



## Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation

- This form is used by a taxpayer and a taxable Canadian corporation to jointly elect under subsection 85(1) where the taxpayer has disposed of eligible property under subsection 85(1.1) to the corporation and the taxpayer receives as consideration shares of capital stock of the corporation.
- In order to file this election, you **must** have a valid CRA account number. For information on how to obtain one, go to [canada.ca](http://canada.ca).
- Unless otherwise indicated, all legislative references are to the federal Income Tax Act.
- To file this form electronically, please go to [canada.ca/cra-special-elections-and-returns](http://canada.ca/cra-special-elections-and-returns).  
Or mail one copy of the election and related documents (if any), completed by the transferor as follows:
  - to the tax centre of the transferor
  - on or before the earliest date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred (due date). This due date must consider any election under subsection 25(1) or 99(2), and
  - separately from any other return
- When many transferors elect to transfer the same property (co-ownership) or many members of the same partnership elect to transfer their partnership interests, the elections will be processed together and should be filed:
  - to the tax centre of the transferee
  - on or before the due date, and
  - by a designated transferor to file all of the completed forms for each transferor, together with a list of all of the electing transferors. This list must contain the name, address and social insurance number, trust account number or business number of each transferor
- Find the address of the transferor and transferee's tax centre at [canada.ca/tax-centres](http://canada.ca/tax-centres).

**Do not use this area**

Amended election **010**  Yes

### Part 1 – Identification

If the transferor is an <b>individual</b> , is the transferor or their spouse self-employed for the year of the election? . . . . . <b>025</b> <input type="checkbox"/> Yes					
Is the transferor a non-resident of Canada? . . . . . <b>004</b> <input type="checkbox"/> Yes <input type="checkbox"/> No					
If <b>yes</b> , enter their taxpayer identification number (TIN) . . . . . <b>020</b>					
<b>002</b> Taxpayer's name (transferor)			<b>001</b> Social insurance, business or trust account number		
Address			City		
Province or State		Postal or ZIP code		Country	
Tax year of the taxpayer		<b>011</b> Start:   Year   Month   Day		<b>012</b> End:   Year   Month   Day	
<b>019</b> Name of contact person		<b>024</b> Name of firm		<b>022</b> Telephone number <b>023</b> Extension	
Co-owner legal name <b>013</b>				Social insurance number <b>014</b>	
1.					
2.					
3.					
4.					
<b>015</b> Corporation's name (transferee)			<b>016</b> Business number		
Address		City		Province   Postal code	
Tax year of the corporation		<b>017</b> Start:   Year   Month   Day		<b>018</b> End:   Year   Month   Day	

**Part 2 – Penalty for late-filed and amended elections**

An election that is filed after its due date will be subject to a late-filing penalty. Form T2057 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2057 can also be amended or filed after the 3-year period at the minister's discretion, but a written explanation of the reason the election is amended or late-filed must be attached for consideration by the minister and an estimate of the applicable penalty must be paid at the time of filing.

**Calculation of late-filing penalty:**

Total fair market values (FMV) of the disposed properties from Schedule A ..... \_\_\_\_\_

Total agreed amounts of the disposed properties from Schedule A ..... \_\_\_\_\_

Subtotal (total FMV **minus** total agreed amount) ..... **2A**

Amount 2A ..... × ¼ × 1% × Number of months ..... = ..... **2B**

\$100 × Number of months ..... = ..... **2C**

**Amount 2C cannot exceed \$8,000**

Late-filing penalty (amount 2B or amount 2C, whichever is less) ..... **320**

Amount enclosed **400**

If paying by cheque or money order, make payable to the Receiver General. Write "T2057", the name of the taxpayer (transferor), the social insurance, business, or trust account number and tax year-end on the back of your cheque or money order. \*\*

\* Number of months is the sum of each month or each part of a month in the period from the filing due date to the actual date filed.

\*\* Daily compound interest at the prescribed rate applies to unpaid amounts, including late-filing penalties.

