



## Corporation Loss Continuity and Application (2021 and later tax years)

**Protected B**  
when completed

|                    |                 |  |              |      |       |     |  |  |  |  |
|--------------------|-----------------|--|--------------|------|-------|-----|--|--|--|--|
| Corporation's name | Business number | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table> | Tax year-end | Year | Month | Day |  |  |  |  |
| Tax year-end       | Year            | Month  | Day          |      |       |     |  |  |  |  |
|                    |                 |  |              |      |       |     |  |  |  |  |

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the federal Income Tax Act, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the T2 Corporation – Income Tax Guide.
- File this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the federal Income Tax Act.

### Part 1 – Non-capital losses

#### Determination of current-year non-capital loss

|   |       |    |
|---|-------|----|
| Net income (loss) for income tax purposes .....   | _____ | 1A |
| Net capital losses deducted in the year (enter as a positive amount) .....  | _____ | 1B |
| Taxable dividends deductible under section 112 or subsections 113(1) or 138(6) .....  | _____ | 1C |
| Amount of Part VI.1 tax deductible under paragraph 110(1)(k) .....  | _____ | 1D |
| Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2) .....   | _____ | 1E |
| Employer deduction for non-qualified securities – Paragraph 110(1)(e) .....   | _____ | 1F |
| Subtotal (total of amounts 1B to 1F) .....  | _____ | 1G |
| Subtotal (amount 1A <b>minus</b> amount 1G; if positive, enter "0") .....   | _____ | 1H |
| Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions .....  | _____ | 1I |
| Subtotal (amount 1H <b>minus</b> amount 1I) .....   | _____ | 1J |
| Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss) ..... | _____ | 1K |
| Current-year non-capital loss (amount 1J <b>plus</b> amount 1K; if positive, enter "0") .....   | _____ | 1L |

If amount 1L is negative, enter it on line 110 as a positive.

#### Continuity of non-capital losses and request for a carryback

|   |           |    |
|---|-----------|----|
| Non-capital loss at the end of the previous tax year .....  | _____     | 1M |
| Non-capital loss expired ( <b>note 1</b> ) .....  | 100 _____ |    |
| Non-capital losses at the beginning of the tax year (amount 1M <b>minus</b> line 100) .....                             | 102 _____ |    |
| Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary ( <b>note 2</b> ) corporation ..... | 105 _____ |    |
| Current-year non-capital loss (from amount 1L) .....  | 110 _____ |    |
| Subtotal (line 105 <b>plus</b> line 110) .....  | _____     | 1N |
| Subtotal (line 102 <b>plus</b> amount 1N) .....   | _____     | 1O |

Note 1: A non-capital loss expires after **20 tax years** and an allowable business investment loss becomes a net capital loss after **10 tax years**.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

**Part 1 – Non-capital losses (continued)**

|  |            |    |
|--|------------|----|
| Other adjustments (includes adjustments for an acquisition of control) .....   | <b>150</b> |    |
| Section 80 – Adjustments for forgiven amounts .....  | <b>140</b> |    |
| Non-capital losses of previous tax years applied in the current tax year<br>Enter line 130 on line 331 of the T2 return.                       | <b>130</b> |    |
| Current and previous years non-capital losses applied against current-year<br>taxable dividends subject to Part IV tax ( <b>note 3</b> ) ..... | <b>135</b> |    |
| Subtotal (total of lines 150, 140, 130 and 135) .....  |            | 1P |
| Non-capital losses before any request for a carryback (amount 1O <b>minus</b> amount 1P) .....   |            | 1Q |
| <b>Request to carry back non-capital loss to:</b>  |            |    |
| First previous tax year to reduce taxable income .....   | <b>901</b> |    |
| Second previous tax year to reduce taxable income .....  | <b>902</b> |    |
| Third previous tax year to reduce taxable income .....   | <b>903</b> |    |
| First previous tax year to reduce taxable dividends subject to Part IV tax .....   | <b>911</b> |    |
| Second previous tax year to reduce taxable dividends subject to Part IV tax .....  | <b>912</b> |    |
| Third previous tax year to reduce taxable dividends subject to Part IV tax .....   | <b>913</b> |    |
| Total of requests to carry back non-capital losses to previous tax years (total of lines 901 to 913) .....                                     |            | 1R |
| Closing balance of non-capital losses to be carried forward to future tax years (amount 1Q <b>minus</b> amount 1R) .....                       | <b>180</b> |    |

Note 3: Line 135 is the total of lines 330 and 335 from Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation.

