

How to File the T5 Return of Investment Income

Many people who file a T5 information return do not need all of the detailed information we give in our guide called *T5 Guide – Return of Investment Income*.

If you are filing a T5 information return only to report interest and dividend payments, this pamphlet probably has all the information you need. For a list of some of the topics covered in our guide, see page 14.

This pamphlet uses plain language to explain the most common tax situations. If you need more help, call our Business Enquiries line at **1-800-959-5525**. If your problem still cannot be resolved through normal channels, you should get in touch with the Problem Resolution Program co-ordinator at your tax services office. The numbers are listed in the government section of your telephone book.

Visually impaired persons can order publications in braille or large print, or on audio cassette or computer diskette, by calling **1-800-267-1267** weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

La version française de cette publication est intitulée *Comment remplir la Déclaration des revenus de placements (T5)*.

What's new?

Revised T5 slip

To increase efficiency and reduce processing costs, we redesigned our information slips adopting a format similar to the one used for T4 slips.

The major changes we made to the front of the T5 slip are:

- We renamed box 18 “Capital gains dividends.”
- We removed:
 - all low-usage, less common income boxes 14, 15, 16, 17, 19, and 20;
 - the temporary capital gains dividends boxes 40 and 41; and
 - the “VOID” box.
- We added a new area called “Other information” just below the first row of fixed-number high-usage boxes. It contains five unnumbered generic boxes where you can enter the codes and amounts that relate to the previous low-usage, less common income boxes:
 - Other income from Canadian sources (box 14);
 - Foreign income (box 15);
 - Foreign tax paid (box 16);
 - Royalties from Canadian sources (box 17);
 - Accrued income: annuities (box 19); and
 - Amount eligible for resource allowance deduction (box 20).

To identify these less common income types you must enter a code in the box to the left of the dollar amount. We explain these codes on the back of the slip so the recipient knows what the amount represents.

We also made changes to the back of the T5 slip as follows:

- We redesigned the back of the slip:
 - In the unshaded areas, we show high-usage boxes with box numbers and explanations.
 - In the shaded areas, we show the generic boxes and explanations.
- We removed all references to boxes 40 and 41, as they no longer apply.

Revised T5 Summary

We removed all references to box 40 and 41, as they no longer apply.

Revised T5 Segment

We removed all references to box 40 and 41, as they no longer apply.

E-Amendments

For the 2003 filing season, you will be able to correct errors electronically. For more information, see "Filing on magnetic media" on page 6 and "How to correct your T5 slips" on page 11.

Dividend Tax Credit – Newfoundland and Labrador

The province of Newfoundland and Labrador announced that the provincial dividend tax credit rate changed as of March 21, 2002, from 9% to 5%. In order to help clients complete their returns, you should issue a statement or letter to those who reside in Newfoundland and Labrador on December 31, 2002, or who have tax payable in that province, indicating the taxable amount of dividends declared and paid before March 22, 2002. For more information, see instructions for box 11 on page 8.

Table of contents

	Page
Is this pamphlet for you?	5
The T5 information return	5
Filing requirements	5
Filing on magnetic media	6
Filing on paper	6
The T5 slip	7
How to complete the T5 slip	7
Distributing the T5 slips.....	11
How to correct your T5 slips.....	11
The T5 Summary and Segment	12
How to complete the T5 Summary.....	12
Distributing the T5 Summary	13
How to complete the T5 Segment.....	13
The T5 Guide	14
Provincial and territorial codes	14
Addresses of tax centres	15

Is this pamphlet for you?

If you make certain payments to a resident of Canada, or if you receive certain payments as a nominee or agent for a person resident in Canada, you have to file a T5 information return.

Use this pamphlet if you are reporting the following amounts:

- dividends paid by Canadian corporations; or
- interest from:
 - a fully registered bond or debenture;
 - money loaned to, or on deposit with, or property of any kind placed with, a corporation, association, organization, or institution;
 - an account with an investment dealer or broker;
 - an insurance policy or annuity contract (when the interest is paid by an insurer); or
 - an amount owing as compensation for expropriated property.

If the amount you paid is not included in this list, see the *T5 Guide – Return of Investment Income* for information on how to complete your T5 information return.

If you make certain payments to a non-resident of Canada, you should report the amounts on an NR4 return. For more information, see the *Non-Resident Withholding Tax Guide*.

The T5 information return

Filing requirements

To prepare a T5 information return you must complete the T5 slips and the related T5 Summary. In some cases, you may also have to complete a T5 Segment.

