

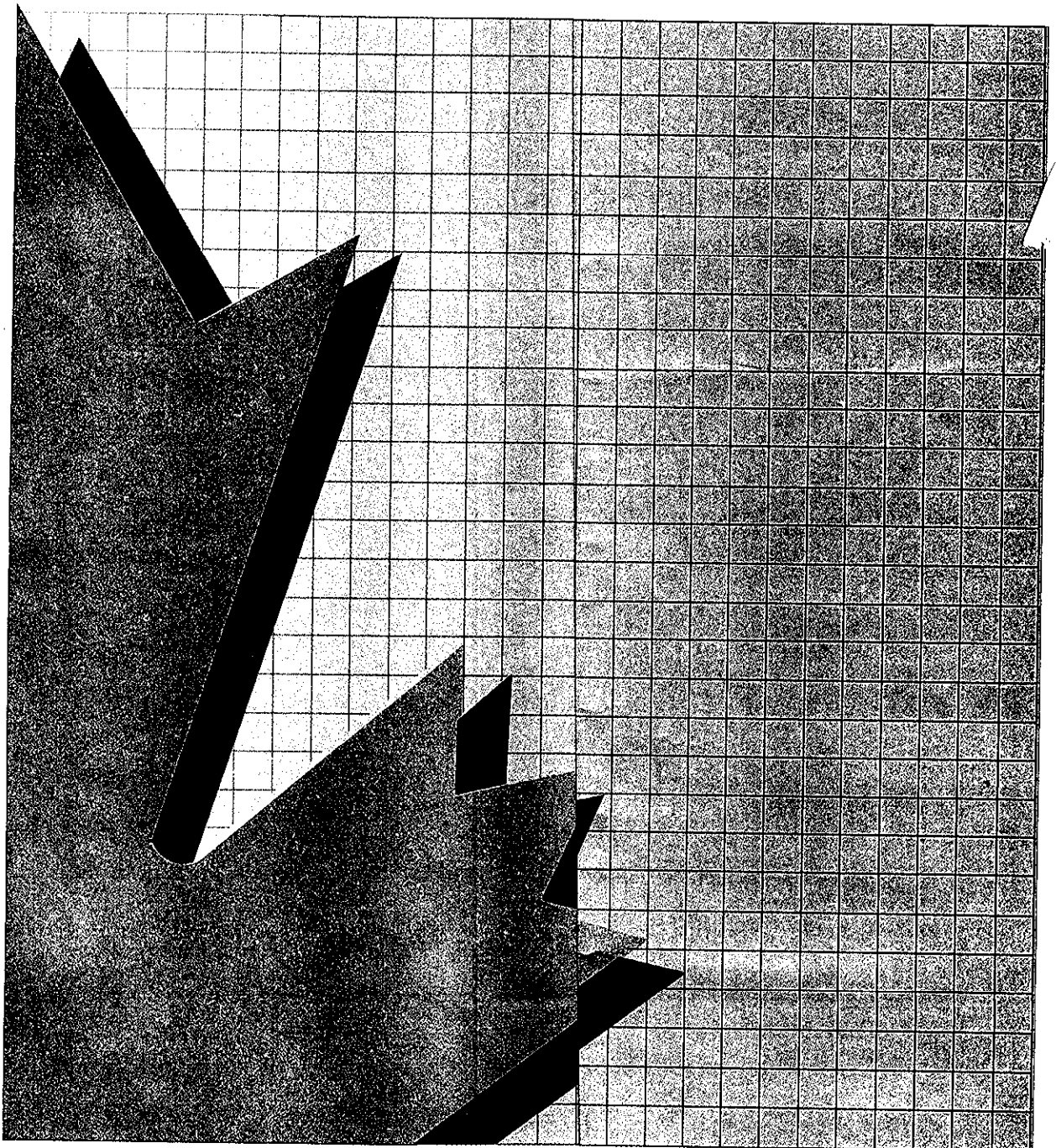


Revenue Canada
Taxation

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Guide to the T5008 Return of Securities Transactions