**Part 3 – Information required**

On the attached Schedule A, list, describe, and state the fair market value (FMV) of the transferred properties. The description and FMV of the consideration received has to be shown opposite of the related property transferred. Attach a schedule of the calculation of the adjusted cost base of all transferred properties. If there is not enough space on the form, attach schedules giving similar details. In the case of depreciable property, the Minister can determine the order in which such properties are disposed of unless you have designated the order of disposition of each depreciable property before the filing due date for this election. It may be necessary for you to prepare the following material in order to complete the form: a summary of the method of evaluating the FMV of each property transferred; schedules supporting this election; a designation concerning the order of disposition of depreciable property; and documentation relating to the responses to the questions below. Aside from the schedule with the calculation of the adjusted cost base of transferred properties, this material does not need to be filed with the election but must be kept in case we ask to see them at a later date.

- 1. Is there a written agreement relating to this transfer? ..... **200**  Yes  No  N/A
- 2. Is there a valuation report for the transferred assets? ..... **201**  Yes  No  N/A  
(A valuation report is an independent assessment of the fair market value of the transferred property)
- 3. Does a price adjustment clause apply to any of the properties? (See Income Tax Folio S4-F3-C1 for details) ... **202**  Yes  No  N/A
- 4. Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? ..... **203**  Yes  No  N/A
- 5. Does a non-arm's length transfer exist between two or more corporations? ..... **204**  Yes  No  N/A  
If **yes** to question 5, have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? ..... **205**  Yes  No  N/A
- 6. Where shares of a corporation are being transferred, does the transferee own more than 10% of the capital stock of the corporation after the transfer? ..... **206**  Yes  No  N/A
- 7. If the transferor is a non-resident of Canada, are any of the properties transferred taxable Canadian properties? ..... **207**  Yes  No  N/A

**Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:**

	Corporation's name <b>216</b>	Business number <b>217</b>	Total paid-up capital (under the federal Income Tax Act) <b>218</b>
1.			
2.			
3.			
4.			
5.			

**Notes**

- The rules for section 85 elections are complex. Essential information is contained in Information Circular IC76-19, Interpretation Bulletins IT-291 and IT-378 and Income Tax Folio S4-F3-C1.
- Complete all the information areas and answer all questions. If this form is incomplete, we may consider the election invalid and a late-filing penalty may be applied to future submissions.
- Taxable Canadian property is defined under subsection 248(1).

**Part 4 – Description of shares received**

	Number of shares transferor received <b>250</b>	Class of shares: Common <b>251</b>	Class of shares other than Common <b>252</b>	Redemption value per share <b>253</b>	Total paid-up capital (under the federal Income Tax Act) <b>254</b>	Voting <b>255</b>	Non-Voting <b>256</b>	Are the shares redeemable at the holder's option? <b>257</b>
1.		<input type="checkbox"/> Yes				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.		<input type="checkbox"/> Yes				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
3.		<input type="checkbox"/> Yes				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.		<input type="checkbox"/> Yes				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.		<input type="checkbox"/> Yes				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part 5 – Election and certification**

The taxpayer and the corporation jointly elect under subsection 85(1) in respect of the property specified, and certify that the information given in this election and in any attached documents is true, correct and complete to the best of their knowledge.

**Transferor**

**960** \_\_\_\_\_ **961** \_\_\_\_\_  
 Print name of transferor, authorized officer, or authorized person Position or office

**962** \_\_\_\_\_ **963** Date \_\_\_\_\_  
 Signature of transferor, authorized officer, or authorized person Year Month Day

**Transferee**

**970** \_\_\_\_\_ **971** \_\_\_\_\_  
 Print name of authorized officer or authorized person of transferee Position or office

**972** \_\_\_\_\_ **973** Date \_\_\_\_\_  
 Signature of authorized officer or authorized person of transferee Year Month Day

**Privacy notice**

Personal information (including the SIN) is collected to administer or enforce the federal Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 005, PPU 015 and PPU 047 on Information about Programs and Information Holdings at [canada.ca/cra-information-about-programs](http://canada.ca/cra-information-about-programs).

Schedule A

Information on the property disposed of and consideration received

Date of sale or transfer of all properties listed on Schedule A

500

Year Month Day

For properties sold or transferred on different dates, use a separate Form T2057.

Capital property (other than shares and depreciable property)

	Brief legal description of the disposed property	Elected amount limits <u>1</u> Fair market value of the disposed property	Elected amount limits <u>1</u> Cost amount <u>2</u>	Agreed amount (cannot be "0")	Amount to be reported (line 513 minus line 512) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 516 plus line 518)
	510	511	512	513	514	515	516	517	518	519
1.										
2.										
3.										

