

MEMBER ADVISORY

www.iiac.ca

December 18, 2014

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2014 Tax Reporting to Unitholders

Trust Unit, ETF, Split Share and Limited Partnership Issuers

The Investment Industry Association of Canada (IIAC), on behalf of the investment dealer community, requests issuers of publicly traded trust units, limited partnerships, split shares and closed-end funds to provide unitholder distribution breakdowns through the CDS reporting facility. The information you provide will be used to issue tax slips for your unitholders, and investment dealers are mandated to provide copies of the tax slips to Canada Revenue Agency (CRA) and Revenue Quebec (RQ).

It is imperative that you file in a timely and accurate manner. Investment dealers typically need a minimum of two weeks to review and verify the reported tax breakdowns before tax slips are produced and mailed to your unitholders. Errors requiring amendments by issuers further delay delivery to unitholders, which may result in your unitholders not receiving the necessary information before the April 30 deadline to complete their personal income tax returns. We strongly encourage you to submit tax breakdowns for the 2014 distributions through CDS as soon as possible and no later than:

Feb 10, 2015	Split share/Closed-end funds (T5/RL-3)
Feb 27, 2015	Income trusts/Closed-end funds (T3/RL-16)
Feb 27, 2015	Limited partnerships (T5013/RL-15)
Mar 6, 2015	Fund-of-funds (T3/RL-16 or T5013/RL-15)

The attached information is being sent to trust unit, split share, and limited partnership issuers on behalf of members of the Investment Industry Association of Canada (IIAC). Included in the material is important information that your firm may need in reporting your 2014 unitholder tax information to the investment dealer community, including instructions on accessing the CDS online reporting facility. You can access the online reporting facility starting on January 2, 2015.

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Legislative Requirements (www.fin.gc.ca/n07/07-058-eng.asp)

Legislation requires that the distributions and allocations of capital and income for publicly traded income trust units (T3/Quebec RL-16) and limited partnership units (T5013/Quebec RL-15) must be filed within 60 days after calendar year-end (or the fiscal period) online via the CDS reporting facility at <http://services.cds.ca/t3>. Unit issuers structured as fund-of-funds have 67 days after calendar year-end or period-end to file.

For timely delivery of 2014 T5 slips, split share issuers and closed-end funds are asked to upload their factor information by February 10, 2015.

To help you avoid unnecessary calls from investment dealers and unitholders, IIAC members operate an online reporting system in partnership with CDS – Canada’s securities depository. Completing the forms available on the CDS reporting facility and filing them centrally on this site help disseminate tax factor information efficiently throughout the investment dealer community.

IIAC members have prepared this information sheet to help you familiarize with the CDS reporting facility. Detailed information on how to access the CDS site, upload instructions (p.2), FAQs (p.3-4), and tips for limited partnerships (p.4) are included.

- If your organization made no distributions, we request that you submit a spreadsheet with explanation to that effect in the Notes section of the spreadsheet.
- In case of a mid-year CUSIP change, please upload two separate spreadsheets with distributions under each CUSIP.

It is imperative that you file in a timely and accurate manner. Investment dealers typically need a minimum of two weeks to review and verify the reported tax breakdowns before tax slips are produced and mailed to your unitholders. Errors requiring amendments by issuers further delay delivery to unitholders, which may result in your unitholders not receiving the necessary information before the April 30 deadline to complete their personal income tax returns. We strongly encourage you to submit tax breakdowns for the 2014 distributions through CDS as soon as possible and no later than:

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Please note that dealers may contact you to seek clarification on any information posted through CDS. Should you have any questions, please do not hesitate to use the contacts identified below. We look forward to your continued assistance and support for another successful tax reporting season.

For technical difficulties with website access, form download or upload facility, support is available 8:30 am – 5 pm ET, Monday to Friday.

CDS support: (416) 365-8655 / cdsinnovations@cds.ca.

