

Section 85 Rollover – Assets for Shares/Promissory Note

To begin the process, two Corporate Matters must be in Emergent Corporate Manager – the Vendor and the Purchaser.

Creating a Sole Proprietor Vendor

If an individual is transferring assets to a purchasing corporation, the "Vendor" must be a Sole Proprietor. To start the process of adding a new Record to Emergent Corporate Manager, add a temporary name (this can even be a single letter) and enter an incorporation date to click through steps 2 – 4 of the Organization Wizard. Although a name and incorporation date are mandatory fields, there is no need to add Directors, Officers, Share classes, etc. After the final step of the Organization Wizard, change the Vendor **Corporate Status** to Sole Proprietor by setting the **Status** of this Record to **Sole Proprietor** on the **Administration/Annuals Tab**.

Administration					
<u>C</u> orporation: F <u>r</u> ench Name:					
<u>S</u> tatus:	Sole Proprietor				
<u>R</u> eference: Office:	Sole Proprietor Predecessor Company Amalgamated				
Client Num <u>b</u> er:	Continued Discontinued				
<u>M</u> atter Number:	Lonflicting Name Active				
File Number:					

You will then be prompted to search for the name of the Sole Proprietor. Click **ok** to select an existing Individual Contact or add a new Contact in the usual manner, and confirm **ok** at the prompt.

Corporate & Estate Manager						
You are requesting to change this File to a Sole Proprietorship. Click "OK" to identify the name of the Sole Proprietor. If you do not identify the name of the Sole Proprietor, this change will not be completed.						
	OK Cancel					

Entering Assets and Liabilities

Click on the **Capital Tab**, **Assets** or **Liabilities** sections and enter the assets and/or liabilities owned by the Vendor as described in the Assets, Liabilities section.

Switch to the **Section 85** section on the **Capital Tab**, select any Asset to be transferred and select **New transaction** on the dropdown menu to start the Rollover Wizard.

S. 85									
Section 85									
	Transaction	Description	Original Value	Entered Date	Cancelled Date	Price Per Item	Purchase Price		
	ł	123 Main Street	\$2,500,000.00	06/01/2003					
	-	Dental Equipment	\$750,000.00	06/01/2003					
	ł	Office Equipment	\$250,000.00	06/01/2003					
			\$500,000.00	08/15/2010					
*		New Iransaction							
Г		🔚 View Transaction							



Select the Vendor in the dropdown. In the case of an asset rollover, the Vendor will be the Sole Proprietor. Original Value and Purchase Price will display automatically.

Note: Items that have no Quantity or Purchase Price entered will not be transferred.

Select the tickboxes for Transfer for Shares, and/or a Promissory Note. You can create a new Share Class in the Purchasing Corporation or select a class of shares to issue. Issue the number of shares and enter the Certificate Number. It is also possible to view any used certificate numbers for this class.

If a Promissory Note is part of the transaction, enter the amount.

The Vendor can also be added as a Director in the Purchasing Corporation.

Ģ	👼 S	ection 85			i	i		i		×
	Ve	ndor:	Aloysious	Sample S	mith	•			Tr <u>a</u> nsaction Date:	05/13/2020
CRA Office: Search										
			abilities	being i	Tansieneu (Fulcilasei				
		Desc	ription	Quantity	No. Transferred	Price Per Item	Original Value	Purchase Pri	ce Note	Residual Cert #
		123 Main S	treet	1			\$2,500,000.00	\$3,000,000.	00 3 Tenants	
		Dental Equ	ipment	1			\$750,000.00	\$500,000.	00	
	l	Uffice Equi	oment 22 Main Circ	1			\$250,000.00	\$150,000.	00	
		DIMU MIQ I	zə Mairi əui				(\$300,000.00)	(\$300,000.0	10]	
Original Value of Assets: \$3,500,000.00 Purchase Price for Assets & Liabilities : \$3,350,000.00									\$3,350,000.00	
Purchaser: A. Smith Professional Corp. Search Vermissory Note Promissory Note								omissory Note:		
Add Vendor as Director:			ctor:	✓ Transfe		sfer for Shares	\$3,000,000.00			
	S	nares bei	ng issue	d to Ve	ndor:					
<u>C</u> lass Name:		Common	Common			Number of shares:		Certificate No.:	C-1	
			1		_	Transfer Nu	mber:	þ	Used Certificate No's.:	•
									OK	Cancel

The results of this transaction are:

- The Vendor will no longer hold the Assets;
- The Assets of the Vendor will be transferred to the Purchaser;
- If a Promissory Note was given as part of the transaction, it will show as an Asset in the Vendor Matter and a Liability in the Purchasing Corporation;
- The Vendor will become a Shareholder in the Purchasing Company;
- If **Add Vendor as Director** was checked, the Vendor will become a Director of the Company elected as of the Transaction Date.

Combination S.85/S.86 Share Exchange/Estate Freeze

There are a number of steps in this process, starting with both Corporate Records must be entered in Corporate Manager ET.

- Perform the S.85 as set out above;
- Issue Shares in the Originating Corporation to the Purchasing Corporation;
- Exchange the Shares held by the Originating Corporation using the Common Tasks/Exchange Wizard.