

REVENU
QUÉBEC



2022

GUIDE TO FILING THE INCOME TAX RETURN OF A DECEASED PERSON



revenuquebec.ca

**THIS GUIDE WILL HELP YOU FILE
A DECEASED PERSON'S INCOME
TAX RETURN, WHICH IS A KEY PART
OF SETTling A SUCCESSION.**

Use it with the guide to the income tax return (TP-1.G-V).

CONTENTS

Introduction	7
Glossary	8
The role of the liquidator	10
Solidarity tax credit	12
1 The income tax return(s) of a deceased person	13
1.1 Principal income tax return	13
1.2 Separate income tax returns	14
1.2.1 Separate return for rights and property	14
1.2.2 Separate return for income from a testamentary trust that is a GRE	14
1.2.3 Separate return for income from a partnership or sole proprietorship	15
1.3 Filing deadlines for the income tax returns	15
1.3.1 Income tax returns for the year of death	15
1.3.2 Income tax returns for years before the year of death	16
1.4 Payment of a balance due, interest and penalties	16
1.5 Documents to enclose with the principal return	17
2 Instructions for completing the principal income tax return and separate income tax returns	20
2.1 Personal information	20
2.2 Total income	21
2.3 Net income	34
2.4 Taxable income	37
2.5 Non-refundable tax credits	39
2.6 Income tax and contributions	44
2.7 Refund or balance due	47
2.8 Signature	53

3	Deemed disposition of capital property at the time of death	54
3.1	Property transferred to a person other than the spouse or a spousal trust	54
3.2	Property transferred or distributed to the spouse or a spousal trust	55
3.3	Deemed disposition of certain shares held at the time of death	56
4	Carry-over of net capital losses	57
4.1	Net capital loss sustained in a year preceding the year of death	57
4.2	Net capital loss sustained in the year of death	57
4.3	Net capital loss or terminal loss sustained after the date of death	58
5	Repayment of employment income or of certain government benefits by the GRE	60
5.1	Repayment of employment income	60
5.2	Repayment of certain government benefits	60
6	Deceased person who was a beneficiary of a trust	61
	Applicable rules	61

The information in this guide does not constitute a legal interpretation of the *Taxation Act* or any other legislation.

The numbers in italics at the end of certain paragraphs refer to sections of the *Taxation Act* (section numbers alone), the *Regulation respecting the Taxation Act* (numbers with the letter "R"), the *Act respecting the Québec Pension Plan* (section numbers preceded by the letters "AQPP") and the *Act respecting the Régie de l'assurance maladie du Québec* (section numbers preceded by the letters "ARAMQ"). Contact us for more information. Our contact information is given at the end of this guide.

NOTE

Although "estate" is the more common term, "succession" is generally used throughout this guide, as it is the term used in Québec legislation.



INTRODUCTION

This guide contains essential information on how to complete the Québec income tax return(s) of a person who died in 2022. If you are completing the return(s) of a person who died in 2023, see the text under “Death in 2023” that immediately precedes section 1.1.

Use this guide in conjunction with the guide to the income tax return (TP-1.G-V), which is available on our website at revenuquebec.ca or at most Desjardins caisses. You can also print the income tax return and schedules from our website.

Part 1 contains general information about the income tax return(s) to be filed for deceased persons. The other parts of this guide give specific instructions on how to complete the return(s).

Contact us for more information.

Abbreviations

ACB	Adjusted cost base
ALDA	Advanced life deferred annuity
CIP	Cooperative Investment Plan
CPP	Canada Pension Plan
CRA	Canada Revenue Agency
DPSP	Deferred profit-sharing plan
FMV	Fair market value
GRE	Graduated rate estate
PRPP	Pooled registered pension plan
QPIP	Québec parental insurance plan
QPP	Québec Pension Plan
RDSP	Registered disability savings plan
RPP	Registered pension plan
RRIF	Registered retirement income fund
RRSP	Registered retirement savings plan
TFSA	Tax-free savings account
UCC	Undepreciated capital cost
VRSP	Voluntary retirement savings plan



GLOSSARY

Adjusted cost base (ACB)

The acquisition cost of property, plus the expenses incurred for its acquisition (such as legal fees, surveying costs, evaluation fees, brokerage fees, delivery and installation costs, and any GST or QST payable) and the cost of any additions (capital expenditures for both additions and improvements made to the property).

NOTE

For depreciable property, the ACB is the capital cost of the property. If the deceased elected to report a capital gain deemed to have been realized on February 22, 1994, see guide IN-120-V, *Capital Gains and Losses*.

Capital cost allowance (CCA)

A deduction you can claim over several years for the cost of depreciable property, that is, property that wears out or becomes obsolete over time.

NOTE

You **cannot** claim capital cost allowance for the taxation year ending on the date of death because the property is deemed to have been disposed of immediately before the death.

Capital property

Depreciable property or other property whose disposition results in a capital gain (or loss).

Capital property may be depreciable property of a prescribed class that you use to earn income (for example, buildings, furniture, equipment or machinery) or non-depreciable property that you use to earn income or for other purposes (for example, shares, bonds, debts, land or cottages).

Deemed disposition (also called a “deemed sale”)

The hypothetical transfer of property by an individual, as a result of certain events provided for by law—including his or her death—whereby the individual is considered to have actually disposed of the property.

De facto spouse

A person who, at any time:

- was living in a conjugal relationship with a person (this includes any time the two people were living separate and apart because of a breakdown of their relationship and the separation lasted fewer than 90 days) **and** who was the biological or adoptive parent (legally or in fact) of a child of whom that person was also the parent; **or**
- had been living in a conjugal relationship with a person for at least 12 consecutive months (if they were separated for less than 90 days, the 12-month period is not considered to have been interrupted).

In order to be considered the surviving spouse of a deceased person, a de facto spouse must have been in one of the situations listed above on the date of death.

Depreciable property

Property of a prescribed class that was used to earn business or property income, and for which the cost can generally be deducted over time by claiming capital cost allowance.

Dwelling

A house, an apartment or a similar place of residence in which a person ordinarily eats and sleeps, and which is equipped with kitchen and bathroom facilities.

NOTE

A room in a hotel establishment or boarding house is not a dwelling.

Estate

This is a term commonly used with respect to the property and debts of a deceased person, but it is not used in Québec legislation (which uses the term “succession”). Although the term “succession” is generally used in this guide, the term “estate” may appear in certain contexts.

Fair market value (FMV)

The highest amount that could be obtained on an open market for property, where the transferor and transferee consent to the transaction, are well-informed and are dealing at arm’s length.

Graduated rate estate (GRE)

A GRE is a succession that, at a given time, meets the following conditions:

- It arose on and as a consequence of an individual’s death.
- The given time is no more than 36 months after the death.
- It is a testamentary trust at the time.
- It designates itself as a GRE for its first taxation year ending after 2015, and no other succession designates itself as such.
- It enters the individual’s social insurance number on its income tax return for each taxation year that ends after 2015 and during the 36 months after the individual’s death.

Inter vivos trust

Any trust that is not a testamentary trust.

Legal representative

A person who is mandated to administer or liquidate the property of a succession or to play a major role in the management of the property. In many cases, the liquidator of the succession is the legal representative.

Liquidator of the succession

A person responsible for liquidating a succession.

NOTE

In the case of a succession for which there is a will, the liquidator is the person named in the will to settle the succession.



Matured RRSP

A plan under which retirement income has begun to be paid, generally in the form of an annuity.

Property vested indefeasibly

Property in which a person acquires the right of absolute ownership. This means that no other person can invoke his or her rights in the property in the future. The right of absolute ownership applies to property that, following the death of the owner, was transferred or distributed to his or her surviving spouse, child or children, or to a spousal trust.

Spousal trust

As a rule, a testamentary trust or an inter vivos trust created by an individual for the benefit of his or her spouse where, under the trust deed, the spouse is exclusively entitled to receive all the income of the trust and no one other than the spouse may receive or otherwise obtain the enjoyment of the trust's income or capital during the spouse's lifetime.

Spouse

One of the partners in a marriage or a civil union, or a de facto spouse.

Spouse on December 31

The person who:

- was the spouse of the deceased at the time of death, had not been living separate and apart from the deceased for 90 days or more because of the breakdown of their relationship, **and** was not the spouse of another person on December 31 of the year of death or, if he or she also died during the year, on the date of his or her own death; **or**
- was the last person to have been the spouse of the deceased during the year, where this person also died during the year **and**, at the time of his or her own death, was the spouse of the deceased and had not been living separate and apart from the deceased for 90 days or more because of the breakdown of their relationship.

Succession

The term used in Québec legislation with respect to the property and debts of a deceased person (see "estate").

Testamentary trust

A trust or succession that arises on the death of an individual and as a consequence thereof.

NOTE

- The terms of the trust are created by will, by law or by court order.
- If the property or income of a trust is not distributed in accordance with the terms of the will, the trust may lose its status as a testamentary trust and become an inter vivos trust.
- As of 2016, only testamentary trusts of the two following types can benefit from graduated rate taxation applicable to individuals:
 - a GRE;
 - a qualified disability trust (for more information on this type of trust, see section 1.7 of the *Guide to Filing the Trust Income Tax Return* [TP-646.G-V]).

Undepreciated capital cost (UCC)

Generally, for property of a given class, the UCC is equal to the amount by which the capital cost of all the property in the class **exceeds** the total amount claimed as CCA for previous years.

NOTE

- To determine whether there is a recapture of capital cost allowance or a terminal loss resulting from the disposition of a property in a given class, subtract the **lesser** of the following amounts from the UCC:
- the proceeds of disposition of the property, **minus** the expenses incurred to dispose of the property;
 - the capital cost of the property.

Unmatured RRSP

A plan under which no retirement income was paid to the annuitant before his or her death.



THE ROLE OF THE LIQUIDATOR

If you are the liquidator of the succession, your responsibilities include:

- notifying us as quickly as possible of the date of the person's death if they received any social benefits (for example, the solidarity tax credit) or if they received support payments through us, so that we can:
 - stop or adjust the payments to avoid overpayments that must be repaid,
 - ensure that the deceased's spouse (if applicable) will continue to receive any payments to which they are entitled;
- registering without delay as the liquidator of the succession;
- taking an inventory of the deceased's property at the time of death as well as the succession's debts at that time and those arising from the death itself;
- filing the deceased person's income tax return(s) (and, if applicable, the succession's income tax return, using form TP-646-V, *Trust Income Tax Return*);
- ensuring that the deceased person's income tax and debts (and, if applicable, the succession's income tax and debts) are paid;
- obtaining a certificate from us authorizing the distribution of the deceased person's property (and, if applicable, a certificate authorizing the distribution of the succession's post-death income).

NOTE

To effectively carry out your role as liquidator and meet your tax obligations, you can use our questionnaire for succession liquidators at revenuquebec.ca/liquidator. It sets out the recommended steps for settling a succession based on the deceased's civil status, the property involved, whether there are testamentary provisions, etc. For more information on the steps to take, go to the **Citizens** section of our website, and then click **Your Situation** and **Liquidators of a Succession (Steps to Follow After a Death)**.

How to identify yourself as the liquidator of the succession

You must identify yourself as the liquidator of the succession right away. To do so, complete form LM-14-V, *Information About a Representative*, and send it to us along with the documents listed on the form (for example, the most recent will designating you as the liquidator). Form LM-14-V is available at revenuquebec.ca. We will send you confirmation once we have processed the form.

NOTES

- If there is no will, no liquidator is named in the will or the liquidator designated in the will cannot assume the role for some reason, the majority of the heirs can designate a liquidator by completing form LM-14.1-V, *Designation of a Liquidator by the Heirs*.
- If the sole heir is a minor or a person of full age under tutorship or a protection mandate, his or her representative (tutor or mandatary) can complete form LM-14.1-V to designate a liquidator other than himself or herself (unless a will states otherwise). This is also the case if such an heir and his or her representative are the only heirs.
- If there is only **one heir** and that person is acting as sole liquidator, enclose a copy of a document confirming that he or she is the sole heir. The document must show that the heir was duly sworn by an attorney, a notary or a commissioner for oaths (for example, you can provide a copy of such a document requested by the deceased's financial institution, insurer or any other entity from which the liquidator must claim succession property). Also enclose form LM-14-V, if you have not already sent it.



How to obtain a certificate from us authorizing the distribution of the deceased person's property or the succession's post-death income

To obtain a certificate authorizing you to proceed with the distribution of the property owned by the deceased at the time of death or of the succession's post-death income, if applicable, you must first notify us that you intend to distribute the property or income. To do so, complete form MR-14.A-V, *Notice Before Distribution of the Property of a Succession* and send it to us with the required documents for the applicable distribution. The form can be printed from our website at revenuquebec.ca.

You can send us form MR-14.A-V along with the required return(s) for the distribution covered by the certificate you are requesting.

Returns to file according to the distribution covered by the certificate

Distribution covered by the certificate	Returns to file
Deceased person's property	<ul style="list-style-type: none"> the deceased's income tax return(s) (form TP-1-V) for the year of death
Succession's post-death income	<ul style="list-style-type: none"> the <i>Trust Income Tax Return</i> (form TP-646-V) for the entire taxation year beginning after the death and ending on the date the succession was liquidated
Deceased's property and succession's post-death income	<ul style="list-style-type: none"> the deceased's income tax return(s) (form TP-1-V) for the year of death the <i>Trust Income Tax Return</i> (form TP-646-V) for the entire taxation year beginning after the death and ending on the date the succession was liquidated

Enclose a copy of a document proving that you are the liquidator of the succession with form MR-14.A-V, unless you have already sent us such proof.

Note that we can issue a certificate authorizing you to distribute the deceased's property and/or the succession's income as soon as:

- **all** the income tax returns (the deceased's and the succession's) have been filed;
- **all** the notices of assessment have been issued; and
- **all** balances due have been paid.

If you distribute the deceased's property or income earned by the succession after the death **without a certificate**, you will be held **personally liable** for paying the amounts owed to us, up to the amount of the distributed property or income. As a rule, you can be held liable for up to four years following the date of the distribution.

NOTE

To get a certificate for other types of property (for example, the property of a **testamentary trust that is not a succession**) or income, complete form MR-14.B-V, *Notice Before Distribution of Property*.



SOLIDARITY TAX CREDIT

You cannot claim the solidarity tax credit in the income tax return for the year in which the person died, and therefore do not need to complete Schedule D.

If the deceased was receiving payments of the solidarity tax credit during the payment period in progress at the time of his or her death, he or she is no longer eligible to receive any payments of the tax credit as of the month following his or her death. If we made payments after the month of death (because, for example, information about the death had not been sent to us yet), the amounts received will have to be repaid to us.

However, if the deceased had a spouse at the time of death and was receiving the tax credit for the couple, the spouse will not have to claim the credit to continue receiving, as of the month following the month of death, the payments corresponding to the amounts determined for the payment period in progress. The surviving spouse will receive the remaining payments once information about the death has been sent to us, provided he or she meets the eligibility requirements.

Contact us for more information.

Example

When completing his 2021 income tax return, Richard had claimed, for both himself and his spouse, the solidarity tax credit for the payment period from July 1, 2022, to June 30, 2023. Richard died on November 5, 2022. Consequently, he is no longer eligible to receive payments of the solidarity tax credit from December 2022. Richard's spouse, Jennifer, could automatically receive payments of the solidarity tax credit for the period from December 2022 to June 2023 if she qualifies. To receive the payments, she must register for direct deposit.

When she files her 2022 income tax return, Jennifer can claim the solidarity tax credit for the payment period from July 1, 2023, to June 30, 2024, by completing Schedule D and filing it along with the return so she can receive all the amounts to which she is entitled for each component of the credit.

1029.8.116.12–1029.8.116.35



1 THE INCOME TAX RETURN(S) OF A DECEASED PERSON

This part contains general information concerning the income tax return(s) of a deceased person. It will tell you:

- whether you must file a return and, if so, which of the various returns you can file;
- how much time you have to file the return(s);
- how much time you have to pay a balance due, and what penalties may be imposed if the balance is not paid on time.

If you are the liquidator of the succession, you must file one or more income tax returns for every taxation year for which the deceased:

- was required to pay income tax, contributions to the Québec Pension Plan (QPP) and to the health services fund, and premiums payable under the Québec parental insurance plan (QPIP) and under the Québec prescription drug insurance plan;
- would have had income tax payable if the non-refundable tax credits that were transferred by his or her spouse on December 31 (see the glossary at the beginning of this guide) had not been claimed by the deceased;
- would have had income tax payable, if he or she had not deducted losses from other years;
- realized a taxable capital gain (or should report a taxable capital gain that resulted from a reserve deducted in the previous taxation year or that he or she was allocated by a trust or a partnership);
- disposed of capital property, or was deemed to have disposed of capital property as a consequence of his or her death (in the latter case, see Part 3);
- received tips in connection with employment in the restaurant or hotel sector;
- was entitled to an allowance under the shelter allowance program;
- received advance payments of:
 - the tax credit for childcare expenses,
 - any of the tax credits respecting the work premium (the work premium, adapted work premium or supplement to the work premium [for former recipients of last-resort financial assistance or financial assistance under the Aim for Employment Program]),
 - the tax credit for home-support services for seniors,
 - the tax credit for caregivers,
 - the tax credit for the treatment of infertility;
- was entitled to receive the family allowance from Retraite Québec;
- was entitled to refundable tax credits; or
- was the beneficiary of a designated trust.

1000

As the liquidator, you are responsible for filing the deceased person's income tax return(s) for:

- the year of death; and
- any previous taxation year for which the deceased was required to file an income tax return but did not file one.

1002

Death in 2023

If the person for whom you are filing an income tax return died in 2023 and the 2023 income tax return is not yet available, use the 2022 return. Contact us to find out whether any amounts must be adjusted for the year of death. Be sure to specify the date of death (line 20 of the return) and the year for which the return is being filed. Whether you use the 2023 return or the 2022 return, **clearly indicate** that the return is being filed for a deceased person (see section 2.1). You must also provide all documents substantiating the amounts reported in the principal return and any separate returns, even if the RL slips, information slips, receipts and other supporting documents are not yet available (see section 1.5).

1.1 Principal income tax return

If you are the liquidator of the succession, you must **report**, in an income tax return known as the "principal return," **all income earned by the person in the taxation year in which the death occurred (which ends on the date of death), regardless of whether the amounts were received during his or her lifetime**. This income includes:

- income received before the person's death;
- all periodic payments (such as interest, rents, royalties, annuities, salaries and wages) that, as a rule, accumulated daily in equal amounts during the period in which they were payable; and
- income resulting from the deemed disposition of capital property at the time of death (see Part 3 of this guide).

NOTE

Certain types of income can be reported in one or more separate returns, as explained in section 1.2. This is the case, for example, with certain amounts **that do not accumulate daily** in equal amounts, including:

- amounts that the deceased was to receive but that were not payable on or before the date of death; and
- income from an annuity contract, where the income is considered to be payable at the time of death.

428

1.2 Separate income tax returns

In addition to filing the principal return for the year of death, you may be able to file up to **three other separate income tax returns**, which may result in tax reductions for the succession.

Since each of the separate returns covers a particular category of income and must be filed as if the deceased were a different person, the income of the deceased is split. As a result, the income tax payable on the deceased person's behalf can be lowered or reduced to zero.

A separate return can be filed to report:

- the value of rights and property of the person at the time of death (section 429 of the *Taxation Act*);
- income from a testamentary trust that is a GRE (see the glossary at the beginning of this guide or section 681 of the *Taxation Act*); and
- income from a partnership or sole proprietorship (section 1003 of the *Taxation Act*).

Clearly indicate the applicable section of the *Taxation Act* at the top of each separate return you file.

429, 681, 1003

1.2.1 Separate return for rights and property

The income relating to the value of rights and property that can be included in a separate return is income that the person **was entitled to receive, but had not yet received** at the time of death (for example, payment of the Old Age Security pension [line 114] or QPP benefits [line 119] for the month of the death), other than income that accumulated daily in equal amounts during the period in which it was payable. See section 1.1 of this guide. The deceased therefore had a right of absolute ownership in this property at the time of his or her death.

If you decide to file a separate return for rights and property, you must report **all** rights and property in the same return, with the exception of rights and property transferred to beneficiaries of the succession (see "IMPORTANT" below). However, if the total deductions applicable to this income (such as deductions for interest expenses, property taxes and insurance premiums, where the rights and property relate to rental income) exceed the total income relating to rights and property, report the income and deductions in the principal return instead.

IMPORTANT

If you wish to transfer rights and property to a beneficiary of the succession, you must do so before the deadline for filing the separate return. In such a case, the value of the rights and property must be reported in the beneficiary's return (not in the separate return for the deceased). See section 1.3 of this guide for information concerning the filing deadline for the separate return.

429, 430

Cancellation of a separate return for rights and property

A separate return for rights and property can be cancelled, provided the return was submitted **before** the filing deadline. To request cancellation, submit form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*, or a letter signed by the liquidator of the succession, by the filing deadline for the return. See section 1.3 of this guide.

429

1.2.2 Separate return for income from a testamentary trust that is a GRE

If, at the time of his or her death, the deceased was the beneficiary of a testamentary trust (a trust created upon the death of another person) that is a GRE and the trust's taxation year ended in the year of death but before the date of death, you can file a separate return to report the income from the testamentary trust that accumulated from the end of the trust's taxation year to the date of death.

Example

Susan was the beneficiary of a testamentary trust (that had been designated a GRE) that arose upon and as a consequence of the death of her spouse. The taxation year of the testamentary trust began on June 1, 2021, and ended on May 31, 2022. Susan died on June 20, 2022. You must report Susan's income for 2022 **either**:

- by including the income from the trust for the period from June 1, 2021, to June 20, 2022, in the **principal return**; or
- by filing two returns, the principal return and a separate return. In the **principal return**, enter the income from the trust for the period from June 1, 2021, to May 31, 2022. In the **separate return**, enter the income from the trust for the period from June 1 to 20, 2022.

However, if Susan had died during the trust's taxation year that began on June 1, 2021, and ended on May 31, 2022, you would have been required to include the income from the trust in the **principal return**.

681

1.2.3 Separate return for income from a partnership or sole proprietorship

If, at the time of death, the deceased was a member of a partnership or was the sole proprietor of a business and the partnership's or sole proprietorship's fiscal period ended in the year of death but before the date of death, you can file a **separate return** for the business income that accumulated from the end of the fiscal period to the date of death.