Capital property (shares only)

	Number and class of shares	Elected amount limits <u>1</u> Fair market value of the disposed property	Elected amount limits <u>1</u> Cost amount <u>2</u>	Agreed amount (cannot be "0")	Amount to be reported (line 523 minus line 522) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 526 plus line 528)
	520	521	522	523	524	525	526	527	528	529
1.										
2.										
3.										

Depreciable property

	Description and prescribed class of the disposed property	Elected amount limits <u>1</u> Fair market value of the disposed property	Elected amount limits <u>1, 3</u>	Agreed amount (cannot be "0")	Amount to be reported (line 533 minus line 532) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 536 plus line 538)
	530	531	532	533	534	535	536	537	538	539
1.										
2.										
3.										

Information on the property disposed of and consideration received (continued)

Inventory excluding real property										
	Description (kind of disposed property)	Elected amount limits <u>1</u>  Fair market value of the disposed property	Elected amount limits <u>1</u>  Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 543 minus line 542) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 546 plus line 548)
	<b>540</b>	<b>541</b>	<b>542</b>	<b>543</b>	<b>544</b>	<b>545</b>	<b>546</b>	<b>547</b>	<b>548</b>	<b>549</b>
1.										
2.										
3.										
Resource property										
	Brief legal description of disposed property	Elected amount limits <u>1</u>  Fair market value of the disposed property	Elected amount limits	Agreed amount (cannot be "0")	Amount to be reported (line 553 minus line 552) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 556 plus line 558)
	<b>550</b>	<b>551</b>	<b>552</b>	<b>553</b>	<b>554</b>	<b>555</b>	<b>556</b>	<b>557</b>	<b>558</b>	<b>559</b>
1.										
2.										
3.										
Security or debt obligation property										
	Description of disposed property	Elected amount limits <u>1</u>  Fair market value of the disposed property	Elected amount limits <u>1</u>  Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 563 minus line 562) <u>4</u>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 566 plus line 568)
	<b>560</b>	<b>561</b>	<b>562</b>	<b>563</b>	<b>564</b>	<b>565</b>	<b>566</b>	<b>567</b>	<b>568</b>	<b>569</b>
1.										
2.										
3.										

Information on the property disposed of and consideration received (continued)

Specified debt obligation (for financial institutions only)										
	Description	Elected amount limits <a href="#">1</a> Fair market value of the disposed property	Elected amount limits <a href="#">1</a> Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 573 minus line 572) <a href="#">4</a>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 576 plus line 578)
	<b>570</b>	<b>571</b>	<b>572</b>	<b>573</b>	<b>574</b>	<b>575</b>	<b>576</b>	<b>577</b>	<b>578</b>	<b>579</b>
1.										
2.										
3.										

Capital property (real property owned by a non-resident person)										
	Description	Elected amount limits <a href="#">1</a> Fair market value of the disposed property	Elected amount limits <a href="#">1</a> Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 583 minus line 582) <a href="#">4</a>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 586 plus line 588)
	<b>580</b>	<b>581</b>	<b>582</b>	<b>583</b>	<b>584</b>	<b>585</b>	<b>586</b>	<b>587</b>	<b>588</b>	<b>589</b>
1.										
2.										
3.										

Agrilinvest fund no. 2 <a href="#">5</a>										
	Description	Elected amount limits <a href="#">1</a> Fair market value of the disposed property	Elected amount limits <a href="#">1</a> Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 593 minus line 592) <a href="#">4</a>	Description of consideration received (non-share)	FMV of consideration received (non-share)	Number and class of share consideration received	FMV of share consideration received	Total FMV of the consideration received (line 596 plus line 598)
	<b>590</b>	<b>591</b>	<b>592</b>	<b>593</b>	<b>594</b>	<b>595</b>	<b>596</b>	<b>597</b>	<b>598</b>	<b>599</b>
1.										
2.										
3.										

Totals										

**Endnotes**

- <sup>1</sup> For more information on limits, read Interpretation Bulletin IT-291, Transfer of Property to a Corporation Under Subsection 85(1).
- <sup>2</sup> Adjusted cost base (subject to adjustment under section 53).
- <sup>3</sup> The lesser of the undepreciated capital cost of all property of the class and the cost of the property.
- <sup>4</sup> If the amount is greater than 0, it must be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.
- <sup>5</sup> Contributions made in a tax year ending after 2007, and amounts earned on those contributions, are only eligible if that property is owned by an individual.