

TD Waterhouse Canada Inc. Valuable Tax Information for 2015

Filing deadline: May 2, 2016

About this guide

This guide is designed to provide general tax information 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, 2015 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 2015 tax year

Dividend Gross Up and Tax Credit is NOT changing for 2015.

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%.

TFSA Annual Contribution Limit Increase

The TFSA annual contribution limit has increased from \$5,500 to \$10,000, effective for 2015 and subsequent taxation years (subject to any legislative changes made after December 1, 2015). The annual limit will no longer be indexed to inflation. We recommend clients confirm their contribution room with Canada Revenue Agency (CRA) or their tax advisor, prior to making contributions.

Minimum Withdrawal Factors for Retirement Income Funds (RIFs) Reduced

The new RIF factors will range from 5.28% (from 7.38%) at age 71 to 18.79% (from 20%) at age 94. The percentage that seniors will be required to withdraw from their RIF will remain capped at 20% at age 95 and above.

Re-contributions will be permitted until February 29, 2016 to accommodate RIF holders who at any time in 2015 withdrew more than the adjusted 2015 minimum amount. Re-contributions will be deductible for the 2015 taxation year and clients who re-contribute will be issued a 2015 60L(V) receipt.

Foreign Account Tax Compliance Act (FATCA)

On February 5, 2014 Canada Revenue Agency (CRA) entered into an Inter-Governmental Agreement (IGA) with the United States that requires Financial Institutions to identify and report certain financial accounts for U.S. persons and specific U.S. owners of non-U.S. entities. TD Waterhouse Canada Inc. submits FATCA reporting to the CRA, who may forward the information to the Internal Revenue Service (IRS). The information provided to the IRS includes client name, address, account balances at year end, and income received by the account in the reporting year.

Streamlining Foreign Verification Reporting (Form T1135)

Canadian investors that owned foreign property with a total cost amount of more than \$100,000 at any time in the year, are currently required to file a Foreign Income Verification Statement (Form T1135) for that year. The 2015 Federal Budget proposed changes beginning for the 2015 tax reporting year; if the total cost of a taxpayer's foreign property is more than \$100,000, but less than \$250,000 throughout the year, the taxpayer will be able to report these assets to CRA under a new simplified foreign asset reporting system. Given the Budget proposal, the current T1135 requirements would apply to taxpayers with foreign property that has a total cost of \$250,000 or more at any time during the tax year. This revised form is currently being

developed by the CRA and would be effective for taxation years beginning after 2014.

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

Trading Summary (T5008/R18)

A "simple guide to your Trading Summary (T5008/RL18)" will be included in your tax package. This guide will help you to identify the CRA T5008 box numbers that correspond with your Trading Summary activity for cross reference purposes assisting you in reporting the gains and losses you incurred on the disposition of securities for the 2015 tax year.

Changes to your Trading Summary (T5008/RL18)

The commission value on your Trading summary will now align with the currency of your accounts (either CDN or USD); for example, a US dollar account holding a Canadian security, with a value shown in US dollars, will display the commission with a converted US amount versus the Canadian value shown in previous years.

TurboTax Online Tax Solution

The 2015 TurboTax[®] online tax solution will be available to our clients, at a discount, to complete your T1 tax return. You can access the TurboTax solution on WebBroker[®] at td.ca beginning February 15, 2016.

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 T1-ADJ form. You will need to complete this T1-ADJ 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.

- Return of Capital – If you hold a Trust Unit, Limited Partnership, Split Corp, or Mutual Fund that re-allocates a portion of the original distribution as return of capital, your tax document will reflect this amount. The book value for the asset in your account will be adjusted in March or April and be reflected on your monthly statement; these return of capital amounts need to be factored into when calculating any gains/losses.
- 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 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.
 - If you are an eServices client and you close your account you may be unable to retrieve your tax documents. If you are unable to access your tax documents, please call your account representative to request tax documents.
 - Mutual Funds – If you invest in Mutual Funds, your tax slips will not be available on eServices as these are produced and mailed directly by the Fund Company
 - Estate Tax Slips are not available on eServices, if you do not receive your tax documents please contact your account representative.

Frequently asked questions

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

A. As a Canadian Tax resident shareholder, you may be able to defer Canadian Tax on the spin-off shares by making an election if the spin-off meets certain conditions. 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 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 to all clients who held a U.S. limited partnership in the reporting year. 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, 2016.