Example

Mario was a member of a partnership whose fiscal period ended on March 31, 2022. Mario died on June 22, 2022. You must report Mario's income for 2022 **either**:

- by including the business income for the period from April 1, 2021, to June 22, 2022, in the **principal return**; or
- by filing two returns, the principal return and a separate return. In the **principal return**, enter the business income from the partnership for the period from April 1, 2021, to March 31, 2022. In the **separate return**, enter the business income from the partnership for the period from April 1 to June 22, 2022.

However, if Mario had died during the partnership's fiscal year that began on April 1, 2021, and ended on March 31, 2022, you would have been required to include the income from the partnership in the **principal return**.

1003

1.3 Filing deadlines for the income tax returns

The filing deadlines for the various returns are given below.

1.3.1 Income tax returns for the year of death

If you are filing **more than one** return for the year of death, you must send us the returns by mail. You cannot submit them online.

Principal return

- If the death occurred between January 1 and October 31 inclusive, the principal return must be filed **by**:
 - April 30 of the following year; or
 - June 15 of the following year, if the deceased or his or her spouse carried on a business in the year of death.

In both cases, **income tax owing must be paid** by April 30 of the following year.

- If the death occurred between November 1 and December 31 inclusive, the return must be filed **by**:
 - the date that is six months after the date of death; or
 - June 15 of the following year, if the deceased or his or her spouse carried on a business in the year of death.

In both cases, **income tax owing must be paid** within six months after the date of death.

See "Exception" on the next page.

NOTE

The spouse on December 31 (see the glossary at the beginning of this guide) **must file** his or her income tax return for the year **by the same date**. However, the spouse's income tax owing must be paid by April 30 of the year following the taxation year for which the return is being filed.

Example

Terry died on October 13, 2022. Claudia, his spouse on December 31 (see the definition at the beginning of this guide) carried on a business in 2022. You need to file Terry's principal return no later than June 15, 2023, and pay his balance due no later than April 30, 2023. The same applies for Claudia.

However, if Terry had died on December 24, 2022, and Claudia had carried on a business in 2022, you would have to file Terry's principal return no later than June 24, 2023, and pay his balance due by the same date. Claudia would also have until June 24, 2023, to file her 2022 income tax return, but she would have to pay her balance due no later than April 30, 2023.

1 ("filing-due date" and "balance-due day"), 1000

Separate return for rights and property

This return must be filed **by the later of the following dates**:

- the date that is 90 days after the date the notice of assessment or reassessment relating to the principal return filed for the year of death is sent; or
- the date that is one year after the date of death.

Income tax owing must be paid by the later of the following dates:

- April 30 of the year following the year of death; or
- the date that is six months after the date of death.

1 ("filing-due date" and "balance-due day"), 429, 1000

Separate return for income from a testamentary trust that is a GRE

This return must be filed **by the later of the following dates**:

- April 30 of the year following the year of death, or June 15 of the year following the year of death if the deceased or his or her spouse was carrying on a business in the year of death; or
- the date that is six months after the date of death.

Income tax owing must be paid by the later of the following dates:

- April 30 of the year following the year of death; or
- the date that is six months after the date of death.

See "Exception" on the next page.

1 ("filing-due date" and "balance-due day"), 681, 1000

Separate return for income from a partnership or sole proprietorship

This return must be filed **by the later of the following dates**:

- June 15 of the year following the year of death; or
- the date that is six months after the date of death.

Income tax owing must be paid by the later of the following dates:

- April 30 of the year following the year of death; or
- the date that is six months after the date of death.

See "Exception" below.

1 ("filing-due date" and "balance-due day"), 1000, 1003

Exception

If the creation of a **spousal trust** is provided for in the will of the deceased or in a court order, and the trust is responsible for certain debts of the deceased or the succession, the filing deadline for the **principal return** and the **separate returns** can be extended to 18 months after the date of death. However, interest will be charged on any amounts that are not paid by the due date for paying income tax owing for the year of death.

445(a)

1.3.2 Income tax returns for years before the year of death

The deceased may not have filed, during his or her lifetime, all of the income tax returns required for the years before the year of death. If the deceased left no files in this regard or the files do not enable you to determine whether returns were filed, you can contact us to obtain this information (provided you are authorized to do so).

If you are required to file an income tax return on behalf of the deceased for **the year preceding the year of death**, you must respect the deadlines presented below.

Filing-due dates

- If the **death occurred before May 1** (or before June 16, if the deceased or his or her spouse carried on a business in the year preceding the year of death), file the return and pay any income tax owing within six months after the date of death.
- If the **death occurred after April 30** (or after June 15, if the deceased or his or her spouse carried on a business in the year preceding the year of death), the standard dates for filing and paying a balance apply.

Example

Steve died on March 28, 2022. He did not carry on a business. He did not file his income tax returns for 2020 or 2021. Since the deadline for filing the 2020 return was April 30, 2021, you must file that return immediately. You must file the return for 2021 (the year that precedes the year of death) by September 28, 2022.

However, if Steve had died on June 3, 2022, you would have had to file both the 2020 and 2021 returns immediately.

1 ("filing-due date" and "balance-due day"), 1000

1.4 Payment of a balance due, interest and penalties

If the balance due is not paid by the dates specified in section 1.3, we will calculate interest on any outstanding amount. Also, if the return is not filed by those dates, we may charge a 5% late-filing penalty on the outstanding balance as at the filing-due date. An additional 1% penalty may be charged for each full month the return is late (up to 12 months).

1045

Election to pay income tax on certain income over a maximum of 10 years

Unless an election is made regarding certain shares held at the time of death (see below), amounts owed on rights and property (whether reported in the principal return or in a separate return), or on income resulting from the deemed disposition of capital property held at the time of death, can be paid in equal and consecutive annual instalments (**maximum 10**). As the legal representative of the deceased, you must provide us with security that we deem acceptable.

These amounts must **not be greater** than the amount by which the income tax payable for the deceased person (the total of the amounts on line 432 of the principal return and of the separate return for rights and property) that results from the amounts added to the deceased's taxable income (the total of the amounts on line 299 of these returns) as a tax consequence of the death **exceeds** the income tax that would be payable if the deceased's taxable income did not include these amounts.

1032

Please note that we will add interest to each instalment for the period from the date on which the balance due was payable to the date on which the instalment payment is made.

Complete form TP-1032-V, *Election to Make Instalment Payments in Respect of Income Tax Resulting from the Deemed Disposition of Certain Property Owned at the Time of Death*, and submit the form together with the first instalment payment by the filing deadline for the income tax return (see section 1.3 of this guide).

Election to defer the payment of income tax resulting from the deemed disposition of certain shares held at the time of death over a maximum of 20 years

As the legal representative of a person who died after February 21, 2017, you can elect to defer the payment of the income tax that the deceased person would have had to pay further to the deemed disposition, immediately before death, of his or her interest in a qualified public corporation. This interest includes any eligible share of the capital stock of a qualified public corporation (or a private corporation, under certain conditions) that the deceased person held at that time. The election is subject to certain conditions, and payment can be deferred over a maximum of 20 years.



You must file form TP-1033.17-V, *Election to Defer the Payment of Income Tax Resulting from the Deemed Disposition of Certain Shares Held at the Time of Death*, to make this election. You must then provide security that we deem satisfactory **no later than** the deadline for paying the deceased person's income tax for the taxation year in which he or she died.

For more information, see section 3.3.

[1033.14–1033.17](#), [1033.19–1033.27](#)

1.5 Documents to enclose with the principal return

With the principal return, you must enclose form LM-14-V, *Information about a Representative*, as well as the documents requested on that form (see “Documents to enclose”) respecting the liquidator of a succession, unless the form and accompanying documents have already been sent to us.

Death in 2023

If the person for whom you are filing an income tax return died in 2023, and the documents (RL slips, information slips, receipts and other supporting documents) you need for the year of death are not yet available, you must gather any relevant information to determine the income to be reported and claim deductions or tax credits (refundable or non-refundable) to which the deceased may be entitled, according to his or her situation at the time of death.

Contrary to what is indicated in the “RL slips, receipts and other supporting documents” section on page 8 of the guide to the income tax return (TP-1.G-V), you must send us **all** the documents substantiating the amounts reported in the income tax return(s) of the deceased, regardless of how you file the return.

To determine whether you must provide documents substantiating the amounts reported on the lines of the deceased person's income tax return, see the instructions for the corresponding lines in the guide to the income tax return (TP-1.G-V) and any information relative to those lines in this guide. Note that you may also need to enclose other documents requested in any form that you must fill out or in any publication we suggest that you consult pertaining to a particular subject.

You must report **all** the deceased's income in the principal return and any separate returns, even if you have not received the RL slips or federal information slips. You must therefore take the necessary steps to determine the income that you must report in the deceased's income tax return(s). To do this, you can:

- consult the deceased person's income tax returns from previous years to identify the individuals or entities, called “payers,” that paid income to the deceased in the past, such as an employer, investment firm (for example, a financial institution, trust company, securities dealer or pension plan administrator), the Gouvernement du Québec, the Government of Canada or any other payer;

- communicate with the payers to inform them of the person's death and obtain RL slips or federal information slips from them or, if this is not possible, ask them to provide you with a document indicating income and any deductions or other necessary information; and
- verify the contents of any safety deposit boxes to find other sources of income or benefits.

If you are unable to obtain the requested documents from payers, you must estimate the income and deductions (including QPP, registered pension plan and Employment Insurance contributions, union dues and taxes) using information that you have about the deceased person, such as pay statements, bank statements, safety deposit box contents, insurance policies or any other document containing information that could be useful. Provide us with contact information (name, address, employer number or any other pertinent information) for each payer.

In summary, **all** documents that apply to the deceased person's situation must be enclosed with his or her income tax return. This may include documents:

- listed in the “RL slips, receipts and other supporting documents” section on page 8 of the guide to the income tax return (TP-1.G-V), in the corresponding lines of the income tax return or a form;
- confirming the statement of remuneration and other taxable benefits related to employment at the time of death, such as pay statements or any other document issued by the employer and detailing information, including accrued salary, commissions payable, accumulated vacation days or the retroactive payment of a salary paid under a collective agreement that was signed before the death;
- confirming the total amount to be reported as government benefits, including those received under the QPP, the Canada Pension Plan (CPP), the QPIP, the *Unemployment Insurance Act* or the *Employment Insurance Act* and the Old Age Security pension, such as payment slips, bank statements attesting to deposits, any relevant correspondence or details related to the amount attributable to each taxation year if it involves a retroactive payment;
- confirming the total amount to be reported as benefits from a retirement plan, a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) (including a life income fund [LIF]), a deferred profit-sharing plan (DPSP), a pooled registered pension plan (PRPP) (including a voluntary retirement savings plan [VRSP]) or any other annuity that constitutes a retirement income, such as payment slips, bank statements attesting to deposits, any relevant correspondence or details related to the amount attributable to each taxation year if it involves a retroactive payment;
- confirming the total amount to be reported as interest, dividends or other income from investments held by the deceased, such as an investment statement, federal information slips (such as the T3 or T5008 slip) and details about accrued interest at the time of death or the dividends that were reported before the death but had not yet been paid at the time of the death;



- justifying the calculation of net rental income (or net rental losses), such as accounting records, leases, payment slips, bank statements and invoices related to insurance, property taxes, maintenance and improvements;
- justifying the calculation of the capital gain realized or the capital loss sustained during the disposition or deemed disposition of each capital property in the year of death (and immediately before the death), including any document that attests to the proceeds of disposition and the adjusted cost base, such as:
 - a purchase offer or any other similar written agreement with the same purpose,
 - a sales contract or any other deed ascertaining the transfer of ownership that is not mentioned below,
 - a deed of gift, in the case of a disposition by way of an inter vivos gift,
 - a report or appraisal certificate of an appraiser that indicates the fair market value (FMV) of a property at the time of disposition, in the case of a disposition between people who are not dealing at arm's length or a deemed disposition at the time of death,
 - a capital account balance of the partnership, in the case of disposition of a property that is an interest in a partnership,
 - a property acquisition contract and any other documents substantiating the calculation of the adjusted cost base (such as notary fees, real estate agent commissions, brokerage fees and invoices for improvements made to the property),
 - in the case of a disposition in the year of death, any document attesting to the expenses incurred for the disposition (such as notary fees to discharge mortgage loans, real estate agent commissions and land surveyor fees),
 - form TP-274-V, *Designation of Property as a Principal Residence*, in the case of disposition of a principal residence (see the example opposite),
 - the RL-18 slip and other statements of account or transaction records for the transactions made in the year or deemed made at the time of death,
 - any other relevant document that served to determine the amounts reported in the income tax return;
- justifying the calculation of net business income (or net business losses), such as accounting records and financial statements;
- justifying the calculation of the tax on split income or, conversely, proving that an amount is not subject to this tax (such as an excluded amount); and
- substantiating a deduction or tax credit claim (refundable or non-refundable), such as a receipt for medical fees, a receipt for donations issued by a registered charity or by any other qualified donee, a form, a certificate issued by a competent authority or any other supporting documents that we deem acceptable.

NOTE

If the deceased person had a spouse on December 31 (see the glossary at the beginning of this guide) and you wish to file his or her income tax return before the end of 2023 or before his or her spouse has received all of the deceased person's RL slips or federal information slips for 2023, the spouse must provide you with an estimate of all of the deceased's income for 2023.

Example

Paul died in 2022 and did not have a spouse. He owned a house that he purchased in 2000 for \$300,000 and a cottage that he purchased in 2010 for \$200,000. He was the only person to have lived in the house and cottage. When he died, each property's FMV was \$550,000.

Paul's house and cottage are deemed to have been disposed of when he died. The liquidator calculates the following capital gains:

- \$350,000 (\$550,000 – \$200,000) for the cottage; and
- \$250,000 (\$550,000 – \$300,000) for the house.

Because the capital gain on the cottage is greater than the one on the house, the liquidator decides to designate the cottage as Paul's principal residence from 2015 to 2022 and the house as his principal residence from 2000 to 2014. The cottage and house were designated likewise for the same years for the purposes of federal legislation.

Principal residence tax exemption calculation

By law, an additional year is granted for the purposes of calculating the tax exemption. Therefore, the liquidator follows the instructions in form TP-274-V and uses the following formula to calculate the exemption:

$$A \times B / C,$$

where

- A** is the capital gain realized on the cottage (or house) when Paul died;
- B** is the number of years for which the cottage (or house) has been designated as the principal residence **plus 1** (additional year granted);
- C** is the number of years during which Paul was the owner of the cottage (or house).

The tax exemption for the cottage is \$242,308 ($\$350,000 \times [8 + 1] / 13$), while the tax exemption for the house is \$173,913 ($\$250,000 \times [15 + 1] / 23$).

Therefore, \$183,779 ($[\$350,000 - \$242,308] + [\$250,000 - \$173,913]$) is not covered by the exemption. The taxable portion of the capital gain that the liquidator must report is \$91,889.50 (50% of the capital gain).



2 INSTRUCTIONS FOR COMPLETING THE PRINCIPAL INCOME TAX RETURN AND SEPARATE INCOME TAX RETURNS

This part contains instructions for the **lines of the income tax return to which you must pay particular attention** when filing the return(s) of a deceased person.

Reporting deductions and tax credits in the various income tax returns

The deductions and tax credits that can be claimed in the deceased person's income tax returns (**the principal return and up to three separate returns**) fall into four categories:

- amounts that can be claimed in full in each of the income tax returns;
- amounts that can be split among the income tax returns;
- deductions or credits that can be claimed only in the income tax return in which the related income is reported; and
- amounts that can be claimed in the principal return only.

2.1 Personal information

It is important that the "Information about you" section of the income tax return be correctly completed on behalf of the deceased. If there is an identification label on the cover of the guide, place it on the return in the space provided and write "Succession" after the deceased person's name.

Lines 7 to 9 Address

Enter the address to be used in all future correspondence, which is usually the address of the liquidator of the succession.

Line 12 Situation on December 31

Check the box marked "You had a spouse" only if the following **two** conditions are met:

- on the date of death, the deceased had a **spouse** (see the definition for spouse or de facto spouse, as applicable, in the glossary at the beginning of this guide);
- the surviving spouse is deemed to be the deceased's **spouse on December 31**, that is, at the time of death, he or she had not been living separate and apart for 90 days or more because of the breakdown of their relationship, and was not the spouse of another person on December 31, 2022, or on the date of his or her own death in 2022, whichever came first.

If either of these conditions is not met, check the box marked "You did not have a spouse."

If the deceased person's situation is **different** from the one entered on line 12 of his or her 2021 return, see the instructions for line 13.

Line 13 Your situation changed

If the situation on line 12 of the deceased's 2022 return is **different** from the one entered on line 12 of his or her 2021 return, enter the date of the deceased's change in situation on line 13.

Examples

- Mathew's long-term spouse Rose died on June 25, 2022. Rose and Mathew were not living apart on the date of her death, and Mathew did not have a new spouse on December 31, 2022. Rose is therefore considered to have been Mathew's spouse on December 31, 2021, and on December 31, 2022. Because his situation did not change, Mathew must leave line 13 blank and check the "You lived with your spouse" box on his 2021 and 2022 returns.
However, if the couple had been divorced under a divorce decree issued on March 20, 2022, Mathew would enter that date on line 13.
- Earl and Catherine had been living in a conjugal relationship since February 14, 2022, and did not have any children. When Earl died on April 8, 2022, his relationship with Catherine had lasted less than 12 consecutive months and he was therefore considered to not have a spouse. If Earl did not have a former spouse on December 31, 2021, Catherine must leave line 13 blank because Earl's situation did not change (she must therefore check "You did not have a spouse" on line 12 of her 2021 and 2022 returns).
- Sean married Aileen on April 1, 2022, died on November 6, 2022, and did not have any former spouses. If Aileen did not have a new spouse on December 31, 2022, Sean is considered to have been her spouse on December 31, 2022. She must therefore enter their date of marriage on line 13. However, if Aileen had a new spouse on December 31, 2022, she would leave line 13 blank on her 2022 return.
- Mary and Charles had been in a conjugal relationship since August 24, 2022, and did not have any children. When Mary died on November 11, 2022, her relationship with Charles had lasted less than 12 consecutive months and she was therefore considered to not have a spouse. However, if Mary did have a spouse on December 31, 2021, from whom she had been separated since January 3, 2022, and they had not started living together again in the 90 days following their date of separation, Charles would enter the latter date on line 13.

Line 20 Date of death

Enter the date of death of the person whose return(s) you are completing for the year of death or for any preceding taxation year.

Line 23 Separate returns

Check the box on line 23 if you are filing at least one separate return in addition to the principal return. See section 1.2 of this guide.

2.2 Total income

Split income

You may have to pay tax (line 443) calculated at the rate of 25.75%, if you included, in the income of the deceased person, certain types of income (called “split income”) that he or she received directly or through a trust or partnership.

Note that the person must have been resident in Canada at the time of their death in 2022 and, if they were under 18, must have had a parent resident in Canada at some time in 2022.

To calculate the deceased’s income, you must first include the split income (based on income type) on the appropriate line of his or her **principal return**. Then, you can subtract it from his or her taxable income (line 295) to calculate the tax applicable on that income (line 443). To complete the calculation, use form TP-766.3.4-V, *Income Tax on Split Income*.

However, certain amounts (called “excluded amounts”) received in the year of death are not subject to the tax on split income, such as income from:

- a property that the deceased person had acquired from their spouse due to the breakdown of their marriage, civil union or common-law partnership;
- a related business, in the event that the amount would have been an excluded amount for their spouse, who would have turned 65 in the year of death or before; and
- a property that the deceased person had acquired **by inheritance** due to the death of another person if this income is:
 - from an excluded business relative to the other person,
 - a reasonable return for the contributions made to the related business, or
 - income or a taxable capital gain from the disposition of excluded shares after 2017.

If the deceased was under 25 at the time of his or her death, his or her income is an excluded amount if it is from property he or she acquired by inheritance attributed to him or her due to the death of:

- his or her father or mother; or
- any other person if, for this same tax year, the deceased person was enrolled as a full-time student at a post-secondary educational institution or if a tax credit could be claimed for a severe and prolonged impairment in mental or physical functions.

In addition, note that an individual who, immediately before his or her death, was 18 or over, but under 25, is deemed to have reached age 24 the year before his or her death if the individual acquired excluded shares (or if the shares were acquired on behalf of the individual) upon the death of another person who had reached age 24 the year before the beneficiary’s death.

Regardless of the age of the deceased at the time of his or her death, the following are also considered excluded amounts:

- a capital gain realized on the deemed disposition of capital property owned by the individual immediately before his or her death; and
- a capital gain on the disposition, after 2017, of property that, at the time of the disposition, was qualified farm or fishing property **or** qualified small business corporation shares, unless the capital gain was deemed to be a dividend.

Some of the types of income that are subject to the tax on split income may be entered on the RL-15 or RL-16 slip.

If you received split income from a trust, see section 3.2 of the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).

For more information about the tax on split income, see form TP-766.3.4-V, *Income Tax on Split Income*, or contact us.

[737.29, 766.3.3–766.3.7](#)

Line 100 Commissions received

Report the commissions that the person received from January 1 to the date of death in the **principal return**. If the commissions were payable but not received in the person’s lifetime, you can report them in a **separate return** for rights and property.

[429](#)

Line 101 Employment income

In the **principal return**, report:

- all employment income (for example, salaries and wages, commissions, bonuses, premiums, tips and amounts relating to accumulated vacation days) that the person received from January 1 to the date of death;
- employment income for a pay period ended **before** the date of death, if the person did **not** receive that income during his or her lifetime (unless you choose to report this income in a separate return for rights and property); and
- employment income for the pay period **in progress** at the time of death.

However, employment income that constitutes a **right or property** can be reported in a **separate return**.

In a **separate return** for rights and property, you can report:

- employment income for a pay period ended **before** the date of death, if the person did **not** receive that income during his or her lifetime;
- commissions payable **before** the date of death, provided the person did **not** receive the commissions during his or her lifetime; and
- amounts relating to accumulated vacation days.



