A guide to investment fund distributions

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What is a distribution?

When a mutual fund flows through its net income, net capital gains and/or return of capital to its investors, it is referred to as a distribution.

A mutual fund's portfolio manager uses money received from individual investors to purchase securities such as cash, bonds and stocks, according to the fund's investment objective. A mutual fund may earn interest and other income, Canadian dividend income and foreign income from the securities it holds or generate capital gains or losses from the sale of securities made throughout its taxation-year.

These various types of income and capital gains can be offset with a fund's expenses (for example, management fees), while capital gains can also be offset with capital losses. Any net amounts that remain are distributed out to unitholders. Because only net income is distributed, gross income is not an indication of how much a fund may distribute.

Not all mutual funds may pay a distribution. If a fund's investment objective is to invest in companies that do not have high dividend payouts, mutual funds may not need to pay a net distribution to its unitholders. Also, some funds may pay a distribution one year and not need to pay one the following year, based on the fund's internal tax position for a specific taxation year.

Exchange-traded funds (ETFs) are similar to mutual funds however they are structured differently. ETFs are first created by dealers or market makers and ETF sponsors (fund managers) in the primary market and then listed in the secondary market on a securities exchange. Dealers or market makers (generally banks and large financial institutions), transfer securities in-kind to an ETF sponsor to create an ETF and receive ETF units in return.

Alternatively, when dealers or market makers redeem units of an ETF, the ETF provides them with securities back in-kind. ETF creation and redemption activity generally happens in-kind rather than in cash, like a mutual fund. Much of the content of this piece can be applied to both mutual funds and ETFs, however for specific differentiations please see the section titled "Exchange-traded fund distributions".

Mutual funds may also be structured as a corporation rather than a trust and these are often referred to as corporate class mutual funds. For more information please see the section titled "Corporate class mutual funds".

Why are distributions beneficial?

The benefit of a distribution being paid out to mutual fund trust unit holders is that generally, trusts must pay tax on net income at the highest marginal tax rate. If earnings are distributed out to individual unit holders, the distributions are taxed at the investor's personal marginal tax rate or tax-deferred in the case of registered plans such as RRSPs, RDSPs, RRIFs, etc. In most cases, individuals will be subject to a lower marginal tax rate than that of a mutual fund trust. The benefit is two-fold, as reducing the amount of tax payable by the fund also improves the investment return.

When the net income produced within a mutual fund by its underlying holdings is distributed out to investors, the character of that income (that is, the type of income) is preserved. Table 1 highlights the different types of income that can be distributed to investors and the tax treatment of this income if the investment is held in a non-registered account.

Table 1 | Different forms of income from mutual fund trusts

Type of distribution	Definition	Tax treatment
Interest income	This is interest received from fixed-income securities, like bonds, T-bills, commercial paper, and other money market instruments. These securities make a payment at regular intervals. Derivatives used for non-hedging purposes may also be accounted as income.	Distributions from this source are fully taxable at the individual's marginal tax rate.
Foreign income	Foreign income consists of interest and dividends paid from foreign sources.	Distributions from this source are fully taxable at the individual's marginal tax rate. There may also be withholding tax at the source of foreign portfolio holdings for which a foreign dividend tax credit may be available.
Canadian eligible dividends	Eligible dividends are dividends received from publicly traded Canadian corporations and Canadian-controlled private corporations that elect to pay an eligible dividend.	Eligible dividends received are grossed up by 38% and added to an individual's taxable income. Federal and Provincial* governments then allow for an enhanced dividend tax credit equal to 15.0189% (Federal) plus a provincial dividend tax credit percentage of the grossed-up dividend, which reduces actual tax payable.
Canadian non-eligible dividends	Non-eligible dividends can be received by any type of Canadian corporation but are generally paid from Canadian-controlled private corporations.	Non-eligible dividends received are grossed up by 15% and added to an individual's taxable income. Federal and Provincial* governments then allow for a dividend tax credit equal to 9.0301% (Federal), plus a provincial dividend tax credit percentage of the grossed-up dividend which reduces actual tax payable.
Capital gains	Net capital gains are realized when assets are sold for more than the were purchased for.	50% of net capital gains are taxable at the individual's marginal tax rate.
Return of capital (ROC)	This is simply part of one's original investment being returned. This occurs by design, when a fund is committed to making a distribution but may not have earned sufficient income and/or realized capital gains to fund it, or as part of a specific investment strategy (for example buy-and-hold).	ROC is not immediately taxable, as it is not income generated by the fund. It does however reduce the individual's adjusted cost base (ACB), thereby potentially increasing the capital gain or reducing the capital loss when the investment is ultimately sold.

*Dividend tax credit rates vary on a provincial level.

How are distributions paid out to investors?

Distributions are paid to investors in relation to the number of units they hold of a fund on a "record date". The record date is generally the business day prior to the distribution date.

When a mutual fund pays a distribution, it is set as a dollar amount per unit owned. For example, if the Mackenzie Ivy Foreign Equity Fund had a net asset value (NAV) per unit of $10 and paid out a 2.5% distribution on December 20, that would equate to $0.25 cents per unit. An investor holding 1,000 units of the fund on the distribution date would receive a distribution of $250.

Two ways to receive a distribution:

Distributions can be received by an investor in two ways: as cash or as reinvested units. Tables 2 and 3 illustrate the Mackenzie Ivy Foreign Equity Fund distribution received both as cash and as reinvested units and the impact to an investor's adjusted cost base.