**Part 2 – Capital losses**

**Continuity of capital losses and request for a carryback**

|  |            |            |
|--|------------|------------|
| Capital losses at the end of the previous tax year .....   | <b>200</b> |            |
| Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation .....  | <b>205</b> |            |
| Subtotal (line 200 <b>plus</b> line 205) .....   |            | 2A         |
| Other adjustments (includes adjustments for an acquisition of control) .....   | <b>250</b> |            |
| Section 80 – Adjustments for forgiven amounts .....  | <b>240</b> |            |
| Subtotal (line 250 <b>plus</b> line 240) .....   |            | 2B         |
| Subtotal (amount 2A <b>minus</b> amount 2B) .....  |            | 2C         |
| Current-year capital loss (from the calculation on Schedule 6, Summary of Dispositions of Capital Property) .....                              | <b>210</b> |            |
| Unused non-capital losses from the 11th previous tax year ( <b>note 4</b> ) .....  |            | 2D         |
| Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the<br>previous tax year ( <b>note 5</b> ) ..... |            | 2E         |
| Enter amount 2D or 2E, whichever is less. ....   | <b>215</b> |            |
| ABILs expired as non-capital losses: line 215 <b>multiplied</b> by 2 .....   |            | <b>220</b> |
| Subtotal (amount 2C <b>plus</b> line 210 <b>plus</b> line 220) .....   |            | 2F         |

**Note**

If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220.

Note 4: Determine the amount of the non-capital loss from the **11th previous tax year**, and enter the part of the non-capital loss that was not deducted in the **previous 11 years**.

Note 5: Enter the amount of the ABILs from the **11th previous tax year**. Enter the full amount on amount 2E.

**Part 2 – Capital losses (continued)**

|  |            |    |
|--|------------|----|
| Capital losses from previous tax years applied against the current-year net capital gain (note 6) .....          | <b>225</b> |    |
| Capital losses before any request for a carryback (amount 2F minus line 225) ...                                 |            | 2G |
| <b>Request to carry back capital loss to (note 7):</b>   |            |    |
| First previous tax year .....  | <b>951</b> |    |
| Second previous tax year .....   | <b>952</b> |    |
| Third previous tax year .....  | <b>953</b> |    |
| Subtotal (total of lines 951 to 953)   | ▶          | 2H |
| Closing balance of capital losses to be carried forward to future tax years (amount 2G minus amount 2H) (note 8) | <b>280</b> |    |

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current tax year, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **divide** this amount by 2. The result represents the 50% inclusion rate.

Note 8: Capital losses can be carried forward indefinitely.

