



Election for Transitional Relief by a Participant Taxpayer of a Joint Venture

This form is to be used by individuals and trusts. Effective March 22, 2011, the policy for the reporting of income from a joint venture has changed. Prior to that date, in certain cases, the Canada Revenue Agency (CRA) allowed joint ventures to establish a fiscal period that differed from the tax year of the joint venture participants. The participants in these joint ventures were allowed to include in their income for a tax year the income earned by the joint venture for its fiscal period ending in the tax year. This policy has been discontinued.

As a result, **for tax years ending after March 22, 2011**, income from a joint venture is to be calculated for each participant taxpayer based on the participant taxpayer's tax year.

For more information on this change in policy, and to make an election for transitional relief, read the information on the back of this form.

If you are not making this election, do not complete this form. Report the stub period income on the return for the first tax year ending after March 22, 2011.

Identification

Name of individual (last name, first name)		Social insurance number	
Name of trust		Trust account number	Tax year end of electing year Year Month Day
Name of joint venture			Tax year end of joint venture* Year Month Day

* Tax year end of joint venture prior to the new administrative policy.

Total income of the joint venture for the fiscal period that ended in the taxpayer's taxation year: \$ <input style="width: 150px;" type="text"/>

Elected transitional relief

A	B	C	D	E	F	G
Type of income	Stub period income	Income required to be included in first subsequent tax year (column B × 15%)	Income required to be included in second subsequent tax year (column B × 20%)	Income required to be included in third subsequent tax year (column B × 20%)	Income required to be included in fourth subsequent tax year (column B × 20%)	Income required to be included in fifth subsequent tax year (column B × 25%)
Taxable capital gains						
Actual amount of eligible dividends						
Actual amount of dividends other than eligible dividends						
Investment income						
Net business income						
Other income						
Total income						

Certification

I certify that I am a participant in a joint venture and I have included income in my tax return for which I would like to receive transitional relief. I also certify that I previously used the joint venture's fiscal period to report income from this joint venture.

Name (please print)
Signature
Date

What is the election for transitional relief?

As a result of the change in policy explained on the front of this form, for tax years ending **after March 22, 2011**, income from a joint venture should be calculated for each participant taxpayer based on the participant taxpayer's tax year. Participant taxpayers will be required to report, in the return for the first tax year ending after March 22, 2011, the income of the joint venture for the fiscal period that ended in the year, **and** the income earned from the end of that fiscal period to the end of the tax year (generally referred to as **stub period income**). For most participant taxpayers who are individuals or trusts with a tax year that ends on December 31, this means that income for the period ending on December 31, 2011, would have to be reported on their 2011 returns.

If you are a participant taxpayer of a joint venture affected by this change, you can make an election for transitional relief for the stub period income of the joint venture. If you make this election, you will be allowed to exclude the stub period income of the joint venture from your income for the first tax year ending after March 22, 2011. Instead you can report it over the following five years.

Complete this form if you are a participant taxpayer (individual or trust) of a joint venture affected by this change in policy and you are electing for transitional relief for the stub period income.

How to report income on a T1 return (individuals)

- In the tax year that you make this election, do not include the total from column B in your income.
- In each following tax year, include the total from the appropriate column in your income for that year based on the type of income.
- Report your taxable capital gains on Schedule 3, *Capital Gains (or Losses)*.
- Follow the instructions provided in your tax guide for line 120, to determine the taxable amount of dividends to report on lines 120 and 180 of your return. Also, see the instructions provided under line 425, federal dividend tax credit.
- Report your investment income, including any foreign dividends received, at line 121 of your T1 return.
- Report your net business income at line 135 of your T1 return.
- Report any other income at line 130 of your T1 return. Specify the type of income you are reporting.

Due date of election

The Canada Revenue Agency must receive this election on or before the filing due date for the tax year ending after March 22, 2011.

Individuals – Filing deadline is April 30, 2012 or June 15, 2012.

Trusts – Filing deadline is 90 days after the tax year end.

The deadline for filing the election has been extended to September 22, 2012.

Where to send the election

Once completed, send the election for transitional relief form to your tax centre. You can find the address of your tax centre at www.cra.gc.ca/taxcentre.

Do not attach this form to your income tax return.

How to report income on a T3 return (trusts)

- In the tax year that the election is made, do not include the total from column B in the trust's income.
- In each following tax year, include the total from the appropriate column in the trust's income for that year based on the type of income.
- Report taxable capital gains on Schedule 1, *Dispositions of Capital Property*.
- Report the actual amount of eligible dividends from specified taxable Canadian corporations at line 2 of Schedule 8, *Investment Income, Carrying Charges, and Gross-up Amount of Dividends Retained by the Trust*.
- Report the actual amount of dividends other than eligible dividends from taxable Canadian corporations at line 1 of Schedule 8, *Investment Income, Carrying Charges, and Gross-up Amount of Dividends Retained by the Trust*.
- Report foreign investment income at line 04 of the T3 return. Calculate the amount to include using Schedule 8, *Investment Income, Carrying Charges, and Gross-up Amount of Dividends Retained by the Trust*.
- Report other investment income at line 05 of the T3 return. Calculate the amount to include using Schedule 8, *Investment Income, Carrying Charges, and Gross-up Amount of Dividends Retained by the Trust*.
- Report net business income at line 06 of the T3 return.
- Report any other income at line 19 of the T3 return. Specify the type of income being reported.