To highlight the impact of the distribution, we are assuming the investor's market value and adjusted cost base are the same prior to the annual distribution being paid on December 20th.

Table 2 | Distribution taken in cash

Record date: December 19				
Beginning market value	1000 units	x	$10 NAV	= $10,000
Beginning adjusted cost base (ACB)	1000 units	x	$10 ACB per unit	= $10,000
Distribution date: December 20				
Distribution of $0.25 per unit (2.5% of NAV)	1000 units	x	$0.25	= $250
Impact of distribution on NAV When distributions are paid out from a mutual fund the NAV per unit is reduced by the amount of the distribution per unit.	$10	–	$0.25	= $9.75 NAV
Post distribution: December 21				
End market value	1000 units	x	$9.75	= $9,750
End ACB The investors adjusted cost base is not impacted by a distribution received in cash.	1000 units	x	$10 ACB per unit	= $10,000
Cash distribution of $250 + market value of $9,750 = $10,000 The value of the investors portfolio declines by the amount of the distribution paid but they have received a $250 distribution which equates to the market value decline.				

This example assumes no market fluctuations

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Table 3 | Distribution reinvested to purchase additional units

Record date: December 19				
Beginning market value	1000 units	x	$10 NAV	= $10,000
Beginning adjusted cost base (ACB)	1000 units	x	$10 ACB per unit	= $10,000
Distribution date: December 20				
Distribution of $0.25 per unit (2.5% of NAV)	1000 units	x	$0.25	= $250
Impact of distribution on NAV When distributions are paid out from a mutual fund the NAV per unit is reduced by the amount of the distribution per unit.	$10	-	$0.25	= $9.75 NAV
New units purchased with $250 distribution and reinvested	$250	÷	$9.75	= 25.641 units
End Market value	1025.641	x	$9.75	= $10,000
New ACB per unit	$10,000 +$250	÷	1025.641 units	= $9.99
End ACB The investors adjusted cost base is increased by the reinvested distribution amount.	1025.641 units	x	$9.99	= $10,250

Market value = $10,000

The value of the investor's portfolio remains the same when distributions are reinvested.

This example assumes no market fluctuations.

Distributions are taxable to the investor in the year they are received. Whether a distribution is received in cash or reinvested, it has the same tax impact for a non-registered investor. The tax impact will depend on the type of distribution received (interest, dividends, or capital gains) and will be reflected on an investor's year-end tax slip.

Reinvested distributions increase an investor's ACB, which may reduce capital gains or increase capital losses. Hence, investors do not have to pay tax again on the distributions at the time of sale.

Return of capital (ROC) distributions are not a taxable form of income but will decrease an investors ACB (unless reinvested) and may lead to a larger gain or smaller loss when a redemption is made in the future. ROC distributions are indicated on an investor's year-end tax slip for the purposes of ACB reconciliation. ROC distributions are addressed in more detail further in this article.

In registered accounts, distributions are typically reinvested and do not impact an investor's contribution room in the case of RRSPs, TFSAs, RESPs or RDSPs.

How do distributions impact a mutual fund's Net Asset Value (NAV) per unit?

As illustrated in tables 2 and 3, a mutual fund distribution reduces the NAV per unit by the amount of the distribution paid out. If an investor reinvests the distribution as a purchase of additional units, the market value of their fund will remain the same pre- and post-distribution, not accounting for market fluctuations. If an investor receives the distribution as cash, the value of their fund will decline by the amount of the cash distribution received.

Frequency

Distributions can be paid monthly, quarterly, semi-annually or annually, depending on the mutual fund. Funds may have a fixed rate distribution (for example 4% monthly) or a variable rate distribution (that is, whatever the fund earns during the period). For mutual fund trusts, interest and dividend income is generally distributed throughout the year, while net capital gains, if any, are distributed at year-end to account for a full year's worth of portfolio transactions.

Fixed rate distributions

Certain fund series are designed specifically for investors who wish to receive a regular monthly cash flow from a fund. If the fund is a corporate class fund, each monthly distribution will generally consist of return of capital. If the fund is a trust fund, each monthly distribution will consist of net income to the extent of the fund's allocation of net income to that series for that month, and any amount of the distribution that is in excess of the net income for that series will consist of return of capital.

The fixed rate distribution series of Mackenzie funds are designed to provide monthly cash flow at a specific rate. Some Mackenzie funds, such as the Mackenzie Monthly Income Balanced Portfolio, pay a monthly fixed rate distribution (4%) on all series of the fund.

Others, such as the Mackenzie Canadian Growth Balanced Fund, which pays annually in Series A and Series F, are available in fund series such as Series T that are designed to provide predictable monthly tax efficient cash flows. For example, Series T8 provide annual cash flow, paid in 12 equal installments, equal to 8% of the net asset value per unit on the last day of the previous calendar year.

For funds with series paying a fixed rate distribution, the distribution amount per unit is calculated at the beginning of the year, using the respective series' December 31st NAV per unit. The calculation is the fixed distribution rate (%) × the December 31st NAV per unit ÷ the number of periods. The result is the distribution amount in cents that an investor will receive on a monthly basis for every unit owned. If an investor owns units of the fund on the record date (the day prior to the distribution date) they will receive the distribution. In general, Mackenzie pays monthly distributions on the third Friday of every month with the exception of December, in which the distribution is paid on the second Friday, so as to avoid conflicting with potential year-end distributions.