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Contents

	Page
Introduction	4
What is the <i>Return of Securities Transactions</i>?	4
What are securities?	4
Who has to prepare a <i>Return of Securities Transactions</i> ?	4
The T5008 Summary	5
The T5008 Segment	5
The T5008 Supplementary	5
How to complete the T5008 Supplementary and the T5008S Supplementary	6
How to complete the T5008 Summary	9
Unclaimed proceeds of disposition	10
Remittances	10
Unclaimed proceeds of disposition subsequently paid out	10
Requirements and penalties	11
Late-filing penalty	11
Penalty for failing to provide a social insurance number	11
Other offences under the <i>Income Tax Act</i>	11
Interest on penalties	11
Filing requirements — when and where	12
Filing on magnetic media	12
Related publications	13
Exhibits	14
Glossary	18

This guide uses plain language to explain the most common tax situations. If you need more help, please contact your district taxation office.

See the glossary at the end of this guide for definitions of the technical expressions we have used.

Introduction

Since January 1, 1989, financial institutions have reported debt obligations in bearer form (bearer debts) disposed of or redeemed by individuals residing in Canada.

Securities transactions are reported to all persons, including corporations and non-residents, and cover a broader range of the investment market in securities. As of January 1, 1991, traders or dealers in securities have had to report purchases as principal and sales of securities as agent. In addition, issuers have reported certain redemptions, acquisitions, or cancellations of securities.

Financial institutions reported bearer debt transactions on Forms T-BD(3) Summary, T-BD(4) Interim Summary, and the related T-BD(1) and T-BD(2) Supplementaries. Since bearer debts also qualify as "securities," Revenue Canada, Taxation has combined the previous T-BD reporting system with the new T5008 *Return of Securities Transactions*.

However, we have discontinued the monthly filing option previously available for T-BD forms.

Do not use T-BD forms for bearer debt transactions that take place after December 31, 1990. You have to report transactions that occur after this date on a T5008 Supplementary form.

This guide explains how to prepare the T5008 Summary and the related T5008 Supplementaries for the 1992 calendar year. If you need more help, contact your district office.

Revenue Canada, Taxation collects the information you provide on the T5008 Summary and related T5008 Supplementaries under the authority of the *Income Tax Act*. We use the information to administer and enforce the Act.

Unless we state otherwise, the sections, subsections, paragraphs, and subparagraphs mentioned in this guide refer to the *Income Tax Act*.

What is the *Return of Securities Transactions*?

The *Return of Securities Transactions* is a two-part return that consists of the T5008 Summary and the related T5008 Supplementaries. The T5008 Summary gives a total of the information contained in the related supplementaries. Traders or dealers in securities use the T5008 Supplementary to report purchases of securities as principal and sales of securities as agent for any vendor. Issuers of securities and their agents use the T5008 Supplementary to report redemptions, acquisitions, or cancellations of securities. Transactions are reported to all persons, including individuals, corporations, trusts, or any other body that resides either in or outside Canada.

What are securities?

Securities include:

- publicly traded shares of the capital stock of a corporation;
- publicly traded debt obligations;
- debt obligations of, or those guaranteed by:
 - the federal or provincial governments of Canada, including their agents;
 - municipalities or public bodies performing a function of government in Canada; or
 - the government or political subdivision of a foreign country, including its local authorities;
- publicly traded interests in a trust or a partnership;
- any option or contract for any of the properties listed above;
- publicly traded options or contracts for any property including any commodity, financial futures, foreign currency, or precious metal;
- publicly traded options or contracts for any index relating to any property; and
- bearer instruments such as treasury bills or other publicly traded debt obligations in bearer form.

Note

Some debt obligations in bearer form, such as commercial paper or bankers acceptances, cannot be publicly traded. You should only report, on the T5008 Supplementary, the disposition or redemption of these instruments made on behalf of an individual resident in Canada.

Who has to prepare a *Return of Securities Transactions*?