For all other inquiries, please email tax@iiac.ca or contact Eon Song at (416) 687-5480 / esong@iiac.ca.

Neither IIAC nor CDS can advise you on how to complete tax forms. Please consult CRA or RQ information guides and your tax advisor for assistance on completing the spreadsheets, if required.

This guide is for informational purposes only and is not meant to be a source of tax advice. Issuers should consult with their tax advisor when completing their relevant spreadsheets and should not rely solely on the information within this guide.

Upload Instructions

1. Visit <http://services.cds.ca/t3> and click on 'ISSUERS: Please login to access the upload facility'

Mutual Fund and Limited Partnership Tax Breakdown Service

The Mutual Fund and Limited Partnership Tax Breakdown Service is an automated system that allows issuers (or their duly authorized agents or representatives) to upload and process their tax information for mutual fund trusts, mutual fund corporations and limited partnerships.

CDS Innovations Inc. hosts this compilation of blank templates and completed forms as mandated by the Canada Revenue Agency (CRA). Issuers of mutual fund trusts (T3/RL-16 - includes publicly traded (T5013/RL-15), and split share corporations (T5/RL-3) report unit-holder distribution breakdowns using the posting facility information accessed from this website is intended to assist investment dealers in meeting filing deadlines when complex clients, in turn, can complete their tax returns and meet their own filing deadlines.

Legislative Requirements (<http://www.fin.gc.ca/m07/07-058-eng.asp> and <http://www.fin.gc.ca/d1eg-opl/itajul07n-e>)

Amendments to the Income Tax Act (Canada) and Income Tax Regulations (Canada) provide for the disclosure of certain information and require that distributions or allocations of capital and income for public mutual fund trust units (T3/Quebec RL-16) (T5013/T5013A/Quebec RL-15) be made public, in prescribed form, by posting the foregoing information within 60 days of the end of the taxation year in which the taxation year ends in the case of public mutual fund trusts, and within 67 days after the end of the calendar year in which the taxation year ends in the case of public limited partnerships. In addition, the trust or partnership must notify the Minister as to when this posting requirement has been met.

The blank templates and/or the completed forms posted to, or accessed from, this website are **NOT** prepared, monitored or reviewed by CDS Innovations, nor any of its affiliates, in any way warrants or represents that the list of templates, or the information posted, is complete, accurate or that the issuer, or their duly authorized agents or representatives are advised to confirm all filing requirements with the CRA.

ISSUERS: Please login to access the upload facility

Display tax info
Display tax info

Issuers requiring access to the site's upload facility should send a request to cdsinnovations@cds.ca.

The server www.cdsinnovations.ca:80 requires a username and password. The server says: /applications/taxforms.

User Name:

Password:

For user name and password, please email tax@iiac.ca

2. Download the relevant spreadsheet templates:

Income trusts	T3/RL-16
Fund-of-funds	T3/RL-16 or T5013/RL-15
Split share	T5/RL-3
Closed-end funds	T5/RL-3 or T3/RL-16
Limited partnerships	T5013/RL-15
3. Review each form's input instructions to ensure that you are comfortable with the process. Additional information can be found by hovering your mouse over any field showing a red triangle in the top right corner of the Excel cell.
4. Begin inputting your information onto the forms. Please take the time to complete all appropriate fields. For example, tax ID and tax shelter numbers are extremely important to your unitholders.
 - To avoid CRA and RQ penalties, please input and upload only complete and management-approved data onto the CDS reporting facility. Failure to do so may cause inaccurate tax slips to be mailed to your unitholders.
 - Blue-shaded cells are mandatory fields and must be completed in order to be processed.
 - Do not skip columns. Columns need to be filled out sequentially. For instance, four quarterly distributions must be filled in Distribution 1 through Distribution 4.

- Copy and paste is not permitted. Please do not tamper with the built-in macro. Doing so will result in validation failure, and you will be asked to re-submit.
 - TIN# is required by CRA for all T3 filings. If this is your first year of filing, you must obtain your TIN# first by filing "T3 Application for Trust Account Number" (T3APP): www.cra-arc.gc.ca/E/pgb/ft/t3app/README.html. Issuers not using their correct TIN# may be assigned multiple TIN#s by CRA or risk CRA rejecting your filing. If you do not know your TIN#, please call CRA's Trust enquiries line at 1-800-959-8281.
 - Issuers filing RL forms must obtain and provide their Quebec tax ID. Failure to do so will result in RQ rejecting your submission.
5. Check all input data carefully and obtain any necessary internal sign-offs that each form's content is complete and accurate. Incomplete files will be rejected during the upload process.
 6. To upload, repeat step 1 and follow the on-screen instructions.
 7. Once your file has been uploaded, you will receive an email from CDS with a Confirmation#. Please retain this for your records.
 - This Confirmation# does not guarantee that your file has been successfully processed. You will receive a separate email from SystemAgent@cds.ca notifying you of the processing outcome within 48 hours.

Amendment Instructions

Issuers are strongly urged to report only correct and approved distribution factors. Amended postings can delay your unitholders receiving the necessary tax information and expose them to penalties and other additional costs.

- If you must file an amendment, repeat steps 1-5.
- Tick the box labeled 'amended posting' on the top of the spreadsheet to indicate amended filing.

AMENDED POSTING SUBSCRIPTION RECEIPTS
- Please specify what changes were made in the Notes section of the spreadsheet. Investment dealers need this information to answer any client questions regarding the amended tax slips.
- Repeat step 6.

FAQs

Who is required to post their unitholder distribution breakdowns on the CDS reporting facility?

[Legislation](#) requires that the distributions and allocations of capital and income for publicly traded trust units and partnership units must be filed online by the issuers of these securities via the CDS reporting facility. Split share issuers are also encouraged to file using the facility. The CDS reporting facility cannot be used for interest on debentures/bonds or dividends on preferred/common shares to shareholders – only for payments to unitholders and split shares.

Why do investment dealers require this information?

Investment dealers require this information in order to prepare and mail out the appropriate tax slip to your unitholders. The sooner this information is received from you, the sooner the investment dealers can prepare tax slips for your unitholders.

Who should I contact if I need assistance in completing the financial data on the spreadsheets?

The spreadsheets have been developed to coincide with the information requested on the corresponding CRA or RQ information slips. Useful information on completing the forms can be obtained on their website or by contacting them directly. You may consult your firm's professional tax advisor in obtaining the information required to complete the spreadsheets. Neither the IIAC nor CDS can advise you on how to complete tax forms. Please contact us only when you experience technical difficulties or have general questions about the tax reporting.

What kind of information can I input on the 'Notes' section of the spreadsheet?

The 'Notes' section provides an opportunity for you to relay useful information to the investment dealers. Items such as the details of corporate actions with tax consequences should be explained fully in this section.

What do I do if we did not have any distributions?

If there were no distributions, issuers are asked to submit a blank spreadsheet confirming no distributions in the Notes section of the spreadsheet.

Can I post an amendment to last year's posting?

Please contact CRA or RQ to determine the impact of any amendments on unitholders. Investment dealers give priority to processing the current tax year forms.

What should I do if there was an error in my uploaded spreadsheet?

You can file an amendment. See 'Amendment Instructions' on p.2 of this document. Please provide a detailed explanation of what changes were made in the Notes section of the spreadsheet. Please note that once a spreadsheet is posted on the facility, it cannot be taken down as it may have been used for reporting and may need to be referred to by the CRA, RQ or reporting firm.

I can't save the spreadsheet.

Your security settings in Excel may be set too high for macros on the spreadsheet to run. To complete the spreadsheet correctly, you can try adjusting your security setting:

1. On the "Developer tab", in the "Code" group, click "Macro Security".
2. In the "Macro Settings" category, under "Macro" Settings, click "Enable all macros".

For more information on how to change macro security settings, please visit <http://office.microsoft.com/support>.

What should I do if there was a CUSIP change?

Please prepare separate spreadsheets for distributions under each CUSIP and provide details of the CUSIP change in the Notes section of the spreadsheet.

We had a U.S.-source income. Where can I find information on how to complete the U.S. 1099 and Taxable Canadian Property (TCP) questions on the T3 (RL-16) form?

The first box re 'U.S. 1099-Div Tax Allocation Available' asks you to answer Yes or No to determine if you posted any bulletin or a press release on a website to make this information publicly available to non-resident unitholders. If you did not or it is not applicable, select no. The two questions regarding TCP apply to issuers who sold Taxable Canadian Property (TCP) during the year. Please refer to the CRA link below or their NR4 guide for additional clarification:

www.cra-arc.gc.ca/tx/nrsdnts/cmmn/mtl/menu-eng.html.

Can I copy and paste data from a different source to the spreadsheet?

No. Copying and pasting data is not permitted. Please do not tamper with built-in macros in the spreadsheets as this may cause validation failure and require you to redo your submission.

FAQs

Should a foreign tax paid factor be added to the income factors to mathematically equal the total rate paid?

No. Foreign tax paid is a debit factor and should be subtracted from the income to mathematically equal the total rate paid. The spreadsheet has been designed to subtract foreign tax paid even though you can only input a 'positive' number.

Is there a difference between foreign business income and foreign non-business income?

Yes. It is important that the reporting of foreign income be correct on your first posting. Many issuers in the past have changed their foreign income from one classification to the other after tax reporting has been completed. This usually results in issuing of numerous amended tax slips by investment dealers to your unitholders who are inconvenienced by the amendments and may incur additional costs if they need their accountant to re-file their tax return.

I don't know my TIN#.

CRA requires a TIN# for all T3 filings by trust issuers. Submissions without a valid TIN# cannot be processed. If you do not know your TIN#, please call CRA's Trust enquiries line at 1-800-959-8281.

If this is your first year of filing, you must obtain a TIN# from CRA by filing "T3 Application for Trust Account Number" (T3APP): www.cra-arc.gc.ca/E/pbg/tf/t3app/README.html.

Issuers not using their correct TIN# may be assigned multiple TIN#s by CRA or risk CRA rejecting your filing.

Can I report distributions in foreign currency?

T3 and T5 spreadsheets can accommodate reporting in foreign currency. Please indicate the currency used to complete the spreadsheet in the Notes section.

Tips for Limited Partnership Issuers

- If you sent T5013s directly to clients in the past and are using the CDS reporting facility for the first time, please (1) post your year-end factors on the CDS reporting facility; (2) indicate in the Notes section of the spreadsheet that you want investment dealers to send T5013s directly to clients.
- Please remember to post information for both the T5013 boxes and the corresponding RL-15 boxes. For example, T5013 box 151 (capital gains or losses) corresponds to RL-15 box 10 or box 12.
- Please complete all relevant fixed and floating boxes. For boxes requiring multiple jurisdictions such as box 104 (limited partner's business income), please provide the breakdown of box 104 Jurisdiction Allocation on rows 62-68. Do not use the Notes section for this information. See excerpts from the T4068 guide below:

Multiple jurisdictions – If a partnership has income or losses in more than one province or territory, from business operations with a permanent establishment in such provinces or territories, use a separate generic financial box to allocate the income or loss from each jurisdiction.

Complete a generic box to identify each province or territory, whichever applies.

To number each generic box, use the appropriate box number for the type of income in the first part of the number box and two-letter province or territory code from Appendix A on p.78 (three-letter country code from Appendix B on p.79) in the second part of the number box. The partner needs this information to calculate provincial or territorial income tax payable.