

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

Corporation's name	Business number	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Year</td> <td style="text-align: center; border-bottom: 1px solid black;">Tax year-end Month</td> <td style="text-align: center; border-bottom: 1px solid black;">Day</td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; height: 20px;"></td> </tr> </table>	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 *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 subsections 113(1) or 138(6)	b		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)	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 (the lesser of: the net loss from farming or fishing included in income and 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 (note 1)	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 on the wind-up of a subsidiary (note 2) 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

Note 1: 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 after **10** tax years if it arose in a tax year ending after March 22, 2004.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

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 (note 3)	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

Note 3: 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 an amalgamation or on 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, <i>Summary of Dispositions of Capital Property</i>)	210	_____	D
Unused non-capital losses that expired in the tax year (note 4)	_____	_____	e
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)	_____	_____	f
Enter amount e or f, whichever is less	215	_____	g
ABILs expired as non-capital losses: line 215 multiplied by 2	220	_____	E
Subtotal (total of amounts C to E) _____			F

Note

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

Note 4: If the loss was incurred in a tax year ending after March 22, 2004, determine the amount of the loss from the 11th previous tax year and enter the part of that loss that was not used in previous years and the current year on line e.

Note 5: If the ABILs were incurred in a tax year ending after March 22, 2004, enter the amount of the ABILs 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 (note 6)	225	_____	G
Capital losses before any request for a carryback (amount F minus amount G)		_____	H
Deduct – Request to carry back capital loss to (note 7):			
First previous tax year	951	_____ h	
Second previous tax year	952	_____ i	
Third previous tax year	953	_____ j	
Subtotal (total of amounts h to j)		_____ ▶	I
Closing balance of capital losses to be carried forward to future tax years (amount H minus amount I)	280	_____	J

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current-year tax, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, divide this amount by 2. The result represents 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 (note 8)	300	_____ b	
Farm losses at the beginning of the tax year (amount a minus amount b)	302	_____ ▶	A
Add:			
Farm losses transferred on an amalgamation or on the wind-up 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 (note 9)	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

Note 8: 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.

Note 9: 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 (note 10), whichever is less		_____ ▶ _____	b
		2,500	c
Subtotal (amount b plus amount c)		_____ ▶ _____	B
Current-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 (note 11)	400	_____	e
Restricted farm losses at the beginning of the tax year (amount d minus amount e)	402	_____ ▶ _____	D
Add:			
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	405	_____	f
Current-year restricted farm loss (from amount C)	410	_____	g
Enter amount g on line 233 of Schedule 1, <i>Net Income (Loss) for Income Tax Purposes</i> .			
Subtotal (amount f plus amount g)		_____ ▶ _____	E
Subtotal (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	_____	i
Other 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	_____	k
Second previous tax year to reduce farming income	942	_____	l
Third 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.

Note 10: For tax years that end before March 21, 2013, use \$6,250 instead of \$15,000.

Note 11: 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.

Part 7 – Limited partnership losses

Current-year limited partnership losses

1 Partnership account number		2 Tax year ending yyyy/mm/dd	3 Corporation's share of limited partnership loss	4 Corporation's at-risk amount	5 Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	6 Column 4 minus column 5 (if negative, enter "0")	7 Current -year limited partnership losses (column 3 minus column 6)
600		602	604	606	608		620
1.		R Z					
2.		R Z					
3.		R Z					
4.		R Z					
5.		R Z					
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

1 Partnership account number		2 Tax year ending yyyy/mm/dd	3 Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary	4 Corporation's at-risk amount	5 Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	6 Column 4 minus column 5 (if negative, enter "0")	7 Limited partnership losses that may be applied in the year (the lesser of column 3 and 6)
630		632	634	636	638		650
1.		R Z					
2.		R Z					
3.		R Z					
4.		R Z					
5.		R Z					

