

- Enter the applicable tax year in the box above.
- **Include a completed copy of this schedule with the trust's return.**
- Complete this schedule if the trust is a personal trust designating net taxable capital gains (see reverse) to a beneficiary who is an individual or a trust, to determine the amount that is eligible for the beneficiary's capital gains deduction.
- Eligible capital gains include only gains from dispositions, or deemed dispositions, of qualified farm or fishing property (QFFP), or qualified small business corporation shares (QSBCS).

Part 1 – Trust's annual gains limit for the year

Eligible capital gains (losses) for the year (lines 1 and 2 of Schedule 1, and lines 1 and 2 of Form T1055)							1
Total from lines 1 and 2 of column 3 on Schedule 2 (if negative, show in brackets)	+						2
Subtotal (line 1 plus line 2)	=						3
Multiply line 3 by 1/2.	x			=			4
Total taxable capital gains (or net capital losses) for the year (line 23 of Schedule 1 and line 25 of Form T1055, minus 1/2 of the amount from all T3 slips included on line 10 of Schedule 1)							5
Total qualifying taxable capital gains for the year (line 4 or line 5, whichever is less)							6
Net capital losses of other years deducted in current year (line 52 of the T3 return)							7
Line 5		-		=			8
minus line 6							9
Subtotal (line 7 minus line 8; if negative, enter "0")	=						10
Allowable business investment losses (line 25 of the T3 return)	+						11
Total losses (line 9 plus line 10)	=				▶ -		12
Annual gains limit for the year (line 6 minus line 11; if negative, enter "0")				=			13

Part 2 – Trust's cumulative gains limit for the year

Qualifying taxable capital gains reported after 1984 and before current year (line 15 of previous year's Schedule 3)							14
Qualifying taxable capital gains for the year (amount from line 6 above)	+						15
Cumulative taxable capital gains eligible for the capital gains deduction (line 13 plus line 14)	=				▶		16
Cumulative loss amount reported in previous years after 1984 (line 20 of previous year's Schedule 3)							17
Taxable part of reserves from pre-1985 dispositions included in income for the years 1985 to 1991. If the trust claimed net capital losses of other years and, in the same tax year, reported reserves from pre-1985 dispositions in a 1985 to 1991 tax year, complete the chart on the back.	-						18
Adjusted cumulative loss amount reported after 1984 and before the current year (line 16 minus line 17)	=						19
Total losses used to calculate the annual gains limit (amount from line 11 above)	+						20
Cumulative loss amount (line 18 plus line 19)	=						21
Cumulative net investment loss (line 28 of Schedule 4)	+						22
Total losses (line 20 plus line 21)	=				▶ -		23
Cumulative gains limit for the year (line 15 minus line 22; if negative, enter "0")				=			24

Part 3 – Trust's eligible taxable capital gains for the year

Annual gains limit for the year (amount from line 12 above)							25
Cumulative gains limit for the year (amount from line 23 above)							26
Eligible taxable capital gains designated in earlier years							27
Line 28 of previous year's Schedule 3		-					28
Line 930 of previous year's Schedule 9	+						29
Subtotal (line 26 plus line 27)	=				▶ -		30
Subtotal (line 25 minus line 28; if negative, enter "0")							31
Eligible taxable capital gains (line 24 or line 29, whichever is less)							32

Use the amount from line 30 to calculate the taxable capital gains eligible for deduction on Schedule 9. See line 930 in Guide T4013, T3 Trust Guide.

Adjusted cumulative loss amount reported after 1984 and before the current year

You have to make an adjustment if the trust claimed net capital losses of other years in a tax year after 1984 and before 1992 if, in the same tax year, the trust reported a pre-1985 reserve. You have to reduce the net capital losses of other years claimed in a year by the taxable part of the pre-1985 reserve reported in the year. The following chart will help you calculate this adjustment for line 17. If you have never made this calculation, you have to make it in the current year for all the years from 1985 to 1991.

Calculation for line 17

Year	1 Net capital losses of other years claimed in the year	2 Reserves for capital dispositions before 1985	3	4 Taxable part of reserve (column 2 x column 3)	5 Lesser of amounts in column 1 and column 4 (if negative, enter "0")
1985	\$ _____	\$ _____	× 1/2	\$ _____	\$ _____
1986	\$ _____	\$ _____	× 1/2	\$ _____	\$ _____
1987	\$ _____	\$ _____	× 1/2	\$ _____	\$ _____
1988	\$ _____	\$ _____	× 2/3	\$ _____	\$ _____
1989	\$ _____	\$ _____	× 2/3	\$ _____	\$ _____
1990	\$ _____	\$ _____	× 3/4	\$ _____	\$ _____
1991	\$ _____	\$ _____	× 3/4	\$ _____	\$ _____
Total					\$ _____

Enter the total of column 5 on line 17 of this schedule.

1. Net capital losses of other years claimed in the year—for 1985 and 1986, line 6 of Part I of Form T672; for 1987, line 523 of Schedule 5B; for 1988 to 1991, line 52 of the T3 return. Also include any capital loss carrybacks claimed in each year.
2. Reserves for capital dispositions before 1985—for 1985, previous-year reserve from Schedule 2; for 1986, line 511 of Schedule 5; for 1987, 1985 and prior, net reserve (line 513 **minus** line 514) from Schedule 5A; for 1988 and 1989, line 575 of Schedule 5C; and for 1990 and 1991, line 215 of Schedule 2.

Related schedules

- If you complete Schedule 3, you also have to complete and submit Schedule 4, Cumulative Net Investment Loss. You will need the amount you calculated on line 30 of Schedule 3 when you complete Schedule 9, Income Allocations and Designations to Beneficiaries.
- The line 30 amount is the amount of the trust's taxable capital gain that qualifies for a capital gains deduction for an individual beneficiary (line 930 of Schedule 9).