



Revenue Canada
Customs, Excise and Taxation

Revenu Canada
Accise, Douanes et Impôt

**INCOME TAX
GUIDE
1993**

How to File the T5 Return of Investment Income



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Canada

Cette publication existe aussi en français



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Introduction

Many filers of the T5 *Return of Investment Income* do not need all of the detailed information contained in the *T5 Guide — Return of Investment Income*.

If you are preparing and filing a T5 return that reports uncomplicated payments, this pamphlet probably contains all the information you need. For a list of some of the topics covered in the T5 Guide, see Part IV of this pamphlet.

This pamphlet uses plain language to explain the most common tax situations. If you need more help, please contact your Revenue Canada income tax office.

Magnetic-media filing

We encourage you to file your T5 return on magnetic tape, cartridge, or diskette (magnetic media). If you keep financial data on a computerized system, you can file on magnetic media.

For details, see the booklet called *1993 Computer Specifications for Data Filed on Magnetic Media — T5, T5008, T4RSP, T4RIF*. It is available at any Revenue Canada income tax office. For more information about this method of filing, telephone 1-800-665-5164 (toll-free).

Part I

What's New for 1993?

The T5 Supplementary

We have added three new information areas to the 1993 T5 Supplementary:

- **Currency** — If you cannot report amounts in Canadian dollars, you can enter the appropriate foreign currency code in box 27.
- **Transit** — If you are reporting for a financial institution or any similar business, you can enter the recipient's transit code or branch identification code in box 28.
- **Recipient account** — If you can identify the recipient by an account number or policy number, you can enter that number in box 29.

Part II

How to Format Your Paper T5 Return

Optical character recognition (OCR) machines

For several years, we have been processing T5 returns using optical character recognition (OCR) machines that "read" the information you enter on the supplementaries, segments, and summary. OCR is the fastest and most cost-effective way we can compile the information from the millions of paper-filed T5 forms we receive.

However, we have found that some paper filers complete their returns in a way that make it hard to read using OCR. There are procedures that, if you follow them, will make it easier for our OCR machines to read the returns.

OCR procedures

So we can efficiently and quickly process your paper-filed returns, **follow these instructions when you prepare the supplementaries, summaries, and segments:**

- Use the current T5 Supplementary, Segment, and Summary forms (**Rev. 93**) when you file your returns. Do **not** use **out-of-date** T5 forms from prior years.

- You can get all the **forms** you need to complete and file your returns from any Revenue Canada Customs, Excise and Taxation **income tax office**.
- **Type or machine-print** data entries. Insert data in the middle of the white areas, separated from other printing and entries. Entries should be clear, sharp, and black.
- Avoid writing or printing by hand. However, if you do not have the use of a printer or typewriter and you have to fill in the forms by hand, **we will accept your return**.
- Use **black** ink only. Do not use red ink — the OCR machines cannot read it.
- Do **not cut** or separate copy 1 of the T5 Supplementaries, since they are printed three to a page. Use the void box to cancel a portion of a page.
- When printing, use a font that has characters with **fixed spacing**, not proportional spacing (PS).
- Use a standard **10 or 12 characters-per-inch (CPI) font**.
- Use **capital letters** for all information.
- Do **not** use **italics**, **script** or **draft**-quality printing. The machines cannot read them.
- Do not tape, tear, stamp, or staple any of the forms you send with the return.
- Do not send photocopies of T5 forms.
- For all dollar amounts, use a comma to separate thousands and a period to separate dollars from cents.

Examples

2,222.22
222.00

Do **not** use dollar signs (\$).

- Where no entry is required, **leave boxes and areas blank**. Do not use nil, N/A, dashes (---), or zeroes in these empty boxes.
- Do not change the title of any box or area on the forms.
- Do not print or stamp any information within a half-inch of the reference marks (black lines) or the form-identifier numbers (upper right-hand corner).
- Enter an "X" in those boxes that need one. Do not use any other mark (tick, check mark, etc.).
- Remove **side borders** (pin-feed edges) from copy 1 of forms.

- **Submit only copy 1** of the T5 Supplementary to us.

Only report information in the appropriate box or area provided. If you are not sure where to enter the information, contact your district office.

If you file amended supplementaries, be sure to include your filer identification number.

Part III

The T5 *Return of Investment Income*

Filing requirements

The T5 *Return of Investment Income* has two parts: the T5 Summary, and the related T5 Supplementary slips. You may also have to complete T5 Segments.

You have to file the T5 *Return of Investment Income* before March 1 of the year after the calendar year for which you are preparing the return. For example, if you are preparing a T5 return for 1993, you have to file it by February 28, 1994.

When a business or activity ends, you have to file the T5 return no later than 30 days after the date the business or activity ended.

You have to send or hand-deliver the recipients' copies of the T5 Supplementaries to their last known address. Do this by the due date of the return.

If you file a T5 return late or distribute T5 Supplementaries late, we may penalize you under the *Income Tax Act*. It is an offence to fail to make or to file a T5 return under the *Income Tax Regulations*. For more information, see the T5 Guide.