The following persons have to prepare a *Return of Securities Transactions*:

- every Trader or dealer in securities who buys a security as principal, or sells a security as agent for any vendor;
- every person in the business of buying and selling precious metals in the form of certificates, bullion, or coins (but not including jewellery, works of art, or numismatic coins) who makes a payment to another person for a sale of precious metals by that other person;
- every person who redeems, acquires or cancels a security issued by that same person, **except** when these transactions involve the following:
 - convertible property (section 51) — when shares, bonds, debentures, or notes of a corporation are exchanged for shares of the **same** corporation. You do not report these transactions if no consideration other than the shares is received, and if the original (converted) security gave the holder the right to make the exchange;
 - redemptions, cancellations, or acquisitions of securities made during an amalgamation (section 87);

Note

If cash or some other consideration totalling \$200 or less is received instead of a fractional interest in shares during an exchange to which sections 51 or 87 apply,

you do not need to report the transaction. If the cash or other consideration is more than \$200, you should report the entire exchange transaction. For more information, see the current version of Interpretation Bulletin IT-115, *Fractional Interests in Shares*. You can get this bulletin from any district office.

- bond conversions (section 77) — when a bond is exchanged for another bond of the same debtor, if the terms of the original bond gave the holder the right to make the exchange and the amount payable on the acquired bond at maturity is the same that would have been payable at maturity on the bond exchanged;
 - exchanges of shares for new shares in the course of a reorganization of the capital of a corporation (section 86), when no consideration other than the shares is received;
 - securities disposed of when a partnership ceases to exist (subsection 98(3)); or
 - securities transferred when a new partnership continues from a previous partnership (subsection 98(6)).
- every person who, as a nominee or agent for another person, receives the proceeds of a transaction carried out in the name of the nominee or agent;
 - every person who makes a payment to, or acts as a nominee or agent for, a person who disposes of or redeems a bearer debt.

Example

A client of a trader or dealer in securities owns an option to buy publicly traded shares in XYZ Corporation. If the trader or dealer buys the option from the client or sells the option to a third party on behalf of the client, the trader has to prepare an information return to reflect the transaction. However, if the client exercises the option and acquires the shares of XYZ Corporation, the trader does not have to prepare an information return.

Note

You do not need to report purchases from or sales to another trader or dealer in securities, other than a non-resident trader or dealer in securities. If you ordinarily

produce or sell precious metals in bulk or commercial quantities, you do not need to report these sales. Do not report sales on behalf of a person who is exempt from tax (e.g., municipalities, registered charities, non-profit organizations, and registered retirement savings plans).

The T5008 Summary

The T5008 Summary is a one page form you use to add up all of the proceeds of disposition or settlement amounts you are reporting on the T5008 Supplementary forms.

You have to prepare a **separate** T5008 Summary when a beneficial owner claims previously unclaimed proceeds of disposition for securities transactions. See the section called “**Unclaimed proceeds of disposition**” for more details.

A **separate** T5008 Summary with the related T5008 Supplementaries is to be prepared for all transactions reported in foreign currencies. Different foreign currencies can be reported using the same T5008 Summary.

The T5008 Segment

If your *Return of Securities Transactions* contains more than 300 T5008 Supplementaries, you should separate them into bundles of 300. You should identify each bundle with a T5008 Segment form. The form gives instructions on how to complete the T5008 Segment.

Note

You do not need T5008 Segments if you file your return on magnetic tape or diskette. See the section called “**Filing on magnetic media**” for details.

The T5008 Supplementary

Use the T5008 Supplementary to report transactions you made for the same person. The T5008 Supplementary form has space to report six transactions. If a person has made more than six transactions, prepare as many additional T5008 Supplementaries as you need. A T5008S Supplementary “Single Transaction” form is also available. You can use the T5008S Supplementary to report every securities transaction separately. The instructions in the following section apply to both the T5008 Supplementary and the T5008S Supplementary.

How to complete the T5008 Supplementary and the T5008S Supplementary

Void

If you make an error while typing or machine printing a T5008 Supplementary or a T5008S Supplementary, or if a completed or partially completed supplementary is incorrect, enter an **X** in the "VOID" box situated in box 20 of each transaction of the T5008 Supplementary or in the upper left area of the T5008S Supplementary. We will disregard this transaction for the T5008 Supplementary and for the T5008S Supplementary, the supplementary will be disregarded during processing. Do not cut or separate the Copy 1 of the T5008S Supplementary forms that are three to a page; you must submit the entire page.