**Part 3 – Farm losses**

|  |            |    |
|--|------------|----|
| <b>Continuity of farm losses and request for a carryback</b>   |            |    |
| Farm losses at the end of the previous tax year .....  |            | 3A |
| Farm loss expired (note 9) .....   | <b>300</b> |    |
| Farm losses at the beginning of the tax year (amount 3A minus line 300) .....  | <b>302</b> | ▶  |
| Farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation .....                               | <b>305</b> |    |
| Current-year farm loss (amount 1K in Part 1) .....   | <b>310</b> |    |
| Subtotal (line 305 plus line 310)  | ▶          | 3B |
| Subtotal (line 302 plus amount 3B)   |            | 3C |
| Other adjustments (includes adjustments for an acquisition of control) .....   | <b>350</b> |    |
| Section 80 – Adjustments for forgiven amounts .....  | <b>340</b> |    |
| Farm losses of previous tax years applied in the current tax year .....  | <b>330</b> |    |
| Enter line 330 on line 334 of the T2 Return.   |            |    |
| Current and previous years farm losses applied against current-year taxable dividends subject to Part IV tax (note 10) ..... | <b>335</b> |    |
| Subtotal (total of lines 350, 340, 330 and 335)  | ▶          | 3D |
| Farm losses before any request for a carryback (amount 3C minus amount 3D)   |            | 3E |
| <b>Request to carry back farm loss to:</b>   |            |    |
| First previous tax year to reduce taxable income .....   | <b>921</b> |    |
| Second previous tax year to reduce taxable income .....  | <b>922</b> |    |
| Third previous tax year to reduce taxable income .....   | <b>923</b> |    |
| First previous tax year to reduce taxable dividends subject to Part IV tax .....   | <b>931</b> |    |
| Second previous tax year to reduce taxable dividends subject to Part IV tax .....  | <b>932</b> |    |
| Third previous tax year to reduce taxable dividends subject to Part IV tax .....   | <b>933</b> |    |
| Subtotal (total of lines 921 to 933)   | ▶          | 3F |
| Closing balance of farm losses to be carried forward to future tax years (amount 3E minus amount 3F)                         | <b>380</b> |    |

Note 9: A farm loss expires after **20 tax years**.

Note 10: Line 335 is the total of lines 340 and 345 from Schedule 3.

**Part 4 – Restricted farm losses**

**Current-year restricted farm loss**

|   |            |  |
|---|------------|--|
| Total losses for the year from farming business .....                     | <b>485</b> |  |
| (line 485 _____ - \$2,500) <b>divided</b> by 2 .....                      | <b>4A</b>  |  |
| Amount 4A or \$15,000, whichever is less .....                            | <b>4B</b>  |  |
|   | <b>4C</b>  |  |
| Subtotal (amount 4B <b>plus</b> amount 4C) .....                          | <b>4D</b>  |  |
| Current-year restricted farm loss (line 485 <b>minus</b> amount 4D) ..... | <b>4E</b>  |  |

**Continuity of restricted farm losses and request for a carryback**

|  |            |  |
|--|------------|--|
| Restricted farm losses at the end of the previous tax year .....   | <b>4F</b>  |  |
| Restricted farm loss expired ( <b>note 11</b> ) .....  | <b>400</b> |  |
| Restricted farm losses at the beginning of the tax year (amount 4F <b>minus</b> line 400) .....                              | <b>402</b> |  |
| Restricted farm losses transferred on an amalgamation or on the wind-up<br>of a subsidiary corporation .....                 | <b>405</b> |  |
| Current-year restricted farm loss (from amount 4E) .....   | <b>410</b> |  |
| Subtotal (line 405 <b>plus</b> line 410) .....   | <b>4G</b>  |  |
| Subtotal (line 402 <b>plus</b> amount 4G) .....  | <b>4H</b>  |  |
| Restricted farm losses from previous tax years applied against current farming income .....                                  | <b>430</b> |  |
| Section 80 – Adjustments for forgiven amounts .....  | <b>440</b> |  |
| Other adjustments .....  | <b>450</b> |  |
| Subtotal (total of lines 430 to 450) .....   | <b>4I</b>  |  |
| Restricted farm losses before any request for a carryback (amount 4H <b>minus</b> amount 4I) .....                           | <b>4J</b>  |  |
| <b>Request to carry back restricted farm loss to:</b>  |            |  |
| First previous tax year to reduce farming income .....   | <b>941</b> |  |
| Second previous tax year to reduce farming income .....  | <b>942</b> |  |
| Third previous tax year to reduce farming income .....   | <b>943</b> |  |
| Subtotal (total of lines 941 to 943) .....   | <b>4K</b>  |  |
| Closing balance of restricted farm losses to be carried forward to future tax years (amount 4J <b>minus</b> amount 4K) ..... | <b>480</b> |  |

**Note**  
The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 11: A restricted farm loss expires after **20 tax years**.