A T5 Summary alone is not an information return. You have to file the T5 information return before March 1 of the year after the calendar year for which you are preparing it. For example, if you are filing a T5 information return for 2002, it has to be filed before March 1, 2003.

If you end your business or activity, you have to file a return for the year or part-year no later than 30 days after the date the business or activity ended.

Send the copies of the T5 slip to the recipient's last known address or deliver them in person. You must do this on or before the day you have to file the T5 information return.

If you file your T5 information return late, or if you distribute slips to the recipients late, you are liable for each failure to a penalty of \$25 per day, from a minimum of \$100 to a maximum of \$2,500. For more information on penalties and offences, see the *T5 Guide – Return of Investment Income*.

Note

Do not file a blank or nil T5 information return that has no T5 slips. You do not have to file a T5 return for a year during which you did not pay or credit any amounts.

Filing on magnetic media

If you (or a representative) file more than 500 information slips for the calendar year (the total number of T3, T4, T4A, T4A-NR, T4RSP, T4RIF, T5, T5007, T5008, NR4, T1204, and T5018 slips), you **have to** file your information returns on magnetic media using computer tape, cartridge, diskette, or CD-ROM.

However, anyone can file on magnetic media to save time or to simplify the requirements when using customized forms. If you keep financial data on a computerized system, you can file on magnetic media. For technical specifications, see the current version of the electronic guide called *Computer Specifications for Data Filed on Magnetic Media – T5, T5008, T4RSP, T4RIF, NR4, and T3*.

For more information about this method of filing, you can call us toll free at 1-800-665-5164 or visit our Web site at www.ccra.gc.ca/magmedia.

Filing on paper

If you (or a representative) file more than 500 information slips for the calendar year (the total number of T3, T4, T4A, T4A-NR, T4RSP, T4RIF, T5, T5007, T5008, NR4, T1204, and T5018 slips), you **have to** file your information returns on magnetic media. See “Filing on magnetic media” above.

If you are filing your T5 information returns on paper, keep the following in mind when you complete the forms that make up the return:

- Use the current versions of the T5 slips, T5 Summary and T5 Segment. You can order all the forms you need from our Web site at www.ccra.gc.ca/orderforms, or from any tax services office or tax centre.
- **Do not cut or separate copy 1 of the T5 slips**, since you have to file this copy as a complete page.
- Do not tape, tear, or stamp any of the T5 forms.
- For all dollar amounts, use a comma to separate thousands and a period to separate dollars from cents. Do not use dollar signs (\$).

Example

2,345.67

- When no entry is required, leave boxes and areas blank. Do not enter nil, N/A, dashes (-), or zeros in these empty boxes.
- Do not change the title of any box or area on the forms.
- Enter an “X” in those boxes that need one. Do not use any other mark (e.g., “√” or “-”).
- Remove side borders from copy 1 of all forms.

Report information only in the appropriate box or area provided. If you are not sure where to enter the information, contact your tax services office.

The T5 slip

The T5 slip identifies the various types of investment income that residents of Canada have to report on their income tax and benefit returns. All versions of the T5 slip have three individual slips printed on each page or sheet. There are three versions of the T5 slip:

- the three-copy carbon-loaded form used with continuous-feed printers by clients who file on paper;
- the two-copy carbon-loaded form, also in continuous-feed format, used by magnetic-media filers; and
- the single-copy form for ink jet and laser printers, which all clients can use.

Before you complete your T5 slips, read the instructions in the section “Filing on paper” on page 6. If you are filing your T5 information return on magnetic media, do not send us the paper copies of your T5 slips.

Note

You do **not** have to issue a T5 slip when the total of the amount reported for the year is less than \$50.

How to complete the T5 slip

Enter on each T5 slip the appropriate year, the recipient’s and payer’s identification, and the recipient’s financial information.

Recipient’s name and address

Enter the information in the white areas provided.

If more than one recipient is entitled to the investment income (e.g., interest credited to a joint account), you only need to complete one T5 slip. If there are two recipients, enter both names. For a corporation, enter the corporation’s name.

If the payment is made to an association, organization, or institution, enter that name. Do not enter the name of the secretary-treasurer or any other individual who has signing authority. If the payment is made to the registered holder of an

investment (e.g., broker or trustee of an RRSP), enter the name of the registered holder, not the name of the individual.

First line – Enter the individual’s last name first, followed by the usual first name and initials, or enter the name of the recipient corporation, association, organization, or institution.

Second line – Enter the second recipient’s last name and first name and initials. If there is only one recipient, leave this line blank.

