

TD Waterhouse Canada Inc. Valuable Tax Information for 2014

Filing deadline: April 30, 2015



About this guide

This guide is designed to provide general tax information and to assist you with your tax filing. If you require specific tax advice, please speak to your tax advisor.

We have included up-to-date information as of October 31, 2014 about:

- recent changes to tax reporting that may affect you;
- timelines for receiving your tax slips and how to use them;
- answers to frequently asked questions (FAQs) regarding taxes;
- a list of all potential tax receipts. (Note: some or all may/ may not apply to you).

What you need to know for the 2014 tax year

Dividend Gross Up and Tax Credit is NOT changing for 2014.

The eligible dividend gross-up and enhanced federal Dividend Tax Credit will remain at their current levels of 38% of the dividend paid and 6/11 of the eligible dividend gross-up, respectively.

As a result, the effective enhanced federal Dividend Tax Credit expressed as a percentage of the taxable amount of the eligible dividend will remain at the current rate of 15.02%.

Similarly, the Quebec Dividend Tax Credit will remain at the current rate of 16.42%.

TurboTax Online Tax Solution

We have made the 2014 TurboTax[®] online tax solution available to our clients, at a discount, to complete your T1 tax return. You can access the TurboTax solution on WebBroker[®] at tdwaterhouse.ca. The link to the TurboTax online tax solution will be available by February 15, 2015.

Changes to Foreign Income Verification Statement – Form T1135

What is Form T1135? Canadian individuals, corporations, trusts and partnerships who held specified foreign property outside of Canada with a total cost of more than \$100,000 CDN at any time during the taxation year must file Form T1135.

In 2013, CRA issued regulatory changes to Form T1135 and provided transitional relief for the 2013 reporting. Further changes were made by the CRA in 2014 which include:

- A taxpayer who held specified foreign property in an account with a Canadian registered securities dealer (as defined in subsection 248 (1) of the *Income Tax Act*) or a Canadian trust company (as determined under paragraph (b) of the definition of a restricted financial institution in subsection 248 (1)) has the option to report the aggregate value of all such property but on a country by country basis.
- The total value to be reported is the highest market fair market value at the end of any month during the year in addition to the fair market value at year end.

- The aggregate income (loss) earned in the year, and the gain (loss) realized from all dispositions during the tax year must also be reported.
- This aggregate amount will now be reported in a newly created table – Category 7 on form T1135, “Property held in an account with a Canadian registered securities dealer or a Canadian Trust company”.
- The aggregate reporting method for all unit trusts (as defined in subsection 108(2), introduced in the 2013 transitional measures) is no longer required as the extended aggregate reporting method described above is available to unit trusts with respect to their accounts with Canadian trust companies.

The reporting exception that excludes certain property from the detailed reporting requirement where the taxpayer has received a T3, Statement of Trust Income Allocations and Designations or a T5, Statement of Investment Income from a Canadian issuer has been eliminated.

For more information as to what property needs to be reported and for FAQs, please access the Canada Revenue Agency (CRA) site at <http://www.cra-arc.gc.ca/E/pbg/tf/t1135/> or alternatively your tax advisor.

Reminders

- T5/R3 tax receipts are issued only if the total income earned is \$50.00 or greater. You are required to report amounts under \$50.00, but no receipt will be issued.
- A separate T5/R3 will be issued for clients holding income from a Split Corp Security.
- If you have mutual fund holdings in your account, you will receive a separate T5 and/or T3 tax slip from each mutual fund company.
- Income from trusts will be reported on a consolidated basis as we receive tax factors from the respective trusts.
- Trust units and limited partnerships can issue revised tax factors at anytime regardless of regulatory reporting deadlines, which may result in TD Waterhouse Canada Inc. having to send you an amended tax receipt. If this occurs, we will also include a T1ADJ form. You will need to complete this T1ADJ form if you have already filed your return and refile with the amended information to CRA or Revenue Quebec (RQ). Residents of Quebec are also required to complete Form TP-1.R.V to report adjustments.
- Limited partnerships will be reported on an individual basis as we receive tax factors from the respective partnerships. Some partnerships will issue receipts directly to you and TD Waterhouse Canada Inc. will not report. This usually occurs when a partnership has materially changed or dissolved.
- TD Waterhouse Canada Inc. is required to report the following information for equities purchased and sold within an account, excluding RSP¹ and RIF² accounts, to residents of the United States on form 1099B (Proceeds of Broker & Barter Exchange transactions): the adjusted cost basis, any gain or loss on the sale and whether the gain or loss is long or short term. The determination of a short term capital gain depends on the amount of time the

taxpayer held the asset. If the asset was held for more than one year the capital gain is determined to be long term and if less than a year it is considered short term. TD Waterhouse Canada Inc. reports on a First-In-First-Out (FIFO) basis unless the client provides a different cost basis method prior to settlement date.

