

TD Waterhouse

**TD Waterhouse
Valuable Tax Information
for 2012**

Filing deadline: April 30, 2013



About this guide

At TD Waterhouse we want to assist you with your financial needs any way we can. This guide was developed to help make your tax filing easier. We have included up-to-date information about:

- recent changes to tax reporting that may affect you;
- timelines for receiving your tax slips from TD Waterhouse and how to use them;
- answers to frequently asked questions regarding taxes.
- The guide is designed to provide general tax information and should not be relied upon for legal or tax advice. The guide also includes a list of tax receipts however, not all of them will apply to you. If you require specific tax advice, please speak to your tax advisor.

What's new for the 2012 tax year

Dividend Gross Up and Tax Credit is changing

The eligible dividend gross-up and enhanced federal Dividend Tax Credit will be reduced from their current levels of 41% of the dividend paid and 13/23 of the eligible dividend gross-up, respectively, to:

- 38% and 6/11, effective January 1, 2012.

As a result, the effective enhanced federal Dividend Tax Credit expressed as a percentage of the taxable amount of the eligible dividend will be reduced from the current 16.44% to 15.02%.

Similarly, the Quebec Dividend Tax Credit will be reduced from the current 16.78% to 16.42%.

TurboTax Online Tax Solution

We have made the 2012 TurboTax[®] online tax solution available, at a discount, to complete your T1 tax return. You can access the TurboTax solution from the TD Waterhouse website via WebBroker at www.tdwaterhouse.ca. The link to the TurboTax online tax solution will be available by February 15, 2013.

Trading Summary

Effective February 2013, clients who are enrolled in eServices as of December 31, 2012, will be able to download their trading summary directly from WebBroker in a Comma Separated Value (CSV) format in addition to the current Portable Document Format (PDF) version.

Reminder:

- T5/R3 tax receipts are issued only if the total income 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.
- 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 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 filed your return with the amended information and refile with Canada Revenue Agency (CRA) or Ministry of Revenue Quebec (MRQ). 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 will not report. This usually occurs when a partnership has materially changed or dissolved.

U.S. Cost Base Reporting

Effective January 2011, 1099B reporting, Proceeds of Broker & Barter Exchange transactions changed for U.S. persons. TD Waterhouse is required to report the following additional information for equities purchased and sold: the adjusted cost basis, any gain or loss on the sale and if the gain or loss is long-term 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 reports on a First-In-First-Out (FIFO) basis unless the client provides a different cost basis method prior to settlement date.

- If you have mutual fund holdings (including TD Mutual Funds[®]) in your account, you will receive a separate T3 tax slip from each mutual fund company.
- You can view and retrieve your tax receipts online by registering for eServices on WebBroker. If you have online access to tax receipts through eServices on WebBroker, this access will replace your mailed receipts allowing you to receive your tax information sooner, without any postal delays and enable 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>

TD Waterhouse tax slip distribution dates

REGISTERED ACCOUNTS

Form	Purpose of Form	Mailed No Later Than
RSP Contribution Receipts		A tax receipt for contributions made between March 1, 2012 and December 31, 2012 will be mailed the second week of January 2013. Tax receipts for contributions made from January 1, 2013 to March 1, 2013 will be printed and mailed weekly, beginning January 7, 2013.
NR4 (RSP)	Non-resident RSP De-registration	April 2, 2013
NR4 (RIF)	Non-resident RIF De-registration	April 2, 2013
T4RSP	Withdrawals from RSP	February 28, 2013
T4RIF	Withdrawals from RIF	February 28, 2013
Relevé 2	Quebec - submitted with T4RSP/T4RIF	February 28, 2013
T4A/Relevé 1	RESP withdrawals	February 28, 2013
T4A/Relevé 1	RDSP withdrawals	February 28, 2013

