Canada Revenue Agency | Agence du revenu du Canada

ELECTION IN RESPECT OF ASSIGNED LEASES OR SUBLEASED PROPERTY

- For use by a taxpayer (the "lessee") who has filed an election under subsection 16.1(1) in respect of leased property and by another person (the "assignee") to whom the lessee has subsequently assigned the lease or subleased the property, to elect jointly under subsection 16.1(2) in respect of that property.
- The assignee should deal at arm's length with the original lessor.
- The provisions of the election will treat the assignee as though this taxpayer had acquired the property at a capital cost equal to its fair market value at the time of the assignment or sublease and had borrowed money in a principal amount equal to the fair market value of the property at that time, at a prescribed rate of interest.
- The leasing rules described in subsection 16.1(1) shall cease to apply to the lessee at the time of the assignment or sublease and that subsection shall apply to the assignee as if the assignee leased the property at that time from the owner of the property for a term of more than one year.
- Where the lessee and the assignee of the property have jointly elected, the assignee and the owner of the property will be treated as having filed the joint election referred to in subsection 16.1(1) with their returns of income.
- Rules deeming the continuation of the lease are applicable pursuant to subsection 16.1(3) where the lessee and the assignee are not dealing at arm's length. The transfer of a lease as a consequence of an amalgamation or winding-up is dealt with in subsection 16.1(4).
- The rules described in subsections 16.1(5), (6) and (7) are applicable if the amount payable by the lessee is changed due to the replacement of the property, an addition or alteration to the property or the renegotiation of the lease.
- One completed copy of this election is to be filed by both the lessee and the assignee with their returns of income under Part I for their respective taxation years that include the time at which the assignment or sublease was entered into.
- Parts and subsections referred to in this form are those of the *Income Tax Act*.

IDENTIFICATION

Name or lessee (print)		Social insurance number or
Address		Business number
	Postal Code	Tax services office
Taxation year of lessee From Year Month Day	To Year Month Day	
Name or assignee (print)		Social insurance number or
Address		Business number
	Postal Code	Tax services office
Taxation year of assignee From Year Month Day	To Year Month Day	
Name of person to contact for additional information		Telephone number ( )

INFORMATION REQUIRED

Description of the property including model names or numbers, serial numbers, manufacturer and date of manufacture. If space is insufficient attach a separate sheet.	Date of assignment or sublease Year Month Day
	Fair market value of the property at the time the assignment or sublease was entered into
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ELECTION AND CERTIFICATION

The above-named lessee and assignee hereby jointly elect under subsection 16.1(2) in respect of the property described above and certify that the information given in this election, and in any documents attached, is true, correct and complete in every respect.

Signature of assignee or authorized officer or authorized person — and — Signature of lessee or authorized officer or authorized person — Date

Form authorized by the Minister of National Revenue
(Ce formulaire existe en français.)

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