

Calculation of Capital Gains Deduction for 2018

Use this form if you disposed of **qualified farm or fishing property (QFFP)** or **qualified small business corporation shares (QSBCS)** in 2018, or are reporting a reserve in 2018 from the disposition of QFFP, QSBCS, qualified farm property (QFP), or qualified fishing property (QXP). For the definitions of qualified farm or fishing property and qualified small business corporation shares, see the "Definitions" section in Guide T4037, Capital Gains.

Note

You have to be a resident of Canada throughout 2018 to be eligible to claim the capital gains deduction. For the purpose of this deduction, we also consider you to be a resident throughout 2018 if you were a resident of Canada for part of 2018 and throughout 2017 or 2019.

Deferred capital gains from the disposition of QSBCS **do not qualify** for this deduction.

If you have investment income or investment expenses in 2018, complete Form T936, Calculation of Cumulative Net Investment Loss (CNIL) to December 31, 2018, before you complete this form. Form T936 lists what we consider to be investment income and expenses. If you are reporting a reserve claimed on your 2017 return or claiming a reserve for 2018, you also have to complete Form T2017, Summary of Reserves on Dispositions of Capital Property. To get these forms go to canada.ca/get-cra-forms or call **1-800-959-8281**.

What is the capital gains deduction limit?

If you disposed of QFFP, QSBCS, QFP, or QXP you may be eligible for the lifetime capital gains exemption (LCGE). Because you only include one half of a capital gain in your income, your cumulative capital gains deduction is one half the LCGE.

The total of your capital gains deductions on gains arising from dispositions in 2018 of qualifying capital property has increased to \$424,126 (one half of an increased LCGE increased by indexation to \$848,252 for 2018).

For dispositions of QFFP after April 20, 2015, the LCGE is increased to \$1,000,000. This additional deduction does not apply to dispositions of QSBCS.

- The limit on gains arising from dispositions in 2017 of qualifying capital property is \$417,858 (one half of a lifetime LCGE of \$835,716).
- The limit on gains arising from dispositions in 2016 of qualifying capital property is \$412,088 (one half of a lifetime LCGE of \$824,176).
- The limit on gains arising from dispositions in 2015 of qualifying capital property is \$406,800 (one half of a lifetime LCGE of \$813,600).
- The limit on gains arising from dispositions in 2014 of qualifying capital property is \$400,000 (one half of a lifetime LCGE of \$800,000).
- The limit on gains arising from the dispositions of qualifying capital property after 2008 and before 2014 is \$375,000 (one half of a lifetime LCGE of \$750,000).

For more information, see the section called "Claiming a capital gains deduction" in Guide T4037, Capital Gains.

Qualified farm or fishing property (QFFP) and qualified small business corporation shares (QSBCS)

When you dispose of QFFP or QSBCS and have a capital gain, you can claim a capital gains deduction in 2018 that is equal to one of the following amounts, whichever is **lowest**:

- your annual gains limit for 2018
- your cumulative gains limit for 2018
- your net taxable capital gains reported in 2018 from dispositions of QFFP or QSBCS or if you are reporting a reserve in 2018 from the disposition of qualifying capital property
- your maximum capital gains deduction available for 2018

There is an election available to you if you own shares of a qualifying small business corporation that stops being a small business corporation because of one of the following reasons:

- a class of its shares is listed on a designated stock exchange
- after 1999, a class of another corporation's shares is listed on a designated stock exchange

This election will allow you to report a taxable capital gain on your return and claim the \$424,126 capital gains deduction, even though you did not actually sell your shares. The deduction applies to any gain you have on these shares to the date the shares are listed. To make this election, complete Form T2101, Election for Gains on Shares of a Corporation Becoming Public. To get this form go to canada.ca/get-cra-forms or call **1-800-959-8281**.

