

Work through these before you commit to a transfer date.

Canadian family corporations · current to 7 October 2026

- ☐ **Get an independent valuation**
It sets the freeze value, the transfer price and the number nobody can argue about later.
- ☐ **Test both QSBC asset thresholds**
90% of asset value in an active business at a disposition; more than 50% throughout the preceding 24 months.
- ☐ **Check the 24-month ownership test**
The share must have been owned only by you or a related person throughout that window.
- ☐ **Purify the passive assets**
Surplus cash, portfolio investments, rental property. The 50% test cannot be fixed retroactively.
- ☐ **Freeze under section 86**
Fixed-value preferred shares to the freezor, growth shares to the children or a trust, with a price adjustment clause.
- ☐ **Choose immediate or gradual**
84.1(2.31) gives 36 months to transfer management; 84.1(2.32) gives 60 and a 10-year wind-down.
- ☐ **File the joint T2066 election**
Signed by you and each qualifying child, by your filing-due date for the year of disposition.
- ☐ **Sell rather than redeem**
A redemption above paid-up capital is a deemed dividend under 84(3), against which no exemption applies.
- ☐ **Price every transfer at fair market value**
Subsection 69(1) deems FMV proceeds on a nominal or gift transfer regardless.
- ☐ **Diarise the trust 21-year date**
Paragraph 104(4)(b) deems a disposition at fair market value. Plan the rollout well before it.
- ☐ **Test dividends against section 120.4**
Excluded business, excluded shares, reasonable return, or the age-65 spousal carve-out.
- ☐ **Pay the corporate balance at two months**
ITA 157(1)(b). It falls four months before the T2 and generates interest, not a notice.

**The rule on a sale to a child's corporation is section 84.1 — not 84(1) or 84(2).
Estate freezes run on section 86, not section 73. Both get cited the wrong way round.**