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Ex. 1 | Mackenzie Canadian Growth Balanced Fund Series F8

December 31st NAV per unit	=	$13.6567
Number of periods:	=	12
Fixed Distribution Rate:	=	8%
($13.6567 × 8%) ÷ 12 = $0.0910		

The distribution per unit for the monthly payments is $0.0910. If an investor owned 1000 units, they would receive a distribution of $91 monthly (1000 × $0.0910).

More on return of capital (ROC)

When a distribution is paid, it can consist solely of return of capital or can be comprised partially of return of capital and partially of interest income, dividends or capital gains. Usually when a distribution is solely return of capital, this is by design, as is often seen in Series T corporate class funds.

Return of capital is not considered a taxable distribution as it is essentially an investor's own capital being returned to them. It does however have a tax impact in the long term. As return of capital distributions are paid, they reduce an investor's ACB, which generally results in a larger capital gain or smaller capital loss when the fund is eventually sold (or deemed sold) by the investor. Once an investor's ACB reaches zero, or becomes a negative amount, all distributions would be considered capital gain distributions. ROC distributions are indicated on an investor's year-end tax slip for the purposes of ACB reconciliation.

A fund that pays return of capital distributions still has the potential to grow in value if the rate of return generated by the fund is higher than the distributions paid.

Benefits of return of capital distributions

A mutual fund designed to pay a great deal of return of capital like a Series T fund is beneficial for an investor with cash flow needs in retirement. Series T funds are generally set to distribute a fixed 5% or a flexible rate/dollar value with a maximum of 8% on a monthly basis. This allows for easy planning of monthly cash flow needs. Furthermore, since return of capital distributions are not considered income, they are not included in an investor's taxable income for the year. They do not, therefore, impact the receipt of government benefits that are based on annual income thresholds, or 'income tested' benefits, such as Old Age Security. Please see "Effect of distributions on government benefits based on income thresholds" for more details.

With the ROC (return of capital) distribution, investors may pay tax on capital gains when they sell their investment. This may be beneficial because investors can decide when to realize capital gains depending on their expected income for the year.

More on capital gains

Most investors know capital gains and losses are a result of investor-initiated transactions (purchases and redemptions) but capital gains can also be distributed from a mutual fund. Mutual funds are required to distribute realized net capital gains generated from the sale of underlying securities made within the tax year. This is initiated by the fund rather than the investor, however the taxation is similar. If an investor received a capital gain distribution of $500, they will have a taxable capital gain of $250 dollars, which is taxable at the individual's marginal tax rate.

Capital gain (loss) X **Capital gain (loss) inclusion rate of 50%** = **Taxable capital gain (allowable capital loss)**

Why the timing of purchases and redemptions in relation to an expected distribution matters

Traditional mutual fund distributions apply to all unit holders equally, for example, every unit holder receives $0.25 for each unit owned. If an investor purchases a mutual fund with an annual distribution frequency just prior to the year-end distribution date, they would receive a taxable distribution for an entire year's worth of fund activity, in which they would not have benefited from any NAV/market value growth. Conversely, if an investor holds a fund with a monthly distribution frequency for two months, they would receive a taxable distribution for two months of fund activity.

The example below illustrates the difference in taxable income if a fund is purchased before a distribution is paid versus if a fund is purchased after a distribution is paid.

Purchased before distribution

Beginning market value	1000 units	x	$10 NAV	=	$10,000
Cash distribution of 0.25 per unit (2.5% of NAV)	1000 units	x	$0.25	=	$250
End Market value	1000 units	x	$9.75 NAV	=	$9,750
Value of investment	Market value of $9,750	+	Cash distribution of $250	=	$10,000
Taxable income					$250

Purchased after distribution

Beginning market value	1025.64 units	x	$9.75 NAV	=	$10,000
Cash distribution paid					
End Market value					$10,000
Value of investment					$10,000
Taxable income					$0

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On the other hand, selling a mutual fund prior to a distribution being paid may result in more gain or less loss on the transaction than if an investor sold units after a distribution was paid. This is due to the NAV per unit being reduced by the amount of the distribution. This is true if the distribution is received in cash and the investor's ACB does not change. If the distribution is reinvested, there is no difference.

Can mutual funds pay a distribution even when they are experiencing a negative rate of return?

Yes, even if a mutual fund is underperforming, the underlying holdings may still be generating various forms of income, including realized net capital gains from buys and sells made within the fund.

Distributions do not directly reflect a fund's performance or tax efficiency. For example, a well-performing fund may not pay a distribution at all. Distributions are reflective of a fund's transactions throughout its taxation year and income earned by various investments held in the fund. As an example, a fund's portfolio turnover ratio may be more indicative of its net capital gain distribution. Also, a fund with a growth-oriented investment objective may have lower distributions than a dividend fund that invests specifically in dividend-paying securities.

Corporate class mutual funds

While mutual fund trusts are structured as separate legal entities, corporate class funds are structured as multiple shares within one single corporation. A corporate structure allows for income, expenses, gains and losses to be combined across all classes within a mutual fund corporation for the purpose of calculating distributions.

Corporate class is designed to promote tax efficiency for non-registered investors. The ability to offset capital gains from one fund with loses from another, and share expenses collected from all funds to offset income generated by others, can result in the minimization of taxable distributions paid out to shareholders. Furthermore, corporate class funds can only distribute Canadian eligible dividends and net capital gains to investors, which are taxed at more favourable tax rates than other types of income.

