



## Tip Sheet for completion of Tax Residency Self-Certification Form - Entity

The Income Tax Act (Part XVIII – FATCA and Part XIX - CRS), requires Canadian Financial Institutions (as defined in the Income Tax Act) to collect customers' tax residency and other information. Customers that are US entities or have other non-Canadian tax residency will be reported to the Canada Revenue Agency (CRA). The purpose of FATCA (Foreign Account Tax Compliance Act) and Common Reporting Standard (CRS) is to combat tax evasion and maintain the integrity of the tax systems through the automatic exchange of information. As such, the CRA may share information collected with other countries through existing provisions and safeguards under applicable tax conventions. Canadian Financial Institutions, including TD, are required to document their customers' tax residency through the use of a self-certification form. The intent of this document is to help/assist the customer in the accurate completion of the self-certification form.

**TD is required by law to collect information on behalf of CRA as part of the account open process or for a change in circumstance for deposit accounts:**

- The residency of the business (Canada or other countries) for tax purposes
- Entity classification
- Controlling Persons information where applicable

**The Self-Certification form:**

- ✓ *Is a universal requirement. It must be collected by Canadian Financial Institutions whenever a new account is opened or when there is a change in circumstance.*
- ✓ *Supports efforts to combat tax evasion.*
- ✓ *Is required by law – Parts XVIII (FATCA) and XIX (CRS) of The Income Tax Act.*

The purpose of this document is to explain what information is required in order to meet the requirements of the Income Tax Act with respect to FATCA and CRS. Process overview is as follows:

### Part 1 & 2 – Account Holder information and Tax Residency

- **Is your business/trust a tax resident of:**
  - Canada?
  - US?
  - Any Other Country?

### Part 3 – Entity Classification

- **Your business/trust will require an entity classification for both FATCA and CRS. The main types are:**
  - **Financial Institution**
  - **Active – a business that sells a product or service**
  - **Passive – a business that make income from rents, royalties, interest or dividends**

### Part 4 – Controlling Persons

- **Certain entities (primarily Passive) must disclose controlling persons. These are primarily the owners of the business.**

### Part 5 – Sign and Date the Form

## Part 1 and 2 – Account Holder Information and Tax Residency

### Tax Resident

Generally, an entity will be a tax resident of a jurisdiction if, under the laws of that jurisdiction, they pay or should be paying tax in the jurisdiction because of their domicile, residence, place of management or incorporation or similar criterion.

### Taxpayer Identification Number (TIN)

TIN is a unique combination of letters or numbers that a jurisdiction assigns to an individual or entity. In Canada, the TIN for an entity is their Business Number or Trust Account Number; description of foreign TINs may be found at:

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>

### U.S Entity

A business or trust organized in the U.S. or under the laws of the U.S. or any State thereof.

### U.S. Employer Identification Number (EIN)

Type of Taxpayer Identification Number (TIN) similar to Canadian Business Number.

### Types of U.S. Entity

Specified – most U.S. businesses and trusts

Other than Specified – U.S. bank, U.S. publicly traded, U.S government (see definitions on form 800870/800871)

- Customers that fail to provide TINs/GIINs may be subject to fines/penalties from the CRA

## Part 3 – Entity Classifications – Financial Institutions

Select one (and only one) Entity Classification

### Financial Institution

Must be registered with IRS to be a "Canadian FI"; if business has no IRS assigned GIIN, it is not a "Canadian FI" with respect to the self-certification form.

### Global Intermediary Identification Number (GIIN)

GIIN is a registration number assigned to business by the IRS when that business is a Financial Institution.

