

Election in Respect of the Sale of Debts Receivable

- This form is for the vendor and the purchaser of a business to elect jointly under subsection 22(1) of the *Income Tax Act* when:
 - all or substantially all the property used in carrying on the business of the vendor is being sold;
 - the sale includes all the debts receivable of the business of the vendor; and
 - the purchaser proposes to continue the business the vendor has been carrying on.
- All legislative references are to the *Income Tax Act*.
- Mail two completed copies of this form to the tax centre of the vendor or the purchaser for the tax year that includes the date of the sale.
Find your tax centre's address by going to cra.gc.ca/tso.
- If the transaction involves a partnership, a designated partner must sign the election. Attach a list of all members that includes the name, address, and social insurance number, business number, or trust account number, whichever applies.
- For more information, see interpretation bulletins IT-188, *Sale of Accounts Receivable*, and IT-442, *Bad Debts and Reserves for Doubtful Debts*.

Do not use this area

Vendor's name	Social insurance, trust account, or business number
Address	Tax services office
Name of the contact person	Telephone number

Purchaser's name	Social insurance, trust account, or business number
Address	Tax services office
Name of the contact person	Telephone number

Debts receivable sold

Date of sale	Year	Month	Day
Face value of debts receivable sold that have been or will be included in calculating the vendor's income excluding debts previously written off as bad debts			
Value of consideration paid by the purchaser			
Difference *			

* Vendor: **Deduct** this amount when you calculate your income for the tax year.
Purchaser: **Add** this amount when you calculate your income for the tax year.

Election and statement of consideration paid

We, the vendor and purchaser named above, jointly elect to have the provisions of section 22 apply. And we jointly certify that the value of consideration of the amount shown above has been paid for the debts receivable sold by the vendor to the purchaser.

Name of individual, designated partner, or authorized officer for the vendor	Position or office
Signature of individual, designated partner, or authorized officer for the vendor	Date yyyy/mm/dd
Name of individual, designated partner, or authorized officer for the purchaser	Position or office
Signature of individual, designated partner, or authorized officer for the purchaser	Date yyyy/mm/dd

The above statement regarding the value of consideration paid is subject to subsection 69(1), binding upon the vendor and the purchaser.

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source at cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, Personal Information Bank CRA PPU 047.