Year

Enter the last two digits of the calendar year in which the transactions took place on each T5008 Supplementary or T5008S Supplementary.

Box 10 — Report Code

If the T5008/T5008S Supplementary is:

- an original slip, enter **0** or leave this box blank;
- an amended slip, enter **2**;
- an additional slip, enter **4**; or
- to cancel a previous slip, enter **5**.

You have to file slips identified by codes 2, 4, and 5 separately. Do not file them in combination with original slips (code 0). See the section called "How to correct T5008/T5008S Supplementaries" for more information.

Box 11 — Recipient Type

Enter on each T5008/T5008S Supplementary one of the following codes to identify the person for whom the transaction was made:

- enter **1** for an individual;
- enter **2** for a joint account;
- enter **3** for a corporation; or
- enter **4** for a trust, association, club, or partnership.

Box 12 — Social Insurance Number

If the recipient is an individual, enter that person's social insurance number (SIN) on each T5008/T5008S Supplementary. When you report the disposition of a jointly-owned security, enter the SIN of only one of the individuals.

Leave box 12 blank if you have not obtained the SIN by the time you prepare the T5008/T5008S Supplementary.

When a person indicates that he or she does not have a SIN but is applying for one, do not delay completing the T5008 return beyond the filing deadline. If that person provides a SIN after you have submitted the T5008 return, you do not have to amend the slips.

You have to ask everyone for their SIN. However, individuals under 18 years of age do not have to provide their SIN if their total income for the year is \$2,500 or less. In such cases, leave box 12 blank.

For more information about the social insurance number reporting requirements and the related penalties, see the

current version of Information Circular 82-2, *Social Insurance Number Legislation as it Relates to the Preparation of Information Slips*. You can get this circular from any district office.

Recipient's Name and Address

For an individual, enter the surname first, in capital letters, followed by the usual first name and initials on each T5008/T5008S Supplementary. If the securities involved in a transaction are jointly owned by two or more people, you only need to complete one T5008/T5008S Supplementary to report that transaction. If you issue the T5008/T5008S Supplementary to a partnership, trust, organization, association, institution, club, or corporation, enter the legal name that applies on each T5008/T5008S Supplementary. Do not enter the name of a secretary, treasurer, or anyone else with signing authority.

Complete the recipient's full address in all cases.

Name and Address of Trader or Dealer in Securities

Give your full name and full address in this area on each T5008/T5008S Supplementary you prepare.

Box 13 — Date

Enter the month and day on which the disposition or redemption was completed (the settlement date). For example, if you completed the transaction on May 17, enter 0517. If you record several transactions for a particular recipient, make sure you list them in chronological order. Do not enter the year in this box.

Box 14 — Face Amount

If the security represents indebtedness (e.g., bonds), enter the nominal value which appears on the face of the document (i.e. the amount to be repaid at maturity). If several bonds are redeemed at the same time, enter the total of all their face amounts. Enter the amount in dollars only. You do not need to show dollar signs (\$), commas, or spaces (e.g., you may enter \$10,000 as 10000).

Box 15 — Cost or Book Value (if available)

If you keep a record of the cost or book value of the securities involved in the transaction, enter this amount in box 15. Otherwise, leave this box blank. Enter the amount in dollars only. You do not need to show dollar signs (\$), commas, or spaces (e.g., you may enter \$10,000 as 10000).

Box 16 — Securities Received on Settlement

You will report most securities transactions in box 20, "Proceeds of Disposition or Settlement Amount." You will only use box 16 to report certain exchanges of securities when the recipient obtains other securities in return for the security disposed of, and you cannot readily determine the value of the securities obtained. Do not record any monetary values in box 16. **You have to report all proceeds credited in money in box 20. Also, most exchanges of securities are exempt from the reporting requirement. See the section called "Who has to prepare a Return of Securities Transactions?" of this guide.**

Certain securities may be redeemed in return for another type of security. For instance, certain bonds may be

redeemed for a specified quantity of gold or other type of security. If this type of exchange is made, a redemption of the original security occurs. You should report this transaction.

