Canada Revenue Agency | Agence du revenu du Canada

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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 Canada Revenue Agency (CRA) account number. For information on how to obtain one, visit **canada.ca**.
- Unless otherwise indicated, all legislative references are to the Income Tax Act.
- To file this form electronically, please go to **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

Do not use this area.

- 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, business, or trust account number of each transferor
- Find the address of the transferor and transferee's tax centre at **canada.ca/tax-centres**.

Amended election **010** ☐ Yes

Part 1 – Identification

If the transferor is an **individual**, is the transferor or their spouse self-employed for the year of the election? **025** ☐ Yes

Is the transferor a non-resident of Canada? **004** ☐ Yes ☐ No

If **yes**, enter their taxpayer identification number (TIN) **020**

002 Taxpayer's name (transferor)	**001** Social insurance, business, or trust account number
Address	City
Province, territory, or state / Postal or ZIP code	Country
Tax year of the taxpayer — **011** Start: Year Month Day	**012** End: Year Month Day
019 Name of contact person / **024** Name of firm	**022** Telephone number / **023** Extension

	Co-owner legal name **013**	Social insurance, business, or trust account number **014**
1.		
2.		
3.		
4.		

015 Corporation's name (transferee)	**016** Business number
Elemental Royalty Corporation	8 5 8 9 5 5 2 0 6 RC 0 0 0 1
Address: **905 - 815 West Hastings Street**	City: **Vancouver**
Province or territory: **British Columbia**	Postal code: **V6C 1B4**
Tax year of the corporation — **017** Start: Year Month Day: 2 0 2 6 0 1 0 1	**018** End: Year Month Day: 2 0 2 6 1 2 3 1

Canada

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 three 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 three-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 of the disposed properties from Schedule A . . . . . _____

Total agreed amounts of the disposed properties from Schedule A . . . . . _____

Subtotal (total fair market values **minus** total agreed amounts) _____ 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), their 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 must be shown opposite of the related property transferred. 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 to complete the form: the calculation of the adjusted cost base of all transferred properties, 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. If there is not enough space on the form, complete extra schedules giving similar details. This material does not need to be filed with the election, but, must be kept in case we ask to see it 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? . . . . . (A valuation report is an independent assessment of the FMV of the transferred property)	**201**	☐ Yes	☑ No	☐ N/A
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 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 **216**	Business number **217**	Total paid-up capital (under the Income Tax Act) **218**
1.		R C	
2.		R C	
3.		R C	
4.		R C	
5.		R C	

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 **250**	Class of shares: Common **251**	Class of shares other than Common **252**	Redemption value per share **253**	Total paid-up capital (under the Income Tax Act) **254**	Voting **255**	Non-Voting **256**	Are the shares redeemable at the holder's option? **257**
1.		☑ Yes				☑ Yes	☐ Yes	☐ Yes ☑ No
2.		☐ Yes				☐ Yes	☐ Yes	☐ Yes ☐ No
3.		☐ Yes				☐ Yes	☐ Yes	☐ Yes ☐ No
4.		☐ Yes				☐ Yes	☐ Yes	☐ Yes ☐ No
5.		☐ Yes				☐ Yes	☐ Yes	☐ Yes ☐ 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 document is correct and complete.

Transferor

960 _____
Print name of transferor, authorized officer, or authorized person

961 _____
Position or title

962 _____
Signature of transferor, authorized officer, or authorized person

963 Date _____
Year Month Day

Transferee

970 _____
Print name of authorized officer or authorized person of transferee

971 _____
Position or title

972 _____
Signature of authorized officer or authorized person of transferee

973 Date _____
Year Month Day

Privacy notice

Personal information (including the SIN) is collected and used to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be disclosed to other federal, provincial, territorial, aboriginal, 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, and 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 Info Source at **canada.ca/cra-info-source**.

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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 **510**	Elected amount limits [1] FMV of the disposed property **511**	Elected amount limits [1] Cost amount [2] **512**	Agreed amount (cannot be "0") **513**	Amount to be reported (line 513 **minus** line 512) [4] **514**	Description of consideration received (non-share) **515**	FMV of consideration received (non-share) **516**	Number and class of share consideration received **517**	FMV of share consideration received **518**	Total FMV of the consideration received (line 516 **plus** line 518) **519**
1.										
2.										
3.										

Capital property (shares only)

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

Depreciable property

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

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

Inventory excluding real property

	Description (kind of disposed property) 540	Elected amount limits [1] FMV of the disposed property 541	Elected amount limits [1] Cost amount 542	Agreed amount (cannot be "0") 543	Amount to be reported (line 543 **minus** line 542) [4] 544	Description of consideration received (non-share) 545	FMV of consideration received (non-share) 546	Number and class of share consideration received 547	FMV of share consideration received 548	Total FMV of the consideration received (line 546 **plus** line 548) 549
1.										
2.										
3.										

Resource property

	Brief legal description of disposed property 550	Elected amount limits [1] FMV of the disposed property 551	Elected amount limits 552	Agreed amount (cannot be "0") 553	Amount to be reported (line 553 **minus** line 552) [4] 554	Description of consideration received (non-share) 555	FMV of consideration received (non-share) 556	Number and class of share consideration received 557	FMV of share consideration received 558	Total FMV of the consideration received (line 556 **plus** line 558) 559
1.			**nil**							
2.			**nil**							
3.			**nil**							

Security or debt obligation property

	Description of disposed property 560	Elected amount limits [1] FMV of the disposed property 561	Elected amount limits [1] Cost amount 562	Agreed amount (cannot be "0") 563	Amount to be reported (line 563 **minus** line 562) [4] 564	Description of consideration received (non-share) 565	FMV of consideration received (non-share) 566	Number and class of share consideration received 567	FMV of share consideration received 568	Total FMV of the consideration received (line 566 **plus** line 568) 569
1.										
2.										
3.										

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

Specified debt obligation (for financial institutions only)

	Description	Elected amount limits [1] FMV of the disposed property	Elected amount limits [1] Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 573 **minus** line 572) [4]	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)
	570	**571**	**572**	**573**	**574**	**575**	**576**	**577**	**578**	**579**
1.										
2.										
3.										

Capital property (real property owned by a non-resident person)

	Description	Elected amount limits [1] FMV of the disposed property	Elected amount limits [1] Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 583 **minus** line 582) [4]	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)
	580	**581**	**582**	**583**	**584**	**585**	**586**	**587**	**588**	**589**
1.										
2.										
3.										

AgriInvest fund no. 2 [5]

	Description	Elected amount limits [1] FMV of the disposed property	Elected amount limits [1] Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 593 **minus** line 592) [4]	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)
	590	**591**	**592**	**593**	**594**	**595**	**596**	**597**	**598**	**599**
1.										
2.										
3.										

Totals									

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Endnotes

[1] For more information on limits, read Interpretation Bulletin IT-291, Transfer of Property to a Corporation Under Subsection 85(1).

[2] Adjusted cost base (subject to adjustment under section 53).

[3] The lesser of the undepreciated capital cost of all property of the class and the cost of the property.

[4] 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.

[5] 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.