



Wealth Management
PH&N Investment Counsel

Client Guide to 2018 Tax Reporting

This guide summarizes the important dates and required tax information to prepare your annual tax return. It also includes a handy list of potential tax documents/slips you MAY receive from The Royal Trust Company and Royal Trust Corporation of Canada (Royal Trust) depending on your investment holdings and account activity.

To help make tax season easier for you, electronic tax documents are coming to WM Online. You will be able to access certain 2018 tax documents online as they become available. To enrol, please contact your Investment Counsellor. Please note that we are not able to deliver all tax documents electronically at this time. This includes tax slips for Mutual Funds issued by the fund company directly such as RBC Funds, PH&N Funds and BlueBay Funds. Certain issuers will continue to deliver tax documents in paper format. The delivery of these packages depends on the release of information by external issuers of RBC Wealth Management.

Important dates

March 1, 2019 – last day for 2018 RRSP contributions.

April 30, 2019 – last day to file your 2018 tax return without penalty.

June 17, 2019 – last day to file your 2018 tax return if you are self-employed without penalty.

T5/R3 Tax package Outstanding Tax Documents

We issue several tax slips and supporting documents to assist you in preparing your tax return. It is important to ensure that you have all of your slips before filing your tax return. Please review the checklist of

your investments held in your non-registered accounts in the “Cover Letter” of your T5 package under section “**Outstanding Tax Documents you MAY receive from our Firm or Third Parties**” to help keep track of your slips.

Multiple account holders/Estates

Joint accounts: Although tax slips for joint accounts are issued in the name of two (or more) individuals, the Canada Revenue Agency (CRA) only requires one Social Insurance Number (SIN) be included on the tax slip. Therefore, only the primary account holder’s SIN number will be displayed on your tax slip.

Estate accounts: According to CRA, there is no requirement to produce a T5 slip to show income earned before and after date of death. It is the responsibility of the beneficial owners or the estate’s executor to report the appropriate share of income in the tax return of the deceased individual.

Residency changes

If you have moved in or out of a different country within the tax year, it is up to you to claim back any tax withheld, as CRA does not refund the funds to RBC once paid. In addition, CRA does not accept amendments or cancellations of NR4s once they have been issued.

Non-resident tax on Canadian income trust units and split corps

Due to the nature of these securities, the taxable breakdown is not available until after the calendar year is complete. Therefore, non-resident accounts are not charged non-resident tax when distributions are made during the year but rather a one-time charge for the full year is generated once the taxable nature of the trust's distributions is determined. Any applicable charges will be processed in April 2019 and reflected in your statements.

Return of capital

Return of capital adjustments will be processed in your accounts for income trusts, limited partnership units, and split corps in April 2019 and will be reflected in your statements.

NOTE: Return of capital adjustments need to be factored into calculating any gains/losses.

Foreign spin-offs

For Canadian tax purposes, the fair market value of foreign spin-off shares received by a Canadian resident in a non-registered account is considered to be a taxable foreign dividend and must be reported to the CRA on a T5 slip.

Legislation allows you to use an alternative tax treatment on approved foreign spin-offs if certain criteria and time limits are met and a joint

tax election is filed with the CRA after being completed by you and the parent company that completed the spin-off. Even though you may make an election, Royal Trust is still required to report the full fair market value of the spin-off on the T5 slip.

The book value shown on your statement for a foreign spin-off share will be the taxable foreign dividend amount. The book value of the parent company shares will remain unchanged.

Different tax slip mailing dates T3/R16; T5013/R15 tax packages

Delivery of T3/R16 and T5013/R15 packages depends on when information is provided to us by external issuers. CRA reporting deadlines for issuers to provide their tax information to financial intermediaries (such as Royal Trust) for tax receipt preparation is March 31. Some external issuers, such as mutual fund companies, mail tax slips directly to you.

NOTE: You may receive tax packages in April due to late disclosures and amendments by some income trusts and limited partnership units. Please do not file your tax return before receiving all required slips.

Registered Retirement Savings Plan (RRSP) contribution receipts

RRSP contribution receipts have a variety of mailings to capture all contributions made in 2018 (less

contributions made in the first 60 days of 2018) as well as contributions made during the first 60 days of 2019.

Tax-Free Savings Account (TFSA)

In any calendar year, your total TFSA contributions cannot exceed your contribution room. If you withdrew funds from your TFSA in 2018, that amount will be added to your contribution room for 2019.

Non-Qualified Investments in registered plan

Please be advised that there are significant punitive tax liabilities for holding a Non-Qualified Investment (NQI) in your registered plan. A letter detailing NQI assets and the corresponding values will be mailed to you in February 2019 to help you file with CRA. Depending on your situation, you may wish to consider taking action on any NQIs in your registered plan to minimize potential tax penalties. Please consult with a qualified tax advisor prior to taking action.

Foreign currency tax slips

If you receive a tax slip in a foreign currency, you will need to convert the amounts to Canadian dollars. The attached table shows the average annual exchange rates for various currencies that can be used for your reference.

Average exchange rates (per Bank of Canada)

	2014	2015	2016	2017	2018
U.S. Dollar	1.1045	1.2787	1.3248	1.2986	1.2957
British Pound	1.8190	1.9540	1.7962	1.6720	1.7299
Japanese Yen	0.0105	0.0106	0.0122	0.0116	0.0117
Swiss Franc	1.2078	1.3286	1.3450	1.3189	1.3246
Australian Dollar	0.9963	0.9604	0.9852	0.9951	0.9687
Hong Kong Dollar	0.1424	0.1649	0.1707	0.1667	0.1653
Euro	1.4671	1.4182	1.4660	1.4650	1.5302

All amounts are expressed in the number of Canadian dollars it would cost on average for the year to purchase one unit of the foreign currency.

