

T3 –

**Spousal or Common-Law Partner Trust's Capital Gains Deduction
in Year of Beneficiary's Death**

- Enter the applicable tax year in the box above. **Include a completed copy of this schedule with the trust's return.**
- Use this schedule to calculate a spousal or common-law partner trust's capital gains deduction for the tax year in which the beneficiary spouse or common-law partner died. The trust must be a resident of Canada throughout the current calendar year to be eligible to be claim the capital gains deduction. For this deduction, we also consider the trust to be a resident throughout the current year if the trust was a resident of Canada for part of the current year and throughout the previous or the next year.

Notes: A joint spousal or common-law partner trust, or an alter ego trust **cannot** claim capital gains deduction.

For tax years beginning after 2015, the lifetime capital gains exemption (LCGE) will no longer be available to spousal or common-law partner trust.

- Before completing this schedule, you have to calculate the trust's eligible taxable capital gains (line 34 of T3 Schedule 3, *Eligible Taxable Capital Gains*).
- If the spousal or common-law partner trust is subject to a deemed disposition, see Form T1055, *Summary of Deemed Dispositions (2002 and later tax years)*, in Guide T4013, *T3 Trust Guide*.
- A **pre-1972 spousal trust**, or a **post-1971 spousal or common-law partner trust** can claim a capital gains deduction on qualified farm or fishing property, or qualified small business corporation shares in the tax year the beneficiary spouse or common-law partner dies. The trust can claim the deduction to the extent that the beneficiary spouse or common-law partner could have claimed a deduction for the eligible taxable capital gains, if the gains had belonged to that spouse or common-law partner and not to the trust.
- For definitions of **post-1971 spousal or common-law partner trust** and **pre-1972 spousal trust**, see Chart 1 in Guide T4013, *T3 Trust Guide*.
- The total of your capital gains deductions on gains arising from dispositions after 2014 of qualifying capital property has been indexed from \$800,000 to \$813,600. The limit on gains arising from these dispositions is \$406,800 (one half of a LCGE of \$813,600).
 - The limit on gains arising from the dispositions of qualifying capital property in 2014 is \$400,000 (one half of a LCGE of \$800,000).
 - The limit on gains arising from the dispositions after March 18, 2007 and before 2014 is \$375,000 (one half of a LCGE of \$750,000).
 - The limit on gains arising from 1985 to March 18, 2007 is \$250,000 (one half of a LCGE of \$500,000).

Part A – Deceased beneficiary spouse or common-law partner information

Name of deceased beneficiary spouse or common-law partner	Address	Social insurance number	Date of death		
			Year	Month	Day

Part B – Calculating the spousal or common-law partner trust's capital gains deduction on all property

Spousal or common-law partner trust's eligible taxable capital gains for the year (line 34 of T3 Schedule 3)			1	
Amounts designated on lines 930 and 9301 of T3 Schedule 9	—		2	
Trust's eligible taxable capital gains for the year (line 1 minus line 2)	=	▶		3
Spouse's or common-law partner's cumulative loss amount and cumulative capital gains deduction claimed after 1984 (line 16 of Chart 1 on page 2)	5020 ●		4	
Spouse's or common-law partner's cumulative eligible taxable capital gains reported after 1984 (line 25 of Chart 2 on page 2)	5030 ●	—	5	
Subtotal (line 4 minus line 5; if negative, enter "0")	=	▶	—	6
Net amount (line 3 minus line 6; if negative, enter "0")	=	▶	=	7
Spousal or common-law partner trust's taxable capital gains for the year on qualified farm or fishing property, or qualified small business corporation shares (line 6 of T3 Schedule 3)				8
Spouse's or common-law partner's unused capital gains deduction for the year (the lesser of the amounts from line 28 on page 2 or line 58 on page 5)	5200 ●	=		9
Capital gains deduction for resident spousal or common-law partner's trust (line 7, 8, or 9, whichever is less)	=			10

Enter this amount on line 53 of the T3 return.

Chart 1 – Spouse's or common-law partner's cumulative loss amount and cumulative capital gain deduction claimed after 1984

Amount of line 217 of the spouse's or common-law partner's T1 returns for each year	_____		11
Net capital losses applied after 1984, up to the end of the year of death (line 253 of the spouse's or common-law partner's T1 return for each year)	_____		12
Spouse's or common-law partner's cumulative eligible taxable capital gains (line 25 of Chart 2)	- _____		13
Subtotal (line 12 minus 13; if negative, enter "0")	= _____	▶	+ _____ 14
Total capital gains deductions claimed after 1984, up to the end of the year of death (line 254 of the spouse's or common-law partner's T1 returns for each year)	_____		+ _____ 15
Subtotal (add lines 11, 14, and 15)	= _____	▶	= _____ 16

Enter the result from line 16 on line 4 of this schedule.