Part 1 – Calculating your annual gains limit for 2018

Total of lines 107, 110, and 124 of Schedule 3	_____	1	
Total of lines C and D of Form T2017 (if the amount is a loss, show it in brackets)	+ _____	2	
Total net capital gains (or losses): Line 1 plus line 2 (if the amount is a loss, show it in brackets)	= _____	3	
Total taxable capital gains (or losses): Amount from line 3 _____ × 1/2	= _____	4	
Total taxable capital gains or net capital losses from line 199 of Schedule 3 (if the amount is a loss, show it in brackets)	_____	5	
Amount from line 176 on Schedule 3 (if negative, enter "0") _____ × 1/2	- _____	6	
Line 5 minus line 6	= _____	7	
2018 eligible taxable capital gains (enter the amount from line 4 or 7, whichever is less ; if line 8 is zero, you cannot claim a capital gains deduction for 2018)	_____	8	▶ _____ 8
Net capital losses of other years deducted in 2018 (line 253 of your 2018 return)	_____	9	
Net capital losses of other years applied against net non-eligible taxable capital gains in 2018 (line 9 of Chart A of Form T936 for 2018)	- _____	10	
Net capital losses of other years (line 9 minus line 10; if negative, enter "0")	= _____	11	▶ _____ 11
Allowable business investment losses (line 217 of your 2018 return)	+ _____	12	
Line 11 plus line 12	= _____	13	▶ _____ 13
Annual gains limit for 2018 (line 8 minus line 13; if negative, enter "0")	= _____	14	▶ _____ 14

If line 14 is zero, do not complete the rest of this form, because you cannot claim a capital gains deduction for 2018.

Part 2 – Calculating your cumulative gains limit for 2018

Total taxable capital gains reported after 1984 and before 1992 (line 127 of your returns for these years). Do not include reserves reported on property disposed of before 1985	_____	15	
1992 and 1993 eligible taxable capital gains (line 3 in Part 1 of Form T657 or Form T657A for 1992 and 1993)	+ _____	16	
1994 eligible taxable capital gains (line 5 in Part 1 of Form T657 or T657A for 1994)	+ _____	17	
1995 eligible taxable capital gains (line 7 in Part 1 of Form T657 or line 3 of Form T657A for 1995)	+ _____	18	
1996 to 1999 eligible taxable capital gains (line 8 in Part 1 of Form T657 for those years)	+ _____	19	
2000 eligible taxable capital gains (line 7 in Part 1 of Form T657 for 2000)	+ _____	20	
2001 eligible taxable capital gains (line 8 in Part 1 of Form T657 for 2001)	+ _____	21	
2002 to 2018 eligible taxable capital gains (line 10 in Part 1 of Form T657 for those years)	+ _____	22	
Cumulative eligible taxable capital gains (total of lines 15 to 22)	= _____	23	▶ _____ 23
Allowable capital losses claimed in 1985 (amount shown in brackets on line 127 of your 1985 return; maximum of \$2,000)	_____	24	
Allowable business investment losses claimed after 1984 and before 2018 (line 217 on your 1985 to 2017 returns)	+ _____	25	
Net capital losses of other years claimed after 1984 and before 2018 (enter the total of amounts in column G of Chart 1 on the last page)	+ _____	26	
Total losses used to calculate your annual gains limit for 2018 (from line 13 of Part 1 above)	+ _____	27	
Cumulative net investment loss to December 31, 2018 (line C in Part 3 of Form T936 for 2018)	+ _____	28	
Total capital gains deductions claimed after 1984 and before 2018 (line 254 on your 1985 to 2017 returns)	+ _____	29	
Total of lines 24 to 29	= _____	30	▶ _____ 30
Cumulative gains limit for 2018 (line 23 minus line 30; if negative, enter "0")	= _____	31	▶ _____ 31

If line 31 is zero, do not complete the rest of this form, because you cannot claim a capital gains deduction for 2018.

Answer the ten questions below by ticking the corresponding **Yes** or **No** box.

If you disposed of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2018, and you are **not** reporting a reserve claimed in a previous year, begin at Part 3i.