Even though the recipient gets new securities in an exchange, these securities are often converted into money, at their fair market value, and the money is credited to the recipient. You have to report these transactions in box 20. However, in some cases, you cannot reasonably determine the fair market value of the securities obtained on conversion. In such a case, use box 16 to report the transaction. Enter the quantity and the identification of the securities in box 16.

Example

XYZ Corporation redeems a bond for 20 ounces of gold. If you cannot determine the value of the gold, complete box 16 as follows:

20 oz gold

See the instructions for completing boxes 18 and 19 for the abbreviations you can use to record quantities and identify securities.

Box 17 — Foreign Tax Paid

When foreign-source securities are redeemed, the redemption agent may have to withhold an amount of tax for the foreign jurisdiction, or may receive the net proceeds of disposition from a foreign agent after tax was withheld. In this case, enter in box 17 the amount of foreign tax that was withheld (if applicable). Make sure you report this amount in Canadian currency. Enter the amount in dollars only. You do not need to show dollar signs (\$), commas, or spaces (e.g., you may enter \$10,000 as 10000).

Box 18 — Quantity of Securities

Enter the type of security followed by the quantity. The quantity should be in the units that apply to that security (e.g., for gold, give the number of ounces). You indicate the type of security by using one of the following codes:

- BON — Bonds
- BO1 — A bulk transaction in bonds for which the quantity cannot be determined
- DOB — Debt obligations in bearer form
- DO1 — A bulk transaction in debt obligations in bearer form for which the quantity cannot be determined
- FUT — Futures
- MET — Precious metals
- MFT — Units in a Mutual Fund Trust or Investment Fund Trust
- MSC — Miscellaneous
- OPC — Option contracts
- PTI — Publicly traded interest in a trust or partnership
- RTS — Rights
- SHS — Shares
- UNT — Units (e.g., a unit consisting of a bond and a warrant)
- WTS — Warrants

For example, to record the disposition of 1,000 shares, enter SHS 1000.

Box 18 gives the same information as field 35A in the International Standard 7775 booklet issued by the International Organization for Standardization (ISO). We

have added certain codes and removed others to report the transactions, as required by the *Income Tax Act*. However, if you use this standard to record transactions, you can take the information in field 35A and reproduce it without changes in box 18 of the T5008/T5008S Supplementary.

Box 19 — Identification of Security

Box 19 gives the same information as Field 35B in the International Standard 7775 booklet issued by the International Organization for Standardization (ISO). If you use this standard to record transactions, you can take the information in Field 35B and reproduce it without changes in box 19 of the T5008/T5008S Supplementary.

When the securities are identified by a CUSIP number (*Committee on Uniform Security Identification Procedures*) or by the *International Securities Identification Number (ISIN)*, enter CUSIP or ISIN, as applicable, followed by the number. **Whenever you give a CUSIP or ISIN number, you have to enter "CUSIP" or "ISIN" before the number.**

Field 35B, ISO Standard 7775, also includes a description immediately below the CUSIP or ISIN number. For example you would identify shares of XYZ Mines and Oil Ltd. in Field 35B as follows:

CUSIP 123456XY7
XYZ MINES AND OIL LTD

You can reproduce this entry without changes in box 19, which can accommodate two lines of information. **However, if you are reproducing both the CUSIP or ISIN number and the description in box 19, the word "CUSIP" or "ISIN" and the number must be entered in the white area of the box. Enter the description below the number, in the pink area of the box.**

If the securities are not identified by a CUSIP or ISIN number, give a description of the securities (e.g., treasury bill, banker's acceptance, shares of XYZ Corporation, debt obligation in bearer form, etc.). **Enter that description in the white area of box 19.**

Box 20 — Proceeds of Disposition or Settlement Amount

Enter the total amount of money received by or credited to the recipient **that relates specifically to the transaction** (i.e., in exchange for the securities).

Example

A \$10,000 treasury bill is disposed of before it matures, and the bearer receives \$9,500. The proceeds of disposition are \$9,500. Enter this amount in box 20. The face amount is \$10,000. Enter this amount in box 14.