Certain employment income received by a beneficiary of the succession must be reported on **line 154 of the beneficiary's income tax return** (instead of in a return of the deceased). This income includes:

- employment income for a pay period ended before the date of death, salaries and wages paid for a period after the date of death (usually the remainder of the month of death) and amounts relating to accumulated vacation days, where such income is transferred to a beneficiary of the succession **before** the deadline for filing the separate return for rights and property. If the income is transferred **after** this date, you must report it either in the deceased's principal return or in the deceased's separate return for rights and property; and
- a death benefit, such as unused sick-leave credits (the first \$10,000 may be exempt from income tax); see point (a) in the instructions for line 154.

Retroactive payments of salaries or wages

Report the retroactive payments that the person received from January 1 to the date of death in the **principal return**. In certain cases, you can ask to have this income averaged. See "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. In certain cases where the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

If entitlement to a retroactive payment was established **after** the date of death, the payment is not taxable.

429, 430

If interest was paid on a retroactive payment, see the instructions for line 130 in this guide.

Security options

If the person, immediately before his or her death, owned a security option (a stock option or an option to purchase mutual fund units) under an agreement with his or her employer or former employer, or with a corporation not dealing at arm's length with his or her employer, the person is deemed to have received a benefit for the year of death. The benefit is equal to the value of the option immediately after the time of death, **minus** the amount paid to acquire the option. The amount of the benefit is included in boxes A and L of the RL-1 slip, and is also given in box L-7 of the slip. Enter this amount on line 101 of the **principal return**.

52.1

If, during the first taxation year of a succession that is a GRE, you (as the legal representative) exercise or dispose of a stock option acquired by the deceased under an agreement whereby he or she is deemed to have received a benefit, and the value of the option at the time it was exercised or disposed of was less than its value immediately after the time of death, the deceased is then deemed to have incurred a loss from an office or employment. You can claim a deduction in this respect on line 207 of the income tax return.

The amount you can deduct is the result of the following calculation:

- the value of the benefit related to the option (given in boxes A and L of the RL-1 slip and taken into account in the principal return); **minus**
- the portion of the amount by which the value of the option, immediately before it was exercised or disposed of, exceeds the amount paid by the deceased to acquire the option.

However, the amount you can deduct corresponds to:

- 75% of the above result if a security option deduction corresponding to 25% of the amount in box L-7 of the RL-1 slip is claimed on line 297 of the principal return; or
- 50% of the above result if a security option deduction corresponding to 50% of the amount in box L-7 of the RL-1 slip is claimed on line 297 of the principal return.

To deduct such a loss, you must file form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*, for the year of death. Specify that you are making an election under section 1055.1 of the *Taxation Act* and file the form by the later of the following dates:

- the deadline for filing the income tax return (principal or separate) for the year of death; or
- the deadline for filing the *Trust Income Tax Return* (form TP-646-V) for the succession's first taxation year. This return must be filed no later than 90 days after the end of the GRE's taxation year.

6.3, 1000, 1055.1, 1055.1.1

NOTE

If the deceased had already exercised the option and elected to defer reporting the benefit related to the securities (shares or mutual fund units) until the year of disposition, the benefit to be reported on line 101 of the return is equal to the value of the shares or units at the time of acquisition **minus** the total amount paid to acquire the shares or units and the option. This amount may give entitlement to the security option deduction. To determine the amount that can be deducted on line 297 of the return, see point 2 in the instructions for line 297 in the guide to the income tax return (TP-1.G-V).



Line 107 Other employment income

Tips not reported on line 101

Report the tips that the person received from January 1 to the date of death on line 107 of the **principal return**, if they have not already been included on line 101. Tips not remitted to the person in his or her lifetime can be reported in a **separate return** for rights and property.

[42.8–42.11](#)

Wage loss replacement benefits

Report in the **principal return** the benefits that the person received from January 1 to the date of death under a wage loss replacement plan to which his or her employer made contributions.

The benefits that the person did not receive in his or her lifetime but that apply to a period ending on or before the date of death can be reported in a **separate return** for rights and property.

You can subtract the premiums paid after 1967 to a **wage loss replacement plan** from the benefits that the deceased received under the same plan and that are included in the principal return or a separate return. The premiums must not have been used to reduce benefits received in a previous year. Enter the total premiums on line 165.

[43](#)

Rebate of the GST and QST

If the GST and the QST were included in the amount of expenses that the person deducted as an employee, report the GST and QST rebates received from January 1 to the date of death in the **principal return**. You can report the rebates that the person claimed **before** his or her death but that were paid **after** the date of death in a **separate return** for rights and property.

Rebates that you claimed **after** the date of death will be issued to the succession, but are not taxable for either the deceased or the succession.

[58.2, 58.3](#)

Line 110 Parental insurance benefits

Report the parental insurance benefits that the person received from January 1 to the date of death in the **principal return**.

If a benefit applies to a period that ended **before** the date of death, but the person did not receive the benefit in his or her lifetime, you can report it in a **separate return** for rights and property.

Retroactive payments

Report the retroactive payments that the person received from January 1 to the date of death in the **principal return**. If you wish to have this income averaged, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

If entitlement to the retroactive payment is established **after** the date of death, the succession or the heirs must include the payment in their income for the year in which it was received.

[725.1.2, 766.2](#)

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.

Line 111 Employment Insurance benefits

Report the Employment Insurance benefits that the person received from January 1 to the date of death in the **principal return**.

If a benefit applies to a period that ended **before** the date of death but the person did not receive the benefit in his or her lifetime, you can report it in a **separate return** for rights and property.

Retroactive payments

Report the retroactive payments that the person received from January 1 to the date of death in the **principal return**. If you wish to have this income averaged, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

If entitlement to the retroactive payment is established **after** the date of death, the succession or the heirs must include the payment in their income for the year in which it was received. This payment cannot be averaged.

[725.1.2, 766.2](#)

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.



Line 114 Old Age Security pension

Report the total amount of the Old Age Security pension that the person received from January 1 to the date of death in the **principal return**. If the payment for the month in which the person died is received **after** the person's death, you can report it in a **separate return** for rights and property.

Also report in the principal return the one-time payment for older seniors received by the deceased. This amount is shown in box O of the RL-1 slip. If the payment was received after the person's death, you can report it in a separate return for rights and property.

Retroactive payments

Report the retroactive payments that the person received from January 1 to the date of death in the **principal return**. If you wish to have this income averaged, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

725.1.2, 766.2

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.

Line 119 Québec Pension Plan (QPP) or Canada Pension Plan (CPP) benefits

Report the total amount of QPP or CPP benefits that the person received from January 1 to the date of death in the **principal return**. Benefits for the month of death that are received after the date of death can be reported in a **separate return** for rights and property.

Retroactive payments

Report the retroactive payments that the person received from January 1 to the date of death in the **principal return**. If you wish to have this income averaged, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

If entitlement to the retroactive payment is established **after** the date of death, the succession or the heirs must include the payment in their income for the year in which it was received. This payment cannot be averaged.

725.1.2, 766.2

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.

Death benefit

Do not report a death benefit paid under the QPP by Retraite Québec or under the CPP in the income tax return of the deceased. You must report the benefit in the *Trust Income Tax Return* (form TP-646-V), regardless of to whom the cheque was made payable. However, if the death benefit is the only income to be reported in the trust return, the return need not be filed; instead, each beneficiary of the succession must include his or her share of the death benefit on line 154 (box 153, code 08) in his or her income tax return.

317.2

Line 122 Payments from a pension plan, an RRSP, a RRIF, a DPSP or a PRPP/VRSP, or annuities

If the deceased was 65 or older at the time of death and had a spouse on December 31 (see the glossary at the beginning of this guide), a portion of the retirement income of the deceased can be included in the calculation of the spouse's income. As the deceased person's legal representative, you can elect (jointly with the spouse of the deceased) to include, in the calculation of the spouse's income, up to 50% of the deceased person's eligible retirement income that was reported in the principal return. You can deduct the amount on line 245 of the deceased person's **principal return** and the spouse must enter the amount on line 123 of his or her return. You must **complete Schedule Q**. For more information, see the instructions for lines 122 and 123 in the guide to the income tax return (TP-1.G-V).

Payments from a pension plan

In the **principal return**, report the pension payments that the person received from January 1 to the date of death and that are included in box A of the RL-2 slip. Payments for the month of death that are received **after** the date of death can be reported in a **separate return** for rights and property.

Payments made after the date of death must be included in the income tax return of the beneficiary or the succession. If the payments continue to be made to the surviving spouse after the person's death, the surviving spouse must report them in his or her income tax return. If the payments are received by a GRE that was resident in Canada for the entire year, and subsequently allocated to a beneficiary of the succession, the amount allocated must be shown on an RL-16 slip issued in the beneficiary's name. In the case of a retirement benefit designated to the surviving spouse, see the instructions for box D of the RL-16 slip in the *Guide to Filing the RL-16 Slip: Trust Income* (RL-16.G-V).

For information concerning payments from a pension plan further to the revocation of the plan, contact us.

For information concerning a single payment received from a pension plan, see point (c) in the instructions for line 154 in this guide.

Payments from an RRSP, a RRIF, or a PRPP/VRSP

In the **principal return**, report the payments that the deceased received from January 1 to the date of death from a registered retirement savings plan (RRSP); a registered retirement income fund (RRIF), including a life income fund (LIF); or a pooled registered pension plan (PRPP), including a voluntary retirement savings plan (VRSP). This amount is shown in box B of the RL-2 slip. Payments for the month of death that are received **after** the date of death can be reported in a **separate return** for rights and property.

For information concerning property held in an RRSP, a RRIF or a PRPP/VRSP at the time of death, see point (b) in the instructions for line 154 in this guide.

Payments from a deferred profit-sharing plan (DPSP)

Report the payments from a DPSP that the deceased received from January 1 to the date of death in the **principal return**. This amount is shown in box B of the RL-2 slip. Any payments for the month of death that are received **after** the date of death can be reported in a **separate return** for rights and property.

Payments made to the surviving spouse must be reported in his or her income tax return. The amount of the payments is shown in box B of the RL-2 slip issued by the trust administering the DPSP.

For information concerning a single payment received from a DPSP, see point (c) in the instructions for line 154 in this guide.

Retirement income security benefit (RISB)

Report the retroactive payment of the retirement income security benefit (RISB) that the deceased received under the federal *Veterans Well-being Act* from January 1 to the date of death in the **principal return**. This amount is shown in box B of the RL-2 slip. If you wish to have this income averaged, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

You can report the retroactive payment received **after** the date of death in a **separate return** for rights and property. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

725.1.2, 766.2

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.

Income replacement benefit (IRB)

In the **principal return**, enter the amount of the income replacement benefit (IRB) that the deceased received under the *Veterans Well-being Act* from January 1 to the date of his or her death. The amount is shown in box B of the RL-2 slip. If payments for the month of death are received **after** the death, you can include them in a **separate return**.

Also report in the **principal return** the retroactive payments that the person received from January 1 to the date of death. If you want to have this income averaged, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

You can report the retroactive payment received **after** the date of death in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

725.1.2, 766.2

If interest was paid on retroactive payments, see the instructions for line 130 in this guide.

Annuities that constitute retirement income

Report an income-averaging annuity or an ordinary annuity received by the deceased from January 1 to the date of death in the **principal return**. The amount of these annuities is shown in box B of the RL-2 slip. In the "Provenance des revenus" box of the slip, income-averaging annuities are identified by the abbreviation "RE" ("rente d'étalement") and ordinary annuities by the abbreviation "RO" ("rente ordinaire").

All amounts received by the succession or the beneficiary of the succession because of the person's death must be reported in the *Trust Income Tax Return* (form TP-646-V) filed by the succession or in the beneficiary's return. If a GRE that was resident in Canada for the entire year allocates annuity payments to the beneficiary, it must issue an RL-16 slip in the beneficiary's name.

NOTE

- Enter on line 122 of the **principal return** the amounts that the person received from January 1 to the date of death under an advanced life deferred annuity (identified by the abbreviation RVDAA ["rente viagère différée à un âge avancé"]) (box B of the RL-2 slip) or under a variable payment life annuity relative to a defined contribution registered pension plan (identified by the abbreviation RPA ["régime de pension agréé"]) (box A of the RL-2 slip) or to a VRSP (identified by the abbreviation RPAC [régime de pension agréé collectif]) (box B of the RL-2 slip). In the first case, "RVDAA" is shown in the box marked "Provenance des revenus" of the RL-2 slip.
- The amount of annuity payments (box B of the RL-2 slip) made to the surviving spouse of a deceased annuitant related to a joint life annuity, under an ALDA contract, must be entered on line 122 of the spouse's income tax return.

Income accrued under certain life insurance policies

Report in the **principal return** the income accrued under certain life insurance policies or annuity contracts that the deceased received from January 1 to the date of death. These amounts are shown in box J of the RL-3 slip.



Income accrued under certain life insurance policies or annuity contracts received by the succession or the beneficiary of the succession because of the person's death must be reported in the *Trust Income Tax Return* (form TP-646-V) filed by the succession or in the beneficiary's return.

Line 123 Retirement income transferred by the deceased person's spouse

If the deceased had a spouse on December 31 (see the glossary at the beginning of this guide) and the spouse was 65 or older at the end of the year, a portion of the spouse's retirement income can be included in the calculation of the deceased person's income. As the deceased person's legal representative, you can elect (jointly with the spouse of the deceased) to include up to 50% of the spouse's eligible retirement income in the calculation of the deceased person's income. The spouse can deduct the amount on line 245 of his or her return and you must enter the amount on line 123 of the **principal return** of the deceased. For more information, see the instructions for line 123 in the guide to the income tax return (TP-1.G-V).

Line 128 Taxable amount of dividends from taxable Canadian corporations

Report the taxable amount of dividends from taxable Canadian corporations that the person received from January 1 to the date of death in the **principal return**. Dividends declared **before** the date of death but not received until **after** the date of death can be reported in a **separate return** for rights and property, provided that the deceased (as opposed to the succession) is entitled to the dividends.

The deceased is deemed to have disposed of his or her shares immediately before his or her death. As such, the deceased remains entitled to declared dividends, provided that:

- the dividend record date precedes the date of death; **or**
- if the dividends are earned on listed shares, the ex-dividend date precedes or coincides with the date of death (regardless of whether the dividend record date precedes or follows the date of death).

If the record date or the ex-dividend date is after the date of death, the succession is entitled to the dividend payment. You must report the amount of the payment in the *Trust Income Tax Return* (form TP-646-V).

NOTE

The ex-dividend date determines who is entitled to the dividends. The person who holds the shares throughout the entire day prior to the ex-dividend date will be entitled to any dividends declared by the corporation. The ex-dividend date, which is set by the stock exchange, generally corresponds to two working days prior to the dividend record date.

On line 128, enter the taxable amount of any **deemed dividend**, including any deemed dividend that:

- results from the disposition of qualified shares in a corporation as part of the transfer of a family business (see the "Transfer of a family business" section in the instructions for line 139); and
- is not an eligible dividend and of which the amount to enter on line 167 corresponds to twice the amount of a taxable capital gain received as **split income** by a deceased person before the age of 18.

For more information, see section 5.4 of the *Capital Gains and Losses* guide (IN-120-V) or contact us.

766.3.3 ("specified individual"), 766.3.6

Line 130 Interest and other investment income

Report all investment income that the person received from January 1 to the date of death in the **principal return**, provided the income has not been previously reported. Also include the following amounts in the **principal return**:

- interest accrued from January 1 to the date of death, even if the interest has not been paid;
- interest accrued on term deposits, guaranteed investment certificates and similar investments from the date of the last interest payment to the date of death;
- interest accrued on bonds from the date of the last interest payment to the date of death, provided the interest has not been previously reported;
- compound interest accrued on bonds to the date of death, provided the interest has not been previously reported.

You can use a **separate return** for rights and property to report the investment income that the person was entitled to receive (that is, investment income the person could have asked to be paid before his or her death). This income can include:

- interest coupons that had matured but were not cashed in before the date of death; and
- interest on compound-interest bonds, where the interest was accrued prior to the date of the last interest payment made before the date of death, but was not cashed in and has not been previously reported.

Report interest income earned **after** the date of death in the *Trust Income Tax Return* (form TP-646-V).

If the deceased was a beneficiary of a testamentary trust that is a GRE and received investment income that is reported in box G of his or her RL-16 slip, enter the amount on line 130 of the **principal return**. However, the income received from this testamentary trust in the year of death may cover two of the trust's taxation years; in this case, it may be advantageous to complete a **separate return** for the income earned from the end of the trust's last taxation year to the date of death. See section 1.2.2 of this guide.



Interest on retroactive payments

Report the interest on retroactive payments that the person received from January 1 to the date of death in the **principal return**. If you wish to have this income averaged, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

You can report the interest on retroactive payments that was received **after** the date of death in a **separate return** for rights and property, provided entitlement to the interest was established **before** the person’s death. If the retroactive payment was received in the year of death, you can ask to have the interest averaged. For more information, see “Retroactive payments and support-payment arrears” in the “Total income” section of the guide to the income tax return (TP-1.G-V).

If entitlement to the interest is established **after** the person’s death, the succession or the heirs must include the interest in their income for the year in which it was received. This interest cannot be averaged.

725.1.2, 766.2

Line 136 Rental income

Report the net income that the person earned from the rental of property before the date of death in the **principal return**.

In the calculation of rental income:

- include the amounts of rent paid or payable to the deceased, including the amounts of rent paid or payable for the month of death; and
- deduct the expenses incurred from January 1 to the date of death, regardless of whether they had been paid by that date. Accordingly, the amount of property taxes, insurance and interest must be calculated pro rata to the number of days in the year of death that the person was alive. Do not deduct any capital cost allowance for the year of death, since the deceased is deemed to have disposed of all of his or her property immediately before his or her death.

If you decide to file a **separate return** for rights and property for amounts of rent that were payable but that the person had not received at the time of death, the related expenses must also be deducted in the separate return.

Deemed disposition

When a person dies, the capital property (land, buildings, cottages, etc.) owned by the person at the time of death is deemed to have been disposed of, even if the property is not actually disposed of. You must therefore verify whether there is a capital gain or loss, a recapture of capital cost allowance, or a terminal loss. For more information, see Part 3 of this guide.

80, 128, 436

Line 139 Taxable capital gains

If the person disposed of capital property before his or her death, see the guide to the income tax return (TP-1.G-V) for more information, or obtain a copy of the *Capital Gains and Losses* guide (IN-120-V), which is available at revenuquebec.ca.

Since the deceased person’s property is deemed to have been disposed of immediately before his or her death, a capital gain may result if the proceeds of the deemed disposition are greater than the adjusted cost base (ACB) of the property.

Enter the capital gain in the **principal return**. For more information, see Part 3 of this guide.

436

NOTE

- On line 139, you cannot enter a gain resulting from the disposition (any type of transfer), after 2016, of a debt security that is at any time a **linked note** if the disposition took place **before** the due date of the debt security. In this case, the gain is deemed to constitute accrued interest on the debt security for a period beginning before the disposition and ending at the time of the disposition. Instead, enter the gain, which appears in box K of the RL-3 slip, on line 130.
- No tax on **split income** (line 443) is applicable to the taxable capital gain resulting from the deemed disposition of capital property held by a person immediately before their death or from the disposition, after 2017, of a property that, at the time of the disposition, was qualified farm or fishing property **or** qualified small business corporation shares, unless the capital gain is deemed to be a dividend. For more information, see section 5.4 of the *Capital Gains and Losses* guide (IN-120-V).
- A taxable capital gain that results from the disposition of certain shares and constitutes **split income** for an individual who dies before the age of 18 is **deemed to be a dividend** that is not an eligible dividend. In this case, you must enter the amount of this deemed dividend, which corresponds to twice the amount of the taxable capital gain, on line 167 of the **principal return**. For more information, see section 5.4 of guide IN-120-V.
- The capital gain resulting from the deemed disposition, at the time of death, of a listed security will be nil if the security is donated by a GRE and the donation is of property acquired by the succession on and as a consequence of the individual’s death.

Transfer of a family business

If, as part of the transfer of a family business, the deceased disposed of qualified shares in a family farm or fishing corporation **or** a small business corporation after March 17, 2016, you can consider the gain resulting from the disposition to be a **deemed capital gain rather than a deemed dividend**, subject to certain conditions.



This **only** applies if you are claiming the capital gains deduction (line 292) on qualified property **for the year you disposed of the shares** in respect of the taxable amount of the deemed capital gain and the gain would otherwise be considered a deemed dividend under federal legislation, in accordance with paragraph 84.1(1)(b) of the federal *Income Tax Act*, if section 84.1 did not include subparagraph (e) of paragraph (2). In this case, no net capital loss (sustained by the deceased in the year of his or her death or in a previous year, or sustained by the GRE in its first taxation year), any other type of loss or any deduction (other than that which can be claimed on line 292 of the deceased's income tax return) can be used to reduce the taxable amount of this deemed capital gain.

To designate an amount as a deemed capital gain, complete form TP-517.5.5-V, *Designating a Deemed Capital Gain Further to the Transfer of a Family Business*.

If the deceased played an active role in the family business within the 24 months immediately preceding the deemed disposition of the shares in the corporation he or she held at time of death, the shares will be deemed to qualify as part of the transfer of a family business for the 24-month period immediately following the day of the deceased's death.

NOTE

The shares in a family business that the surviving spouse holds will also be deemed to qualify as part of the transfer of a family business for the 24-month period immediately following the day of the deceased's death.

Example

Mahmoud and his spouse Fatima each held shares in a family farm corporation. Fatima played an active role in the business. Mahmoud died on November 15, 2022. After his death, Fatima no longer played an active role in the business and disposed of her shares to a corporation held by her son within 24 months following Mahmoud's death. Fatima therefore met the active participation criterion during the 24 months immediately preceding the disposition of her shares.

For more information about the requirements for the tax measure concerning the transfer of a family business, see the *Capital Gains and Losses* guide (IN-120-V).

If any of the requirements are not met, the gain resulting from the disposition of the qualified shares will continue to be considered a **deemed dividend**. You must enter the actual amount of this dividend on line 166 or 167, as applicable, multiply it by the applicable gross-up rate and enter the taxable amount on line 128.

251, 517.2, 517.5.3, 517.5.5–517.5.11, 726.7, 726.7.1

Reserve for a capital gain

As a rule, if a person realizes a capital gain on the disposition of capital property, and the agreement entered into in respect of the disposition provides for a portion of the proceeds of disposition to be paid in subsequent years, the person can claim a reserve in order to defer taxation of a portion of the capital gain to other years. A new reserve can be determined for each subsequent year. The capital gain for a given year is obtained by subtracting the reserve for that year from the reserve for the preceding year.