- 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 NR7-R 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. *On my Summary of Trust Income, I notice that there is a distribution that does not appear in my statements. Why am I being taxed for this?*
- A. This is a result of a notional payment. Notional payments are non-cash distributions which are reportable on a T3. Companies will only report these notional payments when they provide their tax factors usually in February or March. These entries will appear on the client's statements, which will impact book value of the asset.
- 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.
- 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 2015 (\$10,000), and you withdrew \$3,000, your contribution room for 2016 will be increased by \$3,000; therefore you can contribute \$10,000 (the TFSA dollar limit, subject to any legislative changes made after December 1, 2015) plus \$3,000 for a total contribution of \$13,000 in 2016. If you re-contribute the \$3,000 in 2015, the \$3,000 would be considered an excess contribution and you would incur a penalty of 1% per month.
- Q. *Why is only one Social Insurance Number (SIN) listed on my tax slip for my joint account?*
- A. Joint account holders names appear on the tax slip, however the tax slip only allows one SIN to be recorded. The recipient type indicator on the tax slip will enable the CRA to distinguish this as a joint account allowing each individual to report their share of the income on their T1 return.

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 3, 2015 and December 31, 2015 will be mailed the second week of January 2016. Tax receipts for contributions made from January 1, 2016 to February 29, 2016 will be mailed weekly, beginning January 11, 2016.
NR4 (RSP)	Non-resident withdrawals from RSP	March 30, 2016
NR4 (RIF)	Non-resident withdrawals from RIF	March 30, 2016
T4RSP	Withdrawals from RSP	February 29, 2016
T4RIF	Withdrawals from RIF	February 29, 2016
Relevé 2	Quebec residents - submitted with T4RSP/T4RIF	February 29, 2016
T4A/Relevé 1	RESP ⁵ withdrawals	February 29, 2016
T4A/Relevé 1	RDSP ⁶ withdrawals	February 29, 2016

NON-REGISTERED ACCOUNTS

Form	Purpose of Form	Mailed No Later Than
T5/R3 (Mutual Funds)	Income Distribution from Corporate Class Mutual Funds and High Interest Saving Account	February 29, 2016 from the fund company
T3/RL-16 (Mutual Funds)	Income Distribution and Return of Capital from Mutual Funds	March 30, 2016 from the fund company
T5/R3	Dividend and interest income equal to or greater than \$50	February 29, 2016
T5/R3	All split share income	February 29, 2016
Trading Summary (T5008/R18)*	All clients who received maturity or redemption proceeds and/or purchased or sold shares throughout the year will receive a Trading Summary. Shows all purchases, sales, redemptions and maturities for the current year. Along with your statements it will assist you in calculating your gain/losses.	February 29, 2016
T3/RL-16	Trust unit income	March 30, 2016
T5013/RL-15	Partnership income	March 31, 2016
NR4	Distributions to non-residents	March 30, 2016
1042S	US Source Income* Reporting for Simple Trust, Grantor Trust, and Partnership reporting	March 15, 2016
1099INT	U.S. person receiving interest income*	February 1, 2016
1099DIV	U.S. person receiving dividend income*	February 1, 2016
1099B Substitute	U.S. person receiving proceeds from sale*	February 15, 2016
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.

Q. Will TD Waterhouse Canada Inc. be providing clients with any reporting to assist them in filling out Form T1135?

A: For clients with a TD Wealth Private Investment Advice and TD Wealth Financial Planning account, please contact your account representative and they may be able to provide information that will assist you in completing the T1135.

Important dates to remember

- February 29, 2016- Last day for 2015 RSP contributions
- May 2, 2016 - Last day to file your 2015 tax return without possible penalty⁴
- June 15, 2016 - Last day to file your 2015 Tax Return if you are self-employed without incurring a possible penalty⁴ as per CRA requirements. If you have a balance owing for 2015, you still have to pay it on or before May 2, 2016

Please note the above dates will apply to most circumstances.

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.



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 If you owe tax for 2015 and do not file your return for 2015 on time, CRA will charge you a late-filing penalty. The penalty is 5% of your 2015 balance owing, plus 1% of your balance owing for each full month that your return is late, to a maximum of 12 months. ⁵ Registered Education Savings Plan (RESP) — Refers to the TD Securities Inc. Self-Directed Education Savings Plan. ⁶ Registered Disability Savings Plan (RDSP) — Refers to the TD Waterhouse Disability Savings Plan.

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