Designation of a Property as a Principal Residence by the Legal Representative of a Deceased Individual

Tax year

Use this form to designate a property as a principal residence. You must also complete the "Principal residence designation" section of Schedule 3, Capital Gains or Losses, of the deceased person for the year if **one** of the following applies to the deceased person:

- the person disposed of, or was considered to have disposed of, their principal residence, or any part of it
- the person granted someone an option to buy their principal residence, or any part of it

Note
If the deceased person was not a resident of Canada for the entire time they owned the designated property, call **1-800-959-8281**. The period of non-residence may reduce or eliminate the availability of the principal residence exemption.

For more information about designating a principal residence and what qualifies as a principal residence, see Income Tax Folio S1-F3-C2, Principal Residence, or the "Principal residence" chapter in Guide T4037, Capital Gains.

You can only designate one property as the deceased's principal residence for any specific year. However, where the principal residence is sold and another one bought (or where the deceased moved to another of their properties) in the same year, the "plus one" rule in calculating the principal residence exemption amount will allow you to claim the principal residence exemption for both properties for that year even though you can only designate one property as the deceased's principal residence. For dispositions that occurred after October 2, 2016, if the deceased was a non-resident throughout the taxation year in which the property was purchased or acquired, the "plus 1" rule does **not** apply.

For dispositions after 2022, if the deceased person owned a housing unit (including a rental property) or held a right to acquire a housing unit located in Canada for less than 365 consecutive days before the disposition, the property is generally considered to be a **flipped property**, unless it was already considered to be inventory of the taxpayer. The resulting gain on the disposition of a flipped property is taxable as business income and not as a capital gain. Therefore, you cannot use the principal residence exemption. There are exceptions to this rule when the disposition occurs due to, or in anticipation of, certain life events (including the death of the taxpayer or a person related to the taxpayer). For more information on these rules and relevant life event exceptions, see Guide T4037.

If you are filing your return electronically, keep this form in case the Canada Revenue Agency asks to see it later. If you are filing a paper return, you **must** complete, sign, and attach this form to your return.

Definitions

For the purpose of this form, the **acquisition date** is the later of the following: December 31, 1971, or the date on which the deceased person last acquired or reacquired the property. However, if the deceased person or their spouse or common-law partner filed Form T664 or T664(Seniors), the deceased person or their spouse or common-law partner are **not** considered to have disposed of and immediately reacquired the property as a result of that election.

The term **spouse** used throughout this form applies to a person to whom the deceased person was legally married. For 1993 to 2000, a spouse included a common-law spouse. For 2001 and later years, the reference to spouse is replaced with spouse or common-law partner as defined in the "Definitions" section in Guide T4037, Capital Gains.

Note
If the deceased person made an election to have their same-sex partner considered their common-law partner for 1998, 1999, or 2000, then, for those years, the deceased person's common-law partner also can not designate a different housing unit as their principal residence.

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How to complete this form

If you ticked box 1 at line 17900 of Schedule 3, you only need to complete "Section 1 – Description of Property" below. You do **not** need to report any gain amount on Schedule 3 for this property.

If you ticked either box 2 or 3 at line 17900 of Schedule 3, you must also complete "Section 2 – Calculation of capital gain." This section starts on the next page and should be completed according to what is applicable to the deceased person's situation.

If the deceased person disposed of, or was considered to have disposed of, a property for which the deceased person or the deceased person's spouse or common-law partner filed Form T664 or T664(Seniors), Election to Report a Capital Gain on Property Owned at the End of February 22, 1994, use this form to calculate the capital gain for the year if **one** of the following applies:

- The property was the deceased person's principal residence for 1994
- You are designating the property in this form as the deceased person's principal residence for any tax year

The deceased person may be entitled to a reduction as a result of the capital gains election. To calculate this reduction, use Form T2091(IND)-WS, Principal Residence Worksheet. To get this form, go to **canada.ca/cra-forms-publications** or call **1-800-959-8281**.

Section 1 – Description of property

Provide the information requested below for the property disposed of in the tax year. Complete a separate form for each disposition.

Address				Year of acquisition	Proceeds of disposition (1)
Street number, street name, and unit number if applicable					
Prov./Terr	Postal code	City	Country	9955	9954

(1) If the property was jointly owned, enter **only** the deceased person's share of the proceeds of disposition. If the property was **also** used for commercial or rental purposes, enter **only** the share of the proceeds of disposition for the portion used as a principal residence by the deceased person.

Designation

I, _____ (print your name), the legal representative for the Estate of the Late _____ (Deceased's name), hereby designate the property described above to have been the principal residence of the deceased person for the following tax years ending **after** the acquisition date:

After 1981		1
After 1971 and before 1982	+	2
Total number of years designated (line 1 plus line 2)	9956 =	3

For those years after 1981, I also confirm that neither the deceased person, nor their spouse or common-law partner (who was not separated and living apart from the deceased person throughout the year under a judicial separation or written separation agreement), nor any of the deceased person's children (who were under 18 and unmarried or not in a common-law partnership throughout the year) designated any other property as a principal residence. For any tax year **after 1981** for which the deceased person designated the property and throughout which they were under 18 and unmarried or not in a common-law partnership, I also confirm that neither the deceased person's mother, father, nor any of their brothers and sisters (who were under 18 and unmarried or not in a common-law partnership throughout the year) designated any other property as a principal residence.

For those years before 1982, I confirm that the deceased person has **not** designated any other property as their principal residence.