Mackenzie wound up its corporate class structure and merged all 34 corporate class funds into trust fund equivalents, effective July 30, 2021. Each terminating corporate class fund was merged into its respective corresponding trust fund equivalent on a tax-deferred basis.

The wind-up was in the best interests of the funds and investors because the corporation has become taxable and is expected to remain in a taxable position. When a corporation becomes taxable, tax liability is allocated to unitholders via a reduction to a fund's NAV (that is to say, it may negatively impact the performance of a fund). Mackenzie made the decision to wind up its suite of corporate class funds before tax liability had a material impact on fund performance.

When are corporate class distributions paid out to unit holders?

While each corporation differs, the concept is similar. A mutual fund corporation must pay out Canadian dividends to its shareholders prior to its taxation year-end, while net capital gains dividends can be paid up to 60 days after its taxation year-end. Mackenzie's corporate class has a taxation year-end of March 31, and typically pays capital gains distributions in May each year.

Exchange-traded fund (ETF) distributions

ETFs also pay distributions to investors, however there are some differences when compared to mutual funds. Like mutual funds, ETFs can distribute interest and other income, foreign income, Canadian dividends, return of capital and capital gains. ETF distributions are typically paid out in cash, however year-end distributions may be reinvested.

Typically, monthly, quarterly, semi-annual and annual distributions are paid in cash to the investor. These distributions are expected to consist primarily of income but may include some capital gains or return of capital. Any remaining undistributed net income and net capital gains are paid in December as reinvested units. The additional units are immediately consolidated with the units previously outstanding, so that the number of units outstanding following the distribution will equal the number of units outstanding prior to the distribution (this is referred to as a notional distribution).

From the investor's perspective, this means that the distribution does not result in the purchase of additional units, however it does increase their adjusted cost base by the dollar amount of the distribution. When the investor eventually sells their ETF, this ACB adjustment will potentially lower the realized capital gain or increase the capital loss. The notional distribution will be recorded on the investor's T3 tax slip in the year it is paid, along with any cash distributions the investor received from the ETF during the year.

For Mackenzie, the actual taxable amounts distributed by ETFs within a calendar year, including the tax characteristics of these amounts, will be reported to brokers through CDS Clearing and Depository Services Inc., early the following year. As ETFs trade on the exchange, a brokerage account is required to hold Mackenzie ETFs. Investors will need to refer to their broker for their applicable tax receipts and transactional information.

Why account registration matters:

Distributions made on mutual funds held in registered accounts, for example Registered Retirement Savings Plans (RRSPs), are tax-deferred until an investor starts taking income payments from their Registered Retirement Income Funds (RRIFs). Redemptions out of these accounts are 100% taxable on all distribution types (interest, dividends, capital gains) and added to an investor's earned income for the tax year. Distributions received within a Tax-Free Savings Account (TFSA) are tax-free, even when redeemed from the TFSA.

Effect of distributions on 'income-tested' government benefits:

Many of Canada's government benefits are 'income-tested', meaning that the benefit amount received depends on an individual's or a family's annual net income. Income earned from certain types of mutual fund distributions in non-registered accounts would be included in this and is often overlooked. Some of these government benefits include Old Age Security, Guaranteed Income Supplement and various federal and provincial tax credits. These benefits may be reduced when individual or family income received is beyond a specific threshold. Income received from distributions may push an investor's income over a specific threshold, which may lead to a clawback of government benefits or ineligibility of tax credits. An investor must be particularly careful when receiving eligible and non-eligible Canadian dividends that are subject to an income gross-up rate of 38% and 15% respectively. Furthermore, 50% of a capital gain distribution is included in an investor's net income.

How and when are distributions reported?

For non-registered investors, distributions received from mutual fund trusts are reported on a T3 tax slip (Statement of Trust Income Allocations and Designations), or Relevé 16 in Quebec. Distributions received from mutual fund corporations, such as corporate class funds, are reported on a T5 tax slip (Statement of Investment Income), or Relevé 3 in Quebec. Investors will generally receive their applicable tax slips for the previous year from financial institutions in February or March.

While return of capital is not considered a taxable distribution as it is essentially an investor's own capital being returned to them, ROC distributions are indicated on an investor's year-end tax slip for the purposes of ACB reconciliation. They are included on a T3 (Relevé 16) if received from a mutual fund trust or a T5 (Relevé 3) if received from a mutual fund corporate class.

Please see the appendix for samples of the applicable tax reporting

Capital gains refund mechanism

The Capital gains refund mechanism (CGRM) is a benefit provided under the Income Tax Act to limit potential double taxation on capital gains. The Income Tax Act (ITA) states the same economic gain should be not taxed twice, once by the unitholder and once within the fund.

Portfolio managers make investment decisions that could lead to mutual funds selling some of their holdings. If the market value of these holdings is greater than the cost, capital gains are realized. These gains are passed on to the unitholders via a distribution of net capital gains, and unitholders pay the taxes on capital gains. Double taxation may occur when a unitholder sells units at a gain (MV>ACB) and when the portfolio manager, to raise cash to fund the redemption, sells securities, realizing a gain in the fund.

With CGRM, mutual funds could offset some of these capital gains with a tax credit.