Are you reporting a reserve in 2018 on dispositions of qualified farm property (QFP), qualified fishing property (QXP), or QSBCS to your child after 2008 and before 2014? Yes No Part 3a

Are you reporting a reserve in 2018 on dispositions of QFFP or QSBCS in 2014? Yes No Part 3b

Are you reporting a reserve in 2018 on dispositions of QFFP or QSBCS in 2015? Yes No Part 3c

Are you reporting a reserve in 2018 on dispositions of QFFP after April 20, 2015 and before 2016? Yes No Part 3d

Are you reporting a reserve in 2018 on dispositions of QFFP or QSBCS in 2016? Yes No Part 3e

Are you reporting a reserve in 2018 on dispositions of QFFP in 2016? Yes No Part 3f

Are you reporting a reserve in 2018 on dispositions of QFFP or QSBCS in 2017? Yes No Part 3g

Are you reporting a reserve in 2018 on dispositions of QFFP in 2017? Yes No Part 3h

Did you dispose of QFFP or QSBCS in 2018? Yes No Part 3i

Did you dispose of QFFP in 2018? Yes No Part 3j

Part 3a – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you are reporting a reserve in 2018 on dispositions of qualified small business corporation shares (QSBCS), qualified farm property (QFP), or qualified fishing property (QXP) to your child after 2008 and before 2014.

Maximum capital gains deduction for QSBCS, QFP, or QXP disposed of after 2007 and before 2014	<u>\$375,000.00</u>	32
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note A below)	<u>—</u>	33
Capital gains deduction available for QSBCS, QFP, or QXP disposed of after 2007 and before 2014 included in your 2018 income (line 32 minus line 33; if negative, enter "0")	<u>=</u>	▶ <u> </u> 34
Line A of Form T2017. If this amount is negative, enter in brackets. (see note 1 below)	<u> </u>	35
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 2 below)	<u>+ </u>	36
Line 35 plus line 36; Taxable capital gains from a reserve on QSBCS, QFP, or QXP disposed of after 2007 and before 2014 included in your 2018 income (if negative, enter "0").	<u>=</u>	▶ <u> </u> 37
Enter the lesser of lines 34 and 37.	<u> </u>	38

Notes

- If line A of your Form T2017 includes a reserve from dispositions in 2014 and/or 2015 of QFFP, remove those parts from the amount you enter here.
- If line D of your Form T2017 includes a reserve from dispositions after 2013 of QSBCS, remove those parts from the amount you enter here.

If you did not dispose of QFFP or QSBCS in 2018 and you are not bringing a reserve into 2018 income for any dispositions after 2013, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 38. You can, however, choose to claim less than the maximum.

Note A

You may have claimed a capital gains deduction for other eligible capital gains amounts beginning in the year this reserve was first included in income, up to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 33 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your Form T657 from the year of disposition when the reserve was first taken to 2017, plus the amount of all capital gains deductions you have already claimed from the year of disposition to 2017 for this reserve.

Calculate amount B:

The amount of capital gains deductions you have claimed for other gains (not the reserve) from the year of disposition when the reserve was first taken to 2017, minus the maximum capital gains exemption increase allowed for other gains since the year of disposition when the reserve was first claimed, to the year the other gains are reported (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 33.

Part 3b – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you are reporting a reserve in 2018 on dispositions of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2014.

Maximum capital gains deduction for QFFP and/or QSBCS disposed of in 2014	<u>\$400,000.00</u>	39
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note B below)	-	40
Capital gains deduction available for QFFP and/or QSBCS disposed of in 2014 included in your 2018 income (line 39 minus line 40; if negative, enter "0") (see note 3 below) ...	=	41
Line A of Form T2017. If this amount is negative, enter in brackets. (see note 4 below)		42
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 5 below)	+	43
Line 42 plus line 43; Taxable capital gains from a reserve on QFFP and/or QSBCS disposed of in 2014 included in your 2018 income (if negative, enter "0").	=	44
Enter the lesser of lines 41 and 44	x 1/2	45
Enter the amount from line 38 of Part 3a. If you did not complete Part 3a, enter "0".	+	46
Line 45 plus line 46. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	47

Notes

- If you completed Part 3a of this form, you must also subtract from line 39 above, the amount from line 38 of Part 3a.
- If line A of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2014, remove that part from the amount you enter here.
- If line D of your Form T2017 includes a reserve from a disposition of QSBCS in any year other than 2014, remove that part from the amount you enter here.

If you did **not** dispose of QFFP or QSBCS in 2018, and you are not bringing a reserve into 2018 income for any disposition after 2014, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 47. You can, however, choose to claim less than the maximum.

Note B

You may have claimed a capital gains deduction for other eligible capital gains amounts from 2014 to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 40 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your 2014 Form T657 plus the amount of all capital gains deductions you have already claimed from 2014 to 2017 for this reserve.