A reserve **cannot** be claimed for the year of death. Consequently, if a reserve was claimed for the year preceding the year of death, it constitutes a capital gain upon the person's death. For example, if the person died in 2022 and a reserve was claimed in Schedule G of the person's 2021 income tax return, you must include this reserve on line 139 of his or her 2022 return.

Exception

It is possible to transfer the balance of a reserve to the surviving spouse or to a spousal trust, provided the right to receive an amount is vested indefeasibly in the surviving spouse or the spousal trust and you (as the deceased person's legal representative) make a joint election to do so with the spouse of the deceased or the trust's legal representative, as applicable. In this case, the balance of the reserve must be included in the income of the surviving spouse or of the spousal trust for the first taxation year ending after the date of death.

If you wish to make such an election, you must file it with the Canada Revenue Agency (CRA). Unless this election has been filed with the CRA, no such election is possible under Québec legislation. However, once the election is made with the CRA, it automatically applies under Québec legislation.

If you file this election with the CRA, you must inform us in writing and provide a **copy of any documents you sent the CRA** concerning the election, including the deceased's federal income tax return. Send everything to us by the later of the following dates:

- the 30th day following the day on which the election was made with the CRA; or
- the deadline for filing the deceased's income tax return for the taxation year in which the election must be filed with the CRA.

If you do not provide us with a copy of the documents you sent the CRA by the deadline, you will be liable to a **penalty** of \$25 per day, up to a maximum of \$2,500.

452, 453

Line 142 Support payments received (taxable amount)

Report the support payments received by the beneficiary from January 1 to the date of death in the **principal return** only. Do not include payments of non-taxable child support. Child support that is owed or that was received by the succession after the date of death is not considered to be support.



Support-payment arrears

Report the support-payment arrears received from January 1 to the date of the recipient's death in the **principal return**, unless the arrears constitute non-taxable child support.

If you wish to have the retroactive payments averaged, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

Support-payment arrears received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the arrears was established **before** the date of death and the arrears do not constitute non-taxable child support. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

If entitlement to the arrears is established **after** the death of the recipient, the arrears are not taxable.

725.1.2, 766.2

Line 147 Social assistance payments and similar financial assistance

In the **principal return**, report the social assistance payments or any similar financial assistance that the person received from January 1 to the date of death. These amounts are shown in boxes A and B of the RL-5 slip. Any payments for the month of death that are received **after** the date of death can be reported in a **separate return** for rights and property.

If the deceased repaid social assistance or similar financial assistance (box H of the RL-5 slip), you can enter the amount of the repayment on line 246.

Line 154 Other income

Report the other income that the person earned from January 1 to the date of death in the **principal return**. However, do not include in the principal return the portion of the income that constitutes a right or property and that you decide to report in a **separate return**.

The following amounts, if owed to the person at the time of death, can constitute **rights or property**:

- scholarships and bursaries, if it is determined that the person was entitled to the amount before his or her death (since scholarships and bursaries are not taxable, the amount entered on line 154 can be deducted on line 295);
- labour adjustment benefits;
- income assistance payments;
- retiring allowances; and
- amounts received under a supplementary unemployment benefit plan.

NOTE

In the **principal return**, report the lump-sum payment corresponding to the death benefit (box C of the RL-2 slip) paid, to refund all or a portion of the premiums paid by the deceased annuitant to acquire an advanced life deferred annuity (ALDA), to a beneficiary who is neither the annuitant's surviving spouse nor a child or grandchild of the annuitant who is financially dependent on the annuitant (in the latter case, see the note under "(b) Amounts received or deemed received under an RRSP, a RRIF or a PRPP/VRSP" below).

Income to be reported in the principal return of the deceased or in the return of a beneficiary

The types of income listed below are to be reported, as applicable, either:

- in the **principal return** of the deceased person, or
- in the return of a beneficiary.

(a) Death benefit paid by the employer

In the principal return, do not report a death benefit paid in recognition of services rendered in carrying out the duties of an office or employment (an amount for unused sick-leave credits is considered a death benefit). The death benefit constitutes income for the beneficiary and must be reported on line 154 of his or her income tax return.

3, 4

If the death benefit was received by a GRE that was resident in Canada for the entire year and subsequently remitted to a beneficiary, you must issue an RL-16 slip in the beneficiary's name. See the instructions for box G in the *Guide to Filing the RL-16 Slip: Trust Income* (RL-16.G-V).

If the death benefit was paid to a testamentary trust under the terms of the will, see the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).

NOTE

If the trust must allocate the death benefit to one or more beneficiaries, the benefit qualifies as a death benefit only if the trust is a GRE. In this case, the beneficiaries are entitled to the \$10,000 exemption.

(b) Amounts received or deemed received under an RRSP, a RRIF, a PRPP/VRSP or an ALDA contract

Amounts received or deemed received under an RRSP, a RRIF or a PRPP/VRSP are shown in box E of the RL-2 slip while those received under an ALDA contract are shown in box C of the RL-2 slip. These amounts constitute the FMV of the property held in the plan or fund in question at the time of death and the total of the lump sums paid under the ALDA contract, respectively.



As a rule, you must report the FMV of the property in an RRSP at the time of death and the total of the lump sums paid under an ALDA contract after the death on line 154 of the deceased person's **principal return**. In addition, you must report the FMV of the property in a RRIF or PRPP/VRSP at the time of death on line 122 of the principal return. You must report the FMV of such property or the total of the lump sums in the deceased's principal return, unless:

- amounts are paid to:
 - the surviving spouse, or
 - a beneficiary who was a child or grandchild of the deceased and financially dependent on the deceased at the time of death; **and**
- the rules set out below apply.

915.2, 961.17.1, 965.0.30

NOTE

- A child or grandchild is generally considered **not to have been financially dependent** on the annuitant of an RRSP, a RRIF or an ALDA contract or on the member of a PRPP/VRSP immediately before the death:
 - if, for the year preceding the year of death of the annuitant or the member, the child's or grandchild's net income was greater than the unreduced maximum basic personal amount (maximum amount that can be entered on line 30000 of the federal income tax return), unless they can prove otherwise (in which case we will analyze the individual set of facts submitted to us);
 - if the child or grandchild was a dependant of the annuitant or the member because of an impairment in physical or mental functions and the child's or grandchild's net income for the year preceding the year of the annuitant's or member's death was greater than the total of the unreduced maximum basic personal amount and the disability amount for self that is provided for persons with a disability (line 31600 of the federal income tax return), unless they can prove otherwise (in which case we will analyze the individual set of facts submitted to us).
- You can claim a deduction if the FMV of an unmatured RRSP (see the glossary at the beginning of this guide), a RRIF or a PRPP/VRSP decreased between the date of death and the date the heirs or succession received payment. See the instructions for line 250 in this guide.
- RRSP income accrued after the death of the annuitant must be reported in the returns of the beneficiaries of the succession or in the *Trust Income Tax Return* (form TP-646-V), as applicable, not in the principal return of the deceased person.

Amounts paid to (or for the benefit of) the surviving spouse

Amounts paid as annuities under an RRSP

The FMV of the property in a matured RRSP (see the glossary at the beginning of this guide) at the time of the annuitant's death need not be included in his or her income if **either** of the following conditions is met:

- The surviving spouse is the successor annuitant under the matured RRSP.
- The surviving spouse is a beneficiary of the succession rather than of the RRSP, and you (as the legal representative) and the beneficiary make a joint election whereby the beneficiary is deemed to be the successor annuitant under the RRSP. To make such an election:
 - complete form TP-930-V, *Elections Respecting the RRSP of a Deceased Annuitant*, and submit it to us; and
 - notify the RRSP issuer, within the first 60 days of the year following the year of death, that the election has been made.

The amounts paid as annuities are taxable for the surviving spouse and are shown in box B of an RL-2 slip issued in his or her name.

If notified after the first 60 days of the year following the year of death, the RRSP issuer will have already issued an RL-2 slip in the name of the deceased. In that case, you will have to report the amount from box E of the slip on line 154 of the deceased person's income tax return. When we receive form TP-930-V, we will amend the return. To request an adjustment to the deceased's return, complete form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

For more information, see the *Guide to Filing the RL-2 Slip: Retirement and Annuity Income* (RL-2.G-V).

915.2, 915.4

Amounts paid as annuities under a RRIF

The FMV of the property in a RRIF at the time of the annuitant's death need not be included in his or her income if **either** of the following conditions is met:

- The surviving spouse is the successor annuitant under the RRIF.
- The surviving spouse is a beneficiary of the succession rather than of the RRIF, and you (as the legal representative) and the beneficiary make a joint election whereby the beneficiary is deemed to be the successor annuitant under the RRIF.

The amounts paid as annuities are taxable for the surviving spouse and are shown in box B of an RL-2 slip issued in his or her name.

961.1.5(d)



Amounts paid as annuities under a PRPP/VRSP

The FMV of the property in a PRPP/VRSP at the time of the annuitant's death need not be included in his or her income if the surviving spouse has been designated as the successor annuitant under the PRPP/VRSP.

The amounts paid as annuities are taxable for the surviving spouse and are shown in box B of an RL-2 slip issued in his or her name.

965.0.30, 965.0.31

Amounts paid as a refund of premiums under an RRSP, as a designated benefit under a RRIF, or as a distribution under a PRPP/VRSP

All or part of the property in an unmatured RRSP (see the glossary at the beginning of this guide), a RRIF or a PRPP/VRSP at the time of the person's death can be considered a refund of premiums (in the case of an RRSP), a designated benefit (in the case of a RRIF) or a distribution from the deceased's account to the surviving spouse (in the case of a PRPP/VRSP), as long as **either** of the following conditions is met:

- The surviving spouse is the beneficiary of all or part of the property in the RRSP, RRIF or PRPP/VRSP (according to the terms of the RRSP, RRIF or PRPP/VRSP contract or the deceased's will).
- The surviving spouse is named a beneficiary of the succession rather than of the property in the RRSP, RRIF or PRPP/VRSP, and you (as the legal representative) and the beneficiary make a joint election whereby the beneficiary is considered to have received from the deceased's account a refund of premiums, a designated benefit or a distribution.

To make such an election, complete, as applicable:

- form TP-930-V, *Elections Respecting the RRSP of a Deceased Annuitant*,
- form TP-961.8-V, *Election Respecting the Designated Benefit from a RRIF*, or
- form TP-965.0.33-V, *Joint Designation of an Amount Respecting the PRPP/VRSP of a Deceased Member*.

If either of the above-mentioned conditions is met, the FMV of the property in the RRSP, RRIF or PRPP/VRSP, which must, as a rule, be reported in full in the **principal return**, can be lowered or reduced to zero. However, you can reduce the FMV only after filing form TP-930-V, TP-961.8-V or TP-965.0.33-V. To request an adjustment to the income tax return of the deceased, file form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

You are not required to file form TP-930-V, TP-961.8-V or TP-965.0.33-V if both of the following apply:

- The surviving spouse is the sole beneficiary of all the property in the RRSP, RRIF or PRPP/VRSP and the full amount of the property was:
 - transferred to the spouse's own RRSP, RRIF or PRPP/VRSP or, in the case of property transferred from a PRPP/VRSP, to the spouse's RPP, or
 - transferred directly to a licensed annuities provider to purchase an eligible annuity in the spouse's name before the end of the year following the year of death.
- No RL-2 slip was issued in the name of the deceased.

A refund of premiums (box D of the RL-2 slip) must be reported on line 154 of the surviving spouse's income tax return, and a designated benefit or a distribution from the account of the deceased participant to the surviving spouse (box B of the RL-2 slip) on line 122 of that return. The surviving spouse can claim a deduction on line 250 of his or her return for the amount transferred directly to an RRSP, a RRIF or a PRPP/VRSP, or to an authorized annuities provider to purchase an eligible annuity in his or her name.

Lump sum payment under an ALDA contract

All or part of the lump sum payment made under an ALDA contract after the annuitant's death must be included in the surviving spouse's income if he or she meets **either** of the following conditions:

- he or she has an interest in the ALDA contract and is entitled to a payment after the annuitant's death, in accordance with the provisions of the contract or the deceased annuitant's will; or
- he or she is a beneficiary of the succession rather than a right holder under the ALDA contract, and you, as the legal representative, elect with him or her to treat all or part of the amount you received under the ALDA contract as having been received by the surviving spouse.

For information on making such an election for the purpose of a joint designation under paragraph 146.5(6)(e) of the federal *Income Tax Act*, contact us.

If the above conditions are met, the ALDA received, which you must generally report in the **principal return**, can be lowered or reduced to zero. However, you will only be able to do so once the election has been made. To request an adjustment to the income tax return of the deceased, file form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

The lump sum payment made to the surviving spouse under an ALDA contract (box C of the RL-2 slip) must be included on line 154 of the surviving spouse's income tax return. In addition, the surviving spouse can claim a deduction on line 250 of his or her return for the amount transferred directly to an RRSP, a RRIF, or a PRPP/VRSP, or to a licensed annuities provider to acquire an eligible annuity in his or her name, if applicable.



NOTE

On line 122 of his or her income tax return, the surviving spouse must enter the total annuity payments made under a joint ALDA contract (that is, one that provides for annuity payments during the lifetime of the annuitant and the annuitant's spouse).

908, 915.2, 930, 961.1.5, 961.8, 961.17, 965.0.30, 965.0.33, 965.0.36, 965.0.43

Amounts paid to (or for the benefit of) a child or grandchild of the deceased

Amounts paid as a refund of RRSP premiums, as a designated benefit under a RRIF or as a distribution under a PRPP/VRSP

If a child or grandchild was financially dependent on the deceased at the time of death (even if there is a surviving spouse) and the child or grandchild is the beneficiary of property in a matured or unmatured RRSP, a RRIF, or a PRPP/VRSP of the deceased (according to the terms of the RRSP, RRIF or PRPP/VRSP contract or the deceased's will), the amount paid to the child or grandchild can be considered:

- a refund of premiums (in the case of an RRSP);
- a designated benefit (in the case of a RRIF); or
- a distribution from the account of the deceased participant (in the case of a PRPP/VRSP).

If the child or grandchild who is financially dependent on the deceased is a beneficiary of the succession rather than of the property in the RRSP, RRIF or PRPP/VRSP and the amount is received by the legal representative, this amount (or a portion thereof) can also be considered a refund of premiums, a designated benefit or a distribution from the account of the deceased participant, provided you (as the legal representative) and the beneficiary make a joint election or designation to that effect.

To make such an election, complete:

- form TP-930-V, *Elections Respecting the RRSP of a Deceased Annuitant*,
- form TP-961.8-V, *Election Respecting the Designated Benefit from a RRIF*; or
- form TP-965.0.33-V, *Joint Designation of an Amount Respecting the PRPP/VRSP of a Deceased Member*.

If the above-mentioned conditions are met, the FMV of the property in the RRSP, RRIF or PRPP/VRSP (which must be included in the **principal return**) can be lowered or reduced to zero. However, you can reduce the FMV only after filing form TP-930-V, TP-961.8-V or TP-965.0.33-V. To request an adjustment to the income tax return of the deceased, file form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

NOTE

You can subtract amounts transferred to the registered disability savings plan (RDSP) of a child or grandchild who was financially dependent on the deceased due to a mental or physical impairment from the amounts to be included in the deceased person's income tax return. Contact us for more information.

Lump sum payment under an ALDA contract

All or part of the lump sum payment made under an ALDA contract after the annuitant's death must be included in the financially dependent child's or grandchild's income if he or she meets **either** of the following conditions:

- he or she has an interest in the ALDA contract and is entitled to a payment after the annuitant's death, in accordance with the provisions of the contract or the deceased annuitant's will; or
- he or she is a beneficiary of the succession rather than a right holder under the ALDA contract, and you, as the legal representative, elect with him or her to treat all or part of the amount you received under the ALDA contract as having been received by the child or grandchild.

For information on making such an election for the purpose of a joint designation under paragraph 146.5(6)(e) of the federal *Income Tax Act*, contact us.

If the above conditions are met, the ALDA received, which you must generally report in the **principal return**, can be lowered or reduced to zero. However, you will only be able to do so once the election has been made. To request an adjustment to the income tax return of the deceased, file form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

Amounts paid under an ALDA contract (box C of the RL-2 slip) after the death of the last annuitant must be included on line 154 of the financially dependent child's or grandchild's income tax return. In addition, if the child or grandchild is financially dependent on the deceased annuitant due to a mental or physical impairment, he or she can claim a deduction on line 250 of his or her return for the amount transferred directly to an RRSP, a RRIF, or a PRPP/VRSP, or to a licensed annuities provider to acquire an eligible annuity in his or her name, if applicable.

908, 930, 961.1.5 (para. (c.1)), 965.0.33, 965.0.43

(c) Single payment received under a registered pension plan (RPP) or a deferred profit-sharing plan (DPSP)

Report a lump-sum payment that the person received under an RPP or a DPSP **before** his or her death in the **principal return**. A payment made **after** his or her death must be included in the income of the beneficiary. If the amount is first paid to a GRE that was resident in Canada for the entire year and the succession then allocates it to a beneficiary, you, as the liquidator of the succession, must issue an RL-16 slip in the beneficiary's name. In the latter case, see the *Guide to Filing the RL-16 Slip: Trust Income* (RL-16.G-V) and the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).

Unlike amounts paid under an RRSP or a RRIF, **you must not report** the FMV of the property in an RPP or a DPSP at the time of death **in the principal return**.

317

(d) Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP)

If, before his or her death, the person withdrew amounts from an RRSP under the HBP or the LLP, enter on line 154 of the **principal return** the result of the following calculation:

- the amounts that the person did not repay to the RRSP **before his or her death; minus**
- the amounts designated on line 212 as a repayment for the year of death.

However, you (as the legal representative) and the surviving spouse (if the latter is resident in Canada) can jointly elect not to report these amounts in the principal return. Under this election, the surviving spouse is deemed to have received these amounts and can repay them as if he or she were the original participant in the plan. If you are making the election, simply enclose a note to that effect with the **principal return**.

935.6, 935.7, 935.17, 935.18

Line 164 Business income

If the deceased carried on a business, report the income earned in the fiscal period ending in the year of death in the **principal return**.

Also include in the **principal return** the business income earned from the end of the fiscal period to the date of death, **unless you (as the legal representative) elect** to include the income from a partnership or a sole proprietorship in a **separate return** pursuant to section 1003 of the *Taxation Act*. See section 1.2.3 of this guide.

The property that the person used to carry on a business is deemed to have been disposed of at the time of death (see Part 3 of this guide), as is any interest that he or she had in a partnership. Contact us for more information.

1003

NOTE

You can report the following amounts in a **separate return** for rights and property:

- the value of supplies on hand, inventory, and accounts receivable, where the person was a farmer or a fisher who used the cash method of accounting to report business income;
- the value of harvested farm crops and the value of the current herd **minus** that of the basic herd, where the deceased was a farmer who used the cash method of accounting.

429

Depreciable property

For the fiscal period ending on the date of death, you **cannot** claim capital cost allowance (CCA) on depreciable property, including incorporeal capital property (such as goodwill, trademarks, client lists and farm quotas) that has been class 14.1 depreciable property since January 1, 2017, except for a class 10.1 automobile. For such an automobile, CCA is limited to 50% of the amount that could normally have been claimed for the year. This amount is determined on the basis of the ratio between the number of days in the fiscal period ending on the date of death and the total number of days in the year of death.

Fiscal period of a business or professional practice

If the elected fiscal period ends on a date other than December 31, you must add an amount of **estimated income** for the year preceding the year of death, to take into account the income earned between the end date of the fiscal period that ended in the year preceding the year of death and January 1 of the year of death. You can subtract this income from the business income earned during the fiscal period that began in the year preceding the year of death and ended in the year of death. To calculate this estimated income, complete form TP-80.1-V, *Calculation of Business or Professional Income, Adjusted to December 31*.

You are not required to report this estimated income in the year of death if an election was made to have the fiscal period end on a date other than December 31.

217.9

An adjustment must be made if the date of death is after the end of a fiscal period but before the end of the calendar year in which the fiscal period ended, and the legal representative:

- elects to have section 217.9.1 of the *Taxation Act* apply for the year; or
- files a **separate return** to report the business income for the period between the end of the fiscal period and the date of death (the "short period").

The adjustment is made by including additional income in calculating the business income in the **principal return** and deducting the same amount in calculating the business income in a **separate return**. To calculate the additional income, use the following formula:

$$A \times C / D,$$

where

- A** is the net business income for the fiscal periods ended in the year, other than the net income for the short period;
- C** is the number of days in the short period;
- D** is the number of days in the business's fiscal periods that end in the year (excluding the short period).



Amounts receivable at the time of death

If amounts are included in business income but have not been received by the end of the fiscal period, a reserve can be claimed. The income tax on these amounts is thus payable over a number of years. An amount deducted as a reserve for a given year must be added to the business income for the following year. However, depending on the balance receivable at the end of that year, it may be possible to determine a new reserve.

Since no new reserve can be determined for the year of death, you must include in the deceased person's business income the reserve deducted at the end of the preceding year. Special rules apply if the amounts receivable are transferred or assigned to the surviving spouse or a spousal trust. In this case, the legal representative and the beneficiary can make a joint election with regard to the following property:

- property disposed of in the course of carrying on a business (section 153 of the *Taxation Act*);
- property the disposition of which resulted in a capital gain (paragraph (b) of section 234 and paragraph (a) of section 279 of the *Taxation Act*);
- the unearned commissions of an insurance agent or broker (section 208 of the *Taxation Act*).

If you wish to make such an election, you must file it with the CRA. Unless this election has been filed with the CRA, no such election is possible under Québec legislation. However, once the election is made with the CRA, it automatically applies under Québec legislation.

If you file an election with the CRA, you must inform us in writing and provide a **copy of any documents you sent the CRA** concerning the election, including the deceased's federal income tax return. Send everything to us by the later of the following dates:

- the 30th day following the day on which the election was made with the CRA; or
- the deadline for filing the deceased's income tax return for the taxation year in which the election must be filed with the CRA.

If you do not provide us with a copy of the documents you sent the CRA by the deadline, you will be liable to a **penalty** of \$25 per day, up to a maximum of \$2,500.