NON-REGISTERED ACCOUNTS

Form	Purpose of Form	Mailed No Later Than
T3/R16 (Mutual Funds)	Income Distribution and Return of Capital Distributions on Mutual Funds	Mailed by April 2, 2013 by the fund company
T5	Dividend and Interest Income equal to or greater than \$50	February 28, 2013
T5	All Split Share Income	February 28, 2013
Relevé 3	Quebec - submitted with T5	February 28, 2013
T3 (Trust Units)	Trust Unit Income	Between March 1, 2013 and April 2, 2013
R16 (Trust Units)	Quebec - submitted with T3	Between March 1, 2013 and April 2, 2013
T5013 and T5013A	Partnership Income	Between March 1, 2013 and April 2, 2013
Relevé 15	Quebec - submitted with T5013/T5013A	Between March 1, 2013 and April 2, 2013
NR4	Distributions to non-residents	April 2, 2013
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*	January 31, 2013
1099 B	U.S. person receiving Proceeds from Sale*	February 15, 2013
1099 DIV	U.S. person receiving Dividend Income*	January 31, 2013
1042 S	Issued to flow-through entities including Simple and Grantor Trusts, Partnerships reporting U.S. Source Income*	March 15, 2013

* 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 with the required documentation. Contact your TD Waterhouse Representative for more information.

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

A. All transactions (purchases and dispositions) are captured on a TD Waterhouse produced form titled: Trading Summary (T5008/R18). We provide these transactions as a value added tool. TD Waterhouse only sends disposition transactions to CRA through T5008/R18 reporting. The Trading Summary issued within your tax package is for information purposes only, with a CRA assigned disclaimer. Please refer to the CRA website: 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 K1's is March 15th. If you have not received a K1 after this date, please contact your TD Waterhouse 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 us 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 Waterhouse Representative or visit a TD Canada Trust branch.

Q. What is a notional payment? (also called 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 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 run. 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. Will my Trading Summary be amended if my tax receipt is amended?

A. Regrettably, we are unable to amend any Trading Summary reporting at this time.

Q. If I withdraw an amount from my Tax-Free Savings Account (TFSA), 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 our TFSA in 2012 (\$5,000), and you withdrew \$3,000, your contribution room for 2013 will be increased by \$3,000; therefore you can contribute \$5,000 (the TFSA dollar limit) plus \$3,000 for a total contribution of \$8,000 in 2013. If you re-contribute the \$3,000 in 2012, you would have exceeded your limit by that amount and incur a penalty of 1% per month.

Important dates to remember

- March 1, 2013 - Last day for 2012 RSP Contributions
- April 30, 2013 - File your 2012 Tax Return on or before this date without incurring a possible penalty.*
- June 17, 2013 - Last day to file your 2012 Tax Return if you are self-employed without incurring a possible penalty* as per CRA requirements. If you have a balance owing for 2012, you still have to pay it on or before April 30, 2013.

Please note the above dates will apply to most circumstances.

During March and April 2013, individual amendments to 2012 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.

***Note:** You are required to file by these dates if you owe tax, even if you don't have all your tax slips. Should you file late, you will be subject to a late payment penalty of 5% of the balance owing and interest of 1% of the balance for each month that your tax return is late.

For more information

- For information about Canadian tax filing, visit the Canada Revenue Agency (CRA) website at www.cra-arc.gc.ca and/or Ministry of Revenue Quebec (MRQ) – 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 TD Waterhouse can help you

Call TD Waterhouse at the number on your account statement for help with the following:

- **If you lose or do not receive the tax slip(s) for your TD Waterhouse account(s)**
- **If your tax slip is incorrect**, call us with the correct information, and if applicable, we will send you a corrected version.
- If not already registered to receive your 2012 tax documents through eServices, Register today for eServices in WebBroker to receive any future tax documents. Visit tdwaterhouse.ca/eservices for details.



The information contained herein is current as of October 2012. The information contained herein has been provided by TD Waterhouse Canada Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, trading, or tax strategies should be evaluated relative to each individual's objectives and risk tolerance. TD Waterhouse Canada Inc., The Toronto-Dominion Bank and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered. TD Waterhouse represents the products and services offered by TD Waterhouse Canada Inc. (Member of the Canadian Investor Protection Fund), TD Waterhouse Private Investment Counsel Inc., TD Waterhouse Private Banking (offered by The Toronto-Dominion Bank) and TD Waterhouse Private Trust (offered by The Canada Trust Company). All trade-marks are the property of their respective owners. ®/The TD logo and other trade-marks are the property of The Toronto-Dominion Bank or a wholly-owned subsidiary, in Canada and/or other countries.

533188 (0113)