Here is an example:

Suppose a unitholder with an initial investment of $10,000 in a mutual fund decides to sell their holdings after the market value doubles to $20,000. The unitholder will have taxable capital gains of $5,000. To raise cash to fund the redemption, the portfolio manager sells securities, realizing a gain in the fund. To avoid double taxation, the mutual fund receives a tax credit under CGRM which is passed on to its unitholders by way of a potential lower net capital gain distribution in the future.

The formula of CGRM is complex and considers various factors such as redemptions and unrealized gains, as well as the refundable capital gains tax on hand balance from the previous year and current year.

CGRM is calculated for individual trust funds and ETFs, and cannot be carried forward to the next year.

Closing remarks

The benefit of a distribution being paid out to mutual fund trust unit holders is that generally trusts must pay tax on income at the highest marginal tax rate. If earnings are distributed out to individual unit holders, they are taxed at the investor's own marginal tax rate or tax deferred in the case of registered plans. In most cases, individuals will be subject to a lower marginal tax rate than that of a mutual fund trust. The benefit is two-fold, as reducing the amount of tax payable by the fund improves the investment return.

Furthermore, mutual funds that pay monthly distributions provide investors with the benefit of predictable monthly cash flow and the potential for tax-efficient distributions in the form of return of capital.

Mutual fund distributions are an important aspect to understand when investing, and this guide was created to help inform investors and advisors about the mechanics of distributions, what they are composed of and the tax treatment for individual investors. While this guide was created to provide a deeper understanding of distributions, it must be noted that each individual investor has specific tax circumstances and professional investment and tax advice are always recommended.

Appendix 1

Marginal tax rates	Marginal tax rates calculate the amount of combined federal and provincial taxes payable on the next dollar of income.
Net asset value (NAV)	NAV represents price per unit of a fund. NAV is a fund's assets less liabilities, divided by the total number of outstanding shares.
Adjusted cost base (ACB)	ACB is the cost of the investments, plus any expenses incurred (such as fees to purchase it), plus any reinvested distributions, minus any returns of capitals.
Market value (MV)	Market value is the price of an asset in the market.

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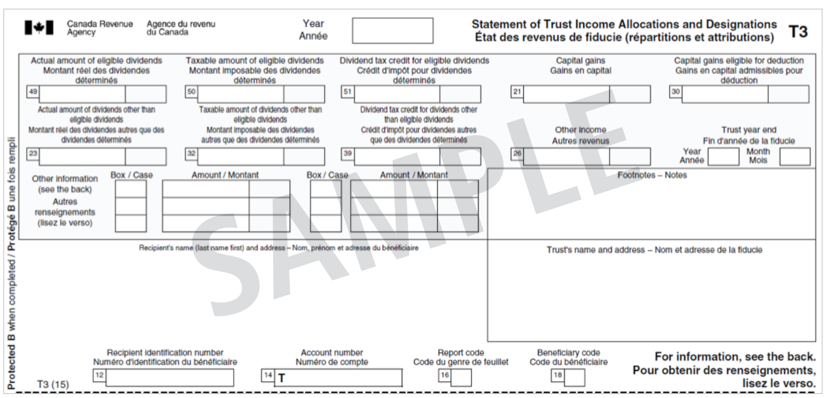
Appendix 2 | T3

Year End Tax Receipts

Year End Tax Receipts – T3


Canada Revenue Agency
Agence du revenu du Canada
Year
Année

Statement of Trust Income Allocations and Designations
État des revenus de fiducie (répartitions et attributions) **T3**

Actual amount of eligible dividends
Montant réel des dividendes déterminés
49

Taxable amount of eligible dividends
Montant imposable des dividendes déterminés
50

Dividend tax credit for eligible dividends
Crédit d'impôt pour dividendes déterminés
51

Capital gains
Gains en capital
21

Capital gains eligible for deduction
Gains en capital admissibles pour déduction
30

Actual amount of dividends other than eligible dividends
Montant réel des dividendes autres que des dividendes déterminés
23

Taxable amount of dividends other than eligible dividends
Montant imposable des dividendes autres que des dividendes déterminés
32

Dividend tax credit for dividends other than eligible dividends
Crédit d'impôt pour dividendes autres que des dividendes déterminés
39

Other income
Autres revenus
26

Trust year end
Fin d'année de la fiducie
Year
Année
Month
Mois

Other information (see the back)
Autres renseignements (lisez le verso)
Box / Case
Amount / Montant
Box / Case
Amount / Montant

Footnotes – Notes

Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire

Trust's name and address – Nom et adresse de la fiducie

Recipient identification number
Numéro d'identification du bénéficiaire
12

Account number
Numéro de compte
14 T

Report code
Code du genre de feuillet
16

Beneficiary code
Code du bénéficiaire
18

For information, see the back.
Pour obtenir des renseignements, lisez le verso.

T3 (15)

Protected B when completed / Protégé B une fois rempli

SAMPLE

Report these amounts on your income tax and benefit return. Please note that reporting is done on a consolidated basis, with account holdings shown on the reverse of the forms.