Document/Tax Slip	Approximate Mailing Date	Approximate Online Availability	Information Reported
Registered			
RRSP contribution Receipt	Late January	Late January	Issued to report the value of cash or securities (in-kind contributions) contributed to Registered Retirement Savings Plan (RRSP) accounts. For last 10 months of 2018, the receipts will be issued in late January. Early February and daily thereafter Early February and daily thereafter For first 60 days of 2019, the receipts will be issued in early February and daily thereafter.
RRIF/LIF/LRIF/RLIF/PRIF evaluation Letter	Late January	Not Available	Details (i) the value of your assets at December 31, 2018, (ii) the minimum amount that must be withdrawn, (iii) the maximum amount that can be withdrawn if you have a Life Income Fund (LIF) or a Locked-in Retirement Income Fund (LRIF) or a Registered Retirement Income Fund (RRIF) or a Prescribed Retirement Income fund (PRIF) or a Restricted Life Income Fund (RLIF) and (iv) your desired payment amounts and frequency.
T4RSP/R2/NR4 (RRSP withdrawals)	Late February	Late February	Issued to report withdrawals from RRSP accounts. All payments from RRSP accounts must be included in your income. Relevé 2 for Quebec residents/NR4 for non-residents are issued.
T4RIF/R2/NR4 (RIF withdrawals)	Late February	Late February	Issued to report withdrawals from a RRIF, LIF, LRIF, RLIF, or PRIF accounts. All payments from above plans must be included in your income. Relevé 2 for Quebec residents/NR4 for non-residents are issued.
T4A/R1/NR4 (RESP withdrawals)	Late February	Late February	Issued to report receipt of Educational Assistance Payments by the beneficiaries of a Registered Education Savings Plan (RESP) during 2018 calendar year, Accumulated Income Payments to the Subscriber during 2018 calendar year or other sources. Relevé 1 for Quebec residents/NR4 for non-residents are issued.
Non-Registered			
T5/R3	Late February	Late February	Issued to Canadian residents to report income of \$50 or more from stocks, bonds or interest on credit balances during the calendar year. Relevé 3 slip is issued to the Quebec residents corresponding to T5 slip.
NR4	Late February	Late February	Issued to non-residents of Canada who received Canadian investment income. Both the gross amount of the income received and any Canadian non-resident taxes withheld are reported.
Summary of investment income and expenses	Late February	Late February	Summarizes income received as well as charges to your account for dividends owed, interest paid on debit balances and accrued interest paid on the purchase of bonds. The amount in the “Paid to You” column supports the figures reported on the T5. The amount in the “Paid by You” column may qualify as an investment expense on your tax return.
Summary of security dispositions	Late February	Late February	Summarizes the proceeds of any sale or maturity that took place through your account during the year. This report, together with your trade confirmations or statements, will assist you in calculating your capital gains/losses.
Foreign securities report	Late February	Late February	Lists any foreign assets to support your T1135 filing requirements with CRA. It has been formatted to provide the information required in Form T1135 Section 7 “Property held in an account with a Canadian registered securities dealer or a Canadian Trust company”. All amounts are reported in Canadian dollars. NOTE: This report is issued only to residents of Canada. If there is a residency change during the year, the report will include information only for the period when the client was resident of Canada.
T5/R3 (additional investment income)	Late February	Late February	Issued to report income allocations from split share corporations. Relevé 3 slip is issued to the Quebec residents corresponding to T5 slip.
T3/R16 (trust income)	Throughout March	Throughout March	Issued to report income on investments held in Canadian-Based Real Estate Investment Trusts (REITS), Income Trusts, ETFs and Capital Trusts. Relevé 16 slip is issued to the Quebec residents corresponding to T3 slip.
T5013/R15 (limited partnership income)	Throughout March	Throughout March	T5013 slip is issued to report the allocation of limited partnership’s income among the Canadian resident partners. Relevé 15 slip is issued to Quebec residents corresponding to T5013 slip. The Saskatchewan Mineral Exploration Tax Credit slip (SK-METC) slip is issued to Saskatchewan taxpayers who invest in eligible flowthrough shares issued by mining or exploration companies.
T3/R16 and T5/R3 (mutual funds)	Not applicable	Not available	Directly issued and mailed by respective mutual fund management companies.

Document/Tax Slip	Approximate Mailing Date	Approximate Online Availability	Information Reported
U.S. Reporting			
1042-S (Non-U.S. beneficial owners of flow-through entities)	Late March	Not available	Issued to non-U.S. persons that are beneficial owners of flow-through entities with reportable U.S.- Source Income. These slips are filed with the Internal Revenue Service (IRS).
1099 official package (for Q1/U.S. persons)	Late February	Not available	Issued to U.S. and suspected U.S. persons with income that is required to be filed with the Internal Revenue Service (IRS). 1099-DIV: Reportable dividends paid to U.S. persons subject to U.S. tax laws 1099-INT: Reportable Interest paid to U.S. persons subject to U.S. tax laws 1099-B: Reportable proceeds from sales or redemption of securities, issued to U.S. residents. 1099-MISC "Miscellaneous Income": Reportable income not included in any of the above forms (such as U.S. Royalty Income) Effectively Connected Income from U.S. Limited Partnerships: Reportable distributions will be provided on 1042-S slip, which is mailed separately from 1099 package.
1099 unofficial package (for Q1/U.S. persons)	Late February	Not available	Issued to U.S. and suspected U.S. persons who do not receive "official" 1099 packages. Information in the "Unofficial" 1099 package is not filed with the IRS and these unofficial forms should not be attached to a tax return. Effectively Connected Income from U.S. Limited Partnerships: Reportable distributions will be provided on 1042-S slip, which is mailed separately from 1099 package.



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