An amount corresponding to the reserve shown on the election form sent to the CRA must be included in the income of the surviving spouse or the spousal trust.

217.9.1, 452, 453, 1003

Income from a partnership of which the deceased was a specified member

If the deceased was a specified member of a partnership, report in the **principal return** his or her share of the partnership income or losses for the partnership's fiscal period that ended in the calendar year, but before the date of death.

The deceased person's share of the partnership income from the end of the last fiscal period to the date of death can be included in the **principal return** or in a **separate return**. See section 1.2.3 of this guide.

If the deceased was a specified member of more than one partnership, you can claim the net loss sustained by the deceased for all of the partnerships in the **principal return** only.

The death of a specified member of a partnership results in the deemed disposition of his or her interest in the partnership.

Contact us for more information.

2.3 Net income

Reporting deductions from net income in the various income tax returns

Amount that can be claimed in full in the principal return and in each separate return

- Deduction for workers (line 201)

Amounts that can be claimed only in the return in which the related income is reported (the principal return or a separate return)

- Employment expenses and deductions (line 207) (see the note below)
- Deduction for QPP and CPP contributions and QPIP premiums (line 248) (see the note below)

NOTE

If a deduction is divided up and claimed in two or more income tax returns, the total amount claimed cannot be greater than the deduction that could have been claimed if all the deceased person's income for the year of death had been reported in a single return.

Amounts that can be claimed in the principal return only

- Deduction for residents of designated remote areas (line 236)
- Deduction for exploration and development expenses (line 241)
- Deduction for retirement income transferred to your spouse on December 31 (line 245)
- Deduction for a repayment of amounts overpaid to you (line 246)
- Carry-over of the adjustment of investment expenses (line 252)

Line 201 Deduction for workers

You can claim the deduction for workers in the **principal return** and in a **separate return**, depending on the income reported in the return concerned. You can claim up to the maximum amount in each return.

Line 205 Registered pension plan (RPP) deduction

You can claim the RPP deduction either in the **principal return** or in a **separate return** for rights and property, depending on the income reported in the return concerned.

The deduction you can claim for RPP contributions made for current service or for past service after 1989 cannot be greater than the deduction claimed in this respect on line 20700 of the deceased person's federal income tax return. If the RPP deduction claimed on line 20700 of that return includes amounts transferred to an RPP, do not take the amounts into account on line 205. Enter them on line 250 instead.

An additional deduction can be granted if the deceased made RPP contributions for service before 1990. This deduction, which can be claimed for the year of death or the previous year, generally corresponds to the total of the following amounts:

- the contributions made in the year of death; and
- the contributions made in previous years that could not be deducted because of the annual thresholds.

Line 207 Employment expenses and deductions

You can claim employment expenses and deductions in the **principal return** or in a **separate return** for rights and property. However, make sure that the expenses and deductions relate to the type of income reported in the return concerned. You may also be able to deduct certain expenses that were paid after the person's death.

Depreciable property

Capital cost allowance (CCA) **cannot** be claimed for the year of death, except for a class 10.1 automobile. In that case, CCA is limited to 50% of the amount that could normally have been claimed for the year.

Deduction for a repayment of a salary, wages or wage loss replacement benefits

You can enter the amounts repaid before the date of death in the **principal return**, provided the conditions set out in the instructions for line 207 in the guide to the income tax return (TP-1.G-V) are met. However, if the amounts repaid were reported as a salary, wages or wage loss replacement benefits in a **separate return**, you can enter the amounts repaid after the date of death but before the end of the year in the separate return (see the note below). Enclose a statement from the employer or former employer or from the wage loss replacement plan indicating the total amount repaid.

NOTE

See section 5.1 of this guide if all of the following apply:

- An amount was included in the deceased's income for a previous year.
- The deceased had entered into an agreement whereby he or she would have to repay the amount in the event that the duties were not carried out.
- You (as the deceased's legal representative) repaid the amount pursuant to the agreement in question.

Line 214 RRSP or PRPP/VRSP deduction

Report the following in the **principal return**:

- contributions that the person made in his or her lifetime to his or her RRSP or a spousal RRSP, or to a pooled registered pension plan (PRPP), including a voluntary retirement savings plan (VRSP); and
- contributions that the legal representative made, following the person's death and on the person's behalf, to a **spousal RRSP** in the year of death and in the first 60 days of the following year.

The deduction you claim in the principal return must correspond to the RRSP deduction claimed on line 20800 of the federal income tax return. If the RRSP or PRPP/VRSP deduction claimed on line 20800 of the federal return includes amounts transferred to an RRSP, do not take the amounts into account on line 214. Enter them on line 250 instead.

Contributions cannot be made to a person's RRSP or PRPP/VRSP after his or her death.

Line 225 Support payments made (deductible amount)

You can enter the support payments that the person made from January 1 to the date of death in the **principal return** only. Do not include payments of non-deductible child support. Child support owed by the deceased or paid by the succession after the date of death is not considered support.

Support-payment arrears

You can claim the support-payment arrears paid from January 1 to the date of death in the **principal return** only. Do not include non-deductible child support payments. If the amount of arrears applicable to previous years is \$300 or more, you must deduct it on line 225 of the **principal return** and enter it on line 276. You must also complete form TP-766.2-V, *Averaging of a Retroactive Payment, Support-Payment Arrears or a Repayment of Support*, enclose it with the **principal return**, and check box 404 of the return. We will calculate a tax adjustment that may reduce the income tax payable for the year.

If entitlement to the arrears was established **after** the payer's death, the arrears are not deductible.

Line 241 Deduction for exploration and development expenses

If the person held flow-through shares before his or her death, you can enter an amount in the **principal return**, provided the corporation renounced the deduction of its resource expenses before the date of death. The effective date of renunciation is shown on the RL-11 slip issued by the corporation.

You cannot claim a deduction for resource expenses for a member of a partnership who died before the end of its fiscal period, because only persons who are members of the partnership at the end of its fiscal period are entitled to a share of its resource expenses.

NOTE

Heirs or legatees who receive the interest in the partnership may be entitled to claim a portion of the Canadian exploration or development expenses, subject to certain conditions.

Since the property is deemed to have been disposed of at its FMV immediately before the time of death, there may be a capital gain or a capital loss. See Part 3 of this guide.

Line 245 Deduction for retirement income transferred to the deceased's spouse

See the instructions for line 122 in section 2.2 of this guide.

Line 246 Deduction for a repayment of amounts overpaid to the deceased

You can deduct a repayment of amounts overpaid to the deceased in the **principal return**.

Repayment of QPP, CPP, QPIP or Employment Insurance payments

If you (as the legal representative) repay, in the course of a given year, amounts received by the deceased under the QPP, the CPP, the QPIP, the *Unemployment Insurance Act* or the *Employment Insurance Act*, and these amounts were included in the calculation of the deceased's income for a previous year, you can elect that the amount repaid be deemed to have been repaid by the deceased immediately before the death, rather than by the succession. For more information, see section 5.2 of this guide.

NOTE

If the person who died in 2022 had repaid, in that year, benefits received under the Incentive Program to Retain Essential Workers (IPREW), or amounts related to the Canada Emergency Response Benefit (CERB), the Canada Emergency Student Benefit (CESB), the Canada Recovery Benefit (CRB), the Canada Recovery Sickness Benefit (CRSB), the Canada Recovery Caregiving Benefit (CRCB) or the Canada Worker Lockdown Benefit (CWLB) (or if you repaid such benefits or amounts in 2022 as the legal representative), you can claim the deduction:

- in the deceased's income tax return filed for the year of death (principal return);
- in the deceased's income tax return filed for the taxation year in which the amounts were received (complete form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*);
- both in the deceased's income tax return filed for the year of death and in the return filed for the taxation year in which the amounts were received, provided that the total amount claimed does not exceed the amount repaid.

Line 248 Deduction for QPP and CPP contributions and QPIP premiums

If a QPP or CPP contribution (on employment or self-employment income) or an optional contribution is payable, you can claim a deduction for the contribution by completing Work Chart 248 or 445, or form LE-35-V, *Contribution and Deduction Related to the QPP or the CPP*, as applicable.

If a QPIP premium on income from self-employment is payable, you can claim a deduction equal to 43.736% of the premium.

You must enter the amount of these deductions in the return in which the related income is reported (either the **principal return** or a **separate return**).

If a QPP contribution or a QPIP premium is payable because the deceased was **responsible for a family-type resource or an intermediate resource**, you cannot claim a deduction for the contribution or the premium payable on the earnings that were entered on line 40 of Schedule L. If applicable, we will adjust the amount you enter on line 248.

Line 250 Other deductions

As a rule, you can claim these deductions in the **principal return**. For more information, see the instructions for line 250 in the guide to the income tax return (TP-1.G-V).

Funeral expenses cannot be claimed in the deceased person's income tax return or in the return of the testamentary trust.

Deduction for a loss in the value of investments in an RRSP, a RRIF or a PRPP/VRSP

The FMV of an unmatured RRSP (see the glossary at the beginning of this guide), a RRIF or a PRPP/VRSP may have decreased from the date of death to the date that the heirs or succession received payment. If the total amount of all RRSP, RRIF or PRPP/VRSP payments is less than the FMV of the RRSP, RRIF or PRPP/VRSP included in the deceased's income for the year of death, you can claim a deduction for the difference between the FMV and the total amount of payments in the **principal return**. As a rule, the deduction can be claimed only if the final payment was made before the end of the year following the year of death. In such cases, the RRSP issuer, RIFF carrier or PRPP/VRSP administrator must issue a copy of form RC249, *Post-Death Decline in the Value of a RRIF, an Unmatured RRSP and Post-Death Increase or Decline in the Value of a PRPP*. Make sure to enclose a copy of that form.

If you receive the form mentioned in the previous paragraph after you have filed the income tax return, submit a duly completed copy of form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*, and enclose form RC249 with it.

IMPORTANT

In the federal income tax return, the term "pooled registered pension plan (PRPP)" refers to both PRPPs and VRSPs.

Line 252 Carry-over of the adjustment of investment expenses

If an amount was entered on line 260 as an adjustment of investment expenses (or on line 276 as an adjustment of other investment expenses) in a year preceding the year of death, you can, in the **principal return**, use the unused portion of the adjustment to reduce the net investment income for the year of death. The surplus can be claimed in the income tax return filed for the year of death (**principal return**) or for the previous year, or it can be split between the two returns. Note that this surplus must not create or increase a loss other than a capital loss in the year in which it is claimed.

Line 260 Adjustment of investment expenses

Claim the adjustment of investment expenses for the year of death in the **principal return**. To calculate the amount of this adjustment, **complete Schedule N**.

Carry-over of the adjustment of investment expenses

You can carry back the adjustment of investment expenses calculated for the year of death using method A or B below. Note that the amount of this adjustment must not create or increase a loss other than a capital loss in the year in which it is claimed.

Method A

If the person reported investment income in any of the three years before the year of death, you can apply the adjustment of investment expenses calculated for the year of death to one or more of the three years, provided the amount applied to a particular year is not greater than the net investment income reported for that year. The surplus can be claimed in the income tax return filed for the year of death (**principal return**) or for the previous year, or it can be split between the two returns.

Method B

You can claim the adjustment of investment expenses calculated for the year of death in the income tax return filed for that year (**principal return**) or for the previous year, or you can split the amount claimed between the two returns.

Contact us for more information.

2.4 Taxable income

Reporting deductions from taxable income in the various income tax returns

Amounts that can be claimed only in the return in which the related income is reported (the principal return or a separate return)

- Deduction for an Indian (line 293)
- Deduction for certain benefits (line 295)
- Deduction for scholarships, bursaries or similar financial assistance (line 295)
- Deduction for split income (line 295)
- Security option deduction (line 297)
- Deduction for income exempt under a tax treaty (line 297)
- Deduction for employees of certain international organizations (line 297)
- Deduction for shares received in exchange for mining property (line 297)
- Canadian Forces personnel and police deduction (line 297)

If a deduction is divided up and claimed in two or more income tax returns, the total amount claimed on all the returns filed must not be greater than the deduction that could be claimed if all the deceased person's income for the year of death were being reported in a single income tax return.

Amounts that can be claimed in the principal return only

- Non-capital losses from other years (line 289)
- Net capital losses from other years (line 290)
- Capital gains deduction (line 292)

Amount that can be claimed in the principal return, but only if the deceased died on December 31

- Deduction for the Cooperative Investment Plan (CIP) (line 287)

693.1

Line 276 Adjustment of deductions

Recovery of deductions for patronage dividends received from a cooperative or federation of cooperatives

If the deceased held a preferred share in a cooperative or federations of cooperatives, his or her death results in the deemed disposition of the share. You must therefore enter, on line 276 of the **principal return**, the deduction that was claimed for the share on line 297 of a return for a previous year.

726.29



Income averaging for forest producers

If the deceased was a certified forest producer under the *Sustainable Forest Development Act* with regard to a private forest or a member of a partnership that is a certified forest producer, the person's death results in the disposition of the private forest or the end of the person's participation in the partnership. In calculating the person's taxable income, you must include on line 297 of the **principal return** any amount that was deducted from the person's income but was not included in income for a previous year in respect of income averaging for forest producers.

726.43

Adjustment of other investment expenses

Claim the adjustment of other investment expenses for the year of death in the **principal return**. To calculate the amount of this adjustment, **complete Schedule N**.

Carry-over of the adjustment of other investment expenses

You can carry back the adjustment of other investment expenses calculated for the year of death using method A or B below. Note that the amount of this adjustment must not create or increase a loss other than a capital loss in the year in which it is claimed.

Method A

If the person reported investment income in any of the three years before the year of death, you can apply the adjustment of other investment expenses calculated for the year of death to one or more of the three years, provided the amount applied to a particular year is not greater than the net investment income reported for that year. The surplus can be claimed in the income tax return filed for the year of death (**principal return**) or for the previous year, or it can be split between the two returns.

Method B

You can claim the adjustment of other investment expenses calculated for the year of death in the income tax return filed for the year of death (**principal return**) or for the previous year, or you can split the amount claimed between the two returns.

Contact us for more information.

Line 278 Universal Child Care Benefit and income from a registered disability savings plan

Universal Child Care Benefit

In the **principal return**, report the Universal Child Care Benefit retroactive payment that the person received for one or more previous years, from January 1 to the date of death. See "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

A retroactive payment received **after** the date of death can be reported in a **separate return** for rights and property, provided entitlement to the payment was established **before** the date of death. If the retroactive payment was received in the year of death, you can ask to have the income averaged. For more information, see "Retroactive payments and support-payment arrears" in the "Total income" section of the guide to the income tax return (TP-1.G-V).

Income from a registered disability savings plan (RDSP)

In the **principal return**, report the taxable portion of disability assistance payments that the person **received** from January 1 to the date of death.

Upon the death of a beneficiary of an RDSP, any amounts remaining in the RDSP, after repayment of federal government bonds and grants, must be paid to the succession. The taxable portion of the disability assistance payment must be included in the income of the beneficiary's succession for the year during which the succession receives the payment.

Line 287 Deductions for strategic investments

Deduction for the Cooperative Investment Plan (CIP)

You can claim a deduction for the Cooperative Investment Plan (or the unused portion of the deductions for previous years) **only** if the person died on December 31, was resident in Québec on that date and, in the year of death, acquired qualifying securities from a cooperative or federation of cooperatives authorized to issue such securities. The deduction can be claimed in the **principal return**.

As property is deemed to have been disposed of at its FMV immediately before the person's death, there may be a capital gain or a capital loss. See Part 3 of this guide.

965.39.4

Line 290 Net capital losses from other years

See Part 4 of this guide for information concerning the carry-over of net capital losses from other years and of the net capital loss sustained in the year of death.

Line 292 Capital gains deduction

If, as part of the **transfer of a family business**, the deceased realized a gain on the disposition of qualified shares in a farm or fishing corporation **or** a small business corporation, and, as legal representative, you designated an amount as a deemed capital gain in form TP-517.5.5-V, *Designating a Deemed Capital Gain Further to the Transfer of a Family Business*, you **must** claim the capital gains deduction in respect of the taxable amount of the deemed capital gain.



To claim the deduction in the deceased's **principal return**, complete form TP-726.7-V, *Capital Gains Deduction on Qualified Property*.

For more information, see the *Capital Gains and Losses* guide (IN-120-V).

[251](#), [517.2](#), [517.5.3](#), [517.5.5–517.5.11](#), [726.7](#), [726.7.1](#)

Line 295 Deductions for certain income

The following deductions can only be claimed in the return in which the related income is reported (whether the **principal return** or a **separate return**):

- the deduction for certain benefits (see the instructions for line 295 in the guide to the income tax return [TP-1.G-V]);
- the deduction for scholarships, bursaries or similar financial assistance;
- the deduction for split income (see below).

If a deduction is split among two or more income tax returns because the related income is also split, the total amounts deducted on all the returns filed must not be greater than the deduction that could be claimed if all the deceased person's income were being reported in a single return.

Deduction for split income

If, for 2022, you are required to include in the deceased's income certain types of income (called "split income") that are subject to income tax on split income (line 443) and were received by the deceased directly or through a trust or partnership, you can claim a deduction for this income. To calculate the amount of this deduction, complete form TP-766.3.4-V, *Income Tax on Split Income*.

[737.29](#)

Any other deduction described in the instructions for line 295 in the guide to the income tax return (TP-1.G-V) can be claimed in the **principal return** only.

Line 297 Miscellaneous deductions

The following deductions can be claimed only in the return in which the related income is reported (whether this is the **principal return** or a **separate return**):

- the security option deduction (see the instructions for line 101 in section 2.2 of this guide);
- the deduction for income exempt under a tax treaty;
- the deduction for employees of certain international organizations;
- the deduction for shares received in exchange for mining property;
- the Canadian Forces personnel and police deduction.

If a deduction is split among two or more returns because the related income is also split among two or more returns, the total amount deducted must not be greater than the deduction that could be claimed if all the deceased person's income were being reported in a single return.

The other deductions provided for on line 297 (see the guide to the income tax return [TP-1.G-V]) can be claimed only in the **principal return**.

2.5 Non-refundable tax credits

If the deceased was resident in Canada for part of the year only, calculate the non-refundable tax credits on the basis of the ratio between the number of days in the year during which he or she was resident in Canada and the total number of days in the year of death. **However**, the credits can be claimed in full if 90% or more of the person's worldwide income for the period during which he or she was not resident in Canada is included in the calculation of his or her income.

Reporting non-refundable tax credits in the various income tax returns

Amounts that can be entered in full in the principal return and in each separate return

- Basic personal amount (line 350)
- Amount for a child under 18 enrolled in post-secondary studies or amount for other dependants (line 367)

Amounts that can be split between the principal return and a separate return

- Age amount, amount for a person living alone and amount for retirement income (line 361)
- Amount for a severe and prolonged impairment in mental or physical functions (line 376)
- Expenses for medical services not available in the area where the deceased lived (line 378)
- Medical expenses (line 381)
- Interest paid on a student loan (line 385)
- Tax credit for volunteer firefighters and search and rescue volunteers (line 390)
- Tax credit for career extension (line 391)
- Tax credit for recent graduates working in remote resource regions (line 392)
- Tax credits for donations and gifts (line 395)
- Home buyers' tax credit (line 396)
- Tax credit for tuition or examination fees (line 398)

You can split these amounts between the **principal return** and a **separate return**, provided the total of the amounts claimed is not greater than the amount you could claim if you reported all the deceased person's income for the year of death in a single income tax return.

Amounts that can be claimed in the principal return only

- Adjustment for income replacement indemnities (line 358)
- Amount transferred by a child 18 or over enrolled in post-secondary studies (line 367)
- Tax credit for tuition or examination fees transferred by a child (line 398.1)

Amount that can be claimed only in the return (principal or separate) in which the related income is reported

- Union, professional or other dues (line 397)

If this amount is divided up and claimed in two or more income tax returns, the total amount claimed on all the returns filed must not be greater than the amount that could be claimed if all the deceased person's income for the year of death were being reported in a single income tax return.

429 (2nd para., subpara. (c)), 681 (para. (d)), 1003 (1st para., subpara. (b), subpara. (ii)), 752.0.26, 776.1.5.0.19

Line 350 Basic personal amount

You can claim the basic personal amount in full in the **principal return** and in each **separate return**.

429 (2nd para., subpara. (c)), 681 (para. (d)), 1003 (1st para., subpara. (b), subpara. (ii)), 752.0.26

Line 358 Adjustment for income replacement indemnities

The adjustment for income replacement indemnities applies if the deceased was resident in Québec at the time of death. Report this amount in the **principal return**.

Line 361 Age amount, amount for a person living alone and amount for retirement income

The age amount, the amount for a person living alone and the amount for retirement income can be reduced on the basis of family income. Family income is the amount on line 275 of all the returns filed for the year of death and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the amount on line 275 of the spouse's return.

You can claim these amounts in the **principal return** or in a **separate return**. You can also split the total amount between the returns, provided it is not greater than the amount that could be claimed if only one return were being filed.

Age amount

You can claim the age amount only if the deceased was 65 or older at the time of death.

Amount for a person living alone

You can claim the amount for a person living alone if, from January 1 to the date of death, the person maintained and resided in a dwelling (see the glossary at the beginning of this guide) in which he or she lived alone or only with one or more persons under 18 or one or more of his or her children, grandchildren or great-grandchildren aged 18 or older who were full-time students pursuing vocational training at the secondary level or postsecondary studies for which they received an RL-8 slip showing an amount in box A.

Additional amount for a person living alone (single-parent family)

You can claim the additional amount for a person living alone if the deceased person was entitled to the amount for a person living alone and met both of the following conditions:

- **At some time in the year of death**, the person lived with a child aged 18 or older who can transfer an amount for a child 18 or over enrolled in post-secondary studies (line 367 of the return) to the deceased, or could have transferred such an amount if he or she had not earned income.
- For the month of death, the person was not entitled to a family allowance payment from Retraite Québec.

Reduction of the additional amount for a person living alone (single-parent family)

The additional amount for a person living alone (single-parent family) must be reduced if, at any time in the year, the person was entitled to a family allowance payment from Retraite Québec. If this is the case, complete the work chart in the instructions for line 361 in the guide to the income tax return (TP-1.G-V) to find out the amount to which the deceased is entitled.

Amount for retirement income

If an amount is reported on line 122 or line 123 of the deceased person's return or the return of his or her spouse on December 31 (see the glossary at the beginning of this guide), you can claim an amount for retirement income.