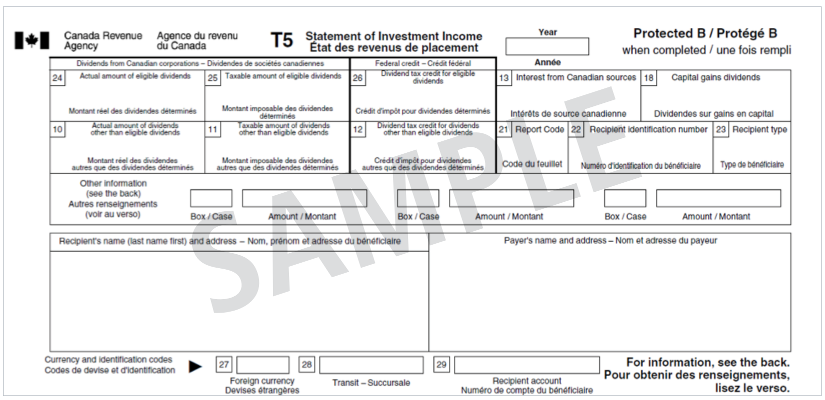
23 49 32 50 39 51	**Dividends from Canadian corporations** – The amounts you have to report as income are the amounts shown in box 32 and box 50. Also, include the amount shown in box 32. The federal dividend tax credit to which you are entitled is the total of box 39 and box 51.
21	**Capital gains** – Subtract any amount in box 30 from the amount in box 21. All or part of the amount inbox 21 may be foreign non-business income, which will be footnoted.
26	**Other income** – Subtract any amount in box 31 from the amount in box 26.
12	**Recipient identification number** – You have to give your social insurance number or business number to the preparer of this slip. If this box is blank, provide your number to the preparer as soon as possible.
24	**Foreign business income**
25	**Foreign non-business income**
33	**Foreign business income tax paid**
34	**Foreign non-business income tax paid**
37	**Insurance segregated fund net capital losses**
40 41	**Investment tax credit** – The investment code should be identified as a footnote on this slip.
42	**Amount resulting in cost base adjustment** – This amount represents a distribution or return of capital from the trust. Follow the instructions in the footnote area and adjust the cost base of the property at the end of the tax year.
45	**Other credits** – Include the footnoted amount on Form T1129 for Newfoundland and Labrador or Form T1232 for Yukon, whichever applies.

* Note that year end tax receipts are not typically mailed until the month of February. This may vary based on the type of tax receipt and the issuing institution.

9

Appendix 3 | T5

Year End Tax Receipts – T5



Canada Revenue Agency / Agence du revenu du Canada

T5 **Statement of Investment Income / État des revenus de placement**

Year / Année

Protected B / Protégé B when completed / une fois rempli

Dividends from Canadian corporations – Dividendes de sociétés canadiennes

Federal credit – Crédit fédéral

24 Actual amount of eligible dividends / Montant réel des dividendes déterminés

25 Taxable amount of eligible dividends / Montant imposable des dividendes déterminés

26 Dividend tax credit for eligible dividends / Crédit d'impôt pour dividendes déterminés

13 Interest from Canadian sources / Intérêts de source canadienne

18 Capital gains dividends / Dividendes sur gains en capital

10 Actual amount of dividends other than eligible dividends / Montant réel des dividendes autres que des dividendes déterminés

11 Taxable amount of dividends other than eligible dividends / Montant imposable des dividendes autres que des dividendes déterminés

12 Dividend tax credit for dividends other than eligible dividends / Crédit d'impôt pour dividendes autres que des dividendes déterminés

21 Report Code / Code du feuillet

22 Recipient identification number / Numéro d'identification du bénéficiaire

23 Recipient type / Type de bénéficiaire

Other information (see the back) / Autres renseignements (voir au verso)

Box / Case | Amount / Montant | Box / Case | Amount / Montant | Box / Case | Amount / Montant

Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire

Payer's name and address – Nom et adresse du payeur

Currency and identification codes / Codes de devise et d'identification

27 Foreign currency / Devises étrangères

28 Transit – Succursale

29 Recipient account / Numéro de compte du bénéficiaire

For information, see the back. Pour obtenir des renseignements, lisez le verso.

SAMPLE

Report these amounts on your income tax and benefit return. Please note that reporting is done on a consolidated basis, with account holdings shown on the reverse of the forms.

10, 11, 12 — **Dividends from Canadian corporations other than eligible dividends** – The amount an individual has to report as income is the amount shown in box 11. The dividend tax credit that an individual is entitled to is in box 12.

13 — Interest from Canadian sources

14 — Other income from Canadian sources

15 — Foreign income

16 — Foreign tax paid. Use this amount to calculate your foreign tax credit.

17 — Royalties from Canadian sources

18 — Capital gains dividends

19 — **Accrued income:** Annuities. This amount is the earnings part of a general annuity.

23 — **Recipient type** – The code in this box indicates if the amount was paid to an individual ("1"), a joint account ("2"), a corporation ("3"), an association, trust, club, or partnership ("4"), or a government ("5").

24, 25, 26 — **Eligible dividends from Canadian corporations** – The amount an individual has to report as income is the amount shown in box 25. The dividend tax credit to which an individual is entitled is shown in box 26.

27 — **Foreign currency** – Will be blank if you the reported amounts are in Canadian dollars.

29 — **Recipient account** –The recipient's account or policy number.

