

TD Direct Investing

Helping you prepare for the 2018 tax season

Filing deadline: April 30, 2019



About this guide

This guide is designed to help you get ready to file your taxes. For specific tax advice, please speak to your tax advisor.

In this guide you'll find up-to-date information as of October 31, 2018 about:

- key dates and reminders;
- a list of potential tax receipts (Note: some or all may/may not apply to you);
- recent changes to tax reporting that may affect you;
- answers to frequently asked questions (FAQs).

Important dates to remember

March 1, 2019 – Last day for 2018 RSP¹ contributions

April 30, 2019 – Last day to file your 2018 tax return without incurring a possible penalty²

June 17, 2019 – Last day to file your 2018 Tax Return if you are self-employed without incurring a possible penalty².

If you have a balance owing for 2018, you still have to pay it on or before April 30, 2019

Please note the above dates will apply to most circumstances.

Important information for the 2018 tax year

Minimum withdrawal factors for Retirement Income Funds (RIFs)³ remain the same for 2019

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 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. 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 using a simplified foreign asset reporting method on the T1135 form. Clients with foreign property that has a total cost of \$250,000 or more at any time during the tax year will need to complete the full T1135 form.

Trading Summary

You will receive a Trading Summary which will capture all of the purchases and dispositions occurring in your account during the year. The Trading Summary will be sent separately from your T5008 tax document.

Linked Notes Reporting

Effective 2017, any gain realized on the sale of a linked note was treated as interest income and reported on your T5. The disposition amount on your T5008 was reduced accordingly. Effective 2018, the interest amount will be reported in box 30 on a T5 and box K on a RL3.

Dividend Gross Up and Tax Credit Changes

i) Eligible Dividends

Effective for dividends received on or after March 28, 2018, the enhanced Quebec Dividend Tax credit will change to 11.86% from 11.90% of the grossed up dividend. However, the eligible dividend gross-up will remain at their current levels of 38% of the dividend paid.

ii) Non Eligible Dividends

Federal Changes

The non-eligible dividends gross-up will change for 2018 from 17% to 16%. The effective enhanced federal Dividend Tax Credit is changing from 10.52% to 10.0313% of the grossed up non-eligible dividend.

Quebec Changes

The non-eligible dividends gross-up will change for 2018 from 17% to 16%. Effective for dividends received on or after March 27, 2018, the Quebec Dividend Tax Credit will change from 7.05% to 6.28% of the grossed up dividend.

Due to the changes above, additional boxes will appear on your 2018 Relevé tax slips (R3, R16 and R15).

Return of capital

If you hold a Trust Unit, Limited Partnership, Split Corporation or Mutual Fund that allocates a portion of its distribution as return of capital, your tax document will specify this return of capital amount. Return of capital amounts impact the adjusted cost base (ACB) of your investment and need to be factored into the calculation of any gains/losses. The book value for the asset in your account may be adjusted up to April 2019.

eServices

Clients registered for eServices can view and retrieve their tax receipts and reporting online in WebBroker. You can also import your history for non-registered accounts to a variety of popular money management software programs online by downloading in either CSV (comma separated value) or PDF (portable document)

formats. To register for WebBroker and/or eServices, call the WebBroker Help Desk at 1-800-667-6299. Online access to tax receipts and reporting 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

Why are there so many different tax package mailings?

As there are various regulatory deadlines associated with tax reporting, TD Waterhouse Canada Inc. and all other institutions are required to deliver these tax documents to you by various dates within the months of January to March. We're always looking for ways to improve and make this process easier for you. Please refer to the table provided for document delivery deadlines.

If I withdraw an amount from my Tax-Free Savings Account (TFSA[®]), can I re-contribute it in the same year?

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.

Why is only one Social Insurance Number (SIN) listed on my tax slip for my joint account?

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.

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

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 K1 forms 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, 2019.

Will TD Direct Investing be providing clients with any reporting to assist them in filling out Form T1135?