Calculate amount B:

The amount of capital gains deductions you claimed for other gains (not the reserve) from 2014 to 2017, minus the maximum capital gains exemption increase allowed for other gains from 2014 to the year the other gains are reported (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 40.

Part 3c – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you are reporting a reserve in 2018 on dispositions of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2015.

Maximum capital gains deduction for QFFP and/or QSBCS disposed of in 2015	<u>\$406,800.00</u>	48
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note C below)	-	49
Capital gains deduction available for QFFP and/or QSBCS disposed of in 2015 included in your 2018 income (line 48 minus line 49; if negative, enter "0") (see note 6 below) ..	=	▶ 50
Line C of Form T2017. If this amount is negative, enter in brackets. (see note 7 below)		51
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 8 below)	+	52
Line 51 plus line 52; Taxable capital gains from a reserve on QFFP and/or QSBCS disposed of in 2015 included in your 2018 income (if negative, enter "0").	=	x 1/2 ▶ 53
Enter the lesser of lines 50 and 53		54
Enter the amount from the last line you completed of lines 38 and 47. If you did not complete Part 3a or 3b, enter "0".	+	55
Line 54 plus line 55. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	56

Notes

6. You must also subtract from line 48 above, the amount from the last line you completed of line 38 of Part 3a, and line 47 of Part 3b.
7. If line C of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2015, remove that part from the amount you enter here.
8. If line D of your Form T2017 includes a reserve from a disposition of QSBCS in any year other than 2015, remove that part from the amount you enter here.

If you are reporting a reserve in 2018 from the disposition of QFFP after April 20, 2015 and before 2016, and each of line 14 from Part 1, line 31 from Part 2, and line 56 is **greater than or equal to** line 50, complete Part 3d.

If you are **not** reporting a reserve in 2018 from the disposition of QFFP after April 20, 2015 and before 2016, you are not bringing a reserve into 2018 income for any disposition of QFFP or QSBCS after 2015, and you did not dispose of QFFP or QSBCS in 2018, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 56. You can, however, choose to claim less than the maximum.

Note C

You may have claimed a capital gains deduction for other eligible capital gains amounts from 2015 to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 49 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your 2015 Form T657 plus the amount of all capital gains deductions you have already claimed, from 2015 to 2017 for this reserve.

Calculate amount B:

The amount of capital gains deductions you claimed for of other gains (not the reserve) from 2015 to 2017, minus the maximum capital gains exemption increase allowed for other gains from 2015 to the year the other gains are reported (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 49.

Part 3d – Calculating your capital gains deduction on qualified farm or fishing property

Complete this part **only** if you meet the following conditions:

- you are reporting a reserve in 2018 from the disposition of qualified farm or fishing property (QFFP) after April 20, 2015 and before 2016
- each of line 14, line 31, and line 56 are all **greater than or equal to** line 50 of Part 3c

Note

For this period there is an additional \$93,200 to the capital gains deduction limit that can only be used after your cumulative capital gains deduction of \$406,800 has been used up. This additional amount does **not** apply to dispositions of qualified small business corporation shares (QSBCS).

Maximum capital gains deduction for QFFP disposed of after April 20, 2015, and before 2016	\$500,000 00	57
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note D below)	-	58
Capital gains deduction available for QFFP disposed of after April 20, 2015 and before 2016 included in your 2018 income (line 57 minus line 58; if negative, enter "0") (see note 9 below)	=	▶ 59
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 10 below)	× 1/2	▶ 60
Enter the lesser of lines 59 and 60		61
Enter the amount from line 56 of Part 3c.	+	62
Line 61 plus line 62	=	63
Enter the lesser of lines 60 and 63. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction		64

Notes

9. You must also subtract from line 57 above, the amount from line 56 of Part 3c.
10. If line B of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2015, remove that part from the amount you enter here.

If you did **not** dispose of QFFP or QSBCS in 2018, and you are not bringing a reserve into 2018 income for any disposition after 2015, the maximum capital gains deduction you can claim at line 254 of your 2018 income tax and benefit return is the **lesser** of the amounts at lines 14, 31, or 64. You can, however, choose to claim less than the maximum.

