



DESIGNATION OF FORGIVEN AMOUNT BY THE DEBTOR – SUBSECTIONS 80(5) TO 80(11)

Debtor's name (print)	Social insurance number or Business Number	Taxation year-end		
		Day	Month	Year

- The sections, subsections, and paragraphs referred to on this form are from the *Income Tax Act*.
- When a commercial obligation is settled for less than its principal amount, the debtor has to account for the forgiven amount under the rules in section 80. **Forgiven amount** is defined in subsection 80(1). As the debtor, you must first apply the forgiven amount to reduce any losses carried forward from previous years in the order specified in subsections 80(3) and (4).
- If an amount remains after reducing your forgiven amount under subsections 80(3) and (4), use this form to designate how you want to apply that unapplied part of the forgiven amount in the order specified in paragraph 80(2)(c) to reduce the following:
 - a) capital cost and undepreciated capital cost of depreciable property under subsection 80(5)
 - b) cumulative eligible capital under subsection 80(7)
 - c) resource expenditures under subsection 80(8)
 - d) adjusted cost bases of capital properties under subsection 80(9)
 - e) adjusted cost bases of certain shares and debts under subsection 80(10)
 - f) adjusted cost bases of certain shares, debts, and partnership interests under subsection 80(11)
- If you do not make a designation using this form, any unapplied forgiven amount will be included in your income under subsection 80(13).
- The designation is not valid unless you file this form with your income tax return for the taxation year in which the debt is forgiven. If you are settling more than one commercial obligation at the same time, you have to complete and file Form T2153, *Designation Under Paragraph 80(2)(i) When Two or More Commercial Obligations Are Settled At the Same Time*.
- If you want to transfer a forgiven amount to an eligible transferee under section 80.04, complete and file Form T2156, *Agreement to Transfer Forgiven Amount Under Section 80.04*.

Description of the commercial obligation	Forgiven amount	Forgiven amount applied under subsection 80(3) and (4)
	\$	\$

A. Capital cost and undepreciated capital cost of depreciable property under subsection 80(5)

Paragraph 80(5)(a):

An amount may be left after you reduce your loss pools under subsections 80(3) and (4). If so, you can designate any of the unapplied part of the forgiven amount to reduce the capital cost and undepreciated capital cost of a depreciable property. For the restrictions on the amount you can designate under paragraph 80(5)(a), see subsection 80(6).

Description of the property	Designated amount of depreciable properties of a prescribed class	Capital cost of property acquired before 1972 used in farming or fishing
	\$	\$

Paragraph 80(5)(b)

An amount may be left after you reduce your loss pools under subsections 80(3) and (4). If so, you can designate any of the unapplied part of the forgiven amount to reduce the undepreciated capital cost of a depreciable property of a prescribed class.

Prescribed class number	Designated amount	Reduction of forgiven amount
	\$	\$

B. Cumulative eligible capital under subsection 80(7)

- Under subsection 80(7), you can designate whichever amount is less:
 - ¾ of the unapplied part of the forgiven amount after applying subsections 80(3) to (5); or
 - the balance in the cumulative eligible capital account (CEC).
 The CEC account is reduced by the amount designated. The unapplied part of the forgiven amount is reduced by 4/3 times the amount designated, as indicated in paragraph 80(2)(f).
- If you are a non-resident, this rule applies for each business you carry on in Canada.

Name of the business and description of the eligible capital property	Designated amount	Reduction of forgiven amount
	\$	\$

C. Resource expenditures under subsection 80(8)

You may be a corporation resident in Canada throughout the year. If so, you can designate any of the remaining unapplied part of the forgiven amount to reduce undeducted resource expenditure balances that are deductible or potentially deductible under subsections 66.7(2), (2.3), (3), (4), or (5) as a result of the following:

- being acquired by a person or group of persons;
- ceasing to be exempt from Part I tax on your taxable income; or
- acquiring of properties by you through an amalgamation or merger [subject to the successor-pool limitation defined in subsection 80(1)].

Description of expenditure	Designated amount	Reduction of forgiven amount
	\$	\$

- Apply the remaining unapplied part of the forgiven amount to the extent designated, to reduce your cumulative Canadian exploration expense, cumulative Canadian development expense, and cumulative Canadian oil and gas property expense.

Description of expenditure	Designated amount	Reduction of forgiven amount
	\$	\$

- You may be resident in Canada throughout the year. If so, apply the remaining unapplied part of the forgiven amount to the extent designated, to reduce foreign exploration and development expenses that would be deductible for the year if you had enough foreign resource income and if the year ended then.

Description of expenditure	Designated amount	Reduction of forgiven amount
	\$	\$

D. Adjusted cost bases of capital properties under subsection 80(9)

- You may have designated the forgiven amount to the maximum extent under subsections 80(5) to (8). If so, you can designate any of the unapplied part of the forgiven amount under subsection 80(9) to reduce the adjusted cost bases of capital properties. For information about properties you can include and restrictions on the amount that can be designated, see subsection 80(9).
- Subsection 80(18) restricts the designations that a partnership can make under subsection 80(9).

Description of property	Designated amount	Reduction of forgiven amount
	\$	\$

E. Adjusted cost bases of certain shares and debts under subsection 80(10)

- You may have designated the forgiven amount to the maximum extent allowed under subsections 80(5) to (9). If so, you can designate any of the unapplied part of the forgiven amount under subsection 80(10) to reduce the adjusted cost bases of shares of the capital stock of corporations of which you are a specified shareholder or debts issued by such corporations. Properties not included under subsection 80(10) are:
 - shares of the capital stock of corporations related to you;
 - debts issued by corporations related to you; and
 - excluded properties defined under subsection 80(1).
- Subsection 80(18) restricts the designations a partnership can make under subsection 80(10).

Description of property	Designated amount	Reduction of forgiven amount
	\$	\$

F. Adjusted cost bases of certain shares, debts, and partnership interests under subsection 80(11)

- You may have designated the forgiven amount to the maximum extent allowed under subsections 80(5) to (10). If so, you can designate any of the unapplied part of the forgiven amount under subsection 80(11) to reduce:
 - the adjusted cost bases of shares of the capital stock of related corporations;
 - debts issued by related corporations; or
 - interests in related partnerships that are not excluded properties as defined by subsection 80(1).
 Any amount you designate under subsection 80(11) must be included in the income calculation under subsection 80(13).
- Subsection 80(18) restricts the designations that a partnership can make under subsection 80(11).

Description of property	Designated amount	Reduction of forgiven amount
	\$	\$