

# TD Waterhouse Canada Inc. Valuable Tax Information for 2016

Filing deadline: May 1, 2017

## **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, 2016 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).



## 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 1, 2016 and December 31, 2016 will be mailed the second week of January 2017. Tax receipts for contributions made from January 1, 2017 to March 1, 2017 will be mailed weekly, beginning January 9, 2017.
NR4 (RSP)	Non-resident withdrawals from RSP	March 31, 2017
NR4 (RIF)	Non-resident withdrawals from RIF	March 31, 2017
T4RSP	Withdrawals from RSP	February 28, 2017
T4RIF	Withdrawals from RIF	February 28, 2017
Relevé 2	Quebec residents - submitted with T4RSP/T4RIF	February 28, 2017
T4A/Relevé 1	RESP <sup>5</sup> withdrawals	February 28, 2017
T4A/Relevé 1	RDSP <sup>6</sup> withdrawals	February 28, 2017

### 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 28, 2017 from the fund company
T3/RL-16 (Mutual Funds)	Income Distribution and Return of Capital from Mutual Funds	March 31, 2017 from the fund company
T5/R3	Dividend and interest income equal to or greater than \$50	February 28, 2017
T5/R3	All split share income	February 28, 2017
T5008/R18	All dispositions (sales, redemptions and maturities) for the current year	February 28, 2017
T3/RL-16	Trust unit income	March 31, 2017
T5013/RL-15	Partnership income	March 31, 2017
NR4	Distributions to non-residents	March 31, 2017
1042S	US Source Income* Reporting for Simple Trust, Grantor Trust, and Partnership reporting	March 15, 2017
1099INT	U.S. person receiving interest income*	January 31, 2017
1099DIV	U.S. person receiving dividend income*	January 31, 2017
1099B Substitute	U.S. person receiving proceeds from sale*	February 15, 2017
Other non-government reports	<ul style="list-style-type: none"> <li>■ Investment Income Summary if receiving a T5</li> <li>■ Trading Summary</li> <li>■ Summary of Trust Income, excluding Mutual Funds</li> <li>■ Pending Trust Unit Summary</li> </ul>	<ul style="list-style-type: none"> <li>■ Included in the T5 Package</li> <li>■ Will be provided third week in February</li> <li>■ Included in the T3 Package</li> <li>■ Included in the T3 Package</li> </ul>

\* 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.

## **What you need to know for the 2016 tax year**

### **Dividend Gross Up and Tax Credit is NOT changing for eligible dividends in 2016.**

The eligible dividend gross-up and enhanced federal Dividend Tax Credit will remain at their current levels of 38% of the dividend paid and 15.02% of the eligible dividend gross-up, respectively.

The eligible dividend gross-up and enhanced Quebec Dividend Tax Credit will remain at their current levels of 38% of the dividend paid and 11.90% of the eligible dividend gross-up, respectively.

### **Dividend Gross Up and Tax Credit is changing for non-eligible dividends in 2016.**

The non-eligible dividends, gross-up will change for 2016 from 18% to 17%. The effective enhanced federal Dividend Tax Credit is changing from 11.02% to 10.52% of the non-eligible dividend gross-up. The Quebec Dividend Tax Credit will remain at the current rate of 7.05% for non-eligible dividend gross-up.

### **TFSA Annual Contribution Limit Decrease**

The TFSA annual contribution limit has decreased from \$10,000 to \$5,500, effective for 2016 and subsequent taxation years. We recommend clients confirm their overall contribution room with Canada Revenue Agency (CRA) or their tax advisor, prior to making contributions.

### **Minimum Withdrawal Factors for Retirement Income Funds (RIFs) Remain the Same for 2016**

The RIF factors will range from 5.28% at age 71 to 18.79% 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.

### **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, income received and proceeds of disposition by the account in the reporting year.

### **Foreign Income Verification Reporting (Form T1135) (Not applicable if foreign property assets are held in Registered Plans)**

Canadian investors that owned specified foreign property in a Non-Registered account with a total cost amount of more than \$100,000 at any time in the year are currently required to complete and file a Foreign Income Verification Statement (Form T1135) for that year. The 2015 Federal Budget changes remain in effect for 2016; 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 simplified foreign asset reporting form. Clients with foreign property that have a total cost of \$250,000 or more at any time during the tax year would need to complete the full T1135 form.

For more information as to what property needs to be reported and for FAQs, please access the CRA at [cra-arc.gc.ca](http://cra-arc.gc.ca) site or alternatively your tax advisor.