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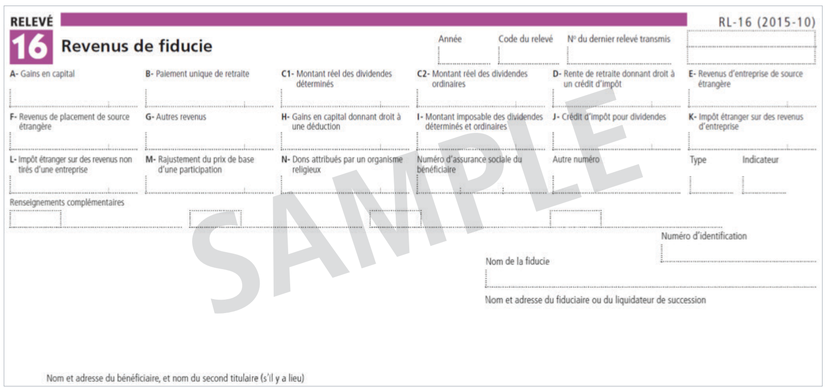
Appendix 4 | Relevé 16 (Quebec residents only)*

Year End Tax Receipts – Relevé 16 (Quebec Residents Only)*


RELEVÉ 16 Revenus de fiducie

RL-16 (2015-10)

Année | Code du relevé | Nº du dernier relevé transmis

A- Gains en capital
B- Paiement unique de retraite
C1- Montant réel des dividendes déterminés
C2- Montant réel des dividendes ordinaires
D- Rente de retraite donnant droit à un crédit d'impôt
E- Revenus d'entreprise de source étrangère
F- Revenus de placement de source étrangère
G- Autres revenus
H- Gains en capital donnant droit à une déduction
I- Montant imposable des dividendes déterminés et ordinaires
J- Crédit d'impôt pour dividendes
K- Impôt étranger sur des revenus d'entreprise
L- Impôt étranger sur des revenus non tirés d'une entreprise
M- Rajustement du prix de base d'une participation
N- Dons attribués par un organisme religieux
Numéro d'assurance sociale du bénéficiaire
Autre numéro
Type
Indicateur

Renseignements complémentaires

Numéro d'identification

Nom de la fiducie

Nom et adresse du fiduciaire ou du liquidateur de succession

Nom et adresse du bénéficiaire, et nom du second titulaire (s'il y a lieu)

SAMPLE

Explanation of boxes

A	Capital gains. Subtract the amounts in boxes A-2, A-3 and H from the amount in box A. In the case of a capital loss of a segregated fund trust, the amount in box A is negative.
C1	Box C1 Actual amount of eligible dividends.
C2	Box C2 Actual amount of ordinary dividends.
E	Box E Foreign business income.
F	Box F Foreign investment income.
G	Box G Other income.
H	Box H Capital gains giving entitlement to a deduction. Subtract the amount in box H-3 from the amount in box H.
I	Box I Taxable amount of eligible dividends and ordinary dividends.
J	Box J Dividend tax credit.
K	Box K Foreign income tax on business income. This amount gives entitlement to the foreign tax credit relating to business income.
L	Box L Foreign income tax on non-business income. This amount gives entitlement to the foreign tax credit relating to non-business income.
M	Box M Cost base adjustment of capital interest. Use this amount to adjust the cost base of your capital interest in the trust. If the amount in box M is positive, it generally corresponds to a distribution of capital or a non-taxable benefit. Subtract this amount from the adjusted cost base (ACB) of your capital interest. If the amount is negative, add it to your ACB.

Boxes under "Renseignements complémentaires" (additional information)

A-1	Foreign capital gain
A-2	**Split income:** Capital gain deemed to be an ordinary dividend.
H-3	**Split income:** Capital gain deemed to be an ordinary dividend.
I-1	Split income
J-1	Tax credit for the dividends entered in box I-1

* The T3 is the CRA equivalent to RL16

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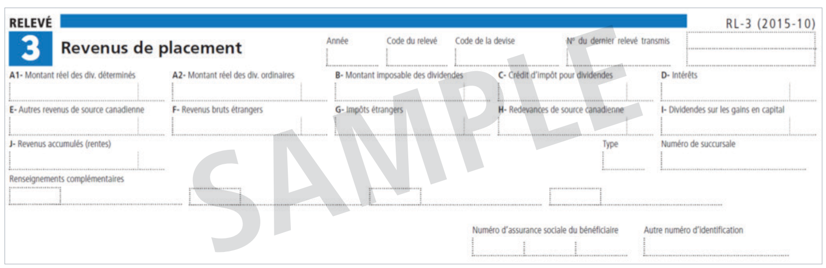
Appendix 5 | Relevé 3 (Quebec residents only)*

Year End Tax Receipts – Relevé 3 (Quebec Residents Only)*


RELEVÉ 3 Revenus de placement

RL-3 (2015-10)

Année	Code du relevé	Code de la devise	N° du dernier relevé transmis	
A1- Montant réel des div. déterminés	A2- Montant réel des div. ordinaires	B- Montant imposable des dividendes	C- Crédit d'impôt pour dividendes	D- Intérêts
E- Autres revenus de source canadienne	F- Revenus bruts étrangers	G- Impôts étrangers	H- Redevances de source canadienne	I- Dividendes sur les gains en capital
J- Revenus accumulés (rentes)			Type	Numéro de succursale

Renseignements complémentaires

Numéro d'assurance sociale du bénéficiaire | Autre numéro d'identification

SAMPLE

Explanation of boxes

A1	Actual amount of eligible dividends
A2	Actual amount of ordinary dividends
B	Taxable amount of dividends from taxable Canadian corporations
C	Dividend tax credit
D	Interest
E	Other income from Canadian sources
F	Gross foreign investment income
G	Foreign income tax. This amount is used to calculate the foreign tax credit.
H	Royalties from Canadian sources
I	Capital gains dividends
J	Accrued income: annuities