Note D

You may have claimed a capital gains deduction for other eligible capital gains amounts after April 20, 2015, to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 58 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your 2016 Form T657 that only includes amounts claimed before April 21, 2015, plus the amount of all capital gains deductions you have already claimed after April 20, 2015 and before 2016 in respect of this reserve. Also, add to this amount the capital gains deductions you claimed after December 31, 2015 to 2017, for this reserve.

Calculate amount B:

The amount of capital gains deductions you claimed for other gains (not the reserve) from April 20, 2015, to 2017, minus the maximum capital gains exemption increase allowed for other gains from 2015 to the year the other gains are reported (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 58.

Part 3e – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you are reporting a reserve in 2018 on dispositions of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2016.

Maximum capital gains deduction for QFFP and/or QSBCS disposed of in 2016	<u>\$412,088,00</u>	65
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note E below)	-	66
Capital gains deduction available for QFFP and/or QSBCS disposed of in 2016 included in your 2018 income (line 64 minus line 65; if negative, enter "0" (see note 11 below) ..	=	▶ 67
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 12 below)		68
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 13 below)	+	69
Line 68 plus line 69. Taxable capital gains from a reserve on QFFP and/or QSBCS disposed of in 2016 included in your 2018 income (if negative, enter "0")	=	▶ 70
Enter the lesser of lines 67 and 70	× 1/2	71
Enter the amount from the last line you completed of lines 38, 47, 56, and 64. If you did not complete Part 3a, 3b, 3c, or 3d, enter "0"	+	72
Add lines 71 and 72. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	73

Notes

11. You must also subtract from line 65 above, the amount from the last line you completed of line 38 of Part 3a, line 47 of Part 3b, line 56 of Part 3c, and line 64 of Part 3d.
12. If line B of your Form T2017 includes a reserve(s) from a disposition(s) of QFFP, QFP, or QXP in any year other than 2016, remove that part from the amount you enter here.
13. If line D of your Form T2017 includes a reserve(s) from a disposition(s) of QSBCS in any year other than 2016, remove that part from the amount you enter here.

If you are reporting a reserve in 2018 from the disposition of QFFP in 2016, and each of line 14 from Part 1, line 31 from Part 2, and line 73 is **greater than or equal to** than line 67, complete Part 3f.

If you are **not** reporting a reserve in 2018 income from the disposition of QFFP in 2016, you did **not** dispose of QFFP or QSBCS in 2018, and you are **not** bringing a reserve into 2018 income for any disposition after 2016, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 73. You can, however, choose to claim less than the maximum.

Note E

You may have claimed a capital gains deduction for other eligible capital gains amounts from 2016 to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 66 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your 2016 Form T657 plus the amount of all capital gains deductions you have already claimed in 2016 and 2017, for this reserve.

Calculate amount B:

The amount of capital gains deductions you claimed for other gains (not the reserve) in 2016 and 2017 (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 66.

Part 3f – Calculating your capital gains deduction on qualified farm or fishing property

Complete this part **only** if you meet the following conditions:

- you are reporting a reserve in 2018 from the disposition of qualified farm or fishing property (QFFP) in 2016
- each of line 14, line 31, and line 73 are all **greater than or equal to** line 67 of Part 3e

Note

For 2016 there is an additional \$87,912 to the capital gains deduction limit that can only be used after your cumulative capital gains deduction of \$412,088 has been used up. This additional amount does **not** apply to dispositions of qualified small business corporation shares.

Maximum capital gains deduction for QFFP disposed of in 2016	\$500,000.00	74
Capital gains deductions from previous years (line k of Chart 2 on the last page) (see Note F below)	-	75
Capital gains deduction available for QFFP disposed of in 2016 included in your 2018 income (line 74 minus line 75; if negative, enter "0") (see note 14 below)	=	▶ 76
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 15 below)	x 1/2	▶ 77
Enter the lesser of lines 76 and 77.		78
Enter the amount from line 73 of Part 3e.	+	79
Line 78 plus line 79	=	80
Enter the lesser of lines 77 and 80. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	81

Notes

14. You must also subtract from line 74 above, the amount from line 73 of Part 3e.
15. If line B of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2016, remove that part from the amount you enter here.