Line 367 Amount for dependants and amount transferred by a child 18 or over enrolled in post-secondary studies

Amount for a child under 18 enrolled in post-secondary studies and amount for other dependants

You can claim, in full, the amount for a child under 18 enrolled in post-secondary studies and the amount for other dependants in the **principal return** and in each **separate return** filed. In calculating the amounts, you must take into account the income of the children or of the other dependants for the entire year.

If another person also contributed to the support of the deceased person's dependent children or other dependants, the amounts claimed may have to be split between the deceased's return and that of the other person. In this case, multiply the amounts by the percentage agreed on with the other person. The total percentage must not be over 100%.



Amount transferred by a child 18 or over enrolled in post-secondary studies

If the deceased was a child 18 or older enrolled in post-secondary studies, you can designate the beneficiary of the transferred amount in Schedule S of the **principal return** only. Similarly, if the deceased is the designated beneficiary of the amount, you can claim the amount transferred in Part B of Schedule A of the **principal return** only.

776.41.12–776.41.15, 776.41.20

Line 376 Amount for a severe and prolonged impairment in mental or physical functions

You can claim the amount for a severe and prolonged impairment in mental or physical functions in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

You can claim this amount only if the deceased had a severe and prolonged impairment in mental or physical functions that lasted at least 12 months (or would have lasted at least 12 months, had the person not died) and the conditions specified in the instructions for line 376 in the guide to the income tax return (TP-1.G-V) are met.

NOTE

You cannot claim the impairment amount on line 376 if the remuneration paid to a **full-time** attendant is used to calculate a tax credit for medical expenses in the deceased person's or another person's income tax return, unless the amount claimed as remuneration paid to the attendant is \$20,000 or less.

Similarly, you cannot claim the impairment amount on line 376 if the fees paid for the deceased person's **full-time** residence in a nursing home are used to calculate a tax credit for medical expenses in the deceased person's or another person's income tax return, unless a receipt issued by the nursing home shows an amount specifically relating to remuneration paid to a **full-time** attendant that is less than \$20,000, and this is the only part of the fees for which the non-refundable tax credit for medical expenses is being claimed.

752.0.11.1 m.1, 752.0.14

Line 378 Expenses for medical services not available in the area where the deceased lived

You can claim an amount for expenses paid to obtain medical services not available in the area where the deceased lived in either the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

752.0.13.1

Line 381 Medical expenses

You can claim an amount for the medical expenses:

- paid for the deceased (by the deceased, his or her spouse or his or her legal representatives) over a period of 24 consecutive months that includes the date of death, regardless of whether the expenses were paid before or after the death;
- paid for the spouse of the deceased or any dependant of the deceased over a period of 12 consecutive months that ended in the year.

The maximum amount that can be claimed is the portion of the medical expenses that is more than 3% of the deceased person's income (line 275 of all the returns filed for the year of death) and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the spouse's income (line 275).

You can claim this amount either in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

For more information about medical expenses, see the instructions for line 381 in the guide to the income tax return (TP-1.G-V) and guide IN-130-V, *Medical Expenses*.

752.0.11

Line 385 Interest paid on a student loan

You can claim an amount for interest paid on a student loan in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed. Interest that is not claimed cannot be carried forward.

752.0.18.15

Line 390 Tax credit for volunteer firefighters and search and rescue volunteers

You can claim the tax credit for volunteer firefighters and search and rescue volunteers in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

752.0.10.0.5–752.0.10.0.7, 752.0.22



Line 391 Tax credit for career extension

If the deceased had reached the age of 60 and was resident in Québec on the date of death, you can claim the tax credit for career extension in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

To calculate the tax credit to which the deceased person is entitled, complete form TP-752.PC-V, *Tax Credit for Career Extension*.

See the instructions for line 391 in the guide to the income tax return (TP-1.G-V).

752.0.10.0.3

Line 392 Tax credit for recent graduates working in remote resource regions

You can claim the tax credit for recent graduates working in remote resource regions only if the deceased was resident in a remote resource region of Québec on the date of death and the other conditions set out in the instructions for line 392 in the guide to the income tax return (TP-1.G-V) are met. To calculate the amount to which the deceased is entitled, complete form TP-776.1.ND-V, *Tax Credit for Recent Graduates Working in Remote Resource Regions*.

You can claim the credit in the **principal return** or in a **separate return**. You can also split the credit between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

776.1.5.0.19

Line 395 Tax credits for donations and gifts

Tax credit for charitable donations and other gifts

You can claim the tax credit for charitable donations and other gifts in the **principal return** or in a **separate return**. You can also split the amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

429 (2nd para., subpara. (c)), 681 (para. (d)), 1003 (1st para., subpara. (b), subpara. (ii)), 752.0.26

The portion of eligible amounts of the donations and gifts made during the year that is not used to claim the credit in one of the returns filed for the year of death can be carried to the return for the previous year. To carry back such an amount, complete form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*, and file it **separately** from any income tax return.

752.0.10.1 (1st para., subpara. (b), subpara. (i), subpara. (2), "total charitable gifts")

If the person died before January 1, 2016, you can claim this credit for bequests (gifts made under a will) to a charity in the return for the year of death or the previous year, regardless of the year in which the gift is made to the recipient. A tax credit can also be claimed for amounts remitted to a charity that was designated by the deceased as the beneficiary of an RRSP, a RRIF, a tax-free savings account (TFSA) or a life insurance policy. These donations and gifts cannot be claimed in the return filed for the succession because they are deemed to have been made immediately before the person's death.

752.0.10.9

If the person died after December 31, 2015, you can claim this credit for donations made by will or by designation:

- in the deceased's income tax returns, for the year of death or for the preceding year;
- in the succession's income tax return (*Trust Income Tax Return* [form TP-646-V]):
 - for the year in which the donation was made or for a previous year of the succession, provided the donation was made in the 36 months following the date of death and the succession is a GRE (see the glossary at the beginning of this guide),
 - for the year of the transfer of the donated property, provided this transfer was made more than 36 months, but not more than 60 months, following the date of death and the succession would still be considered a GRE if the 36-month period following the date of death had not expired.

752.0.10.10

If you donated capital property, contact us.

NOTE

The **additional tax credit for a large cultural donation** and the **tax credit for cultural patronage** can only be claimed in the deceased's income tax return for the year of death or the year preceding the death. Although the donations are deemed to have been made by the succession when the donated property is transferred, these tax credits cannot be claimed in the return filed for the succession.

Donations of food products

If, after March 26, 2015, but before his or her death, the deceased donated food products that he or she produced, the eligible amount of the donation can be increased by 50%, provided **all** of the following conditions were met at the time of the donation:

- The deceased was a recognized agricultural producer.
- The donation was made to a registered charity that was a member of the Food Banks of Quebec network (either a Moisson member or, in the case of a donation made after March 17, 2016, an associate member).
- The donated food products were eligible agricultural products.

If, after March 17, 2016, but before his or her death, the deceased donated food products that he or she processed, the eligible amount of the donation can be increased by 50%, provided **all** of the following conditions were met at the time of the donation:

- The deceased operated a food processing business.
- The donation was made to a registered charity that was a member of the Food Banks of Quebec network (either a Moisson member or an associate member).
- The donated food products were eligible food products.

For more information about food donations and the types of eligible agricultural products and eligible food products, see the instructions for line 395 in the guide to the income tax return (TP-1.G-V).

Additional tax credit for a large cultural donation

You can claim the additional tax credit for a large cultural donation in the **principal return** or in a **separate return**. You can also split the total amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed.

429 (2nd para., subpara. (c)), 681 (para. (d)), 1003 (1st para., subpara. (b), subpara. (ii)), 752.0.26

You can claim the tax credit for the unused portion of the eligible amount of a large cultural donation or gift that the deceased made in **one** of the four years before 2022. Enclose a note with the income tax return stating the year in which the donation or gift was made and, if applicable, specify the portion of the tax credit claimed in a previous year.

752.0.10.1 (“major cultural gift”)

The portion of a large cultural donation made in the year that is not used to claim the tax credit in one of the returns filed for the year of death can be carried to the return for the previous year. Complete form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*, and file it **separately** from any income tax return.

If the person died before January 1, 2016, the additional tax credit for a large cultural donation can also be claimed in the return filed for the year of death or the previous year for a bequest giving entitlement to the credit, regardless of the year in which the donation was made to the donee. Likewise, if the deceased person designated an eligible donee as the beneficiary of an RRSP, a RRIF, a TFSA or a life insurance policy, and an amount of no less than \$5,000 is consequently remitted to the donee, that amount gives entitlement to the credit. Note that the amount cannot be claimed in the return filed for the succession because the donation is deemed to have been made immediately before the person's death.

If the person died after December 31, 2015, you can also claim the additional tax credit for a large cultural donation made by will or by designation **only** in the deceased's income tax returns for the year of death or the previous year. The GRE (see the glossary at the beginning of this guide) must have made the donation within 36 months following the death.

Although the donation is deemed to have been made by the succession when the donated property is transferred, the additional tax credit for a large cultural donation cannot be claimed in the return filed for the succession.

752.0.10.9, 752.0.10.10

Tax credit for cultural patronage

You can claim the tax credit for cultural patronage in the **principal return** or in a **separate return**. You can also split the total amount between the returns, provided it is not greater than the amount that would have been claimed if only one return were being filed.

429 (2nd para., subpara. (c)), 681 (para. (d)), 1003 (1st para., subpara. (b), subpara. (ii)), 752.0.26

You can claim cultural patronage donations that the deceased made in 2022 as well as any portion of such donations made from 2017 to 2021, for which the tax credit has not been claimed. Enclose a note with the income tax return stating the years in which the donations were made.

You cannot claim the tax credit for cultural patronage if, for the same donation, you are already claiming the tax credit for charitable donations and other gifts or the additional tax credit for a large cultural donation.

752.0.10.1 (“total patronage gifts”)

Any portion of a cultural patronage donation made in the year of death that is not used to claim the credit in a return filed for the year of death can be carried back to the preceding year. To do so, complete form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*, and file it **separately** from any income tax return.

752.0.10.9

If the person died before January 1, 2016, the tax credit for cultural patronage can also be claimed in the return filed for the year of death or the previous year for a bequest giving entitlement to the credit, regardless of the year in which the donation was made to the donee. Likewise, if the deceased person designated an eligible donee as the beneficiary of an RRSP, a RRIF, a TFSA or a life insurance policy, and an amount of no less than \$250,000 or \$25,000 (as applicable) is consequently remitted to the donee, that amount gives entitlement to the credit. Note that the amount cannot be claimed in the return filed for the succession and the donation is deemed to have been made immediately before the person's death.

If the person died after December 31, 2015, you can claim the tax credit for cultural patronage donations made by will or designation **only** in the deceased's income tax returns for the year of death or the previous year, if the donations were made:

- within 36 months following the date of death and the succession is a GRE (see the glossary at the beginning of this guide); or
- within 60 months following the date of death and the succession is no longer a GRE at the time solely because the 36-month period following the date of death has expired.



Although the donation is deemed to have been made by the succession when the donated property is transferred, the tax credit for cultural patronage cannot be claimed in the return filed for the succession.

[752.0.10.9](#), [752.0.10.10](#), [752.0.10.15.5\(b\)\(i\)](#)

Line 396 Home buyers' tax credit

You can claim the home buyers' tax credit in the **principal return** or **separate return** if the deceased was resident in Québec at the time of his or her death. You can also split the credit between the returns, provided it is not greater than the amount that would have been claimed if only one return were being filed. To claim this tax credit, you must complete form TP-752.HA-V, *Home Buyers' Tax Credit*, and enclose it with the principal return.

If the deceased was co-owner of a qualifying home with his or her spouse, the amount of the tax credit can be split between them, provided that the total of the claimed amounts does not exceed the amount that would have been granted if only one of them had been entitled to the tax credit. To split the tax credit, you and the spouse of the deceased must complete a separate copy of form TP-752.HA-V.

For more information about the home buyers' tax credit, see the instructions for line 396 in the guide to the income tax return (TP-1.G-V) and form TP-752.HA-V.

[752.0.10.0.8–752.0.10.0.10](#)

Line 397 Tax credit for union, professional or other dues

You can claim the tax credit for union, professional or other dues **only** in the return in which the related amounts are reported. The credit can be split among two or more income tax returns, provided the total of the amounts claimed on all the returns filed is not greater than the amount that could be claimed if all the deceased person's income for the year of death were being reported in a single income tax return.

Line 398 Tax credit for tuition or examination fees

You can claim the tax credit for tuition or examination fees in the **principal return** or in a **separate return**. You can also split the total amount between the returns, provided the total amount you claim is not greater than the amount that could be claimed if only one return were being filed. Note that the unused portion of tuition or examination fees cannot be carried over.

You can transfer all or a portion of the student's tuition or examination fees **paid for the year of death** to one of the student's parents or grandparents, or to one of his or her spouse's parents or grandparents.

To claim the tax credit for tuition or examination fees or to transfer such an amount, **complete Schedule T** and enclose it with the principal return.

For more information on tuition or examination fees giving entitlement to the credit, see the instructions for line 398 in the guide to the income tax return (TP-1.G-V).

[752.0.18.10–752.0.18.14](#)

Line 398.1 Tax credit for tuition or examination fees transferred by a child

If the deceased person was a child enrolled in post-secondary studies, you can transfer, in the **principal return** only, all or a portion of the tuition or examination fees paid for the year to the student's parents or grandparents, or to his or her spouse's parents or grandparents.

If the deceased person was the beneficiary of such a transfer, you can claim the amount of the transfer in the **principal return** only.

[776.41.26](#)

2.6 Income tax and contributions

Reporting the amounts in the various income tax returns

Amount that can be claimed only in the return (principal or separate) in which the related income is reported

- Dividend tax credit (line 415)

If an amount is split between two or more income tax returns because the related income is also split between two or more returns, the total amount claimed on all the returns filed must not be greater than the amount that would have been claimed if all the deceased person's income for the year of death were being reported in a single income tax return.

Amounts that can be claimed and premiums and contributions that must be calculated in the principal return only

- Tax credit for contributions to authorized Québec political parties (line 414)
- Tax credit for a labour-sponsored fund (line 424)
- Credits transferred from one spouse to the other (line 431)
- Alternative minimum tax carry-over (line 13 of Schedule E)
- Annual registration fee for the enterprise register (line 438)
- Premium payable under the Québec prescription drug insurance plan (line 447)

Line 415 Dividend tax credit

To claim the dividend tax credit, the deceased person must have been resident in Québec immediately before his or her death.

You can claim the dividend tax credit **only** in the return in which the related income is reported.



Line 422 Tax credits for Capital régional et coopératif Desjardins shares

The tax credits for Capital régional et cooperative Desjardins shares (the tax credit for the acquisition of Capital régional et coopératif Desjardins shares and the tax credit for the exchange of Capital régional et coopératif Desjardins shares) cannot be claimed in the deceased person's income tax return.

Line 424 Tax credit for a labour-sponsored fund

You can claim the tax credit for a labour-sponsored fund on behalf of a deceased person, provided the shares in question were acquired before the person's death. However, the credit cannot be claimed if the person was in any of the following situations:

- The person was 65 or older (or would have turned 65 in the year of death).
- The person was 45 or older and was either retired or on pre-retirement leave in the year of death.
- The person had asked the Fonds de solidarité des travailleurs du Québec (FTQ) or Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, to redeem his or her shares within 60 days after they were acquired.

For more information, see the instructions for line 424 in the guide to the income tax return (TP-1.G-V).

Any unused portion of the tax credit to which the deceased was entitled for previous years may, under certain conditions, be used to reduce the income tax payable.

You can claim this tax credit only in the **principal return**.

776.1.1–776.1.4.1

Line 431 Credits transferred from one spouse to the other

Negative amount on line 430 of the principal return

If you entered a negative amount on line 430 of the **principal return**, you can transfer the amount to the deceased person's spouse on December 31 (see the glossary at the beginning of this guide). However, if you claimed a deduction for split income on line 295 of this income tax return, see Part 4 of form TP-766.3.4-V, *Income Tax on Split Income*, to find out if you can transfer an amount to the spouse.

Positive amount on line 430 of the principal return

If you entered a positive amount on line 430 of the principal return, but the deceased person's spouse on December 31 (see the glossary at the beginning of this guide) entered a negative amount on line 430 of his or her return, you can carry the negative amount to line 431 of the **principal return**.

See the instructions for line 431 in the guide to the income tax return (TP-1.G-V).

Line 432 Alternative minimum tax carry-over, alternative minimum tax and deduction for logging tax

The provisions respecting alternative minimum tax do not apply to the deceased person for the year of death. However, all or a portion of the alternative minimum tax paid for a previous year can be deducted in the **principal return**. To request a carry-over of the alternative minimum tax paid for a previous year, complete form TP-776.42-V, *Alternative Minimum Tax*.

752.12–752.16, 776.45

Line 438 Annual registration fee for the enterprise register

For the year of death, enter the amount of the annual registration fee for the enterprise register payable by a sole proprietorship in the **principal return**. Annual registration fees are payable if the person was registered for the enterprise register on January 1 of the year he or she died.

Not later than six months after the death of the registrant, the liquidator of the succession must file a cancellation declaration, unless the activity requiring registration is continued for the benefit of the succession.

Line 439 Québec parental insurance plan (QPIP) premium on income from self-employment or employment outside Québec

To calculate the QPIP premium on the deceased person's income from self-employment or employment outside Québec, **complete Schedule R**, taking into account:

- all employment and business income reported in all returns filed for the year of death;
- any insurable earnings the deceased received as a person responsible for a family-type resource or an intermediate resource (line 40 of Schedule L).

However, **do not complete Schedule R** if the person also held employment in the year of death and you entered, on line 97 of his or her return, an amount equal to or greater than the maximum QPIP premium (that is, \$434.72 for 2022).

You can enter the QPIP premium in the **principal return** or in a **separate return**.

Line 441 Advance payments of tax credits

Advance payments of tax credits respecting the work premium and the tax credit for childcare expenses

In the **principal return**, enter the total amount of advance payments of tax credits respecting the work premium (the work premium, the adapted work premium or the supplement to the work premium [for former recipients of last-resort financial assistance or financial assistance under the Aim for Employment Program]) and the tax credit for childcare expenses that the person received in the year of death, which begins on January 1 and ends on the date of death.



Advance payments of the tax credit for home-support services for seniors

In the **principal return**, enter the total amount of advance payments of the tax credit for home-support services for seniors that the person received in the year of death, which begins on January 1 and ends on the date of death.

Advance payments of the tax credit for the treatment of infertility

In the **principal return**, enter the total amount of advance payments of the tax credit for the treatment of infertility that the person received in the year of death, which begins on January 1 and ends on the date of death.

Advance payments of the tax credit for caregivers

In the **principal return**, enter the total amount of advance payments of the tax credit for caregivers that the person received in the year of death, which begins on January 1 and ends on the date of death.

Line 443 Special taxes and tax adjustment

Tax on split income

You may have to pay a tax calculated at the rate of 25.75% for the deceased if you included, in his or her income, certain types of income (called “split income”) that he or she received directly or through a trust or partnership.

If this is the case, complete form TP-766.3.4-V, *Income Tax on Split Income*, and enclose it with the return.

Special tax relating to the tax credit for cultural patronage

You do not have to pay a special tax relating to the tax credit for cultural patronage **in the year of death** if, for the first time in that year, the deceased did not honour a pledge that was registered by the Minister of Culture and Communications that allowed him or her to claim the tax credit for cultural patronage during the taxation years preceding the year of death.

In this case, the pledge ceases to be registered as of the year of death (and not retroactively). As such, no portion of the tax credit for cultural patronage received for a year preceding the year of death in relation to an amount paid under this pledge will be recovered.

However, you may have to pay a special tax relating to the tax credit for cultural patronage for a taxation year preceding the year of death, if the following conditions are met:

- for the first time, the person did not honour his or her pledge during that year;
- the income tax return for that year was not filed prior to the death;
- at least one taxation year was prescribed relative to that year.

In this case, you must complete form TP-1129.69.2-V, *Special Tax Relating to the Tax Credit for Cultural Patronage*, to calculate the special tax to pay for the preceding year.

NOTE

- A person did not honour a registered pledge for a given year (the “year of the default”) if:
 - the person did not make a monetary gift to the qualified donee to whom he or she had made the pledge; or
 - the person made a monetary gift to the qualified donee, but the eligible amount of the gift was less than \$25,000.

However, no special tax is payable, and no form needs to be completed for the year of the default, if:

- at the end of the year preceding the year of default, the total eligible amount of all gifts that were made pursuant to the person’s pledge was no less than \$250,000; or
- the person declared bankruptcy during the year of the default.
- The **special tax payable** is equal to the difference between the amount of the tax credit for cultural patronage that the person received for each of the prescribed years and the amount of the tax credit for donations and other gifts that the person could have claimed for all such gifts for the same years.
- A **prescribed year** is a taxation year for which the person received the tax credit for cultural patronage pursuant to the pledge that is not included in the period in which we usually issue a notice of reassessment for a given taxation year. This period is usually three years starting on the later of the following dates:
 - the date of the notice of original assessment or of the notice stating that no income tax is payable for the taxation year in question; or
 - the date the income tax return is filed for that year.

For more information about the tax credit for cultural patronage, see the instructions for line 395 in the guide to the income tax return (TP-1.G-V).

[752.0.10.1](#), [752.0.10.6.2](#), [752.0.10.15.4](#), [752.0.10.15.5](#), [1129.69.1–1129.69.4](#)

Line 445 Québec Pension Plan (QPP) contribution on income from self-employment

If the deceased was self-employed or a person responsible for a family-type resource or an intermediate resource, complete Work Chart 445 or form LE-35-V, *Contribution and Deduction Related to the QPP or the CPP*, to calculate the QPP contribution that you must pay on his or her behalf.

However, if the person also held employment in the year of death and the total of the amounts you entered on lines 96 and 98 of his or her return is equal to or greater than the maximum QPP contribution (that is, \$3,776.10 for 2022), you are not required to pay a contribution to the QPP on income from self-employment on behalf of the deceased person, and you are therefore **not required to complete Work Chart 445 or form LE-35-V**.

