

**Corporation Loss Continuity and Application
(2013 and later tax years)**

Corporation's name	Business number	Year	Tax year-end Month	Day
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- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the federal *Income Tax Act*.

Part 1 – Non-capital losses**Determination of current-year non-capital loss**Net income (loss) for income tax purposes **A****Deduct:** (increase a loss)Net capital losses deducted in the year (enter as a positive amount) **a**Taxable dividends deductible under section 112 or subsection 113(1) or 138(6) **b**Amount of Part VI.1 tax deductible **c**Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2) **d**Subtotal (total of amounts a to d) **B**Subtotal (amount **A** minus amount **B**; if positive, enter "0") **C****Deduct:** (increase a loss)Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions **D**Subtotal (amount **C** minus amount **D**) **E****Add:** (decrease a loss)Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss) **F**Current-year non-capital loss (amount **E** plus amount **F**; if positive, enter "0") **G**If amount **G** is negative, enter it on line 110 as a positive.**Continuity of non-capital losses and request for a carryback**Non-capital loss at the end of the previous tax year **e****Deduct:** Non-capital loss expired* **100** **f**Non-capital losses at the beginning of the tax year (amount **e** minus amount **f**) **102** **H****Add:** Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation . . . **105** **g**Current-year non-capital loss (from amount **G**) **110** **h**Subtotal (amount **g** plus amount **h**) **I**Subtotal (amount **H** plus amount **I**) **J**

* A non-capital loss expires as follows:

- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss as follows after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control) **150** _____ i

Section 80 – Adjustments for forgiven amounts **140** _____ j

Non-capital losses of previous tax years applied in the current tax year **130** _____ k

Enter amount k on line 331 of the T2 return.

Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax** **135** _____ l

Subtotal (total of amounts i to l) _____ ► _____ K

Non-capital losses before any request for a carryback (amount J **minus** amount K) _____ L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income **901** _____ m

Second previous tax year to reduce taxable income **902** _____ n

Third previous tax year to reduce taxable income **903** _____ o

First previous tax year to reduce taxable dividends subject to Part IV tax **911** _____ p

Second previous tax year to reduce taxable dividends subject to Part IV tax **912** _____ q

Third previous tax year to reduce taxable dividends subject to Part IV tax **913** _____ r

Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r) _____ ► _____ M

Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M) **180** _____ N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year **200** _____ a

Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation **205** _____ b

Subtotal (amount a **plus** amount b) _____ ► _____ A

Deduct:

Other adjustments (includes adjustments for an acquisition of control) **250** _____ c

Section 80 – Adjustments for forgiven amounts **240** _____ d

Subtotal (amount c **plus** amount d) _____ ► _____ B

Subtotal (amount A **minus** amount B) _____ C

Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*) **210** _____ D

Unused non-capital losses that expired in the tax year* _____ e

Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year** _____ f

Enter amount e or f, whichever is less **215** _____

ABILs expired as non-capital loss: line 215 **divided** by 0.50 **220** _____ E

Subtotal (total of amounts C to E) _____ F

Note

If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain***	225	_____	G
Capital losses before any request for a carryback (amount F minus amount G)		_____	H
Deduct – Request to carry back capital loss to****:			
First previous tax year	951	_____	g
Second previous tax year	952	_____	h
Third previous tax year	953	_____	i
Subtotal (total of amounts g to i)		_____ ▶	I
Closing balance of capital losses to be carried forward to future tax years (amount H minus amount I)	280	_____	J

*** To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**** On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses**Continuity of farm losses and request for a carryback**

Farm losses at the end of the previous tax year		_____	a
Deduct: Farm loss expired*	300	_____	b
Farm losses at the beginning of the tax year (amount a minus amount b)	302	_____ ▶	A
Add:			
Farm losses transferred on the amalgamation or the windup of a subsidiary corporation	305	_____	c
Current-year farm loss (amount F in Part 1)	310	_____	d
Subtotal (amount c plus amount d)		_____ ▶	B
Subtotal (amount A plus amount B)		_____	C
Deduct:			
Other adjustments (includes adjustments for an acquisition of control)	350	_____	e
Section 80 – Adjustments for forgiven amounts	340	_____	f
Farm losses of previous tax years applied in the current tax year	330	_____	g
Enter amount g on line 334 of the T2 return.			
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax**	335	_____	h
Subtotal (total of amounts e to h)		_____ ▶	D
Farm losses before any request for a carryback (amount C minus amount D)		_____	E
Deduct – Request to carry back farm loss to:			
First previous tax year to reduce taxable income	921	_____	i
Second previous tax year to reduce taxable income	922	_____	j
Third previous tax year to reduce taxable income	923	_____	k
First previous tax year to reduce taxable dividends subject to Part IV tax	931	_____	l
Second previous tax year to reduce taxable dividends subject to Part IV tax	932	_____	m
Third previous tax year to reduce taxable dividends subject to Part IV tax	933	_____	n
Subtotal (total of amounts i to n)		_____ ▶	F
Closing balance of farm losses to be carried forward to future tax years (amount E minus amount F)	380	_____	G