If you did **not** dispose of QFFP or QSBCS in 2018, and you are **not** bringing a reserve into 2018 income for any disposition after 2016, the maximum capital gains deduction you can claim at line 254 of your 2018 income tax and benefit return is the **lesser** of the amounts at lines 14, 31, or 81. You can, however, choose to claim less than the maximum.

Note F

You may have claimed a capital gains deduction for other eligible capital gains amounts from 2016 to 2017. If so, use the amount you calculate with the following instructions instead of line k of Chart 2 of this T657 form (line 75 of this page).

Calculate amount A:

The amount from line k of Chart 2 of your 2016 Form T657 plus the amount of all capital gains deductions you have already claimed from 2016 to 2017, for this reserve.

Calculate amount B:

The amount of capital gains deductions you claimed for other gains (not the reserve) from 2016 to 2017 minus the maximum capital gains exemption increase allowed for other gains in 2016 and 2017 (if negative, use zero).

After you calculate amounts A and B, add them and enter the result on line 75.

Part 3g – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you are reporting a reserve in 2018 on dispositions of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2017.

Maximum capital gains deduction for QFFP and/or QSBCS disposed of in 2017	<u>\$417,858.00</u>	82
Capital gains deductions from previous years (line k of Chart 2 on the last page)	-	83
Capital gains deduction available for QFFP and/or QSBCS disposed of in 2017 included in your 2018 income (line 82 minus line 83; if negative, enter "0"(see note 16 below)...	<u>=</u>	▶ 84
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 17 below)		85
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 18 below)	+	86
Line 85 plus line 86. Taxable capital gains from a reserve on QFFP and/or QSBCS disposed of in 2017 included in your 2018 income (if negative, enter "0")	<u>=</u>	× 1/2 ▶ 87
Enter the lesser of lines 84 and 87		88
Enter the amount from the last line you completed of lines 38, 47, 56, 64, 73, and 81. If you did not complete Part 3a, 3b, 3c, 3d, 3e, or 3f, enter "0"	+	89
Add lines 88 and 89. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	<u>=</u>	90

Notes

16. You must also subtract from line 82 above, the amount from the last line you completed of line 38 of Part 3a, line 47 of Part 3b, line 56 of Part 3c, line 64 of Part 3d, line 73 of Part 3e, and line 81 of Part 3f.
17. If line B of your Form T2017 includes a reserve(s) from a disposition(s) of QFFP, QFP, or QXP in any year other than 2017, remove that part from the amount you enter here.
18. If line D of your Form T2017 includes a reserve(s) from a disposition(s) of QSBCS in any year other than 2017, remove that part from the amount you enter here.

If you are reporting a reserve in 2018 from a disposition of QFFP in 2017, and each of line 14 from Part 1, line 31 from Part 2, and line 90 is **greater than or equal to** line 84, complete Part 3h.

If you are **not** reporting a reserve in 2018 income from the disposition of QFFP in 2017, you did not dispose of QFFP or QSBCS in 2018, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 90. You can, however, choose to claim less than the maximum.

Part 3h – Calculating your capital gains deduction on qualified farm or fishing property

Complete this part **only** if:

- you disposed of qualified farm or fishing property (QFFP) in 2017; **and**
- each of line 14, line 31, **and** line 90 are all **greater than or equal to** line 84 of Part 3g.

Note

For 2017 there is an additional \$82,142 to the capital gains deduction limit that can only be used after your cumulative capital gains deduction of \$417,858 has been used up. This additional amount does **not** apply to dispositions of qualified small business corporation shares.

Maximum capital gains deduction for QFFP disposed of in 2017	\$500,000.00	91
Capital gains deductions from previous years (line k of Chart 2 on the last page)	-	92
Capital gains deduction available for QFFP disposed of in 2017 included in your 2018 income (line 91 minus line 92; if negative, enter "0") (see note 19 below)	=	▶ 93
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 20 below)	_____ × 1/2	▶ 94
Enter the lesser of lines 93 and 94.		95
Enter the amount from line 90 of Part 3g.	+	96
Line 95 plus line 96.	=	97
Enter the lesser of lines 94 and 97. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	98

Notes

19. You must also subtract from line 91 above, the amount from line 90 of Part 3g.
20. If line B of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2017, remove that part from the amount you enter here.

