



## 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 CRA account number. If you do **not** have a RZ partnership account number, go to [canada.ca/business-registration-online](http://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 federal Income Tax Act.
- To file electronically, 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 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](http://canada.ca/tax-centres).

**Do not use this area**

Amended election **010**  Yes

**Part 1 – Identification**

<b>002</b> Name of partnership (transferor)		<b>001</b> Partnership account number	
		R	Z
Address		City	Postal or ZIP code
Province or state		Country	
Tax year of partnership		<b>011</b> Start: Year Month Day	<b>012</b> 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? <b>025</b> <input type="checkbox"/> Yes			
<b>019</b> Name of contact person	<b>024</b> Name of firm	<b>022</b> Telephone number	<b>023</b> Extension
<b>015</b> Name of corporation (transferee) Precision Drilling Corporation		<b>016</b> Business number	
		1   0   4   2   8   8   7   2   5	R   C   0   0   0   1
Address Suite 800, 525 8 Avenue SW		City Calgary	Postal or zip code T2P 1G1
Province or state Alberta		Country Canada	
Tax year of corporation		<b>017</b> Start: Year Month Day	<b>018</b> End: Year Month Day
		2   0   2   3   0   1   0   1	2   0   2   3   1   2   3   1

**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 3 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 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 property from Schedule A .....		_____
Total agreed amounts of the disposed properties from Schedule A .....		_____
	Subtotal (total FMV <b>minus</b> total agreed amounts)	_____ 2A
Amount 2A _____	× ¼ × 1% × Number of months *	_____ = _____ 2B
	\$100 × Number of months *	_____ = _____ 2C
		<b>Amount 2C cannot exceed \$8,000</b>

Late-filing penalty (amount 2B or amount 2C, whichever is less) .....	<b>320</b>	_____
	Amount enclosed	<b>400</b> _____

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? ..... **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 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) 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 <b>216</b>	Business number <b>217</b>	Total paid-up capital (under the federal Income Tax Act) <b>218</b>
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 <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**

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 documents attached, is true, correct and complete to the best of their knowledge.

**Section A – Transferor (partnership information)**

Provide information for all members of the partnership.

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

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

**302** \_\_\_\_\_ **303** \_\_\_\_\_  
 Print name of authorized officer of the partnership Position or office

**304** \_\_\_\_\_ **305** Date \_\_\_\_\_  
 Signature of authorized officer of the partnership Year Month Day

List below all the members of the partnership. If there is no authorizing agreement attached, 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 number, trust account number, or business number of each member of that partnership.

	Social insurance, business or trust account number <b>330</b>	Name (print) <b>335</b>	Taxation year-end (YYYY/MM/DD) <b>340</b>	Signature <b>345</b>	Date (YYYY/MM/DD) <b>350</b>
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

**Section B – Transferee (corporation information)**

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

**962** \_\_\_\_\_ **963** 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 T2058.

Capital property (other than shares and depreciable property)

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

Capital property (shares only)

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

Depreciable property

	Description and prescribed class of the disposed property <b>530</b>	Elected amount limits <sup>1</sup> Fair market value of the disposed property <b>531</b>	Elected amount limits <sup>1, 3</sup> <b>532</b>	Agreed amount (cannot be "0") <b>533</b>	Amount to be reported (line 533 minus line 532) <sup>4</sup> <b>534</b>	Description of consideration received (non-share) <b>535</b>	FMV of consideration received (non-share) <b>536</b>	Number and class of share consideration received <b>537</b>	FMV of share consideration received <b>538</b>	Total FMV of the consideration received (line 536 plus line 538) <b>539</b>
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 <sup>1</sup>  Fair market value of the disposed property	Elected amount limits <sup>1</sup>  Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 543 <b>minus</b> line 542) <sup>4</sup>	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 <b>plus</b> line 548)
	540	541	542	543	544	545	546	547	548	549
1.										
2.										
3.										
Resource property										
	Brief legal description of disposed property	Elected amount limits <sup>1</sup>  Fair market value of the disposed property	Elected amount limits	Agreed amount (cannot be "0")	Amount to be reported (line 553 <b>minus</b> line 552) <sup>4</sup>	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 <b>plus</b> line 558)
	550	551	552	553	554	555	556	557	558	559
1.			nil							
2.			nil							
3.			nil							
Security or debt obligation property										
	Description of disposed property	Elected amount limits <sup>1</sup>  Fair market value of the disposed property	Elected amount limits <sup>1</sup>  Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 563 <b>minus</b> line 562) <sup>4</sup>	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 <b>plus</b> line 568)
	560	561	562	563	564	565	566	567	568	569
1.										
2.										
3.										

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

Specified debt obligation (for financial institutions only)

	Description	Elected amount limits <sup>1</sup> Fair market value of the disposed property	Elected amount limits <sup>1</sup> Cost amount	Agreed amount (cannot be "0")	Amount to be reported (line 573 minus line 572) <sup>4</sup>	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.										

<b>Totals</b>										

Endnotes

- <sup>1</sup> For more information on limits, see 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.