Chart 2 – Spouse's or common-law partner's cumulative eligible taxable capital gains reported after 1984

Total taxable capital gains reported after 1984 and before 1992 (line 127 of spouse's or common-law partner's T1 returns for these years). Do not include reserves reported on property disposed of before 1985.	_____		17
1992 and 1993 eligible taxable capital gains (line 3 in Part 1 of Form T657 or T657A for 1992 and 1993)	+ _____		18
1994 eligible taxable capital gains (line 5 in Part 1 of Form T657 or T657A for 1994)	+ _____		19
1995 eligible taxable capital gains (line 7 in Part 1 of Form T657, or line 3 of Form T657A for 1995)	+ _____		20
1996 to 1999 eligible taxable capital gains (line 8 in Part 1 of Form T657 for those years)	+ _____		21
2000 eligible taxable capital gains (line 7 in Part 1 of Form T657 for 2000)	+ _____		22
2001 eligible taxable capital gains (line 8 in Part 1 of Form T657 for 2001)	+ _____		23
2002 to 2015 eligible taxable capital gains (line 10 in Part 1 of Form T657 for those years)	+ _____		24
Cumulative eligible taxable capital gains (total of lines 17 to 24)	= _____	▶	_____ 25

Enter the result from line 25 on line 5 of this schedule.

Chart 3 – Spouse's or common-law partner's adjusted capital gains deduction after 1984

Total capital gains deductions claimed after 1984 and before 1988 (line 254 of spouse's or common-law partner's 1985 to 1987 T1 returns)	_____		a
Capital gains deductions claimed in 1988 and 1989, excluding eligible capital property (line 254 of spouse's or common-law partner's 1988 and 1989 T1 returns), minus any amounts reported on lines 543 and 544 on the spouse's or common-law partner's T1 Schedule 3 for 1988 and 1989; if negative, enter "0"	+ _____		b
Adjustment of 1988 and 1989 capital gains deductions, excluding eligible capital property (enter 1/4 of amount from line b)	- _____		c
Capital gains deductions claimed in 1988 and 1989 for eligible capital property (total of lines 254 of spouse's or common-law partner's 1988 and 1989 T1 returns), minus the amount on line b above; cannot be more than the total of lines 543 and 544 on the spouse's or common-law partner's T1 Schedule 3 for 1988 and 1989	+ _____		d
Adjustment of 1988 and 1989 capital gains deductions for eligible capital property (enter 1/3 of amount from line d)	- _____		e
Total capital gains deductions claimed in 1990 to 1999 (line 254 of spouse's or common-law partner's T1 returns for these years)	+ _____		f
Adjustment of 1990 to 1999 capital gains deductions (enter 1/3 of amount from line f)	- _____		g
Total capital gains deduction claimed in 2000 (line 254 of spouse's or common-law partner's 2000 T1 return)	+ _____		h
Adjustment of 2000 capital gains deduction. Amount from line h × [1 - (1 ÷ (2 × IR*))]	- _____		i
Total capital gains deduction claimed in 2001 to 2014 (line 254 of spouse's or common-law partner's T1 returns for these years)	+ _____		j
Total of lines a to j	= _____	▶	k

* IR represents the inclusion rate for 2000. This rate is from line 16 in Part 4 of the spouse's or common-law partner's T1 Schedule 3 for 2000, or from the spouse's or common-law partner's notice of assessment or latest notice of reassessment for 2000.

Part 1a – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares

Complete this part if:

- The beneficiary spouse or common-law partner died in 2015 and the **trust** disposed of qualified farm or fishing property, or qualified small business corporation shares; or
- the **trust** is reporting a reserve in 2015 from the disposition after 2014 of qualified farm or fishing property, or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm or fishing property, or qualified small business corporation shares	_____		26
Spouse's or common-law partner's capital gains deductions (line k of Chart 3 above)	- _____		27
Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm or fishing property, or qualified small business corporation shares (line 26 minus line 27; if negative, enter "0")	= _____	▶	_____ 28

Taxable capital gains from dispositions of qualified farm or fishing property, or qualified small business corporation shares included in the spousal or common-law partner **trust's** income for the year:

Line 1 of T3 Schedule 1	_____		
Line 2 of T3 Schedule 1	+	_____	
Line 2, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 7, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 11, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 1 of T3 Form T1055	+	_____	
Line 2 of T3 Form T1055	+	_____	
Total	=	_____	× 1/2 ▶ _____ 29
Spousal or common-law partner trust's farming and fishing income eligible for the capital gains deduction (line 5 of T3 Schedule 3)		+	_____ 30
The trust's total taxable capital gains from the disposition of qualified farm or fishing property, or qualified small business corporation shares (line 29 plus line 30)			_____ ▶ _____ 31
Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares – Enter the lesser of lines 28 or 31			_____ 32

Note: If line 2, 7 or 11 of column 3 of T3 Schedule 2 include a reserve(s) from disposition(s) that occurred before 2015, remove that part from the amount you enter here.