If you did not dispose of QFFP or QSBCS in 2018, and you are not bringing a reserve into 2018 income for any disposition after 2017, the maximum capital gains deduction you can claim at line 254 of your 2018 income tax and benefit return is the **lesser** of the amounts at lines 14, 31, or 98. You can, however, choose to claim less than the maximum.

Part 3i – Calculating your capital gains deduction on qualified farm or fishing property, and qualified small business corporation shares

Complete this part if you disposed of qualified farm or fishing property (QFFP) or qualified small business corporation shares (QSBCS) in 2018.

Maximum capital gains deduction for QFFP and/or QSBCS disposed of in 2018	<u>\$424,126.00</u>	99
Capital gains deductions from previous years (line k of Chart 2 on the last page)	-	100
Capital gains deduction available for dispositions of QFFP and/or QSBCS (line 99 minus line 100; if negative, enter "0" (see note 21 below).....	=	▶ 101

Taxable capital gains arising from dispositions in 2018, of QFFP and/or QSBCS included in your 2018 income:

Line 107 of Schedule 3	_____	
Line 110 of Schedule 3	+	_____
Line 124 of Schedule 3	+	_____
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 22 below)	+	_____
Line D of Form T2017. If this amount is negative, enter in brackets. (see note 23 below)	+	_____
Total (if negative, enter "0")	=	x 1/2 ▶ _____ 102
Enter the lesser of lines 101 and 102	_____	103
Enter the amount from the last line you completed of lines 38, 47, 56, 64, 73, 81, 90 and 98.	_____	104
Line 103 plus line 104. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=	105

Notes

21. You must also subtract from line 99 above, the amount from the last line you completed of line 38 of Part 3a, line 47 of Part 3b, line 56 of Part 3c, line 64 of Part 3d, line 73 of Part 3e, line 81 of Part 3f, line 90 of Part 3g and line 98 of Part 3h.
22. If line B of your Form T2017 includes a reserve(s) from a disposition(s) of QFFP, QFP, or QXP before 2018, remove that part from the amount you enter here.
23. If line D of your Form T2017 includes a reserve(s) from a disposition(s) of QSBCS before 2018, remove that part from the amount you enter here.

If you disposed of QFFP in 2018, and each of line 14 from Part 1, line 31 from Part 2, and line 105 is **greater than or equal to** line 101, complete Part 3h.

If you did **not** dispose of QFFP in 2018, the maximum amount you can enter on line 254 of your 2018 return is the **lesser** of line 14, line 31, and line 105. You can, however, choose to claim less than the maximum.

Part 3j – Calculating your capital gains deduction on qualified farm or fishing property

Complete this part **only** if you meet the following conditions:

- you disposed of qualified farm or fishing property (QFFP) in 2018
- each of line 14, line 31, and line 105 are all **greater than or equal to** line 101 of Part 3i

Note

For 2018 there is an additional \$75,874 to the capital gains deduction limit that can only be used after your cumulative capital gains deduction of \$424,126 has been used up. This additional amount does **not** apply to dispositions of qualified small business corporation shares.

Maximum capital gains deduction for QFFP disposed of in 2018	<u>\$500,000.00</u>	106
Capital gains deductions from previous years (line k of Chart 2 on the last page)	-	107
Capital gains deduction available for QFFP disposed of in 2018 included in your 2018 income (line 106 minus line 107; if negative, enter "0") (see note 24 below)	=	▶ _____ 108

Taxable capital gains arising from dispositions in 2018 of QFFP included in your 2018 income:

Line 110 of Schedule 3	+		
Line 124 of Schedule 3	+		
Line B of Form T2017. If this amount is negative, enter in brackets. (see note 25 below)	+		
Total (if negative, enter "0")	=		× 1/2 ▶ _____ 109
Enter the lesser of lines 108 and 109			_____ 110
Enter the amount from line 105 of Part 3i	+		_____ 111
Line 110 plus line 111. Total amount of capital gains included in your 2018 income that is eligible for the capital gains deduction	=		_____ 112

Notes

24. You must also subtract from line 106 above, the amount from line 105 of Part 3i.
25. If line B of your Form T2017 includes a reserve from a disposition of QFFP in any year other than 2018, remove that part from the amount you enter here.