In all cases, enter the recipient’s full mailing address as follows:

Third, fourth, and fifth lines – Enter the recipient’s full address, including city and province or territory. Enter the recipient’s postal code. You can leave some lines blank. For the province or territory, use the two-letter abbreviations from the list on page 14.

Payer’s name and address

Complete this area on each T5 slip. Enter the payer’s full name and address.

Year

Enter the four digits of the calendar year during which the recipient earned the investment income.

Boxes 10, 11, and 12 – Dividends from Canadian corporations

Dividends include all payments in cash or kind (including stock dividends) and all amounts we deem to be dividends. For information on deemed dividends, see the *T5 Guide – Return of Investment Income*.

Dividends from taxable Canadian corporations paid to an individual (other than a trust that is a registered charity) are eligible for the federal dividend tax credit. See the following instructions for boxes 10, 11, and 12.

Box 10 – Actual amount of dividends

Enter the actual amount of dividends, or the amount we deem to be dividends, paid by a Canadian corporation. For recipients who are individuals resident in Canada (other than a trust that is a registered charity), the dividends must be paid by a taxable Canadian corporation. For information on taxable dividends and deemed dividends paid to an individual by a corporation resident in Canada that is **not** a taxable Canadian corporation, see the *T5 Guide – Return of Investment Income*.

Box 11 – Taxable amount of dividends

This box applies **only** for individuals resident in Canada (other than a trust that is a registered charity). Do not enter an amount in box 11 if the dividends entered in box 10 are paid to a corporation. For recipients who are individuals other than a trust that is a registered charity, enter 25% more than the amount you reported in box 10.

Provide a statement or letter indicating the taxable amount of dividends declared and paid **before** March 22, 2002 for those individuals (other than trusts who are registered charities) resident in Newfoundland and Labrador on December 31, 2002, or those who have tax payable in that province. You should advise these clients to attach the statement or letter to their returns with the T5 slip.

Box 12 – Federal dividend tax credit

This box applies **only** to individuals resident in Canada (other than a trust that is a registered charity). Do not enter an amount in box 12 if the dividends entered in box 10 are paid to a corporation. For recipients who are individuals other than a trust that is a registered charity, calculate and enter the amount of the federal dividend tax credit. The amount is 13.3333% of the taxable amount you entered in box 11.

Box 13 – Interest from Canadian sources

Enter the following amounts, as long as you did not previously report them:

- interest on a fully registered bond or debenture;
- interest on money loaned to, or on deposit with, or interest on any kind of property placed with a corporation, association, organization, or institution;
- interest on an account with an investment dealer or broker;
- interest an insurer paid in connection with an insurance policy or annuity contract;
- interest on an amount owing as compensation for property that has been expropriated;
- the interest part of blended payments;
- dividends paid or payable by a credit union to a member who has a share in the credit union, if the share is not listed on a prescribed stock exchange;
- taxable dividends, other than capital gains dividends, that a mortgage investment corporation paid to any of its shareholders; and
- amounts reported by life insurers, to be included in a policyholder's income under paragraph 56(1)(j) of the *Income Tax Act*, unless they arise from a policy loan.

Do not include:

- interest from a source outside Canada; or
- the accrued income from an annuity described under former paragraph 56(1)(d.1) of the *Income Tax Act*, or accrued income of certain life insurance policies.

If you cannot report the amounts in Canadian currency, see the *T5 Guide – Return of Investment Income*.

Box 21 – Report code

The code in this box helps us determine if this is the original T5 slip you issued to the recipient, or if it is an amended slip.

If this is the original T5 slip, enter “0” in box 21.

If this slip changes the financial or identification information of a T5 slip you have already filed, enter “1.”

When using code “1”, enter a brief description at the top of the T5 slip (e.g., “AMENDED”) and include a written explanation with any slip you file with us. For more information, see the section called “How to correct your T5 slips” on page 11.

Note

Do not file a T5 information return that contains both original and amended T5 slips. File amended slips on a separate return.

Box 22 – Recipient identification number

If the recipient is an individual (other than a trust), enter the individual’s social insurance number (SIN). For interest you credited to a joint account, enter the SIN of only one of the individuals.

You have to make a reasonable effort to get an individual’s SIN. If you do not, you may be liable to a \$100 penalty for each time you do not provide the SIN on a slip. However, when a person indicates that he or she does not have a SIN but is applying for one, make sure you complete and file the return before the filing deadline. If you have not received the SIN by the time you prepare the T5 slip, leave box 22 blank.