Part 1b – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares

Complete this part if:

- The beneficiary spouse or common-law partner died in 2014 and the **trust** disposed of qualified farm or fishing property, or qualified small business corporation shares; or
- the **trust** is reporting a reserve in 2015 from the disposition, in 2014 and before 2015 of qualified farm or fishing property, or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm or fishing property, or qualified small business corporation shares.	_____		33
Amount claimed for the period prior to 2014 (line 48 plus line 53)	-	_____	34
Subtotal (line 33 minus line 34)	=	_____	▶ _____ 35
Spouse's or common law partner's capital gains deductions (line k of Chart 3 on page 2)		-	_____ 36
Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm or fishing property, or qualified small business corporation shares (line 35 minus line 36; if negative, enter "0")		=	_____ 37

Taxable capital gains from dispositions of qualified farm or fishing property, or qualified small business corporation shares included in the spousal or common-law partner **trust's** income for the year:

Line 1 of T3 Schedule 1	_____		
Line 2 of T3 Schedule 1	+	_____	
Line 2, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 7, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 11, column 3 of T3 Schedule 2 (see Note)	+	_____	
Line 1 of T3 Form T1055	+	_____	
Line 2 of T3 Form T1055	+	_____	
Total	=	_____	× 1/2 ▶ _____ 38
Spousal or common-law partner trust's farming and fishing income eligible for the capital gains deduction (line 5 of T3 Schedule 3)		+	_____ 39
The trust's total taxable capital gains from the disposition of qualified farm or fishing property, or qualified small business corporation shares (line 38 plus line 39)		=	_____ ▶ _____ 40
Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares – Enter the lesser of lines 37 or 40			_____ 41

Note: If line 2, 7 or 11 of column 3 of T3 Schedule 2 include a reserve(s) from disposition(s) that occurred before 2014 or in 2015, remove that part from the amount you enter here.

Part 1c – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares

Complete this part if:

- The **trust** is reporting a reserve in 2015 from the disposition, after March 18, 2007 and before 2014 of qualified farm or fishing property, or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm or fishing property, or qualified small business corporation shares before 2014 and after March 19, 2007		42	
Amount claimed for the period prior to March 19, 2007 (line 53 from Part 1d)	-	43	
Subtotal (line 42 minus line 43)	=		44
Spouse's or common law partner's capital gains deductions (line k of Chart 3 on page 2)	-		45
Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm or fishing property, or qualified small business corporation shares (line 44 minus line 45; if negative, enter "0")	=		46

Taxable capital gains from dispositions of qualified farm or fishing property, or qualified small business corporation shares included in the spousal or common-law partner **trust's** income for the year:

Line 2, column 3 of T3 Schedule 2 (see Note)			
Line 7, column 3 of T3 Schedule 2 (see Note)	+		
Line 11, column 3 of T3 Schedule 2 (see Note)	+		
Total	=		47

× 1/2 ▶

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares – Enter the **lesser** of lines 46 or 47

Note: If line 2, 7 or 11 of column 3 of T3 Schedule 2 include a reserve(s) from disposition(s) that occurred after 2013, remove that part from the amount you enter here.

Part 1d – Calculating spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm property, qualified fishing property, and qualified small business corporation shares

Complete this part if the **trust** is reporting a reserve from a disposition before March 19, 2007 of qualified farm property or fishing property, or qualified small business corporation shares.

Maximum capital gains deduction for qualified farm or fishing property, or qualified small business corporation shares before March 19, 2007		49	
Spouse's or common-law partner's capital gains deductions (line k of Chart 3 on page 2)	-	50	
Spouse's or common-law partner's unused capital gains deduction available for dispositions of qualified farm or fishing property, or qualified small business corporation shares (line 49 minus line 50; if negative, enter "0")	=		51

Taxable capital gains from reserves on dispositions before March 19, 2007, of qualified farm or fishing property, or qualified small business corporation shares.

Line 1, column 3 of T3 Schedule 2			
Line 6, column 3 of T3 Schedule 2	+		
Line 10, column 3 of T3 Schedule 2	+		
Total	=		52

× 1/2 ▶

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares – Enter the **lesser** of lines 51 or 52

Part 1e – Spouse's or common-law partner's unused capital gains deduction for the year

Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares from Part 1a (the amount from line 32)	54
Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares from Part 1b (the amount from line 41)	55
Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares from Part 1c (the amount from line 48)	56
Spouse's or common-law partner's unused capital gains deduction available for the spousal or common-law partner trust's dispositions of qualified farm or fishing property, or qualified small business corporation shares from Part 1d (the amount from line 53)	57
 Subtotal (add lines 54, 55, 56, and 57)	58

On line 9, enter the lesser of the amounts from lines 28 or 58.