If you complete Work Chart 445, multiply the basic exemption (lines 6 and 17) and the maximum pensionable earnings (line 16) by the number of months in the year up to and including the month of the person's death, then divide the result by 12 and enter the result on lines 6, 16 and 17. The amounts entered on lines 1, 2 and 3 of the work chart correspond to different types of income. For each of these lines, you must enter the total of all the income of that particular type reported in all returns filed for the year of death.

If you complete form LE-35-V, see pages 5 and 6 of the form for information on the amounts to be entered on lines 1, 2, 8 and 35 of the form. Each of the amounts entered on lines 31, 32, 33, 94, 95 and 96 must correspond to the total income entered as such in all the returns filed for the year of death.

You can enter the QPP contribution on income from self-employment in the **principal return** or in a **separate return**.

ARPP 41, 43

Line 446 Contribution to the health services fund

To calculate the contribution to the health services fund to be paid on behalf of the deceased, **complete Schedule F**. Take into account **only** the income reported in the **principal return**.

ARAMQ 34.1.2, 34.1.5(b)

Line 447 Premium payable under the Québec prescription drug insurance plan

To calculate the premium payable on behalf of the deceased under the Québec prescription drug insurance plan, **complete Schedule K**. Check box 59 in Part B and, where applicable, the month(s) following the month of death. If one or more of the situations described on lines 50 to 59 applied (for at least one day) to the deceased in the month of death and the preceding months, check the appropriate box(es) and months.

ARAMQ 37.1 ("beneficiary" and "due date"), 37.6

You must take into account the income reported on line 275 of all the returns filed for the year of death and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the income reported on line 275 of the spouse's return.

ARAMQ 37.1 ("family income"), 37.2.2

Enter the amount of the premium in the **principal return**.

Person who was 65 or older throughout the portion of the year preceding his or her death and who received net federal supplements

In the instructions for line 447 in the guide to the income tax return (TP-1.G-V), situations 27, 28, 29, 31 and 33 apply to people who are 65 or older and who receive net federal supplements. If such a person has died:

- the expression "in 2022" (situation 27) should read "throughout the portion of the year preceding the death";
- the expression "throughout 2022" (situations 28, 29 and 31) should read "throughout the portion of the year preceding the death";
- the expression "for only part of the year" (situation 33) should read "for part of the portion of the year preceding the death only";
- the amounts given in situations 27, 28, 29, 31 and 33 must be replaced by the result of the following calculation:

$$\frac{\text{Amount shown in the situation concerned}}{12} \times \text{Number of months preceding the death (including the month of death) in the year}$$

ARAMQ 37.7(b)

Example

Donald died on April 25, 2022, at the age of 67. He had not had a spouse for a year. The amount of net federal supplements on line 148 of his income tax return is \$3,800.

Donald's situation corresponds to situation 27 because he did not have a spouse throughout the portion of the year preceding his death.

Since the amount of the net federal supplements on line 148 of Donald's income tax return is greater than \$3,749.67 ($[\$11,249 \div 12] \times 4$) you must enter "27" in box 449 of his 2022 income tax return. Do not complete Schedule K.

2.7 Refund or balance due

Entering the amounts in the various income tax returns

Amounts that can be entered only in the return in which the related income is reported (principal return or separate returns)

- Québec income tax withheld at source (line 451)
- QST rebate for employees and partners (line 459)

If an amount is split between two or more income tax returns because the related income is also split between two or more returns, the total amount claimed on all the returns filed must not be greater than the amount that would have been claimed if all the deceased person's income for the year of death were being reported in a single income tax return.



Amounts that can be claimed in the principal return only

As a rule, you can claim refundable tax credits and refunds of various taxes that the person paid before his or her death only in the principal return. This applies to amounts such as the following:

- Tax credit for childcare expenses (line 455)
- Tax credits respecting the work premium (line 456)
- Tax credit for home-support services for seniors (line 458)
- Tax shield (line 460)
- Refundable tax credit for medical expenses (line 462)
- Tax credit for caregivers (line 462)
- Property tax refund for forest producers (line 462)
- Tax credit for adoption expenses (line 462)
- Tax credit for the treatment of infertility (line 462)
- Tax credit for top-level athletes (line 462)
- Tax credit for income from an income-averaging annuity for artists (line 462)
- Independent living tax credit for seniors (line 462)
- Tax credit for children's activities (line 462)
- Tax credit for seniors' activities (line 462)
- Tax credit for interest on a loan granted by a seller-lender and guaranteed by La Financière agricole du Québec (line 462)
- Tax credit for the upgrading of residential waste water treatment systems (line 462)
- Senior assistance tax credit (line 463)

Amount that can be claimed in the 2022 income tax return if the person died in 2023

- Grant for seniors to offset a municipal tax increase (line 462)

Line 455 Tax credit for childcare expenses

You can claim the tax credit for childcare expenses in the **principal return** if the person was resident in Québec at the time of his or her death (or was resident in Canada, outside Québec, and carried on a business in Québec). The requirements listed in the instructions for line 455 in the guide to the income tax return (TP-1.G-V) must also be met.

The deceased's family income (Part C of Schedule C) must include the income reported on line 275 of all the returns for the year of death and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the spouse's income.

NOTE

If, on the date of death, the deceased was resident in Canada, outside Québec, and carried on a business in Québec, see the section "You were resident in Canada, outside Québec, on December 31, 2022, and you carried on a business in Québec" in the instructions for line 455 in the guide to the income tax return (TP-1.G-V).

1029.8.79

Line 456 Tax credits respecting the work premium

You can claim any applicable tax credits respecting the work premium in the **principal return** if the person was resident in Québec on the date of death and the requirements listed in the instructions for line 456 in the guide to the income tax return (TP-1.G-V) are met.

The family income (Part C of Schedule P) must include the income reported on line 275 of all the returns for the year of death and the income on line 275 of the spouse's return, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide) who, at the end of that day or, if he or she also died during the year, on the date of his or her own death, was resident in Québec and was not confined to a prison or similar institution (or, if the spouse was confined to such an institution, the period of confinement did not last more than 183 days in the year).

1029.8.116.1 ("eligible spouse")

Line 458 Tax credit for home-support services for seniors

You can claim the tax credit for home-support services for seniors in the **principal return** if the person was resident in Québec on the date of death and the requirements listed in the instructions for line 458 in the guide to the income tax return (TP-1.G-V) are met. However, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide) who was also entitled to the tax credit, the surviving spouse can claim the tax credit in his or her return. Since only one spouse in the couple can claim the tax credit, you may, as the legal representative and in consultation with the surviving spouse, choose who will claim it.

If the deceased turned 70 in the year, you can claim the tax credit only for the expenses incurred during the year for the home-support services provided or to be provided after the deceased's 70th birthday.

To claim the tax credit, **you must complete Schedule J in full** (Part A or B, as applicable, as well as parts C and D).

If the deceased received advance payments of the tax credit for home-support services for seniors during the year, enter on line 441 the total amount that he or she received in the year of death.

In addition, if the condominium fees of the deceased included the cost of home-support services (such as housekeeping services) that give entitlement to the tax credit, all the amounts paid for these services for the month of death qualify for the credit.

To determine the cost of services included in rent, take into account the total rent paid for the month of death.

You can take into account the expenses you paid after the date of death for eligible services that were provided to the person before his or her death.

The deceased's family income (Part C of Schedule J) must include the income reported on line 275 of all the returns for the year of death and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the income on line 275 of the spouse's return

1029.8.61.1

Line 459 QST rebate for employees and partners

You can claim the QST rebate for employees and partners in the **principal return** or a **separate return**, as long as the expenses for which you are claiming the rebate are included in the same return. The rebate is granted to the succession, which is not required to report it. The rebate can be split among two or more income tax returns, provided the total of the amounts entered is not greater than the rebate that could be claimed if all the deceased person's income for the year of death were being reported in a single income tax return.

Line 460 Tax shield

You can claim the tax shield in the **principal return** if:

- the person was resident in Québec at the time of his or her death in 2022;
- for 2022, the person or, if applicable, his or her spouse on December 31 (see the glossary at the beginning of this guide) was entitled to the tax credit for childcare expenses or the tax credits respecting the work premium (the work premium or the adapted work premium);
- the person met the two conditions regarding his or her family situation set out in the instructions for line 460 in the guide to the income tax return (TP-1.G-V).

For the purpose of calculating the tax shield, the 2022 family income for the person who died in 2022 corresponds to the amount entered on line 275 of his or her 2022 income tax return, **plus**, if applicable, the amount on line 275 of the 2022 income tax return of his or her **spouse on December 31**.

Note that if, in the year of death, the deceased was not entitled to the tax credits respecting the work premium because his or her family income was too high, he or she could still be entitled to the tax shield.

To claim the tax shield, **check box 99 of Schedule C or box 5 of Schedule P** of the principal income tax return. We will calculate the amount of the tax credit to which the deceased person is entitled.

However, you can calculate the amount of the credit yourself using form TP-1029.BF-V, *Tax Shield*. In this case, enter the amount on line 460 of the principal return. Keep this form in your files.

Note that if you claim the tax shield for the deceased person, and his or her spouse on December 31 (see the glossary at the beginning of this guide) is also entitled to the credit and claims it, you may, as the legal representative, choose to **split** the tax credit between the deceased and his or her spouse, in the proportion you agree to with the spouse. To do so, you must complete form TP-1029.BF-V. Otherwise, we will determine the portion of the total amount to which each party will be entitled.

1029.8.116.36–1029.8.116.40

Line 462 Other credits

You can claim certain tax credits in the **principal return** if the person was resident in Québec at the time of his or her death and the requirements outlined below, as well as those in the instructions for line 462 in the guide to the income tax return (TP-1.G-V), are met. These credits include:

- the refundable tax credit for medical expenses;
- the tax credit for caregivers;
- the property tax refund for forest producers;
- the tax credit for adoption expenses;
- the tax credit for the treatment of infertility;
- the tax credit for top-level athletes;
- the tax credit for income from an income-averaging annuity for artists;
- the independent living tax credit for seniors;
- the tax credit for children's activities;
- the tax credit for seniors' activities;
- the tax credit for interest on a loan granted by a seller-lender and guaranteed by La Financière agricole du Québec;
- the tax credit for the upgrading of residential waste water treatment systems.

NOTE

You can also apply for the grant for seniors to offset a municipal tax increase in the **2022 income tax return** of a **person who died in 2023** if the deceased was resident in Québec on December 31, 2022, and the eligibility requirements for the grant are met. For more information, see "Grant for seniors to offset a municipal tax increase" on page 50.

Refundable tax credit for medical expenses

You can claim the refundable tax credit for medical expenses in the **principal return** if, at the time of death, the person was resident in Québec, was at least 18 years old, and had work-related income (total work-related income reported in all returns for the year of death) of at least \$3,260 in 2022. The person must also have been resident in Canada from January 1 to the date of death.

You can claim this credit only with regard to the medical expenses (line 381) or the disability supports deduction (line 250) entered in the principal return.



For more information, see point 1 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V).

To determine the amount of this credit, take into account the income on line 275 of the **principal return** only and, if the deceased had a spouse on December 31 (see the glossary at the beginning of this guide), the income on line 275 of the spouse's return.

1029.8.118

Tax credit for caregivers

As a rule, you can claim the tax credit for caregivers in the deceased person's **principal return** if the person acted as a caregiver for an eligible care receiver, was resident in Québec at the time of death and met all the requirements outlined in point 2 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V).

You can claim this tax credit for the deceased caregiver if he or she lived with the eligible care receiver or supported him or her for at least 365 consecutive days ending on either the date of the caregiver's death or the date of the eligible care receiver's death. If the eligible care receiver died in 2022, the caregiver must have lived with or supported him or her, as the case may be, for at least 365 consecutive days ending on the date of the care receiver's death in order to be entitled to the tax credit for 2022.

For the caregiver to be entitled to this tax credit, you must enclose with the principal return any document certifying the care receiver's impairment, if one has not already been filed. If you are claiming the credit with respect to three or more care receivers, you must also complete and enclose form TP-1029.8.61.64-V, *Tax Credit for Caregivers*.

To claim this credit, **complete Schedule H**.

As the legal representative, you may have to **split** this tax credit between the deceased caregiver and other caregivers if each of these caregivers lived with or supported (as the case may be) the same eligible care receiver for at least 90 days during the year of death. To split the tax credit between the deceased person and the other caregivers, you and the other caregivers must agree upon the amount that will be allocated to each of them. You must enter the amount allocated to the deceased person on line 462 of his or her principal return. If you are unable to come to an agreement on the amounts to be allocated to each caregiver, we will determine the amount of the tax credit to which each caregiver is entitled. In such a case, we will give priority to the caregivers who lived with the eligible care receiver.

NOTE

- In certain cases, if the spouse of a caregiver dies, the caregiver can continue to act as the caregiver for the eligible care receiver. For example, Daphne acts as the caregiver for Anna (the eligible care receiver), who is the mother of her spouse, Philip. If Philip dies and Daphne continues to act as Anna's caregiver, Anna would still be considered an eligible receiver of care from Daphne after Philip's death.
- You cannot claim the tax credit for caregivers in the year of the caregiver's death if the deceased person acted as the caregiver for his or her spouse, and that spouse turned 70 years of age or older before the year of death and did not have a severe and prolonged impairment in mental or physical functions.
- The additional amount granted under component 1 of the tax credit for caregivers can be reduced based on the eligible care receiver's net income. Consequently, if the care receiver has died, his or her net income must include all of the income shown on line 275 of all income tax returns filed for the year of death.

If the deceased received advance payments of the tax credit for caregivers, enter the total amount of the advance payments received in the year of death on line 441.

For more information, see point 2 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V).

Tax credit for the treatment of infertility

You can claim the tax credit for the treatment of infertility in the **principal return** if the person was resident in Québec at the time of death and met the requirements outlined in point 11 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V) and in form TP-1029.8.66.2-V, *Tax Credit for the Treatment of Infertility*.

The family income must include all the deceased's income, as shown on line 275 of all the income tax returns filed for the year of death, as well as the income of the deceased's spouse on December 31 (see the glossary at the beginning of this guide), if applicable.

As the deceased person's legal representative, you can elect (jointly with the deceased's spouse at the time that the infertility treatment is paid) to have the spouse claim the tax credit for the couple.

If the deceased received advance payments of the tax credit for the treatment of infertility, enter the total amount of the advance payments that he or she received in the year of death on line 441.

1029.8.66.2



Tax credit for top-level athletes

You can claim the tax credit for top-level athletes in the **principal return** if the person was resident in Québec at the time of death.

To calculate the amount of the credit:

- multiply the amount of the credit (shown on the certificate issued to the deceased by the Ministère de l'Éducation) by the number of days, from January 1 to the date of death inclusive, for which the person was recognized as a top-level athlete; and
- divide the result by the total number of days in the year of death.

1029.8.120

Independent living tax credit for seniors

You can claim the independent living tax credit for seniors in the **principal return** for expenses incurred by the deceased as a senior in order to continue living independently, provided the person was resident in Québec at the time of his or her death and was 70 or older.

1029.8.61.97 (“eligible individual”)

Tax credit for children’s activities

You can claim the tax credit for children’s activities in the **principal return** if the deceased person was resident in Québec at the time of his or her death.

The family income must include all the deceased’s income, as shown on line 275 of all the income tax returns filed for the year of death, as well as the income of the deceased’s spouse on December 31 (see the glossary at the beginning of this guide), if applicable.

1029.8.66.6 (last para.), **1029.8.66.9** (2nd para.)

Tax credit for seniors’ activities

You can claim the tax credit for seniors’ activities in the **principal return**, provided the deceased was resident in Québec at the time of his or her death and was 70 or older.

The deceased’s income must include all of his or her income, as shown on line 275 of all income tax returns filed for the year of death.

1029.8.66.11 (1st para.: “eligible individual”), **1029.8.66.11** (last para.)

Tax credit for interest on a loan granted by a seller-lender and guaranteed by La Financière agricole du Québec

In the **principal return**, you can claim the refundable tax credit for interest on a loan granted further to a contract entered into after December 2, 2014, but before January 1, 2025, by a seller-lender and guaranteed by La Financière agricole du Québec.

The amount of the tax credit that you can claim is equal to either 40% of the interest the deceased paid that was attributable to the year of death or 40% of his or her share of such interest paid by the partnership of which he or she was a member.

To determine the amount of the tax credit, complete form TP-1029.8.36.VP-V, *Tax Credit for Interest on a Loan Granted by a Seller-Lender and Guaranteed by La Financière agricole du Québec* and enclose it with the principal return.

1029.8.36.53.20.1–1029.8.36.53.20.9

Tax credit for the upgrading of residential waste water treatment systems

You can claim the tax credit for the upgrading of residential waste water treatment systems in the **principal return** if the deceased was resident in Québec at the time of his or her death.

To claim the tax credit, complete form TP-1029.AE-V, *Tax Credit for the Upgrading of Residential Waste Water Treatment Systems*, and enclose it with the principal return.

For more information, see point 33 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V) and the instructions on form TP-1029.AE-V.

1029.8.177 (last para.)

Grant for seniors to offset a municipal tax increase

For the **year of death**, the deceased is **not eligible** for the grant for seniors to offset a municipal tax increase. Only the deceased’s spouse may be entitled to the grant if he or she becomes the owner of a residence that belonged to his or her spouse further to the spouse’s death and meets all other eligibility requirements.

If the person **died in 2023**, you can apply for the grant to offset a municipal tax increase in **his or her 2022 income tax return** if all the conditions listed below are met.

- On December 31, 2022, the deceased:
 - was resident in Québec;
 - was 65 or over; and
 - had owned or co-owned his or her residence for at least 15 consecutive years (note that this period can include a period during which his or her spouse owned the residence before transferring ownership to him or her).
- The deceased’s residence is an entirely residential assessment unit consisting of only one dwelling, and it served as his or her principal residence on the day before the municipal tax bill for 2023 was issued.
- The deceased died in 2023, **on or after the date of the 2023 municipal tax bill** issued for the residence.
- At the time of death, the deceased was required to pay, solely or jointly, the 2023 municipal tax bill that he or she received (or was entitled to receive) for the residence. If the deceased co-owned the residence, the municipal tax bill may have been issued in another co-owner’s name.
- The deceased’s family income for 2022 did not exceed the eligibility cap allowed under the terms of the grant.

For the purposes of the grant, the family income for 2022 of the person who died in 2023 is the amount on line 275 of his or her 2022 income tax return **plus**, if he or she had a **spouse on December 31** (see the glossary at the beginning of this guide), the amount on line 275 of the spouse’s 2022 return.



The person must also meet at least one of the following two conditions:

- The potential grant (determined using the current assessment roll) is shown on either the 2023 municipal tax bill or on form FM-210.1-V, *Amount of the Potential Grant to Offset a Municipal Tax Increase*, that was completed by the municipality.
- The person or a co-owner of the residence received a grant in the last year covered by the **previous assessment roll**.

If the death occurred in 2023, but **before** the date of the 2023 municipal tax bill, the **surviving spouse** can apply for the grant if he or she became the owner or co-owner of the residence further to the death. For the purposes of the grant, the surviving spouse is **deemed** to have been the owner or co-owner of the residence for the entire time that the deceased was the owner or co-owner of the residence.

NOTE

A surviving spouse can include in the 15-year period each of the years during which a former spouse of the deceased was the owner or co-owner of the residence before the deceased became the owner or co-owner as the surviving spouse of the former spouse.

Example

Thomas and Alice were married for many years. Since 1987, they had lived in a house in Québec that Thomas owned.

After Thomas died in 2009, Alice became the owner of the house. In 2015, she married Paul.

In her 2022 income tax return, Alice applied for the grant to offset a municipal tax increase for 2023.

Alice died in June 2023 and ownership of the house was transferred to Paul in November 2023.

In his 2023 income tax return, Paul can apply for the grant to offset a municipal tax increase for 2024.

To apply for the grant, **complete form TP-1029.TM-V, Grant for Seniors to Offset a Municipal Tax Increase**, and enclose it with the 2022 income tax return of the person who died in 2023.

NOTE

If the deceased **co-owned** his or her residence at the end of the day on the December 31 that preceded the date of death, the amount of the grant can be **split** between the deceased and the other co-owner(s). In such a case, each co-owner (including the spouse) must file a separate copy of form TP-1029.TM-V.

For more information on the grant for seniors to offset a municipal tax increase, see point 29 in the instructions for line 462 in the guide to the income tax return (TP-1.G-V) and the instructions on form TP-1029.TM-V.

Line 463 Senior assistance tax credit

You can claim the senior assistance tax credit in the **principal return** if the following conditions were met at the time of the deceased's death in 2022:

- The deceased was resident in Québec.
- The deceased (or his or her spouse on December 31 [see the glossary at the beginning of this guide]) was:
 - a Canadian citizen;
 - a permanent resident or protected person;
 - a temporary resident or the holder of a temporary resident permit.

However, the deceased is not entitled to the senior assistance tax credit if, at the time of his or her death in 2022, he or she was confined to a prison or similar institution and had been confined to such an institution during the year of his or her death for one or more periods totalling more than 183 days. Note that his or her spouse on December 31 is not entitled to this tax credit if he or she was also confined to such an institution on December 31, 2022, for a total detention period of at least 183 days during 2022.

The credit is based on the deceased's family income for the year of death, which includes all the deceased's income (line 275 of all the returns filed for the year of death) and that of his or her spouse on December 31.

If the deceased or his or her spouse on December 31 was not resident in Canada throughout the portion of the year preceding the date of death or throughout that entire year, include all income earned by the deceased and his or her spouse while not resident in Canada.

To be entitled to the tax credit, the deceased must have been **at least 70 years old** at the time of death, unless he or she had a spouse on December 31 who was 70 or older on December 31, 2022, or on the date of his or her own death, provided all the above conditions are met.

Use form TP-1029.SA-V, *Senior Assistance Tax Credit*, to calculate the amount of the credit to which the deceased is entitled, then enter this amount on line 463 of his or her principal return.

As the legal representative, you can also choose to **split** the credit between the deceased and his or her spouse on December 31, in the proportion agreed upon with the spouse. However, the spouse must have met the above-mentioned conditions on December 31, 2022, or at the time of his or her own death. To split the credit between the deceased and his or her spouse on December 31, **either you or the spouse** must complete form TP-1029.SA-V, and you **must both** sign it. The form must be enclosed with either the principal return of the deceased or the return of the spouse on December 31. Note that the amount allocated to the deceased must be entered on line 463 of her or her income tax return and the amount allocated to the spouse must be entered on line 463 of the spouse's income tax return. Otherwise, we will determine the amount of each spouse's credit.