- If you are an eServices client and eligible to receive an annual transaction history, you can import your history for non-registered accounts to a variety of popular money management software programs online through WebBroker. Simply select eServices in WebBroker to download in either CSV (Comma Separated Value) or PDF (Portable Document) formats.
- TD Direct Investing and TD Wealth clients registered for eServices can view and retrieve their tax receipts online through eServices in WebBroker. To register for WebBroker and/or eServices, call the Help Desk at 1-800-667-6299. Online access to tax receipts through eServices on WebBroker replaces your mailed receipts allowing you to receive your tax information sooner, without any postal delays and enabling you to print them at your convenience.

Frequently asked questions

Q. How can I defer the tax on my U.S./Foreign spin-offs?

A. As a Canadian resident shareholder, you may be able to elect to defer being taxed on the spin-off shares by having the value of the spin-offs excluded from your taxable income for the year. Efile™ and Netfile™ cannot be used to file the return for the tax year to which the election relates. For more information, please visit the CRA website: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/frgn-eng.html>

Q. Why are all transactions captured on my T5008/R18?

A. The Trading Summary (T5008/R18) is provided as part of your tax package and captures all of your purchases and dispositions for information purposes only. TD Waterhouse Canada Inc. submits the T5008/R18 reporting to CRA detailing the disposition transactions only. Please refer to the CRA website at [cra-arc.gc.ca](http://www.cra-arc.gc.ca) for further information on T5008/R18 reporting.

Q. Will I receive a tax receipt for my U.S. Limited Partnership?

A. A Schedule K1, Beneficiary's Share of Income, Deductions, Credits, etc., should be issued directly by the U.S. Limited Partnership or their administrator. The deadline for issuance of K1s is the 15th day of the 4th month after the end of the partnership tax year, i.e. for a December 31 tax year end the K1 form is required to be issued by no later than April 15. If you have not received a K1 after this date, please contact your TD representative.

Q. Can a Non-Resident Tax Form (NR4) be amended to reduce withholding tax?

A. No. Non-resident tax that has been withheld is remitted to the CRA on a monthly basis. The CRA has advised that an NR4 cannot be amended if non-resident tax was withheld in error. In such a situation, you should file the NR4 with your Canadian tax return and CRA will make the adjustment. Non-residents can claim a refund by filing an NR7R application.

Q. *Can I make a spousal RSP contribution online?*

A. Only WebBroker allows the user to transact spousal contributions. EasyWeb® does NOT allow spousal contributions. If you want to make spousal contributions and you are not able to use WebBroker, please contact your local TD representative or visit a TD Canada Trust branch.

Q. *What is a notional payment, also known as a phantom or non-cash payment?*

A. A notional payment is a non-cash payment resulting from taxable income being passed from a trust to the shareholders. The share distribution is immediately reinvested, resulting in no increase of holdings but an increase in the book value of the shareholders' existing holdings in the trust. TD Waterhouse Canada Inc. is notified of a notional payment at the time the tax factors are reported by the trust.

Q. *How will I know when I have received all my T3 tax slips for trust units?*

A. A "Pending Trust Unit Summary" lists the trust units that you hold but have not yet reported their tax factors. The summary will accompany the first T3 package you receive and subsequent packages if applicable. As well, the summary report notifies you of the reporting cut-off dates for each trust unit mailing. Trusts that report a notional payment or a payment that must be split and reported over two tax years will cause delays in the reporting. These will also appear on the Pending Trust Unit Summary, even if their factors are reported, until we include them in a subsequent consolidated T3.

Q. *If I withdraw an amount from my Tax-Free Savings Account (TFSA)³, can I re-contribute it in the same year?*

A. In any year, your total TFSA contributions cannot exceed your contribution room. If you withdraw funds from your TFSA, that amount will be added to your contribution room for the next year. For example, if you contributed the maximum amount to your TFSA in 2014 (\$5,500), and you withdrew \$3,000, your contribution room for 2015 will be increased by \$3,000; therefore you can contribute \$5,500 (the TFSA dollar limit) plus \$3,000 for a total contribution of \$8,500 in 2015. If you re-contribute the \$3,000 in 2014, you would have exceeded your limit by that amount and incur a penalty of 1% per month.

Important dates to remember

- March 2, 2015 - Last day for 2014 RSP contributions
- April 30, 2015 - Last day to file your 2014 tax return without possible penalty⁶
- June 15, 2015 - Last day to file your 2014 Tax Return if you are self-employed without incurring a possible penalty⁶ as per CRA requirements. If you have a balance owing for 2014, you still have to pay it on or before April 30, 2015

Please note the above dates will apply to most circumstances.

