D
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Date of acquisition (replacement shares):

Y	M	D
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Calculation of deferred capital gain

Adjusted cost base of initial shares			1
Proceeds of disposition of initial shares			2
Rate applicable to initial shares (if the amount on line 1 is \$2 million or less, go directly to line 5):			
\$2,000,000 ÷ Amount from line 1		=>	
Limit respecting proceeds of disposition:		x	
Amount from line 2		x	
Enter the capital gain realized on the initial shares. If you did not complete line 3, carry the amount of the gain to line 7.			
Enter the rate from line 3 and multiply line 5 by line 6.		x	
Qualifying capital gain			

If the replacement shares were issued by different corporations or acquired on different dates, complete lines 10 through 12 below for shares that were issued by the same corporation and acquired on the same date. Attach an additional sheet containing the same calculations for other replacement shares (be sure to mention the name of each corporation and the date of acquisition). Please note that the capital gain you defer must not exceed the amount on line 7.

Cost of replacement shares			10
Rate applicable to replacement shares:			
Amount from line 10 (maximum: \$2,000,000)		÷	
Amount from line 2 (or line 4, if you completed it)		=>	
Multiply line 7 by line 11.		x	
Sum of line 12 amounts for other replacement shares (as calculated on additional sheets)		+	
Add lines 12 and 13.		=	
Enter the amount from line 7 or line 14, whichever is lower.			
Carry this amount to line 94 of Schedule G of your income tax return.		=	
Deferred capital gain			

