



Wealth Management  
PH&N Investment Counsel



# Client guide to 2020 tax reporting

Please contact us if you have any questions about your tax package.

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

## Important dates

**March 1, 2021** – last day for 2020 RRSP contributions.

**April 30, 2021** – last day to file your 2020 tax return without penalty.

**June 15, 2021** – last day to file your 2020 tax return without penalty if you are self-employed.

## Access your tax slips online

To help make tax time easier for you, your 2020 tax slips are available through RBC Wealth Management® Online, including mutual fund tax slips issued by RBC® (tax slips issued by other issuers outside of RBC will continue to be sent by regular mail). Simply log in to RBC Wealth Management Online at [www.rbcwealthmanagement.com](http://www.rbcwealthmanagement.com) to view your tax documents. For access to RBC Wealth Management Online, please contact your Investment Counsellor.

## T5 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 you file your tax return. Please review the two handy checklists within the cover letter of your T5 tax package: “Outstanding tax documents you may receive from our firm” and “Outstanding tax documents you may receive from third parties.”

## Multiple account holders/estates

**Joint accounts:** Although tax slips for joint accounts are issued in the name of two (or more) individuals, 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 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 the 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 to or from 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 they have been paid. In addition, CRA does not accept amendments to or cancellations of NR4s once they have been issued.

### Non-resident tax on Canadian income trust units and split-share corporations

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 2021 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-share corporations in April 2021, and will be reflected in your statements.

Note: Return of capital adjustments need to be factored into determining your adjusted cost base and 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 CRA on your tax return.

Legislation allows you to use an alternative tax treatment for eligible foreign spin-offs if certain criteria and time limits are met and an election is filed with your tax return. 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.

### Dates for T3/RL-16 and T5013/RL-15 tax packages

Delivery of T3/RL-16 and T5013/RL-15 packages depends on when information is provided to us by external issuers. The CRA reporting deadline 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 are delivered online or by mail throughout the tax season to capture all contributions made in 2020 (less contributions made in the first 60 days of 2020) as well as contributions made during the first 60 days of 2021.

### 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 2020, that amount will be added to your contribution room for 2021.

### Non-Qualified Investments in a registered plan

There are significant punitive tax liabilities for holding a Non-Qualified Investment (NQI) in your registered plan. If this applies to you, a letter detailing any NQI assets and the corresponding values will be mailed to you in February 2021 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 table to the right shows the average annual exchange rates for various currencies that can be used for your reference.

### Average exchange rates (per Bank of Canada)

|                   | 2016   | 2017   | 2018   | 2019   | 2020   |
|-------------------|--------|--------|--------|--------|--------|
| U.S. Dollar       | 1.3248 | 1.2986 | 1.2957 | 1.3269 | 1.3415 |
| British Pound     | 1.7962 | 1.6720 | 1.7299 | 1.6945 | 1.7199 |
| Japanese Yen      | 0.0122 | 0.0116 | 0.0117 | 0.0122 | 0.0126 |
| Swiss Franc       | 1.3450 | 1.3189 | 1.3246 | 1.3352 | 1.4294 |
| Australian Dollar | 0.9852 | 0.9951 | 0.9687 | 0.9228 | 0.9247 |
| Hong Kong Dollar  | 0.1707 | 0.1667 | 0.1653 | 0.1693 | 0.1730 |
| Euro              | 1.4660 | 1.4650 | 1.5302 | 1.4856 | 1.5298 |