Note

If you are reporting a payment made in trust to an institution for an individual (e.g., a payment of interest made to the trustee of a self-directed RRSP), **do not enter the individual’s SIN in box 22.**

If the recipient is not an individual, enter the recipient’s Business Number, if available.

Box 23 – Recipient type

Enter one of the following codes to identify the recipient to whom the investment income was paid:

- 1 for an individual;
- 2 for a joint account (two or more individuals);
- 3 for a corporation;
- 4 for an association, a trust (RRSP trustee, fiduciary-trustee, nominee, or estate), a club, or a partnership; or
- 5 for a government, government enterprise, or international organization.

Distributing the T5 slips

Copy 1

Send us copy 1 of each T5 slip (three slips printed per sheet) along with the T5 Summary, before March 1 of the year after the calendar year for which the information return is required, to:

Ottawa Technology Centre
P.O. Box 9633, Station T
Ottawa ON K1G 6H3

If you use the T5 slip for ink jet and laser printers, see the instructions on the back of the slip.

Include T5 Segment forms if you are filing a paper return with more than 100 sheets of T5 slips (300 slips).

Copies 2 and 3

Separate copies 2 and 3 of the T5 slip into individual slips, and send both copies to the appropriate recipient before March 1 of the year after the calendar year for which the T5 information return is required. If you use the T5 slips for ink jet and laser printers, see the instructions on the back of the slips.

Note

When a business or activity ends, you have to send the appropriate copies of the T5 slips to the recipients no later than 30 days after the date the business or activity ended.

You do not have to keep a copy of the T5 slips. However, you have to keep the information from which you prepared the slips in an accessible and readable format.

How to correct your T5 slips

If you discover an error in your information return after filing it, you can now make the corrections on paper or in electronic format, as described below.

Paper submissions – If you have to change some of the data on a slip, change only the required entries and leave the same amounts in the other boxes. Print the word “AMENDED” at the top of the revised slip. Send two copies of the amended slip to the recipient. Send copy 1 of the slips to your tax centre with a letter explaining the reason for the amendment. Provide your filer identification number on your letter. We list the tax centre addresses on page 15.

Note

You do not have to file an amended summary when you send in amended slips.

Electronic submissions – Filers who discover errors in the information already filed with the Agency, will now be able to submit revisions in electronic format via hard medium (diskette or CD-ROM). Amendments and cancelled slips can now be filed electronically. The format used is Extensible Markup Language (XML). For up-to-date information visit our Web site at www.ccra.gc.ca/magmedia. New information will be posted as it becomes available. Amendments submitted in electronic format should be sent to:

Magnetic Media Processing Team
Ottawa Technology Centre
Canada Customs and Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

Cancelled slips – If you issued a slip by mistake and you want to cancel it, send us another slip with the same data as on the original slip. Print the word “CANCELLED” at the top of the slip. Send two copies of the cancelled slip to the recipient.

Duplicate slips – If you issue a slip to replace one that a client lost or destroyed, print the word “DUPLICATE” at the top of the replacement slip you are sending to the recipient. **Do not send us a copy of the duplicate slip.**

The T5 Summary and Segment

Before you complete the T5 Summary and T5 Segment forms, see the information in the section “Filing on paper,” on page 6. If you file your T5 information return on magnetic media, you do not have to submit the paper copy of your T5 Summary and T5 Segment to us.

How to complete the T5 Summary

Enter the appropriate year and identification information in the top section of the T5 Summary. Enter financial and contact information in the lower sections.

If you filed a T5 information return for last year, we mailed you a preprinted T5 Summary in December with your filer identification number, the name of your organization or business, and your mailing address already included on the form. If an independent service bureau or transmitter files your information return, give them your preprinted T5 Summary.

Note the following instructions when you complete the T5 Summary.

Filer identification number

If you did not receive a preprinted T5 Summary, enter your filer identification number in the space provided. This number applies only to filers of information returns (including the T5 information return).

If you have not filed a T5 information return in recent years or are unsure of your number, contact our Business Enquiries line at **1-800-959-5525**.

It is important that you make every effort to get a filer identification number before filing your T5 return. However, do not delay filing your return, even if you have not received your filer identification number before the due date. Instead, attach a note to your T5 return explaining why you have not entered the number.

Is the preprinted address correct? If we mailed you a preprinted T5 Summary with an incorrect address, enter the correct address in the space provided.

Distributing the T5 Summary

Send the completed T5 Summary along with the related T5 slips (and T5 Segments, if required) to:

Ottawa Technology Centre
P.O. Box 9633, Station T
Ottawa ON K1G 6H3

These must be sent before March 1 of the year after the calendar year to which the T5 information return relates. You may want to keep a working copy of the T5 Summary for your records.