The maximum capital gains deduction you can claim at line 254 of your 2018 income tax and benefit return is the **lesser** of the amounts at lines 14, 31, or 112. You can, however, choose to claim less than the maximum.

Chart 1 – Calculating line 26 (net capital losses of other years)

- Column A** Enter the **total** amount of net capital losses from other years claimed for each year indicated (amount from line 253 of each return).
- Column B** For 1985, 1986, and 1987, enter 1/2 of the **total** reserves included in capital gains for capital property disposed of before 1985 (1/2 of those reserves reported on your Schedule 3 for 1985, 1986, and 1987).
 For 1988 and 1989, enter 2/3 of the **total** reserves included in capital gains for capital property disposed of before 1985 (2/3 of the amounts entered on line 395 of Form T2017 for 1988 and 1989).
 For 1990 and 1991, enter 3/4 of the **total** reserves included in capital gains for capital property disposed of before 1985 (3/4 of the amounts entered on line 395 of Form T2017 for 1990 and 1991).
- Column C** For 1992, enter the **lesser** of the amount from line 127 of your 1992 return and the amount from line (f) in Part A of Form T936 for 1992.
 For 1993, enter the **lesser** of the amount from line 127 of your 1993 return and the amount from line (d) in Chart A of Form T936 for 1993.
 For 1994, enter the amount from line (p) in Chart B of Form T936 for 1994.
 For 1995, enter the amount from line (m) in Chart B of Form T936 for 1995.
 For 1996 to 1999, enter the **total** amount from line 17 in Chart A of Form T936 for 1996 to 1999.
 For 2000, enter the amount from line 24 in Chart A of Form T936 for 2000.
 For 2001, enter the **total** amount from line 17 in Chart A of Form T936 for 2001.
 For 2002 to 2017, enter the amount from line 10 in Chart A of Form T936 for 2002 to 2017.
- Column D** For 1992, enter the amount from line (k) in Part B of Form T936 for 1992.
 For 1993, enter the amount from line (k) in Chart B of Form T936 for 1993.

Year(s)	A	B	C	D	E (C – D) If negative, enter "0"	F (B + E)	G (A – F) If negative, enter "0"
1985 to 1987			N/A	N/A	N/A		
1988 and 1989			N/A	N/A	N/A		
1990 and 1991			N/A	N/A	N/A		
1992		N/A					
1993		N/A					
1994		N/A		N/A			
1995		N/A		N/A			
1996 to 1999		N/A		N/A			
2000		N/A		N/A			
2001 to 2017		N/A		N/A			

Add the amounts in column G and enter the result on line 26 in Part 2 of this form. Due to space restrictions, some years have been combined on a single row on this chart. However, to ensure a correct result, do the calculations **separately** for each year that applies to you.

Chart 2 – Calculating lines 33, 40, 49, 58, 66, 75, 83, 92, 100, and 107 (capital gains deductions from previous years)

Total capital gains deductions claimed after 1984 and before 1988 (line 254 of your 1985 to 1987 returns)	_____	a
Capital gains deductions claimed in 1988 and 1989 excluding eligible capital property (line 254 of your 1988 and 1989 returns minus any amounts reported on lines 543 and 544 on 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 on line b)	- _____	c
Capital gains deductions claimed in 1988 and 1989 for eligible capital property (total of lines 254 of your 1988 and 1989 returns minus the amount on line b above; not to exceed the total of lines 543 and 544 on Schedule 3 for 1988 and 1989)	+ _____	d
Adjustment of 1988 and 1989 capital gains deductions for eligible capital property (enter 1/3 of amount on line d)	- _____	e
Total capital gains deductions claimed in 1990 to 1999 (line 254 of your returns for these years)	+ _____	f
Adjustment of 1990 to 1999 capital gains deductions (enter 1/3 of amount on line f)	- _____	g
Total capital gains deduction claimed in 2000 (line 254 of your 2000 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 2017 (line 254 of your returns for these years)	+ _____	j
Total of lines a to j	= _____	k

* IR represents your inclusion rate for 2000. This rate is from line 16 in Part 4 of Schedule 3 for 2000, or from your notice of assessment or latest notice of reassessment for 2000.