* A farm loss expires as follows:

- after 10 tax years if it arose in a tax year ending before 2006; and
- after 20 tax years if it arose in a tax year ending after 2005.

** Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses**Current-year restricted farm loss**Total losses for the year from farming business **485** A**Minus** the deductible farm loss:(amount A above – \$2,500) **divided** by 2 = a

Amount a or \$15,000*, whichever is less ► b

2,500 cSubtotal (amount b **plus** amount c) ► BCurrent-year restricted farm loss (amount A **minus** amount B) C**Continuity of restricted farm losses and request for a carryback**

Restricted farm losses at the end of the previous tax year d

Deduct: Restricted farm loss expired** **400** eRestricted farm losses at the beginning of the tax year (amount d **minus** amount e) **402** ► D**Add:**Restricted farm losses transferred on the amalgamation or the wind-up
of a subsidiary corporation **405** fCurrent-year restricted farm loss (from amount C) **410** gEnter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.Subtotal (amount f **plus** amount g) ► ESubtotal (amount D **plus** amount E) F**Deduct:**Restricted farm losses from previous tax years applied against current farming income **430** h

Enter amount h on line 333 of the T2 return.

Section 80 – Adjustments for forgiven amounts **440** iOther adjustments **450** j

Subtotal (total of amounts h to j) ► G

Restricted farm losses before any request for a carryback (amount F **minus** amount G) H**Deduct – Request to carry back restricted farm loss to:**First previous tax year to reduce farming income **941** kSecond previous tax year to reduce farming income **942** lThird previous tax year to reduce farming income **943** m

Subtotal (total of amounts k to m) ► I

Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I) **480** J**Note**

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* For tax years that end before March 21, 2013, use \$6,250 instead of \$15,000.

** A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Listed personal property losses at the end of the previous tax year		a
Deduct: Listed personal property loss expired after seven tax years	500	b
Listed personal property losses at the beginning of the tax year (amount a minus amount b)	502	
Add: Current-year listed personal property loss (from Schedule 6)	510	B
Subtotal (amount A plus amount B)		C
Deduct:		
Previous year personal property losses applied in the current tax year against listed personal property gains	530	c
Enter amount c on line 655 of Schedule 6.		
Other adjustments	550	d
Subtotal (amount c plus amount d)		D
Listed personal property losses remaining before any request for a carryback (amount C minus amount D)		E
Deduct – Request to carry back listed personal property loss to:		
First previous tax year to reduce listed personal property gains	961	e
Second previous tax year to reduce listed personal property gains	962	f
Third previous tax year to reduce listed personal property gains	963	g
Subtotal (total of amounts e to g)		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E minus amount F)	580	G

Part 6 – Analysis of balance of losses by year of origin

Year of origin	Non-capital losses*	Farm losses	Restricted farm losses	Listed personal property losses
Total				

- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

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Part 7 – Limited partnership losses**Current-year limited partnership losses**

	1	2	3	4	5	6	7
	Partnership identifier	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 minus 6)
	600	602	604	606	608		620
1							
2							
3							
4							
5							
Total (enter this amount on line 222 of Schedule 1)							

Limited partnership losses from previous tax years that may be applied in the current year

	8	9	10	11	12	13	14
	Partnership identifier	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 11 minus column 12 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 10 and 13)
	630	632	634	636	638		650
1							
2							
3							
4							
5							

Part 7 – Limited partnership losses (continued)**Continuity of limited partnership losses that can be carried forward to future tax years**

	15	16	17	18	19	20
	Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 7)	Limited partnership losses applied in the current year (cannot be more than column 14)	Current year limited partnership losses closing balance to be carried forward to future years (column 16 plus column 17 plus column 18 minus column 19)
	660	662	664	670	675	680
1						
2						
3						
4						
5						

Total (enter this amount on line 335 of the T2 return)**Notes**

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box

190Yes ☐

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election applies only for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for tax years that begin after the start of the wind-up.