Canada Revenue Agency | Agence du revenu du Canada

ALTERNATIVE TREATMENT OF CAPITAL GAINS ARISING UNDER SECTION 80.03 ON SETTLEMENT OF DEBT

- The sections and subsections referred to on this form are from the *Income Tax Act.*
- When you as a debtor surrender a capital property (other than a distress preferred share) that is a share, a capital interest in a trust, or an interest in a partnership, you will be considered to have a capital gain from the disposition at that time. The amount of the capital gain is based on the calculation in subsection 80.03(2). **Surrender of capital property** is defined in subsection 80.03(3).
- Under subsection 80.03(7), you can treat a capital gain that arose under subsection 80.03(2) as a forgiven amount for the purposes of the debt forgiveness rules in section 80, to the extent that you designate.
- When you designate an amount under subsection 80.03(7):
  - you are considered to have issued a commercial debt obligation at the time of the disposition that was settled right after that time;
  - the amount you designate (to the extent of the deemed capital gain otherwise determined) is treated as if it were a forgiven amount under section 80;
  - the source of the deemed commercial debt obligation is any business you carried on at the end of the year; and
  - you may not have carried on a business at the end of the year. If so, you are deemed to have carried on an active business at that time and the source of the deemed commercial debt obligation is that business.
- You have to designate an amount using this form, and file it with your income tax return for the tax year that includes the time of the disposition that resulted in applying subsection 80.03(2).

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

Identify the shares, the interest in a trust, or the partnership interest you that disposed of or surrendered.	The capital gain that would have been otherwise determined	Elected amount
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$
	$	$

CERTIFICATION

I, _____ , certify that the information given on this form is, to the best of my knowledge, correct and complete.

Date	Signature of authorized person	Position or office

(Ce formulaire existe en français.)

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