The proceeds of disposition should exclude amounts payable to the recipient that are not conditional to the securities transaction. Report these amounts separately, as required.

Example

A \$10,000 bond is called. The bondholder receives a net credit of \$10,830, as follows:

Principal	\$10,000
Call premium	350
Accrued interest	500
Gross proceeds	\$10,850
Minus: Bank charges	20
Amount deposited to bondholder's account	<u>\$10,830</u>

You should enter \$10,350 in box 20, "Proceeds of Disposition." The call premium is **only payable if the call transaction takes place**. If it is paid, add it to the principal amount. The accrued interest represents income payable to the bondholder, **whether or not the call transaction occurs**. Do not include it in the transaction proceeds. You report the accrued interest on a form T5 Supplementary. The bank charges do not represent an amount payable to the bondholder. Do not include them in the transaction proceeds (the bondholder can deduct this amount as outlays and expenses to determine the gain realized on the transaction).

Note

Most traders or dealers in securities record proceeds of disposition net of brokerage fees. In this case, enter the net amount in box 20.

Enter the amount in dollars only. You do not need to show dollar signs (\$), commas, or spaces (e.g., you may enter \$10,000 as 10000).

You should complete the T5008/T5008S Supplementary in Canadian currency, like all other information slips. Foreign currency is usually converted to Canadian funds before it is credited to the recipient's account. However, certain taxpayers keep foreign currency accounts and choose to convert their account balances themselves. If you receive proceeds of disposition in a foreign currency and deposit the amounts to your client's foreign currency account **without** converting them to Canadian funds, use box 20 to report the gross proceeds of disposition (the amount payable before any foreign taxes withheld) in the foreign currency that applies.

Boxes 14 "Face Amount", 15 "Cost or Book Value" and 17 "Foreign Tax Paid" should also contain the foreign currency amounts, if applicable. You also have to identify foreign currency amounts by the currency code that applies under International Standard 4217 published by the International Organization for Standardization (ISO).

Reportable Transactions — Special Circumstances

Swaps: Securities can be traded between different accounts of the same client. For example, a client that has an RRSP account and a trading account can transfer securities from his trading account to his RRSP account. This transaction is a deemed disposition of securities on behalf of the trading account and should be reported to the client.

The client can also transfer securities from his RRSP account to his trading account, which is a deemed

disposition on behalf of the RRSP account. Since the RRSP account is exempt from tax, no reporting of the transaction is required. The acquisition of securities by the trading account is not a reportable transaction.

Deemed dispositions: There are special circumstances when one is considered to have disposed of property, even if there is no change in the ownership of the property. A deemed disposition occurs when the owner of a security:

- gives that property (other than cash) as a gift;
- transfers certain property to a trust;
- leaves Canada; or
- dies.

If you need more information on these special circumstances, get the *Capital Gains Tax Guide* or the *Guide for Preparing T1 Returns for Deceased Persons*. You can get these publications from any district office.

Distribution of copies

Distribute the four copies of the T5008/T5008S Supplementary as follows:

- | | |
|----------------|---|
| Copy 1 | Submit this copy with the T5008 Summary to the applicable taxation centre listed in the section called " Filing requirements — where and when " of this guide, before March 1 following the calendar year to which the return applies. |
| Copies 2 and 3 | Give these copies to the recipient before March 1 following the calendar year to which the return applies. |
| Copy 4 | Keep this copy. |

How to correct T5008/T5008S Supplementaries

If, after filing your T5008 return, you discover that a T5008/T5008S Supplementary contains an error, send a covering letter explaining the error to Revenue Canada, Taxation, along with the revised supplementary. Make sure you also provide the name, address and social insurance number of the recipient.

Make sure you clearly identify each revised supplementary with the appropriate report code (see the instructions for box 10 above). If there is a change to any of the amounts on the original supplementary, give the revised totals in the boxes that apply. Send copies 2 and 3 of the revised supplementary to the recipient.

How to complete the T5008 Summary

Filing on Magnetic Media?