For more information, see form TP-1029.SA-V.

1029.8.61.103–1029.8.61.107

Line 476 Refund transferred to the spouse

You cannot transfer the deceased person's refund to the surviving spouse. Nor can the surviving spouse apply his or her refund to the deceased person's balance payable for the year.

Line 478 Refund

Once we are notified of the person's date of death, we automatically cancel his or her registration for direct deposit and will issue a cheque in the name of the succession for any refund owing.

Line 480 Accelerated refund

The accelerated refund cannot be requested in the deceased person's return.

Line 479 Balance due

Instalment payments

The legal representative of a deceased person is not required to make the instalment payments due on or after the date of death.

1026.2

2.8 Signature

As the legal representative of the deceased, you are required to sign the last page of the return(s).



3 DEEMED DISPOSITION OF CAPITAL PROPERTY AT THE TIME OF DEATH

This part explains how to determine the capital gain (or capital loss) resulting from the deemed disposition of the capital property owned by the deceased at the time of his or her death.

When a person dies, the capital property owned by the person at the time of death is deemed to have been disposed of. Capital property can include buildings, land, and vehicles; bonds; shares in a labour-sponsored fund; and securities that qualify for the Cooperative Investment Plan (CIP) issued by a cooperative.

436

If the person owned a stock option at the time of death, see the instructions for line 101 under "Security options" in this guide.

Contact us to find out the applicable rules if, at the time of death, the person owned:

- capital property acquired before 1972;
- farm or fishing property;
- land;
- depreciable property used principally in the course of a woodlot operation;
- capital property that was incorporeal capital property before 2017 (for example, goodwill, trademarks, client lists and farm quotas) and that became class 14.1 depreciable property after 2016;
- mining property; or
- land included in the inventory of a business.

For general information concerning capital gains (or losses), see the instructions for line 139 in the guide to the income tax return (TP-1.G-V) or read guide IN-120-V, *Capital Gains and Losses*. If the person sustained a capital loss in the year of death, or if the succession sustained a capital loss in the first taxation year following the year of death, see Part 4 of this guide.

NOTE

- The deceased may have made a deemed disposition of the capital property he or she owned on February 22, 1994. In this case, the capital property is deemed to have been disposed of again at the time of the person's death, provided he or she still owned the property. To ensure that the capital gain resulting from the deemed disposition of February 22, 1994, is not taxed twice, take into account the ACB of the capital property on February 22, 1994, when you calculate the capital gain resulting from the deemed disposition at the time of death. Contact us for more information.
- No tax on split income (line 443) is applicable to the taxable capital gain resulting from the deemed disposition of capital property held by a person immediately before his or her death. For more information, see section 5.4 of guide IN-120-V, *Capital Gains and Losses*.

3.1 Property transferred to a person other than the spouse or a spousal trust

If, further to a person's death, capital property is transferred to a person other than the spouse or a spousal trust, the **proceeds of the deemed disposition** are equal to the **FMV** (see the glossary at the beginning of this guide) **of the property immediately before the time of death**. The result may be a capital gain or a capital loss, a recapture of capital cost allowance, or a terminal loss.

436

Capital gain or capital loss

If the proceeds of the deemed disposition of capital property are greater than the ACB (see the glossary at the beginning of this guide) of the property, there is a **capital gain**. There is a **capital loss** if the proceeds of the deemed disposition of capital property (**other than depreciable property**) are less than the ACB. If the capital property is deemed to have been disposed of on February 22, 1994, see the first note at left.

If the capital gains are greater than the capital losses, you must determine the taxable capital gain to be entered on line 139 of the **principal return**. If the total capital losses are greater than the total capital gains, or if the deemed disposition of capital property at the time of death gives rise only to capital losses, the result is a net capital loss. In certain cases, a net capital loss can be used to reduce:

- the taxable capital gains realized during the previous three years; or
- the income earned in the year of death, the previous year, or both years (in the latter case, the net capital loss is averaged over two years).

See Part 4 of this guide for more information.

729

Depreciable property

A deemed disposition of depreciable property cannot give rise to a capital loss. It may, however, result in a **terminal loss** if the proceeds of the deemed disposition (that is, the FMV immediately before the time of death) are less than the UCC. If the depreciable property is rental property, enter the terminal loss on line 377 of form TP-128-V, *Income and Expenses Respecting the Rental of Immovable Property*, (or take it into account in the statement of rental income and expenses) and report it only in the **principal return**.

If the proceeds of the deemed disposition are greater than the UCC, the surplus can constitute a **recapture of capital cost allowance** and, where applicable, a capital gain. If the depreciable property is rental property, you must enter the recapture of capital cost allowance on line 375 of form TP-128-V (or take into account in the statement of rental income and expenses) and report it only in the **principal return**.

To calculate a recapture of capital cost allowance or a terminal loss on depreciable property that is rental property, complete Part 4 of form TP-128-V.

Contact us for information on the rules respecting the transfer to a child of farm or fishing property, or land or depreciable property used principally in the course of a woodlot operation.

3.2 Property transferred or distributed to the spouse or a spousal trust

If, further to a person's death, capital property is transferred or distributed to the **surviving spouse** (if the surviving spouse was resident in Canada at the time of the death), or to a **spousal trust** (if the trust was resident in Canada at the time the property was indefeasibly vested in the trust), the deemed proceeds of disposition of the property are equal (unless the election referred to opposite is made) to:

- in the case of capital property other than depreciable property, the ACB (see the glossary at the beginning of this guide) of the property at the time of the person's death; or
- in the case of depreciable property, the amount in (1) or (2) below (as applicable):

(1) if there is only one property in the class, the lesser of:

- the capital cost of the property, or
- the UCC of the property;

(2) if there is more than one property in the class, the lesser of:

- the capital cost of the property, or
- the result of the following calculation:

$$\frac{\text{Capital cost of the property}}{\text{Capital cost of all the property in the class that has not been disposed of}} \times \text{UCC of all the property in the class}$$

If there is more than one property in the same class, you can choose the order in which the deceased is deemed to have disposed of the property.

In calculating the proceeds of the deemed disposition, adjust the UCC and the capital cost of all the property in the class in order to exclude property for which a deemed disposition has already taken place.

The surviving spouse or the spousal trust is deemed to have acquired the property at a cost equal to the proceeds of disposition as calculated above. The transfer or distribution does not give rise to a capital gain or capital loss at the time of death and, in the case of depreciable property, it does not give rise to a terminal loss or recapture of capital cost allowance for the deceased. These amounts will be included in the income tax return of the surviving spouse or the spousal trust filed for the taxation year in which the property is actually disposed of.

These rules apply only if it can be established, within 36 months following the date of death, that the property has been vested indefeasibly in the surviving spouse or the spousal trust. We can grant more time if you send us a written request for an extension before the 36-month period has elapsed, and we consider your request reasonable.

440

Election

As the legal representative, you can elect to have the proceeds of the deemed disposition and the acquisition cost of the capital property (for the surviving spouse or the spousal trust) each correspond to the FMV of the property transferred or distributed at the time of death. Such an election can result in a capital gain or capital loss or, in the case of depreciable property, a recapture of capital cost allowance or a terminal loss (see "Depreciable property" in section 3.1 of this guide).

A separate election must be made for each property.

If you wish to make such an election, you must file it with the CRA. Unless this election has been filed with the CRA, no such election is possible under Québec legislation. However, once the election is made with the CRA, it automatically applies under Québec legislation. If you file an election with the CRA, you must inform us in writing and provide proof. Enclose a copy of the election form filed with the CRA with the deceased person's return.

442



3.3 Deemed disposition of certain shares held at the time of death

As the legal representative of a person who died after February 21, 2017, you can elect to defer the payment of the income tax that the deceased person would have had to pay further to the deemed disposition, immediately before death, of his or her interest in a qualified public corporation. This interest includes any **eligible share** of the capital stock of a qualified public corporation (or a private corporation, under certain conditions) that the deceased person held immediately before his or her death. The election is subject to certain conditions, and payment can be deferred for a maximum of 20 years.

The term “eligible share” refers to a share that, as the case may be, is:

- a share that is included in a large block of shares (or in a portion of a large block of shares) of the capital stock of a **qualified public corporation**; or
- a share of the capital stock of a **private corporation** for which:
 - **more than 95%** of the FMV of the assets is attributable to a large block of shares (or to a portion of a large block of shares) of the capital stock of a qualified public corporation, if the deemed disposition of the shares occurred after February 21, 2017, but before November 7, 2019,
 - **more than 50%** of the FMV of the assets is attributable to a large block of shares (or to a portion of a large block of shares) of the capital stock of a qualified public corporation, if the deemed disposition of the shares occurred after November 6, 2019.

A **large block of shares** is a block of shares of the capital stock of a qualified public corporation that, in all circumstances, gives its owner **more than 33 1/3%** of the corporation’s voting rights.

A **portion of a large block of shares** is one or more shares of the capital stock of a qualified public corporation that are held by a member of a related group of which each member is the owner of shares of that corporation’s capital stock, where this related group is the owner of a large block of shares of that capital stock that, in all circumstances, gives it **more than 33 1/3%** of the corporation’s voting rights.

The term “qualified public corporation” refers to a corporation that, at a particular time, meets the following conditions:

- It is a public corporation at that time.
- Its head office is in Québec at that time.
- Its base payroll in Québec for the taxation year including the particular time represents at least 75% of its base payroll in Québec for its taxation year in which the death occurred (except if the particular time is the time of the deemed disposition of the share).

If you elect to defer the payment of the income tax that the deceased person would have had to pay further to the deemed disposition of his or her interest in a qualified public corporation, you must complete form TP-1033.17-V, *Election to Defer the Payment of Income Tax Resulting from the Deemed Disposition of Certain Shares Held at the Time of Death*, and enclose it with the person’s income tax return.

In this case, you must provide satisfactory security **no later than** the deadline for paying the deceased person’s income tax for the taxation year in which the death occurred.

1033.14–1033.17, 1033.19–1033.27



4 CARRY-OVER OF NET CAPITAL LOSSES

This part provides information about:

- capital losses sustained by the person in the year of death;
- net capital losses from previous years that were not deducted before the person's death; and
- capital losses or terminal losses sustained by the succession in its first taxation year.

There is a **net capital loss** if the total of the allowable capital losses sustained in a given year is greater than the total of the taxable capital gains realized in the same year. To determine whether there is a net capital loss in the year of death, you must take into account the capital gains and losses resulting from the deemed disposition of capital property at the time of death. See Part 3 of this guide.

However, if, in the **year of the carry-over** of capital net losses, the deceased disposed of qualified shares in a corporation as part of the **transfer of a family business** and designated an amount as a deemed capital gain for that year, the amount of the net capital gain that may be carried over could be reduced. For more information, see the "Transfer of a family business" section in the instructions for line 139.

For more information, consult guide IN-120-V, *Capital Gains and Losses*.

4.1 Net capital loss sustained in a year preceding the year of death

The net capital losses that the person sustained in the years preceding the year of his or her death, but did not deduct, can be claimed in the **principal return**. The amount claimed reduces the capital gain realized in the year of death. Any remaining portion of the net capital losses can be used to reduce taxable income for the year of death or the previous year.

Contact us for more information.

729

4.2 Net capital loss sustained in the year of death

You can deduct a net capital loss sustained in the year of death using method A or B below. However, if the deceased person's capital property is transferred or distributed to the surviving spouse or to a spousal trust, these methods can be used only if you, as the legal representative, elect to have the proceeds of the deemed disposition of the property correspond to the FMV of the property at the time of death. See Part 3 of this guide.

Method A

If the person realized a taxable capital gain in any of the three years preceding the year of death, you can apply to one or more of the three years the net capital loss sustained in the year of death to reduce the taxable capital gains, provided the amount applied in a particular year is not greater than the taxable capital gain reported for that year. Subtract, from the surplus remaining, the amount of any capital gains deduction claimed by the deceased after 1984. Enter the result on line 290 of the income tax return filed for the year of death (**principal return**) or for the previous year. You can also split the amount between both of those returns.

Method B

You can claim the net capital loss sustained in the year of death on line 290 of the income tax return for the year of death (**principal return**) or the previous year. You can also choose to apply a portion of the net capital loss to both years. However, you must first subtract from the loss the amount of any capital gains deduction claimed after 1984.

The example on the next page shows how to apply these methods.



Example

Mr. Alvarez died in 2022. His tax situation is as follows:

Net capital loss sustained in 2022

(line 98 of Schedule G) \$30,000

Taxable capital gains realized	<ul style="list-style-type: none">• in 2021• in 2020• in 2019	<ul style="list-style-type: none">\$1,500\$5,000\$6,000
Total		\$12,500

Total capital gains deductions claimed \$2,300

	Method A	Method B
Net capital loss	\$30,000	\$30,000
Minus: loss that you carry back to 2019 (not exceeding the taxable capital gains for that year)	– \$6,000	
Subtotal	= \$24,000	= \$30,000
Minus: loss that you carry back to 2020 (not exceeding the taxable capital gains for that year)	– \$5,000	
Subtotal	= \$19,000	= \$30,000
Minus: loss that you carry back to 2021 (not exceeding the taxable capital gains for that year)	– \$1,500	
Subtotal	= \$17,500	= \$30,000
Minus: capital gains deduction	– \$2,300	– \$2,300
Amount to deduct on line 290 for 2022 or 2021*	= \$15,200	= \$27,700

* To carry back a net capital loss, see the section that follows. If you wish to use the loss only in the income tax return filed for the year of death (**principal return**), do your calculations on a separate sheet and enclose it with the return.

729, 737

Carrying back a net capital loss

To carry a net capital loss to a previous year, do not file another return. Instead, complete form TP-1012.A-V, *Carry-Back of a Loss*, and file it **separately** from any income tax return. Complete the form even if the income tax return for the year to which the loss is carried back was not filed before the person's death.

4.3 Net capital loss or terminal loss sustained after the date of death

You can elect to claim a loss in the deceased person's return rather than in the succession's return (form TP-646-V, *Trust Income Tax Return*) if, **in the GRE's first taxation year**, you (as the legal representative) disposed of:

- capital property of the succession, and this results in a capital loss or in capital losses in excess of capital gains; or
- all of the succession's depreciable property in a prescribed class, and this results in a terminal loss for the class at the end of the GRE's first taxation year.

In the case of a terminal loss, the amount cannot be greater than the amount that would have been the total of the trust's non-capital loss and farm loss if the election had not been made.

If you wish to make this election, you must file it with the CRA. Unless this election has been filed with the CRA, no such election is possible under Québec legislation. However, once the election is made with the CRA, it automatically applies under Québec legislation.

If you file an election with the CRA, you must inform us in writing and provide a **copy of any documents you sent the CRA** concerning the election, including the deceased's federal income tax return. Send everything to us by the later of the following dates:

- the 30th day following the day on which the election was made with the CRA; or
- the deadline for filing the deceased's income tax return for the taxation year in which the election must be submitted to the CRA.

If you do not provide us with a copy of the documents you sent the CRA by the deadline, you will be liable to a **penalty** of \$25 per day, up to a maximum of \$2,500.



Then, complete form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*, and file the following documents, as applicable:

- for the carry-back of a **net capital loss**:
 - a declaration from the liquidator specifying the part of the capital loss resulting from the disposition of capital property of the succession,
 - a statement of capital gains and losses resulting from the disposition of the capital property;
- for the carry-back of a **terminal loss**:
 - a declaration from the liquidator specifying the part of the terminal loss resulting from the disposition of depreciable property of the succession in a prescribed class,
 - a statement of the UCC of the depreciable property in each class associated with the terminal loss,
 - a statement of the amount of the GRE's non-capital loss for its first taxation year (not taking the election into account),
 - a statement of the amount of the GRE's farm loss for its first taxation year (not taking the election into account).

Send us form TP-1012.B-V and the above-mentioned documents by the later of the following dates:

- the date by which the income tax return (principal or separate) for the year of death must be filed;
- the date by which the *Trust Income Tax Return* (form TP-646-V) for the GRE's first taxation year must be filed. This return must be filed no later than 90 days after the end of the succession's taxation year.

Note that the succession's first taxation year begins following the date of death and ends on December 31 of the calendar year or on a given date in the twelve months following the date of death. For more information, see the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).

Be sure to write the note "Election made under section 1054" on the deceased person's return, unless you filed the return before making the election. In that case, file an amended return (using form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*) bearing the same note by the later of the above-mentioned dates.

NOTE

- This measure applies only if the property was disposed of by the succession and was not previously transferred to the beneficiaries. The election has no tax consequences for the years before the year of death.
- The election is valid only if it is made by the representative of a GRE.

678, 1000, 1054, 1054R1, 1055



5 REPAYMENT OF EMPLOYMENT INCOME OR OF CERTAIN GOVERNMENT BENEFITS BY THE GRE

This part provides information about the repayment of employment income by the GRE that results in a loss, and about the repayment of certain government benefits by the succession.

5.1 Repayment of employment income

A repayment of employment income can be deemed to have been made by the deceased immediately before his or her death, provided all of the following conditions are met:

- Employment income was paid to the deceased for the entire period during which he or she did not carry out the employment duties required of him or her.
- The deceased had entered into an agreement whereby he or she would have to repay the income in the event that the duties were not carried out.
- You (as the legal representative of the deceased) repaid in the course of a given year an amount that was included in the deceased's income for a previous year, pursuant to the agreement in question.

If you elect to have a repayment of employment income deemed to have been made by the deceased immediately before his or her death, the amount repaid must be deducted in the income tax return of the deceased filed for the year of death (and not in form TP-646-V, *Trust Income Tax Return*).

The election must be made no later than the filing deadline applicable to the GRE of the deceased for the taxation year during which the repayment was made.

You must notify us of the election by filing form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*. In addition, you must file, no later than the date by which you must make the election, an amended tax return for the deceased for the year of death, using form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

If the amount of the repayment is greater than the deceased's total income from all sources for the year of death, you can use the excess to reduce his or her income for the previous three years. If you wish to reduce the deceased's income for previous years, complete form TP-1012.A-V, *Carry-Back of a Loss*. You must also file an amended return for each year covered by the carry-back.

As the legal representative, you can ask us for authorization to use the excess to reduce the income for years preceding the three years prior to the person's death.

Contact us for more information.

1012.1.1, 1055.1.2

5.2 Repayment of certain government benefits

If you (as the legal representative) repay, in the course of a given year, amounts received by the deceased under the Québec Pension Plan (QPP), the Canada Pension Plan (CPP), the Québec parental insurance plan (QPIP), the *Unemployment Insurance Act* or the *Employment Insurance Act*, and these amounts were included in the calculation of the deceased's income for a previous year, you can elect that the amount repaid be deemed to have been repaid by the deceased immediately before his or her death.

The election must be made no later than the filing deadline applicable to the GRE of the deceased for the taxation year during which the repayment was made.

You must notify us of the election by filing form TP-1012.B-V, *Carry-Back of a Deduction or Tax Credit*. In addition, you must file, no later than the date by which you must make the election, an amended tax return for the deceased for the year of death, using form TP-1.R-V, *Request for an Adjustment to an Income Tax Return*.

NOTE

If the repayment concerns benefits under the Incentive Program to Retain Essential Workers (IPREW) or amounts related to the Canada Emergency Response Benefit, the Canada Emergency Student Benefit, the Canada Recovery Benefit, the Canada Recovery Sickness Benefit or the Canada Recovery Caregiving Benefit that the person received in 2021, refer to the note in the instructions for line 246 in this guide.

1055.1.3



6 DECEASED PERSON WHO WAS A BENEFICIARY OF A TRUST

This part describes the rules that apply if the deceased was a beneficiary of one of the following types of trusts:

- a spousal trust;
- an alter ego trust;
- a joint spousal trust;
- a self-benefit trust.

Applicable rules

If the deceased person was a beneficiary of a spousal trust, an alter ego trust, a joint spousal trust or a self-benefit trust, the following rules apply for the taxation year in which the beneficiary died:

- The trust's taxation year is deemed to end at the end of the day of death, and a new taxation year is deemed to begin at the start of the following day.

- Generally, the trust's income for the year is taxable in the trust's income tax return. However, the income is taxable in the deceased beneficiary's income tax return if the following conditions are met:
 - The beneficiary was resident in Canada immediately before death.
 - The trust was, immediately before the death, a testamentary trust that is a post-1971 spousal trust established by the will of a taxpayer who died before 2017.
 - The trust and the legal representative who is administering the GRE have made a joint election, using the prescribed form, to have the trust's income for the year be deemed payable to the beneficiary who died during that year (the election form must be enclosed with the deceased person's income tax return for the year of death and with the income tax return of the trust for the given year).

The trust and the beneficiary are solidarily liable for the income tax payable by the beneficiary for a taxation year because the trust's income was included in the calculation of his or her income for the year.

440, 454, 652.1, 663.0.1, 1034.0.0.4

For more information, see the *Guide to Filing the Trust Income Tax Return* (TP-646.G-V).



TO CONTACT US

ONLINE

revenuquebec.ca



BY TELEPHONE

Individuals and individuals in business

Monday to Friday: 8:30 a.m. to 4:30 p.m.

Québec City	Montréal	Elsewhere
418 659-6299	514 864-6299	1 800 267-6299 (toll-free)

Businesses, employers and agents for consumption taxes

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.

Wednesday: 10:00 a.m. to 4:30 p.m.

Québec City	Montréal	Elsewhere
418 659-4692	514 873-4692	1 800 567-4692 (toll-free)

Complaints – Bureau de la protection des droits de la clientèle

Monday to Friday: 8:30 a.m. to noon and 1:00 p.m. to 4:30 p.m.

Québec City	Elsewhere
418 652-6159	1 800 827-6159 (toll-free)

Individuals with a hearing impairment

Montréal	Elsewhere
514 873-4455	1 800 361-3795 (toll-free)

BY MAIL

Individuals and individuals in business

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Businesses, employers and agents for consumption taxes

Montréal, Laval, Laurentides, Lanaudière, Montérégie, Estrie and Outaouais

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale des relations avec la clientèle des entreprises
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Complaints – Bureau de la protection des droits de la clientèle

Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

Cette publication est également disponible en français et s'intitule *Guide pour la déclaration de revenus d'une personne décédée* (IN-117).