Tax slip distribution dates

REGISTERED ACCOUNTS

Form	Purpose of Form	Mailed No Later Than
RSP Contribution Receipts	All RSP Contributions	A tax receipt for contributions made between March 4, 2014 and December 31, 2014 will be mailed the second week of January 2015. Tax receipts for contributions made from January 1, 2015 to March 2, 2015 will be mailed weekly, beginning January 5, 2015.
NR4 (RSP)	Non-resident withdrawals from RSP	March 31, 2015
NR4 (RIF)	Non-resident withdrawals from RIF	March 31, 2015
T4RSP	Withdrawals from RSP	March 2, 2015
T4RIF	Withdrawals from RIF	March 2, 2015
Relevé 2	Quebec residents - submitted with T4RSP/T4RIF	March 2, 2015
T4A/Relevé 1	RESP ⁴ withdrawals	March 2, 2015
T4A/Relevé 1	RDSP ⁵ withdrawals	March 2, 2015

NON-REGISTERED ACCOUNTS

Form	Purpose of Form	Mailed No Later Than
T3/R16 and/or T5 Relevé 3 (Mutual Funds)	Income Distribution and Return of Capital Distributions on Mutual Funds	March 31, 2015 by the fund company
T5	Dividend and interest income equal to or greater than \$50	March 2, 2015
T5	All split share income	March 2, 2015
Relevé 3	Quebec residents - submitted with T5	March 2, 2015
T3 (Trust Units)	Trust Unit Income	Between March 2, 2015 and March 31, 2015
R16 (Trust Units)	Quebec residents - submitted with T3	Between March 2, 2015 and March 31, 2015
T5013 and T5013A	Partnership income	Between March 2, 2015 and March 31, 2015
Relevé 15	Quebec residents - submitted with T5013/T5013A	Between March 2, 2015 and March 31, 2015
NR4	Distributions to non-residents	March 31, 2015
Annual Trading Summaries	For clients who were issued a T5 or NR4	Mailed with T5 or NR4
1099 INT	U.S. person receiving interest income*	February 2, 2015
1099 DIV	U.S. person receiving dividend income*	February 2, 2015
1099 B Substitute*	U.S. person receiving proceeds from sale*	February 16, 2015
1042 S	Issued to flow-through entities including Simple and Grantor Trusts, Partnerships reporting U.S. Source Income*	March 16, 2015
Other non-government reports	<ul style="list-style-type: none"> ▪ Investment Income Summary if receiving a T5 ▪ Summary of Trust Income, excluding Mutual Funds ▪ Pending Trust Unit Summary 	<ul style="list-style-type: none"> ▪ Included in the T5 Package ▪ Included in the T3 Package ▪ Included in the T3 Package

* For Internal Revenue Service reporting, if you are being charged the maximum tax rate of 30% and live in a treaty country you may be able to reduce your tax paid by providing TD Waterhouse Canada Inc. with the required documentation. Contact your TD Wealth or TD Direct Investing Representative for more information.

During March and April 2015, individual amendments to 2014 tax slips can generally be completed within five business days. Amendments to tax slips for prior years can generally be completed within seven business days.

For more information

- For information about Canadian tax filing, visit the CRA website at www.cra-arc.gc.ca and/or the Revenue Quebec (RQ) website at www.revenu.gouv.qc.ca/eng/ministere
- For information about U.S. tax filing, visit the Internal Revenue Service (IRS) website at www.irs.gov
- We recommend that you contact your tax advisor if you have any questions relating to your personal circumstances.

How we can help you

- **If you lose or do not receive the tax slip(s) for your account(s) or if your tax slip is incorrect,** call us at the number on your account statement for assistance.
- If you are not already registered for eServices, visit tdwaterhouse.ca/eservices to register to receive your tax documents for 2014 and subsequent years through eServices.



¹ Retirement Savings Plan (RSP) — Refers to the TD Waterhouse Self-Directed Retirement Savings Plan. ² Retirement Income Fund (RIF) — Refers to the TD Waterhouse Self-Directed Retirement Income Fund. ³ Tax-Free Savings Account (TFSA) — Refers to the TD Waterhouse Tax-Free Savings Account. ⁴ Registered Education Savings Plan (RESP) - Refers to the TD Securities Inc. Self-Directed Education Savings Plan. ⁵ Registered Disability Savings Plan (RDSP) — Refers to the TD Waterhouse Disability Savings Plan. ⁶ If you owe tax for 2014 and do not file your return for 2014 on time, CRA will charge you a late-filing penalty. The penalty is 5% of your 2014 balance owing, plus 1% of your balance owing for each full month that your return is late, to a maximum of 12 months.

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