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Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation

- This form is used by a taxable Canadian corporation and all the members of a partnership, to jointly elect under subsection 85(2) where the partnership has disposed of property to the corporation and has received as consideration shares of any class of the capital stock of the corporation.
- In order to file this election you **must** have a valid Canada Revenue Agency (CRA) account number. If you do **not** have a RZ partnership account number, go to **canada.ca/business-registration-online** or fill out Form RC1, Request for a business number and certain program accounts.
- Unless otherwise stated, all legislative references are to the Income Tax Act.
- To file electronically, go to **canada.ca/cra-special-elections-and-returns**.

  Or mail one copy of the election and related documents (if any), completed by the partner designated by the partnership, as follows:
  - to the tax centre serving the area of the transferee
  - 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)
  - separately from any other return
- To find the transferee's tax centre's address, go to **canada.ca/tax-centres**.

Do not use this area

Amended election 010 ☐ Yes

Part 1 – Identification

002 Name of partnership (transferor)		001 Partnership account number RZ
Address	City	Postal or ZIP code
Province, territory, or state	Country	
Tax year of partnership	011 Start: Year Month Day	012 End: Year Month Day

If members of the partnership are individuals, are all of those individuals or their spouse self-employed for the year of the election? . . . . . 025 ☐ Yes

019 Name of contact person	024 Name of firm	022 Telephone number	023 Extension

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

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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 T2058 can be filed within three years after its due date if an estimate of the penalty is paid at the time of filing. Form T2058 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 "T2058", the name of the partnership (transferor), the partnership account number and the partnership's 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 properties? (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 members of the partnership 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 rollover exist between the partnership(s) and the transferee corporation?	204	☐ Yes	☑ No	☐ N/A
If **yes** to question 5, have all or substantially all (90% or more) of the properties of the partnership been transferred to the 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. Are any partners non-residents of Canada?	207	☐ Yes	☐ No	☐ N/A
If **yes**, are any of the properties transferred taxable Canadian properties?	208	☐ 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

All members of the partnership (transferor) and the corporation (transferee) hereby jointly elect under subsection 85(2) in respect of the property specified and certify that the information given in this election and in any attached document is correct and complete.

Section A – Transferor (partnership information)

Provide information for **all** members of the partnership.

Is there an authorizing agreement . . . . . **300** ☐ Yes ☐ No

(An authorizing agreement enables one member to sign this election on behalf of all the other members of the partnership)

If **yes**, then you may submit the agreement with the election or make it available upon request.

302 _____ Print name of authorized officer of the partnership

303 _____ Position or title

304 _____ Signature of authorized officer of the partnership

305 Date _____ Year Month Day

List below all the members of the partnership. If there is no authorizing agreement, each member must sign and date on the applicable line with their details.

If space is insufficient, attach another "Part 5 – Election and certification, Section A" as required to complete the list.

If a member of the partnership is itself a partnership, **attach a separate** list showing the name, social insurance, business, or trust account number of each member of that partnership.

	Social insurance, business, or trust account number **330**	Name (print) **335**	Taxation year-end (YYYYMMDD) **340**	Signature **345**	Date (YYYYMMDD) **350**
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Section B – Transferee (corporation information)

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

961 _____ Position or title

962 _____ Signature of authorized officer or authorized person of transferee

963 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 T2058.

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

Totals									

Endnotes

[1] For more information on limits, see 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.