**Part 6 – Analysis of balance of losses by year of origin (continued)**

| Year of origin<br>(note 13) | Non-capital losses (note 14) | Farm losses | Restricted farm losses | Listed personal property losses |
|-----------------------------|------------------------------|-------------|------------------------|---------------------------------|
|                             |                              |             |                        |                                 |
|                             |                              |             |                        |                                 |
|                             |                              |             |                        |                                 |
| <b>Total</b>                |                              |             |                        |                                 |

Note 13: Enter each loss by year of origin, starting with the current year and going down to the **20th previous year**.

Note 14: A non-capital loss expires after **20 tax years** and an allowable business investment loss becomes a net capital loss after **10 tax years**.

**Part 7 – Limited partnership losses**

**Current-year limited partnership losses**

| 1<br>Partnership account number                            | 2<br>Tax year ending<br>YYYY/MM/DD | 3<br>Corporation's share of limited partnership loss | 4<br>Corporation's at-risk amount | 5<br>Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses | 6<br>Column 4 minus column 5 (if negative, enter "0") | 7<br>Current-year limited partnership losses (column 3 minus column 6) |
|--|------------------------------------|--|-----------------------------------|---|---|--|
| <b>600</b>   | <b>602</b>                         | <b>604</b>   | <b>606</b>                        | <b>608</b>  |   | <b>620</b>   |
|  |                                    |  |                                   |   |   |  |
|  |                                    |  |                                   |   |   |  |
|  |                                    |  |                                   |   |   |  |
|  |                                    |  |                                   |   |   |  |
|  |                                    |  |                                   |   |   |  |
| <b>Total</b> (enter this amount on line 222 of Schedule 1) |                                    |  |                                   |   |   |  |

**Limited partnership losses from previous tax years that may be applied in the current year**

| 1<br>Partnership account number | 2<br>Tax year ending<br>YYYY/MM/DD | 3<br>Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary | 4<br>Corporation's at-risk amount | 5<br>Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses | 6<br>Column 4 minus column 5 (if negative, enter "0") | 7<br>Limited partnership losses that may be applied in the year (the lesser of column 3 and 6) |
|---------------------------------|------------------------------------|--|-----------------------------------|--|---|--|
| <b>630</b>                      | <b>632</b>                         | <b>634</b>   | <b>636</b>                        | <b>638</b>   |   | <b>650</b>   |
|                                 |                                    |  |                                   |  |   |  |
|                                 |                                    |  |                                   |  |   |  |
|                                 |                                    |  |                                   |  |   |  |
|                                 |                                    |  |                                   |  |   |  |
|                                 |                                    |  |                                   |  |   |  |

**Part 7 – Limited partnership losses (continued)**

**Continuity of limited partnership losses that can be carried forward to future tax years**

| 1<br>Partnership account number | 2<br>Limited partnership losses at the end of the previous tax year | 3<br>Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary | 4<br>Current-year limited partnership losses (from line 620) | 5<br>Limited partnership losses applied in the current year (must be equal to or less than line 650) | 6<br>Current year limited partnership losses closing balance to be carried forward to future years (column 2 <b>plus</b> column 3 <b>plus</b> column 4 <b>minus</b> column 5) |
|---------------------------------|---|--|--|--|---|
| <b>660</b>                      | <b>662</b>  | <b>664</b>   | <b>670</b>   | <b>675</b>   | <b>680</b>  |
|                                 |   |  |  |  |   |
|                                 |   |  |  |  |   |
|                                 |   |  |  |  |   |
|                                 |   |  |  |  |   |
|                                 |   |  |  |  |   |

Total (enter this amount on line 335 of the T2 return)

**Note**  
If you need more space, you can attach more schedules.

**Part 8 – Election under paragraph 88(1.1)(f)**

If you are making an election under paragraph 88(1.1)(f), tick the box **190** Yes

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the the wind-up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

**Note**  
This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent.