

Tax Slips and Mailing Dates

At MD Management Limited (MD), we want the completion of your 2018 tax return to be as simple and stress-free as possible. This guide will help you identify and keep track of any tax slips you may receive from MD and answer any questions you may have about them.

Use this checklist to help you organize everything you need to file your 2018 tax return with the Canada Revenue

Agency (CRA) and Revenu Québec, as well as with the Internal Revenue Service (IRS), if necessary.

During tax season, you will also receive financial statements from MD. These statements are for your information only and are not required for filing your tax return.

TARGET MAILING/ EMAILING DATE*	DATE TAX SLIP RECEIVED	TAX SLIP	WHAT IT REPORTS <i>Please note: You will receive only those tax slips that are applicable to your individual financial situation</i>
Late January		RRSP contributions tax slip	Value of cash or securities contributed to your RRSP from March 1 through December 31, 2018.
Late January		MD Direct Trade™ RRSP contributions tax slips	Value of cash or securities contributed to your MD Direct Trade RRSP from two time periods: March 2, 2018, to August 31, 2018, and September 1, 2018, to December 31, 2018.
Once in January, twice in February		RRSP contributions tax slip (first 60 days of 2019)	Value of cash or securities contributed to your RRSP during the first 60 days of 2019 (January and February contributions made up to and including the contribution deadline of March 1, 2019).
Late January to early February		1099-INT, 1099-DIV, 1099-B	All interest, dividends or dispositions paid to a U.S. person or someone subject to U.S. tax laws.
Mid-February to late February		T4RSP Relevé 2 (Quebec) NR4 (non-residents)	RRSP withdrawals and any income tax withheld. Withholding tax does not apply to withdrawals for the purpose of the Home Buyers' Plan or Lifelong Learning Plan. Quebec residents receive a T4RSP and a Relevé 2; non-residents of Canada receive an NR4.
Mid-February to late February		T4RIF Relevé 2 (Quebec) NR4 (non-residents)	Total payments received for the year and any income tax withheld from a registered retirement income fund (RRIF), locked-in retirement income fund (LRIF) or life income fund (LIF). RRIFs, LRIFs and LIFs have annual minimum income payment requirements. MD must withhold tax on any amount that exceeds this minimum. LRIFs and LIFs are governed by federal and provincial/territorial pension legislation, which limits the maximum annual withdrawal amount. Quebec residents receive a T4RIF and Relevé 2; non-residents of Canada receive an NR4.
Mid-February to late February		T4A Relevé 1 (Quebec) NR4 (non-residents)	RESP plan withdrawals and any income tax withheld (where applicable). Quebec residents receive a T4A and Relevé 1; non-residents of Canada receive an NR4.
Mid-February to late February		T1135 reporting	Reports foreign investment property of more than \$100,000 that is owned within the year. Form T1135 Foreign Income Verification Statement should be filed with the CRA by individuals who are Canadian residents, as well as corporations, trusts and some partnerships.

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Late February to early March		Statement of Security Dispositions (Consolidated T5008)	Proceeds of disposition, adjusted cost base and any applicable gain or loss from all mutual fund redemptions, security sells and transfers. Provides each transaction separately, with totals at the bottom.
Late February to late March		T3 Relevé 16 (Quebec) NR4 (non-residents)	Income distributions, separated by category (capital gains, Canadian dividends, foreign income, other income and return of capital), and your share of foreign taxes paid that are eligible for the foreign tax credit. To be mailed mid-March. Distributions from unit trusts are reported on separate T3 tax slips, when applicable. To be mailed late March. T3 slips for the MD Family of Funds will be issued separately and consolidated in one package, and include an attached breakdown. To be mailed late February. T3 tax slips for non-MD funds held in your MD account will be sent separately from third-party companies. Quebec residents receive a T3 and a Relevé 16; non-residents of Canada receive an NR4.
Late February to early March		T5 Relevé 3 (Quebec) NR4 (non-residents)	Both eligible and non-eligible dividends; interest income from guaranteed investment certificates (GICs), bonds or debentures; and interest earned on cash held within your account. An investment income summary is included with the T5. Separate T5 and Relevé 3 slips are issued to clients holding split corporation securities. Quebec residents receive a T5 and a Relevé 3; non-residents of Canada receive an NR4.
Mid-March		MD Direct Trade RRSP contributions tax slips	Value of cash or securities contributed to your MD Direct Trade RRSP for the first 60 days of 2019 (January to March).
Late March		T5013 Relevé 15 (Quebec)	Income from investments in a Canadian limited partnership at the partnership's year-end. Quebec residents receive a T5013 and a Relevé 15; non-residents receive a T5013 and an NR4.
Late March		T5006	Investments in a labour-sponsored venture capital fund. These tax slips will be mailed by the labour-sponsored venture capital fund, not MD.
Late March		MD Family Trust tax returns	Income earned by an MD Family Trust, as well as any income allocated or designated to the beneficiary of the trust. If the trust tax return includes a T3 tax slip (or Relevé 16) in the name of the trust beneficiary, the trustee is responsible for distributing the slip to that person. MD files a separate copy of the trust tax return with the CRA (and Revenu Québec for Quebec MD Family Trusts).
Mid-April		1042-S	If you are a non-U.S. citizen residing in Canada, you may receive an Internal Revenue Service (IRS) Form 1042-S. This is an information return reporting U.S.-sourced income paid to foreign individuals and entities. Businesses that handle the transaction are required to send the form to non-residents and the IRS for every payment made. If you do not file a return to the IRS, this form is for information purposes only. If you do file a return to the IRS, this form is required for total income and tax paid.

* The target mailing/emailing dates provided are estimates only. Clients who have opted to receive electronic statements only will receive all tax documents online, except for MD and MD Private Investment Counsel estate tax slips, which are available only in paper format and will be sent by mail.

Frequently asked questions

1. Is it possible to receive all my tax slips at the same time?

Unfortunately, this is not possible. MD is required by federal regulations to mail most tax slips by the end of February. However, information for investments in income trusts and publicly traded limited partnerships is not reported to MD until the end of February. Once that information is received, MD processes it and issues tax slips to clients as soon as possible.

Tax slips mailed separately include:

- tax slips for registered plan income
- slips for RRSP contributions made between March 1 and December 31, 2018
- slips for RRSP contributions made during the first 60 days of 2019
- mutual fund tax slips, issued directly by the mutual fund company whose funds you held during the 2018 calendar year
- unit trusts, limited partnerships
- non-resident slips

2. Will I receive a T3 or T5 tax slip from every mutual fund I've invested in?

MD issues T3 and T5 tax slips, when applicable, for all MD mutual funds in non-registered accounts. A T5 tax slip is created when the MD Growth Investment Limited mutual fund makes a distribution.

If you own non-MD funds in your non-registered MD account, you will receive T3/Relevé 16 tax slips and other regulatory documentation directly from third-party fund companies.

3. Why have I received more than one T3 or T5 tax slip?

T3 tax slips from the MD Family of Funds, prepared in February, represent income from all applicable MD mutual funds. Unit trust information (representing 2018 tax year distributions) is not available until March, so it is sent as a separate tax slip.

Interest income in non-registered accounts—including interest on investments in guaranteed term deposits and equity income—is reported on a T5 tax slip from MD.

4. Why are my unit trust distributions not fully taxable?

Often, only a portion of a unit trust's monthly distribution is taxable. The remaining amount generally represents a return of capital, which is typically not taxable at the time of distribution; however, your adjusted cost base in the units of the fund is reduced by the amount of this return of capital.

Upon a future sale of some or all of the units, this will result in either an increased capital gain or a reduced capital loss.

5. Why am I receiving an NR4 tax slip?

Non-residents of Canada who earn income in non-registered accounts or who make a withdrawal from a registered account receive an NR4 tax slip.

- **Non-registered accounts:** Income earned is generally subject to Canadian non-resident withholding tax. The tax rate varies according to the type of income and the non-resident's country of residence. This tax is withheld when income is earned in the account, and remitted to the Canada Revenue Agency.
- **Registered accounts:** Certain withdrawals by a non-resident are also subject to Canadian non-resident withholding tax. This tax is withheld at the time of withdrawal, and remitted to the Canada Revenue Agency.

6. What does the "taxable amount of dividends" mean on my T3 and T5 tax slip?

This is often referred to as the "grossed-up" amount of dividends.

- **For eligible dividends:** The "taxable amount of eligible dividends" represents 138% of the fund's actual eligible dividends received from Canadian public corporations and distributed to unitholders.
- **For other dividends:** The "taxable amount of dividends other than eligible dividends" represents 117% of the fund's actual ineligible dividends.

An offsetting federal dividend tax credit can be used on your personal T1 tax return to reduce your tax liability, equal to 15.0198% of eligible and 10.5217% of ineligible taxable amounts.

