



Election on Disposition of Property by a Taxpayer to a Canadian Partnership

- This form is used by a taxpayer and a Canadian partnership (where the taxpayer is a member immediately after the transfer) to jointly elect under subsection 97(2).
- Unless otherwise noted, all legislative references are to the Income Tax Act.
- Mail one copy of this election and related schedules (as specified), completed by the transferor as follows:
 - to the tax centre of the transferor
 - on or before the earliest date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred (due date). This due date must consider any election under subsection 25(1) or 99(2)
 - separately from any other return
- When many transferors elect to transfer the same property (co-ownership) or many members of the same partnership elect to transfer their partnership interests, the elections will be processed together and should be filed:
 - to the tax centre of the transferee
 - on or before the due date
 - by a designated transferor to file all of the completed forms for each transferor, together with a list of all of the electing transferors. This list should contain the name, address and social insurance, trust account or business number of each transferor and of each member of the transferee
 - separately from any other return
- If you do **not** have a RZ partnership account number, fill out form RC1, Request for a business number and certain program accounts.
- Find the address of the transferor's and transferee's tax centre at canada.ca/cra-offices.

Do not use this area

Taxpayer's name (transferor)						Social insurance, trust account or business number					
Address						Postal code					
Tax year of taxpayer			from	Year	Month	Day	to	Year	Month	Day	Tax services office

Partnership's name (transferee)						Partnership account number					
Address						Postal code					
Tax year of partnership			from	Year	Month	Day	to	Year	Month	Day	Tax services office
Name of the contact person						Telephone number					

Penalty for late-filed and amended elections

We charge a late-filing penalty for elections filed after the due date. You can file form T2059 up to three years after its due date if you pay an estimate of the penalty when you file. You can also amend or file form T2059 after the three-year period, but, in addition to paying the estimated penalty, you must include a written explanation justifying the changes or reasons for the delay for consideration by the minister.

Calculation of late-filing penalty:

Fair market value (FMV) of property transferred	_____	
Agreed amount	_____	
Subtotal (FMV minus agreed amount)	=====	A
Amount A	_____ × ¼ × 1% × N*	= _____ B
\$100 × N*	_____	= _____ C
Amount C cannot exceed \$8,000.		
Late-filing penalty (amount B or amount C whichever is less)	=====	
Amount enclosed	=====	

Do not use this area

Make your cheque or money order payable to the Receiver General of Canada. On the back, write T2059, the transferor's name, and their social insurance, trust account or business number.

Unpaid amounts, including late-filing penalties are subject to daily compound interest at the prescribed rate.

* N is the sum of each month or part of a month in the period from the filing due date to the actual date filed.

Information required

On the following page, list, describe, and state the fair market value (FMV) of transferred properties. The description and FMV of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If there is not enough space on the form, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. The following materials may be prepared in order to complete the form: a summary of the method of evaluating the FMV of each property transferred; schedules supporting this election; and documentation relating to the responses to the questions below. This material does not need to be filed with this election but must be kept in case we ask to see them at a later date.

1. Is there a written agreement relating to this transfer? Yes No
2. Does a price adjustment clause apply to any of the properties? (See Income Tax Folio S4-F3-C1 for details.) Yes No
3. Is the taxpayer a non-resident of Canada? Yes No
4. Are any of the properties transferred capital properties? Yes No
 If **yes** to question 4:
 - a) have they been owned continuously since Valuation Day (V-Day is defined in the Income Tax Applications Rules)? Yes No
 - b) have they been acquired after V-Day in a transaction considered not to be at arm's length? Yes No
 - c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for the transferred shares? (If **yes**, attach a schedule and provide details of amounts and dates received.) Yes No
5. Is the agreed amount of any of the transferred properties based on an estimate of the FMV on V-Day? Yes No
 If **yes** to questions 5, does a formal documented V-Day value report exist? Yes No
6. Has an election under subsection 26(7) of the Income Tax Application Rules (Form T2076) been filed by or on behalf of the taxpayer? Yes No

If the disposed property includes shares of the capital stock of a private corporation, provide the following:

Corporation's name	
Business number	Paid-up capital of shares transferred

Informative notes

- The rules for subsection 97(2) elections are complex. Essential information is contained in Interpretation Bulletins IT-291 and IT-413 and Income Tax Folio S4-F3-C1.
- Complete all information areas and answer all questions. If this form is incomplete, we may consider the election invalid and a late-filing penalty may be applied to future submissions.
- If the agreed amount is more than the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

Election and certification

The taxpayer **and** all members of the partnership jointly elect under subsection 97(2) in respect of the property specified, and certify that the information given in this election and in all attached documents is correct and complete.

_____ and _____
 Date Signature of Transferor, or Authorized signing Officer * Signature of Authorized Officer of Transferee *

* Attach a copy of the authorizing agreement.

1	Social insurance, trust account or business number	Name of partner, authorized person or authorized officer	Partner's tax services office
	Signature of partner, authorized person or authorized officer	Position of office of authorized person or authorized officer	Date
2	Social insurance, trust account or business number	Name of partner	Partner's tax services office
	Signature of partner or authorized officer		Date
3	Social insurance, trust account or business number	Name of partner	Partner's tax services office
	Signature of partner or authorized officer		Date

The election form must be signed by all partners, or by a person authorized in writing by all partners to sign for them, and by the transferor or an authorized signing officer of the transferor. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If there is not enough space on this form, attach schedules giving similar details. Attach a list containing the name and social insurance, trust account, or business number of each partner. If a member of the partnership is itself a partnership, attach a list showing the name and social insurance, trust account, or business number of each member of that partnership. Also, indicate the fiscal period of the partnership.

Information on the property disposed of and consideration received

Date of sale or transfer of all properties listed below:

(For properties sold or transferred on different dates use a separate form T2059.)

Year	Month	Day

Property disposed of				B Agreed amount (cannot be zero)	Amount to be reported B minus A (if greater than 0, see note 4)	Consideration received	
Description	Elected amount limits (note 1)		Description			Fair market value of total consideration	
	Fair market value	A					
Capital property excluding depreciable property	(brief legal)		(note 2)				
Depreciable property	(description and prescribed class)		(note 3)				
Inventory	(kind)		(cost amount)				
Resource property	(brief legal)		nil				
			nil				
			nil				

Note 1: Read Interpretation Bulletin IT-291 for an explanation of the limits.**Note 2:** Adjusted cost base (subject to adjustment under section 53).**Note 3:** The lesser of undepreciated capital cost of all property of the class and the cost of the property.**Note 4:** This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.

Privacy statement

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign 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 a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Info Source at canada.ca/cra-info-source.