When a business or activity ends, you have to send the T5 Summary and the related T5 slips (and T5 Segment forms if required) no later than 30 days after the date the business or activity ended.

How to complete the T5 Segment

Use the T5 Segment if:

- you are filing your T5 information return on paper; and
- your T5 information return has more than 100 sheets of T5 slips (300 slips).

If you have a T5 return that has more than 100 sheets (300 slips), split the return into bundles of 100 sheets (300 slips). Make sure you attach a segment form to the top of each bundle. The filer identification number and the filer name you enter on the T5 Segment have to match the filer identification number and filer name on the T5 Summary.

The T5 Guide

If you need detailed information to complete your T5 information return, get the *T5 Guide – Return of Investment Income*. This guide is available on our Web site at www.ccra.gc.ca/orderforms and from any tax services office or tax centre.

In addition to the information in this pamphlet, the guide includes information on the following subjects:

- accrued income – annuities
- accrued interest
- amending forms
- amounts eligible for the resource allowance deduction
- blended payments
- correcting or replacing forms
- deemed dividends
- eligible funeral arrangements
- foreign currency
- indexed debt obligations
- interest on penalties
- investment contracts
- magnetic-media filing
- *Notice of Assessment*
- other income from Canadian sources
- payments made to non-residents of Canada
- payments made to or by nominees or agents
- penalties and offences
- *Privacy Act*
- recipient account codes
- related publications
- royalties from Canadian sources
- social insurance number (SIN)
- transit codes
- trustees
- unclaimed amounts – dividends and interest
- when to file and when not to file a T5 information return

Provincial and territorial codes

Newfoundland and Labrador	NL	Saskatchewan	SK
Prince Edward Island	PE	Alberta	AB
Nova Scotia	NS	British Columbia	BC
New Brunswick	NB	Nunavut	NU
Quebec	QC	Northwest Territories	NT
Ontario	ON	Yukon	YT
Manitoba	MB		

Addresses of tax centres

Filers served by a tax services office on the left side of the following list should deal with the corresponding centre or office on the right.

Bathurst, Halifax, Kingston, Moncton, Newfoundland and Labrador, Peterborough, Saint John, St. Catharines, and Sydney	St. John's Tax Centre St. John's NF A1B 3Z1
Chicoutimi, Montérégie-Rive-Sud, Outaouais, Québec, Rimouski, and Trois-Rivières	Jonquière Tax Centre Jonquière QC G7S 5J1
Laval, Montréal, Ottawa, Rouyn-Noranda, Sherbrooke, and Sudbury (Northeastern Ontario* only)	Shawinigan-Sud Tax Centre Shawinigan-Sud QC G9N 7S6
Belleville, Charlottetown, Hamilton, and Kitchener/Waterloo	Summerside Tax Centre Summerside PE C1N 6A2
Sudbury (Sudbury/Nickel Belt** only), Toronto Centre, Toronto East, Toronto North, and Toronto West	Sudbury Tax Services Office Sudbury ON P3A 5C1
Calgary, Edmonton, Lethbridge, London, Red Deer, Saskatoon, Thunder Bay, Windsor, and Winnipeg	Winnipeg Tax Centre Winnipeg MB R3C 3M2
Burnaby-Fraser, Northern B.C. and Yukon, Regina, Southern Interior B.C., Vancouver, and Vancouver Island	Surrey Tax Centre Surrey BC V3T 5E1
<p>* Northeastern Ontario includes all areas outside of Sudbury/Nickel Belt (see below) that are served by the Sudbury Tax Services Office.</p> <p>** Sudbury/Nickel Belt area includes all postal codes beginning with P3A, P3B, P3C, P3E, P3G, P3L, P3N, P3P, and P3Y, and postal codes beginning with P0M and ending with 1A0, 1B0, 1C0, 1E0, 1H0, 1J0, 1K0, 1L0, 1M0, 1N0, 1P0, 1R0, 1S0, 1T0, 1V0, 1W0, 1Y0, 2C0, 2E0, 2M0, 2R0, 2S0, 2X0, 2Y0, 3A0, 3B0, 3C0, 3E0, and 3H0.</p>	

Your opinion counts!

We review our publications each year. If you have any comments or suggestions to help us improve them, we would like to hear from you.

Please send your comments to:

Client Services Directorate
Canada Customs and Revenue Agency
Lancaster Road
Ottawa ON K1A 0L5

Think Recycling!



Printed in Canada