If you require a Foreign Property report, please contact an Investment Representative at 1-800-465-5463.

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

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. Non-residents can claim a refund by filing an NR7-R application. To make sure you're following the right steps, please speak with your tax advisor.

Can I make a spousal RSP contribution online?

As a TD Direct Investing client, you can make a spousal RSP contribution through WebBroker.

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?

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 once the companies have reported these payments, which will impact the book value of the asset.

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


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.

Why are foreign spin-offs reported on the T5?

Subject to the comments below under How can I defer the tax on my U.S./Foreign spin-offs, a Canadian resident who receives shares from a foreign spin off generally 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.

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

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: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/foreign-spin-offs.html>.

 If you have questions about the information provided in this guide or about your account(s), please call 1-800-465-5463 to speak to an Investment Representative.

Tax slip distribution dates

Registered Accounts		
Form	Purpose of form	Mailed or Posted to eServices no later than
RSP contribution receipts	All RSP Contributions	Week of January 7, 2019 for any contributions made between March 2, 2018 and December 31, 2018 Weekly starting January 7, 2019 for contributions made in the first 60 days of 2019
NR4 (RSP)	Non-resident withdrawals from RSP	April 1, 2019
NR4 (RIF)	Non-resident withdrawals from RIF ³	April 1, 2019
T4RSP	Withdrawals from RSP	February 28, 2019
T4RIF	Withdrawals from RIF	February 28, 2019
Relevé 2	Quebec residents — submitted with T4RSP/T4RIF	February 28, 2019
T4A/Relevé 1	RESP ⁴ withdrawals	February 28, 2019
T4A/Relevé 1	RDSP ⁵ withdrawals	February 28, 2019
Non-registered Accounts		
Form	Purpose of form	Mailed or Posted to eServices no later than
T5/R3 (Mutual Funds)	Income Distribution from Corporate Class Mutual Funds and High Interest Saving Account	February 28, 2019 from the fund company
T3/RL-16 (Mutual Funds)	Income Distribution and Return of Capital from Mutual Fund Trusts	April 1, 2019 from the fund company
T5/R3	Dividend and interest income equal to or greater than \$50	February 28, 2019
T5/R3	All Split Corporation income	February 28, 2019
T5008/R-18	All dispositions (sales, redemptions and maturities) for the tax reporting year.	February 28, 2019
T3/RL-16	Trust unit income	April 1, 2019
T5013/RL-15	Partnership income	April 1, 2019
NR4	Distributions to non-residents	April 1, 2019
1042S	US Source Income* Reporting for Simple Trust, Grantor Trust, and Partnership reporting	March 15, 2019
1099INT	U.S. person receiving interest income	January 31, 2019
1099DIV	U.S. person receiving dividend income	January 31, 2019
1099B Substitute	U.S. person receiving proceeds from sale	February 15, 2019
Other non-government reports	Investment Income Summary if receiving a T5	Included in the T5 Package
	Trading Summary	Included in the T5 Package
	Summary of Trust Income, excluding Mutual Funds	Included in the T3 Package
	Pending Trust Unit Summary	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 Investment Representative for more information.

¹Retirement Savings Plan (RSP) – Refers to the TD Waterhouse Self-Directed Retirement Savings Plan. ²If you owe tax for 2018 and do not file your return for 2018 on time, CRA may charge you a late-filing penalty. The penalty is 5% of your 2018 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. ³Retirement Income Fund (RIF) – Refers to the TD Waterhouse Self-Directed Retirement Income Fund. ⁴Registered Disability Savings Plan (RDSP) – Refers to the TD Waterhouse Disability Savings Plan. ⁵Registered Education Savings Plan (RESP) – Refers to the TD Securities Inc. Self-Directed Education Savings Plan. ⁶Tax-Free Savings Account (TFSA) – Refers to the TD Waterhouse Tax-Free Savings Account. The information contained herein has been provided by TD Direct Investing and is for information purposes only. The information has been drawn from sources believed to be reliable. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. TD Direct Investing is a division 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.