Most provinces apply a similar dividend tax credit, worth approximately one-half of the federal tax credit.

If you are a resident of Quebec, you will also receive a corresponding Relevé 16 slip that reports both eligible and ineligible Canadian actual and taxable dividend amounts. For eligible dividends, the tax credit is 16.422% of the taxable amount from January 1 to March 27 and for ineligible dividends 8.178% of the taxable amount from January 1 to March 27. For eligible dividends the tax credit is 16.37% from March 28 to December 31, and for ineligible dividends the tax credit is 7.28% from March 28 until December 31.

7. How are foreign dividends reported on my T3 tax slip?

Dividends received from foreign corporations are not subject to the "gross-up," nor are they eligible for the dividend tax credit. Instead, they are reported as "foreign non-business income" on your T3 tax slip.

8. What type of income does MD Growth distribute to shareholders?

MD Growth is MD's only mutual fund corporation and is not treated the same way as a mutual fund trust. Income distributed from the fund must be distributed as dividends to its unitholders and reported on a T5 tax slip. During 2018, MD Growth made no eligible distributions.

9. Will I receive a tax slip for my TFSA account?

No. The TFSA is a tax-free savings account and, generally, you should not receive any tax slips for investments in this account.

10. What if I file my tax return and then receive a tax slip in the mail?

You will need to file a T1-ADJ form to amend your tax return. Find and download this form at www.canada.ca/en/revenue-agency/services/forms-publications/forms/t1-adj.html. To avoid having to amend your tax return, please do not file it until you are sure you have received all your tax slips.

Quebec residents must also complete and file a TP1 Adjustment Request Form (TP-1.R-V) with Revenu Québec. This form is available online at www.revenuquebec.ca/en/citoyen/declaration/modifier/modifier.aspx.

11. What is a spousal or common-law-partner RRSP?

It can be any RRSP:

- to which the annuitant's spouse or common-law-partner contributed,
- that received payments or transfers of property from RRSPs to which the spouse or common-law-partner contributed, or
- that received payments or transfers of property from RRIFs to which the annuitant transferred amounts from other spousal or common-law-partner RRSPs.

12. What are the anti-avoidance rules regarding spousal or common-law-partner RRSPs?

When your spouse or common-law-partner makes a withdrawal from a spousal or common-law-partner RRSP to which you contributed, this withdrawal may be taxable to you.

The taxable amount is the portion of the withdrawal that represents any spousal or common-law-partner RRSP contributions you made in the year of the withdrawal, or either of the two preceding years.

This attribution rule does not apply if:

- you are living separately due to marriage breakdown,
- the spousal or common-law-partner RRSP has been converted to an RRIF and no more than the minimum RRIF payment or regular annuity payment is withdrawn,

- you and your spouse or common-law-partner are non-residents of Canada, or
- your spouse or common-law-partner makes withdrawals in the year of your death.

13. Can my T4RSP be completed with a “no” for a contributor spouse or common-law-partner when it is a spousal or common-law-partner RRSP?

Yes. The attribution rules may no longer be applicable to your situation, possibly due to divorce or the contributor's passing. If specific requirements are met, the spousal information can be removed from T4RSP or T4RIF tax slips. Contact your MD Advisor or the MD Trade Centre at 1 800 267-2332 to make this change.

14. Why am I receiving multiple MD Direct Trade RRSP contribution receipts?

MD's provider for Direct Trade, Qtrade, merged with Credential in mid-2018. Due to the merger, tax receipts are being split on a pre- and post-merger basis. That is, transactions from March 2, 2018, to August 31, 2018, are being sent out separately from September 1, 2018, to December 31, 2018.

15. Why did I not receive paper copies of my MD Direct Trade documents?

MD Direct Trade clients get digital copies at no charge or paper copies for \$6 per month, according to the preference indicated on their account. If you wish to update your preferences, you can do so by logging into your MD Direct Trade account, clicking the “Service Centre” link, choosing the option “Sign Up for eDocuments,” and then changing your preferences from online to mail.

16. Why did I not receive a digital copy of my MD Direct Trade T3?

MD Direct Trade T3s issued by MD will be paper only, regardless of client preferences.

QUESTIONS ABOUT YOUR TAX SLIPS? WE CAN HELP

- Visit md.ca/2018taxslips.
- Contact your MD Advisor.
- Call the MD Trade Centre at 1 800 267-2332.

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