Completing the T5 Supplementary

Enter the appropriate year, recipient and payer identification, and financial information on each T5 Supplementary. Please note the following when completing the supplementaries.

Void

If you make an error while typing or machine-printing a T5 Supplementary, or if a completed or partially completed supplementary is incorrect, enter an

"X" in the void box in the centre area of the form, above the recipient address area.

When you indicate that a supplementary is void, you can enter the "X" using a medium-lead pencil, as well as typing or machine-printing.

During processing, we will disregard any supplementary marked void.

Recipient's name and full address (six lines)

Type or machine-print the information in the white areas provided.

For an individual, enter the surname first, followed by the usual first name and initials. Even if more than one recipient is entitled to the investment income, you only need to prepare one T5 Supplementary. If there are two individual recipients, enter both names. For a corporation, enter the corporation's name.

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

Enter the recipient's full mailing address in all cases. Enter the information on the lines as follows:

Line 1 — Enter the individual's last and first names, as indicated, or enter the name of the organization, institution, etc.

Line 2 — Enter the second recipient's last and first names (if there is only one recipient, leave this line blank).

Lines 3, 4, and 5 — Enter the recipient's full address, including city and province (you can leave some lines blank). Please use the two-letter abbreviations for province names, as follows:

Newfoundland	NF	Manitoba	MB
Prince Edward Island	PE	Saskatchewan	SK
Nova Scotia	NS	Alberta	AB
New Brunswick	NB	British Columbia	BC
Quebec	PQ or QC	Northwest Territories	NT
Ontario	ON	Yukon Territory	YT

Line 6 — Enter the recipient's postal code.

**Boxes 10, 11, and 12
Dividends from taxable Canadian corporations**

Generally, dividends include all dividends in cash or kind (including stock dividends) and all payments we consider to be dividends.

To calculate the taxable amount of dividends that the recipient has to report, increase by one-quarter the actual amount of dividends from taxable Canadian corporations paid to an individual, other than a trust that is a registered charity. These grossed-up dividends are eligible for the federal dividend tax credit. See the instructions for boxes 10 and 11.

Box 10
Actual amount of dividends

In Canadian currency, enter the actual amount of taxable dividends, or the amount we consider to be taxable dividends, paid by a taxable Canadian corporation to an individual resident in Canada (other than a trust that is a registered charity).

Box 11
Taxable amount of dividends

Calculate and enter the taxable amount of dividends. The taxable amount is 5/4 of the actual amount you reported in box 10.

Box 12
Federal dividend tax credit

Calculate and enter the amount of federal dividend tax credit. The amount is 13 1/3% of the taxable amount you entered in box 11.

Box 13
Interest from Canadian sources

In Canadian currency, 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 any kind of property placed with a corporation, association, organization, or institution;
- interest on an account with an investment dealer or broker;
- interest paid by an insurer for an insurance policy or annuity contract;
- interest on an amount owing as compensation for property that has been expropriated;
- the interest portion of blended payments;
- dividends paid or payable by a credit union to a member who has a share in the credit union (we treat these amounts as interest, not as dividends);
- taxable dividends, other than capital gains dividends, paid by a mortgage investment corporation to any of its shareholders (we treat these amounts as interest payable on a bond issued after 1971); and

- amounts to be included in a policyholder's income (as reported by life insurers) under paragraph 56(1)(j) (except for amounts that arise from a policy loan).

Do **not** include:

- interest from a source outside Canada (report these amounts in box 15, "Foreign income"); or
- the accrued income from an annuity, an annuity according to paragraph 56(1)(d.1), or accrued income of certain life-insurance policies.

If you cannot report the amount in Canadian currency, enter the name of the foreign currency in the space above the recipient address area, and enter the currency code in box 27.

Box 21 **Report code**

The code you enter in this box helps us determine if this is the original T5 Supplementary you issued to the recipient, or if it amends the original.

- Enter **0**, if this is the original slip.
- Enter **1**, if this changes the financial or identification information of a slip you previously submitted.

When using code 1, enter a brief description at the top of the supplementary (e.g., "amended") and include a written explanation of why you are filing the slip(s) when you send the T5 forms to us. Be sure to include your filer identification number.

Box 22 **Social insurance number**

Enter the recipient's social insurance number (SIN). For interest you credited to a joint account, enter the SIN of only one of the individuals. If you have not received a SIN for the recipient by the time you have to prepare an information slip, leave the SIN area blank.

Also leave this box blank if the recipient is not an individual.

Box 23 **Recipient type**

Enter one of the following codes to identify the types of recipient:

- Enter **1**, if the investment income was earned by an individual.
- Enter **2**, if the investment income was earned by a joint account (two individuals).

- Enter **3**, if the investment income was earned by a corporation.
- Enter **4**, if the investment income was earned by an association, a trust (fiduciary-trustee, nominee, or estate), a club, a partnership, or other.
- Enter **5**, if the investment income was earned by a government, government enterprise, or international organization.