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  |
|---|-----------------------------------|-----------------------------------|---|
| <b>Registered</b>                         |                                   |                                   |   |
| RRSP contribution receipt                 | Mid-January                       | Mid-January                       | Issued to report the value of cash or securities (in-kind contributions) contributed to Registered Retirement Savings Plan (RRSP) accounts.<br><br>For the last 10 months of 2020, the receipts will be issued in mid-January.  |
|   | Late January and daily thereafter | Late January and daily thereafter | For the first 60 days of 2021, the receipts will be issued in late January and daily thereafter.  |
| RRIF/LIF/LRIF/RLIF/PRIF evaluation letter | Late January                      | Not available                     | Details (i) the value of your assets at December 31, 2020; (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 Restricted Life Income Fund (RLIF); and (iv) your desired payment amounts and frequency.   |
| T4RSP/RL-2/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 slips for Quebec residents/NR4 slips for non-residents are issued.   |
| T4RIF/RL-2/NR4 (RIF withdrawals)          | Late February                     | Late February                     | Issued to report withdrawals from RRIF, LIF, LRIF, RLIF or PRIF accounts. All payments from the above plans must be included in your income. Relevé 2 slips for Quebec residents/NR4 slips for non-residents are issued.  |
| T4A/RL-1/NR4 (RESP withdrawals)           | Late February                     | Late February                     | Issued to report the receipt of Educational Assistance Payments by the beneficiaries of a Registered Education Savings Plan (RESP) during the 2020 calendar year and/or Accumulated Income Payments to the subscriber during the 2020 calendar year. Relevé 1 slips for Quebec residents/NR4 slips for non-residents are issued.  |
| <b>Non-registered</b>                     |                                   |                                   |   |
| T5/RL-3                                   | Late February                     | Late February                     | Issued to Canadian residents to report income of \$50 or more on investments held in stocks, bonds, mutual funds or interest on credit balances during the calendar year. A Relevé 3 slip corresponding to the T5 slip is issued to Quebec residents.   |
| 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. <ul style="list-style-type: none"> <li>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 you were a resident of Canada.</li> </ul> |

| Document/Tax slip  | Approximate mailing date | Approximate online availability | Information reported  |
|--|--------------------------|---------------------------------|---|
| T5/RL-3 (additional investment income)   | Late February            | Late February                   | Issued to report income allocations from split-share corporations. A Relevé 3 slip corresponding to the T5 slip is issued to Quebec residents.  |
| T3/RL-16 (trust and mutual fund income)  | Throughout March         | Throughout March                | Issued to report income on investments held in Canadian-based Real Estate Investment Trusts (REITs), income trusts, ETFs, capital trusts and mutual funds. A Relevé 16 slip corresponding to the T3 slip is issued to Quebec residents.   |
| T5013/RL-15 (limited partnership income)                                       | Throughout March         | Throughout March                | Issued to report the allocation of the limited partnership's income among the Canadian resident partners. A Relevé 15 slip corresponding to the T5013 slip is issued to Quebec residents. An SK-METC (Saskatchewan Mineral Exploration Tax Credit) slip is issued to Saskatchewan taxpayers who invest in eligible flow-through shares issued by mining or exploration companies.   |
| T3/RL-16 & T5/RL-3 (mutual fund slips issued by fund companies other than RBC) | Not applicable           | Not available                   | Directly issued and mailed by respective mutual fund management companies.  |
| <b>U.S. reporting</b>  |                          |                                 |   |
| 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 QI/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). <ul style="list-style-type: none"> <li>• 1099-DIV: Reportable dividends paid to U.S. persons subject to U.S. tax laws.</li> <li>• 1099-INT: Reportable interest paid to U.S. persons subject to U.S. tax laws.</li> <li>• 1099-B: Reportable proceeds from sales or redemptions of securities, issued to U.S. residents.</li> <li>• 1099-MISC "Miscellaneous Income": Reportable income not included in any of the above forms (such as U.S. royalty income).</li> <li>• Effectively connected income from U.S. limited partnerships: Reportable distributions will be provided on the 1042-S slip, which will be mailed separately from the 1099 package.</li> </ul> |
| 1099 unofficial package (for QI/U.S. persons)                                  | Late February            | Not available                   | Issued to U.S. and suspected U.S. persons who do not receive "official" 1099 packages. <ul style="list-style-type: none"> <li>• Information in the "unofficial" 1099 package is not filed with the IRS and these unofficial forms should not be attached to a tax return.</li> <li>• Effectively connected income from U.S. limited partnerships: Reportable distributions will be provided on the 1042-S slip, which will be mailed separately from the 1099 package.</li> </ul>   |