## **T5008/RL18 Reporting: Statement of Security Transactions**

For the 2016 tax year clients will receive a T5008/RL18 tax document which will provide information detailing all reportable dispositions occurring in the client's account during the year. The disposition information contained within the T5008/RL18 tax document will also be reported to the CRA/RQ. The T5008/RL18 will be provided as a separate tax document and will not be included with your T5 package.

## **Trading Summary**

You will continue to receive your Trading Summary as in previous years, which will provide details related to acquisitions and dispositions occurring in your account during the year but any reference to T5008 will be removed as a separate T5008/RL18 tax document will be issued for the 2016 tax year. The Trading Summary will be sent separately from your T5008 tax document.

## **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/NR4 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/R3 and/or T3/R16 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 any time 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 Revenu 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 RSP<sup>1</sup> and RIF<sup>2</sup> 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. Why are foreign spin-offs reported on the T5?*

A. A Canadian resident who receives shares from a foreign spin off has to include the fair market value of the foreign spin-off shares received in a non-registered account on their tax return. The foreign spin-off is considered to be a taxable foreign dividend and TD Waterhouse Canada Inc. is required to report the fair market value of the spin-off on your T5 tax slip.

*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: [cra-arc.gc.ca/tx/bsnss/tpcs/frgn-eng.html](http://cra-arc.gc.ca/tx/bsnss/tpcs/frgn-eng.html)

*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 Direct Investing account, TD Wealth Private Investment Advice account 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.

*Q. Why did I receive a T5008/RL18 and a Trading Summary?*

A. As in previous years, the Trading Summary is provided as part of your tax package and captures all of your purchases and dispositions for information purposes only.

The T5008/RL18 is a regulatory tax document that is required to be issued to clients to capture reportable dispositions.

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, 2017.

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 the 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)<sup>3</sup>, 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 2016 (\$5,500), and you withdrew \$3,000, your contribution room for 2017 will be increased by \$3,000; therefore you can contribute \$5,500 (the TFSA dollar limit, subject to any legislative changes) plus \$3,000 for a total contribution of \$8,500.00 in 2017. If you re-contribute the \$3,000 in 2016, 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.

*Q. Why are there so many different tax package mailings?*

A: As there are various regulatory deadlines associated with tax reporting, TD Waterhouse Canada Inc. is required to deliver these tax documents to you by various dates within the months of January to March. Please refer to the Tax slip distribution dates provided which outlines the various tax documents that are produced along with their delivery deadlines.

## **Important dates to remember**

- March 1, 2017 - Last day for 2016 RSP contributions
- May 1, 2017 - Last day to file your 2016 tax return without possible penalty<sup>4</sup>
- June 15, 2017 - Last day to file your 2016 Tax Return if you are self-employed without incurring a possible penalty<sup>4</sup> as per CRA requirements. If you have a balance owing for 2016, you still have to pay it on or before May 1, 2017

**Please note the above dates will apply to most circumstances.**

## **For more information**

- For information about Canadian tax filing, visit the CRA website at [cra-arc.gc.ca](http://cra-arc.gc.ca) and/or the Revenu Quebec (RQ) website at [revenu.gouv.qc.ca/eng/ministere](http://revenu.gouv.qc.ca/eng/ministere)
- For information about U.S. tax filing, visit the Internal Revenue Service (IRS) website at [irs.gov](http://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 have not received your tax slip(s) for your account(s) or if your tax slip(s) is/are incorrect, call us at the number on your account statement for assistance.**



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<sup>1</sup> Retirement Savings Plan (RSP) — Refers to the TD Waterhouse Self-Directed Retirement Savings Plan. <sup>2</sup> Retirement Income Fund (RIF) — Refers to the TD Waterhouse Self-Directed Retirement Income Fund. <sup>3</sup> Tax-Free Savings Account (TFSA) — Refers to the TD Waterhouse Tax-Free Savings Account. <sup>4</sup> If you owe tax for 2016 and do not file your return for 2016 on time, CRA may charge you a late-filing penalty. The penalty is 5% of your 2016 balance owing plus 1% of your balance owing for each full month that your return is late, to a maximum of 12 months. The penalty may be higher in cases of repeated failures to file on time. <sup>5</sup> Registered Education Savings Plan (RESP) — Refers to the TD Securities Inc. Self-Directed Education Savings Plan. <sup>6</sup> Registered Disability Savings Plan (RDSP) — Refers to the TD Waterhouse Disability Savings Plan. 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. 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 Direct Investing, TD Wealth Financial Planning, and TD Wealth Private Investment Advice are divisions of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank. TD Waterhouse Canada Inc. — Member of the Canadian Investor Protection Fund. 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.