Distributing the T5 Supplementary

Copy 1

Send us copy 1 of each T5 Supplementary (printed three per sheet) along with the T5 Summary before March 1 of the year after the calendar year for which you have to file the return. You have to include T5 Segments if it is a paper-filed return with more than 300 supplementaries (100 pages). See Part V for taxation centre addresses.

Copies 2 and 3

Send both copies to the recipient before March 1 of the year after the calendar year for which you have to file the return.

Note

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

Correcting the T5 Supplementary

If you find that a T5 Supplementary contains an error, you have to issue an amended slip. Clearly enter the word "amended" at the top of the revised slip and enter code 1 in box 21. Send a covering letter to your taxation centre with copy 1 of the amended Supplementary explaining the error. Be sure to include your filer identification number from the T5 Summary you filed with the original slip. Send copies 2 and 3 to the recipient.

Replacing the T5 Supplementary

If you issue a T5 Supplementary to replace the one lost by the recipient, **you do not have to send us a copy**. Clearly enter the word "duplicate" at the top of the replacement slip you give to the recipient, and enter code 0 in box 21.

Completing 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 return for 1992, we mailed you a preprinted T5 Summary in December 1993 with your filer identification number, the name of your organization or business, and your mailing address already included on the form.

Please keep the following in mind when you complete the summary.

Filer identification number

If you did not receive a preprinted summary, enter your filer identification number in the space provided. This number applies to information returns (including the *T5 Return of Investment Income*).

If you have not filed in recent years or are unsure of your number, write to Information Returns, Employer Services, at your taxation centre. Do not delay filing your return if you have not received your identification number before the due date.

Is the preprinted address incorrect?

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 us the completed T5 Summary and the related T5 Supplementaries (and T5 Segments, if required) before March 1 of the year after the year for which you have to file the return. See Part V for taxation centre addresses. You may want to keep a working copy of the summary for your records.

Completing the T5 Segment

Use the T5 Segment if:

- you are filing your T5 return on paper; and
- your T5 return contains more than 300 T5 Supplementaries (100 sheets or pages of T5 Supplementary forms).

You have to file one T5 Segment form for each bundle (or "segment") of 300 T5 Supplementaries (100 sheets or pages) you file. The filer identification

number and the filer name you enter on the T5 Segment has to match the filer identification number and filer-name on the accompanying T5 Summary.

When you file the T5 Segment, please make sure you submit it with the correct bundle of T5 Supplementaries.

If you are filing on magnetic media, you do not have to use the T5 Segment.

Part IV The T5 Guide

If you need more detailed information to complete your return, get the income tax guide called *T5 Guide — Return of Investment Income*. This guide is available from your local Revenue Canada income tax office.

The T5 Guide includes the information in this pamphlet, as well as information on the following subjects:

- Accrued income — annuities
- Accrued interest
- Additional T5 Summary
- Amending
 - the T5 Summary
 - the T5 Supplementary
- Amount eligible for resource allowance deduction
- Blended payments
- Capital gains dividends
- Correcting or replacing
 - the T5 Summary
 - the T5 Supplementary
- Deemed dividends
- Foreign
 - currency codes
 - income
 - tax paid
- Indexed debt obligations
- Interest on penalties
- Investment contracts
- Magnetic-media filing
- Non-qualifying real property
- *Notice of Assessment*
- Other income from Canadian sources
- Payments
 - made to or by nominees or agents
 - to non-residents of Canada
- Penalties and offences
- *Privacy Act*
- Recipient account codes
- Related publications
- Royalties from Canadian sources
- Social insurance number (SIN)
 - failure to provide
 - use of
- Transit codes
- Trustees
- Unclaimed amounts
 - dividends and interest
 - requirements to report
 - subsequently paid out
 - tax remittances
- When do you and when do you not have to file a T5 return?

Part V

Taxation Centres

Taxation Centre
St. John's, Newfoundland
A1B 3Z1

Summaries with addresses in
Newfoundland, Prince Edward Island,
Nova Scotia, or New Brunswick.

Taxation Centre
Shawinigan-Sud, Quebec
G9N 7S6

Summaries with addresses served by
Montréal, Laval, or St-Hubert district
offices.

Taxation Centre
Jonquière, Quebec
G7S 5J1

Summaries with addresses served by
Québec, Rouyn-Noranda, Chicoutimi,
Rimouski, Trois-Rivières, or
Sherbrooke district offices.

Taxation Centre
Ottawa, Ontario
K1A 1A2

Summaries with addresses served by
Ottawa, Toronto, Scarborough,
Mississauga, or North York district
offices.

Taxation Centre
Sudbury, Ontario
P3A 5C1

Summaries with addresses in Ontario
other than those served by the Ottawa
taxation centre.

Taxation Centre
Winnipeg, Manitoba
R3C 3M2

Summaries with addresses in Manitoba,
Saskatchewan, Alberta, or the
Northwest Territories.

Taxation Centre
Surrey, British Columbia
V3T 5E1

Summaries with addresses in
British Columbia or the
Yukon Territory.