Note
If the property was designated as a principal residence for the purpose of filing Form T664 or T664(Seniors), the legal representative has to include those previously designated tax years as part of the deceased person's principal residence designation.

Legal Representative's Signature	Deceased's social insurance number	Date (Year Month Day)

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Section 2 – Calculation of Capital gain

Information needed to calculate the capital gain

Number of tax years for which the property is designated as a principal residence (from line 3 of page 2)		4
Number of tax years ending after the **acquisition date** in which the deceased person owned the property (jointly with another person or otherwise):		
After 1981		5
After 1971 and before 1982	+	6
Total number of years owned (line 5 plus line 6)	=	7
Proceeds of disposition or deemed disposition		8
Outlays and expenses made or incurred related to the disposition		9
Adjusted cost base at the time of disposition (if the deceased person or their spouse or common-law partner filed Form T664 or T664(Seniors) for this property, do not take into consideration any increase to the adjusted cost base as a result of that election)		10
Adjusted cost base on December 31, 1981		11
Fair market value on December 31, 1981		12
Adjustments to the cost base made after 1981 (for example, capital expenditures)		13

Part 1

Proceeds of disposition or deemed disposition (line 8)					14
Adjusted cost base at the time of disposition (line 10)			15		
Outlays and expenses made or incurred (line 9)	+		16		
Line 15 plus line 16	=		►	–	17
Line 14 minus line 17	**Capital gain before principal residence exemption**			=	18
Amount from line 18			19		
Line 4 plus 1 (see **note** on page 4)	×		20		
Multiply line 19 by line 20	=		21		
Total number of years from line 7	÷		22		
Divide line 21 by line 22	=		►	–	23
Line 18 minus line 23 (if negative, enter "0")	**Net capital gain**			=	24

Part 2

Complete Part 2 **if** the property disposed of is one of two (or more) properties that qualify as principal residences a family member owned on December 31, 1981, and continuously thereafter until its disposition. You will find a definition of **family** in the "Principal residence" chapter in Guide T4037, Capital Gains. In all **other cases**, do not complete Part 2 and enter the amount from line 24 above on line 54 in Part 3 on the next page.

A. Pre-1982 gain

If you designated the property as a principal residence for all the years the deceased person owned it before 1982, do **not** complete lines 25 to 32. Instead, enter "0" on line 33.

Fair market value on December 31, 1981 (line 12)					25
Adjusted cost base on December 31, 1981 (line 11)				–	26
Line 25 minus line 26	**Pre-1982 gain before principal residence exemption**			=	27
Amount from line 27			28		
Line 2 plus 1 (see **note** on page 4)	×		29		
Multiply line 28 by line 29.	=		30		
Number of years from line 6	÷		31		
Divide line 30 by line 31.	=		►	–	32
Line 27 minus line 32 (if negative, enter "0")	**Pre-1982 gain**			=	33

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Part 2 (continued)

B. Post-1981 gain

If you designated the property as a principal residence for all the years the deceased person owned it after 1981, do **not** complete lines 34 to 44. Instead, enter "0" on line 45 and complete area D.

Proceeds of disposition or deemed disposition (line 8)					34
Fair market value on December 31, 1981 (line 12) If the fair market value of the property on December 31, 1981, is **more than** the amount on line 34, do **not** complete lines 35 to 44. Instead, enter "0" on line 45 and complete areas C and D.			35		
Adjustments made to the cost base after 1981 (line 13)		+	36		
Outlays and expenses (line 9)		+	37		
Add lines 35 to 37		=		► –	38
Line 34 minus line 38	**Post-1981 gain before principal residence exemption**			=	39
Amount from line 39			40		
Number of years from line 1		×	41		
Multiply line 40 by line 41.		=	42		
Number of years from line 5		÷	43		
Divide line 42 by line 43.		=		► –	44
Line 39 minus line 44 (if negative, enter "0")	**Post-1981 gain**			=	45

C. Post-1981 loss

Fair market value on December 31, 1981 (line 12)			46
Proceeds of disposition or deemed disposition (line 8)		–	47
Line 46 minus line 47 (if negative, enter "0")	**Post-1981 loss**	=	48

D. Net capital gain

Pre-1982 gain, if any (line 33)			49
Post-1981 gain, if any (line 45)		+	50
Line 49 plus line 50		=	51
Post-1981 loss, if any (line 48)		–	52
Line 51 minus line 52 (if negative, enter "0")	**Net capital gain**	=	53

Note
One year is granted by law. If the deceased person disposed of their principal residence after October 2, 2016, and was a non-resident throughout the year of acquisition of the property, you are not eligible to use the "plus 1" in this calculation.

Part 3

If you completed Part 2, enter **whichever amount is less**: line 53 above or line 24 of Part 1. Otherwise, enter the amount from line 24.	**Total capital gain**	54

Part 4

Complete Part 4 if the deceased person or their spouse or common-law partner filed Form T664 or T664(Seniors) for this property. In all **other cases**, enter the amount from line 54 above on **line 15800** of Schedule 3, Capital Gains or Losses, for dispositions or deemed dispositions.

Total capital gain before reduction (line 54)			55
Reduction as a result of the capital gains election (line 66 of Form T2091(IND)-WS)		–	56
Line 55 minus line 56 (if negative, enter "0")	**Capital gain**	=	57

Enter the amount from line 57 on **line 15800** of Schedule 3, Capital Gains or Losses**,** for dispositions or deemed dispositions.

See the privacy notice on your return.