### ➤ Financial Entity

#### ➤ Investment Entity in a Non-Participating Jurisdiction managed by another Financial Institution

- Entity is in a jurisdiction not participating in CRS – includes U.S.
- Entity is engaged more than 50% in investing or trading in financial assets, portfolio/fund management/administration or is managed by such an entity

#### ➤ Investment Entity – Other

- Entity is in a jurisdiction participating in CRS – includes Canada
- Entity is engaged more than 50% in investing or trading in financial assets, portfolio/fund management/administration or is managed by such an entity

#### ➤ Financial Institution other than an Investment Entity

- Entity is custodial institution, a depository institution, an investment entity, or a specified insurance company

### COUNTRIES IN THE CRS ACCORD –

<http://www.oecd.org/tax/automatic-exchange/international-framework-for-the-crs/crs-mcaa-signatories.pdf>

See definitions page(s) on self-certification form (800870/800871) for detailed explanations

## Part 3 – Entity Classifications – Non-Financial Institutions

### Select one (and only one) Entity Classification

#### Active Business

- An “Active” business is generally a non-financial entity engaged (more than 50%) in an active trade or business or is a start-up company (less than two years), in liquidation for less than five years
- Not-for-profit businesses and charities are generally classified as “Active”
- Within the FATCA regime, Canadian government customers (local, provincial and federal) are generally “Active”; within CRS, Canadian government customers are generally “Active NFE – Governmental Entity”

#### Passive Business

- A “Passive” business is generally a non-financial entity that earns income from “Passive” sources such as interest, dividends, rents and royalties
- Holding companies, formal trusts and real estate operators are generally “Passive” entities
- Passive entities must disclose information about Controlling Persons

#### ➤ Non-Financial Entity

- Active NFE (This entity is engaged in an active trade or business)
  - See above
- Passive NFE
  - See above
- Active NFE - Corporation stock of which is traded on established securities market
  - Publicly Traded Company
- Active NFE – Any Corp. that is a related entity of a Corp. stock of which is traded on established securities market
  - Subsidiary of publicly traded company
- Active NFE - Governmental Entity
  - Municipal, Provincial or Federal government agencies or departments
- Active NFE - International Organization
  - i.e. International Red Cross
- Active NFE – Central Bank
  - i.e. Bank of Canada

## Part 4 – Controlling Persons

All businesses/trusts that have either of the following entity classifications must provide information about Controlling Persons:

1. Investment Entity in a Non-Participating Jurisdiction managed by another Financial Institution.
2. Passive NFE

Controlling Persons are defined as:

1. Formal Trusts – All trustees as well as known settlors, protectors and beneficiaries
2. All ownership types other than Formal Trusts (corporations, associations, partnerships etc.) – All owners with 25% or greater ownership share

#### Tax Resident

Generally, a person will be a tax resident of a jurisdiction if, under the laws of that jurisdiction, they pay or should be paying tax in the jurisdiction.

#### Taxpayer Identification Number (TIN)

TIN is a unique combination of letters or numbers that a jurisdiction assigns to an individual or entity. In Canada, the TIN for an individual is their Social Insurance Number; description of foreign TINs may be found at:

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>

See definitions page(s) on self-certification form (800870/800871) for detailed explanations

- *Customers that fail to provide TINs, GIINs, BNs, Trust Account Numbers, SINs or SSNs may be subject to fines/penalties from the CRA.*
- *Customer should provide TIN to TD (if applied for) upon receipt from issuing jurisdiction.*

*Customers may find it helpful to contact a tax professional for guidance on completing forms. You can also visit our website at <https://www.td.com/incometaxact> for information and links to additional resources (CRA).*

### **FINAL REVIEW**

- ✓ **Did you answer all three questions about your business/trust in Part 1?**
- ✓ **Did you choose one (and only one) Entity Classification in Part 2?**
- ✓ **Did you confirm the Entity Classification provided accurately reflects the nature of the business?**
- ✓ **If your business/trust is Passive or an Investment Entity in a Non-Participating Jurisdiction and Managed by another Financial Institution, did you complete Part 3 listing all the Controlling Persons?**
- ✓ **For every Controlling Person listed in Part 3, did you ensure full name and DOB was recorded and all other questions answered?**
- ✓ **Were all TINs provided?**
- ✓ **Was GIIN provided if the business is a Canadian Financial Institution?**
- ✓ **Was the form signed and dated in Part 5?**
- ✓ **Note that CRA may issue fines/penalties for missing TINs, GIINs, BNs, Trust Account Numbers, SINs or SSNs.**