Boxes under "Renseignements complémentaires" (additional information)

E-1	Actual amount of eligible dividends
E-2	Actual amount of ordinary dividends
200	Currency used
201	Social insurance number of one of the joint account holders
202	Social insurance number of one of the joint account holders
203	Social insurance number of one of the joint account holders
204	Social insurance number of one of the joint account holders
205	Unclaimed dividend account
206	Unclaimed interest account
207	Unclaimed dividend account: Income tax withheld
208	Unclaimed interest account: Income tax withheld

* The T5 is the CRA equivalent to RL3

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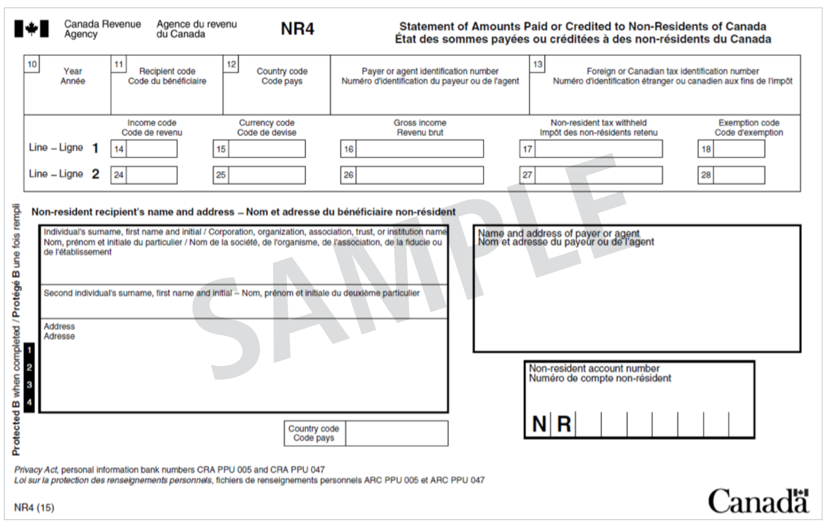
Appendix 6 | NR4 (non-residents of Canada only)

Year End Tax Receipts – NR4 (Non-Residents of Canada Only)


Canada Revenue Agency / Agence du revenu du Canada — NR4

Statement of Amounts Paid or Credited to Non-Residents of Canada
État des sommes payées ou créditées à des non-résidents du Canada

10 Year / Année	11 Recipient code / Code du bénéficiaire	12 Country code / Code pays	Payer or agent identification number / Numéro d'identification du payeur ou de l'agent	13 Foreign or Canadian tax identification number / Numéro d'identification étranger ou canadien aux fins de l'impôt

	Income code / Code de revenu	Currency code / Code de devise	Gross income / Revenu brut	Non-resident tax withheld / Impôt des non-résidents retenu	Exemption code / Code d'exemption
Line – Ligne 1	14	15	16	17	18
Line – Ligne 2	24	25	26	27	28

Protected B when completed / Protégé B une fois rempli

Non-resident recipient's name and address – Nom et adresse du bénéficiaire non-résident

Individual's surname, first name and initial / Corporation, organization, association, trust, or institution name
Nom, prénom et initiale du particulier / Nom de la société, de l'organisme, de l'association, de la fiducie ou de l'établissement

Second individual's surname, first name and initial – Nom, prénom et initiale du deuxième particulier

Address
Adresse

1 2 3 4

Country code
Code pays

Name and address of payer or agent
Nom et adresse du payeur ou de l'agent

Non-resident account number
Numéro de compte non-résident

N R

SAMPLE

Privacy Act, personal information bank numbers CRA PPU 005 and CRA PPU 047
Loi sur la protection des renseignements personnels, fichiers de renseignements personnels ARC PPU 005 et ARC PPU 047

NR4 (15)

Canada

Code	Type of Income
02	Other – Periodic payments
03	Other – Lump-sum payments
07	Deferred profit-sharing plan – Periodic payments
08	Dividends paid by Canadian subsidiaries to foreign parent corporations
09	Dividends – Other
11	Estate and trust income
14	Income-averaging annuity contract
21	Management or administrative fee or charge
24	Registered education savings plan

Code	Type of Income
26	RRIF – Periodic payments
27	RRIF – Lump-sum payments
28	RRSP – Periodic payments
29	RRSP – Refund of premiums
30	RRSP – Refund of excess amounts
31	Deferred profit-sharing plans – Lump-sum payments
32	RRSP – Amounts deemed received on deregistration
33	RRSP – Amounts deemed received on death

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https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/completing-slips-summaries/financial-slips-summaries/return-investment-income-t5/t5-slip.html
https://www.canada.ca/en/revenue-agency/services/tax/trust-administrators/t3-slip.html
https://taxpage.com/articles-and-tips/corporate-taxation/types-of-dividend/
https://www.ey.com/Publication/vwLUAssets/Tax-Rates-Ontario-2019/$FILE/Tax-Rates-Ontario-2019.pdf
https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/eligible-dividends.html
https://www.taxtips.ca/dtc/smallbusdtc.htm
https://www.taxtips.ca/dtc/enhanceddtc.htm
https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/impact-on-your-government-benefits-credits.html
https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-127-capital-gains/calculating-reporting-your-capital-gains-losses/adjusted-cost-base.html

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