Completing Schedule 3

If you sold or disposed of property in 2025 and your taxable capital gains for the year were **more than** your allowable capital losses, you have to include the difference on line 12700 of your return. To do so, you must calculate your taxable capital gains to report on line 12700 of your return using Schedule 3, *Capital Gains or Losses*.

For more information on how to calculate and report a capital gain or loss, see Calculating and reporting your capital gains and losses.

Schedule 3 is a **five-part form**. To help you complete Schedule 3, refer to the corresponding parts below.

On this page

Fill out Part 1 – Flipped property

Use this part if you disposed of a housing unit, or a right to acquire a housing unit, located in Canada (including a rental property) that was not already considered inventory and was owned for less than 365 consecutive days before the disposition.

▶ What is a flipped property

▶ If the property is **not** considered a flipped property

Fill out Part 2 – Principal residence

Use this part if you disposed of property in 2025 that is **not** considered a flipped property (see Part 1) and you are claiming the property as your principal residence.

▶ What is a principal residence

▶ How does a property qualify

Fill out Part 3 – Total gains or losses on dispositions

Use this part to report the disposition of different types of property. It has **five numbered columns** for each property type:

- In **column 1**, enter the year of acquisition
- In **column 2**, enter the proceeds of disposition
- In **column 3**, enter the adjusted cost base (ACB)
- In **column 4**, enter the outlays and expenses

- In **column 5,** calculate your capital gain or loss by subtracting the total of your property's ACB (adjusted cost base), and any outlays and expenses incurred to sell your property, from the proceeds of disposition.

Before you start

Most capital gains and capital losses reported on Schedule 3 come from amounts shown on the following **tax slips**:

- T3, *Statement of Trust Income Allocations and Designations*
- T4PS, *Statement of Employee Profit-Sharing Plan Allocations and Payments*
- T5, *Statement of Investment Income*
- T5008, *Statement of Securities Transactions*
- T5013, *Statement of Partnership Income*

The back of the tax slip explains where to report the income shown in each box and refers you to the appropriate section of Federal Income Tax and Benefit Information when necessary.

Chart Reporting capital gains or losses and other amounts from tax slips also explains how to report on Schedule 3 the capital gains or losses, and other amounts shown on certain tax slips.

Expand all Collapse all

▶ Line 1 - Qualified small business corporation shares (QSBCS)

▶ Line 2 - Qualified farm or fishing property (QFFP)

▶ Line 3 - QFFP (Qualified farm or fishing property): Mortgage foreclosures and conditional sales repossessions

▶ Line 4 – Publicly traded shares, mutual fund units, deferral of eligible small business corporation shares and other shares

▶ Line 5 – Real estate, depreciable property and other properties

▶ Line 6 – Bonds, debentures, promissory notes, and other similar properties

▶ Line 7 – Crypto-assets

▶ Line 8 – Other mortgage foreclosures and conditional sales repossessions

▶ Line 9 – Personal-use property

▶ Line 10 – Listed personal property (LPP)

Fill out Part 4 – Total capital gains or losses

Use this Part to calculate your total capital gains or losses following the instructions on your Schedule 3.

Capital gains deferral for investment in small business

The capital gains deferral is available for the disposition of eligible small business corporation shares made in 2025 and can be reported on Schedule 3 using line 16100. For more information, see below.

▶ When and how the capital gains deferral applies

▶ What qualifies for the capital gains for investment in small business

▶ How to calculate the capital gain deferral and where to report

Capital gains or losses from tax slips

Generally, capital gains or losses shown on a T3, T4PS, T5, or T5013 slip are reported on **line 17400** or on **line 17600** of Schedule 3, however there are exceptions. For more information where to report specific amounts, see Part 3 above. You can also refer to chart Reporting capital gains or losses and other amounts from tax slips.

Capital loss from a reduction in your business investment loss

If you had a business investment loss in 2025, you may be able to deduct a portion of the loss from income. The amount of the loss you can deduct from your income is called your allowable business investment loss (ABIL). Use chart for **line 21700** of your *Capital Gains Worksheet* to determine your ABIL (Allowable business investment loss) and, if applicable, your business investment loss reduction to enter on **line 17800** of Schedule 3.

For more information, see Line 21700 – Business investment loss.

Fill out Part 5 – Total taxable capital gains or net capital losses

Use this part to determine your total taxable capital gains or net capital losses for the year following the instructions on your Schedule 3. If you have a taxable capital gain, report the amount on line 12700 of your return.

Forms and publications

- Schedule 3, *Capital Gains or Losses*
- Guide T4037, *Capital Gains*

Related topics

- Line 21700 – Business investment loss
- Line 25200 – Non-capital losses of other years
- Line 25300 – Net capital losses of other years
- Line 25400 – Capital gains deduction
- Disposing of or acquiring certain Canadian property

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