If you submit your *Return of Securities Transactions* on magnetic media, enter an **X** in the magnetic tape symbol. Make sure that you send the tapes or diskettes and the paper summary together. Send them to the address shown in the booklet *Computer Specifications for Data Filed on Magnetic Media — T5008*.

For more information about filing on magnetic media, see the section called “**Filing on magnetic media**” of this guide.

Return for the Year Ended December 31,

Enter the last two digits of the calendar year covered by this return.

Filer Identification Number

You may have been given a “filer identification number” by Revenue Canada, Taxation. If so, enter this number. If you have not been assigned such a number, leave this area blank.

If this is an Amended T5008 Summary...

If this summary is an amended T5008 Summary, enter an **X** in the appropriate box.

If this is an Additional T5008 Summary...

If this summary is an additional T5008 Summary, enter an **X** in the appropriate box.

Name of Trader or Dealer and Address of Branch or Office filing this summary

Enter your name and the address of the branch or office filing this summary.

Employer Account Number

If you have employees, enter your employer account number from your form PD7A, *Tax Deduction, Canada Pension Plan, Unemployment Insurance Remittance Return*. Leave this area blank if you don't have an employer account number.

Corporation Account Number

Enter the account number from your *T2 Corporation Income Tax Return*. Leave this area blank if you don't have a corporation account number.

Language

Enter an **X** in the appropriate box. This will ensure that the correspondence and information we send you after you have filed your T5008 return will be in the language of your choice.

Have you filed a T5008 return before?

If you as filer have submitted a T5008 return in a previous year, enter an **X** in the “Yes” box.

If you haven't submitted a T5008 return previously, and this is your first year for filing one, enter an **X** in the “No” box.

Address on last return

Please enter the address from the last T5008 return in the space provided, if you:

- entered an **X** in the “Yes” box for the question “Have you filed a T5008 return before?”; and
- the address on the last T5008 return was not the same as the address you entered in the “Name of Trader or Dealer and Address of Branch or Office ...” area on this summary.

T5008/T5008s Supplementary Totals

Box 20

Enter the total proceeds of disposition from box 20 of all the T5008/T5008S Supplementaries you are submitting with this summary.

Box 43

Enter the total number of T5008/T5008S Supplementaries you are submitting with this summary.

Is this summary for an “Unclaimed Proceeds of Disposition Account”?

You have to report separately when you hold an unclaimed amount of proceeds and later identify the beneficial owner and pay out the amount. If this situation exists, enter an **X** in the “Yes” box. If not, enter an **X** in the “No” box. For more information, see the section called “**Unclaimed proceeds of disposition**” of this guide.

Person to contact about this return (box 41)

Enter the name and telephone number of the person who will be able to answer any questions we may have about this return.

Telephone number (box 42)

Enter the telephone number of the person identified in box 41.

Certification

Make sure a person who has signing authority signs and dates the return.

Unclaimed proceeds of disposition

Remittances

Unclaimed proceeds of disposition are proceeds of disposition you receive in a particular taxation year on behalf of a person (the beneficial owner) who remains unknown at the end of your subsequent taxation year. If you still hold unclaimed proceeds at that time, you have to deduct tax from these amounts and remit it to the Receiver General within 60 days. The tax is 50% of the amount by which the proceeds of disposition are more than the outlays and expenses from this disposition which you did not deduct in calculating your income.

Example

Assume a securities dealer has a taxation year ending on June 30. If that dealer received proceeds of \$20,000 during the taxation year ending June 30, 1992, for an unidentified beneficiary and the rightful owner of the proceeds is still unknown on June 30, 1993, the dealer would remit \$10,000 to the Receiver General before August 31, 1993.

You will be charged interest on amounts which you deduct but do not remit as required. Interest at a prescribed rate is payable to the Receiver General from the required date of remittance to the actual date you remit it.

Penalties apply to those who do not remit amounts they have withheld. In the case of a first failure in a calendar year, the penalty is 10% of the amount that was withheld but not remitted. A second or later failure in the same calendar year could result in a penalty of 20% of the amount that was withheld but not remitted.

Unclaimed proceeds of disposition subsequently paid out

If you hold an unclaimed amount and you later identify the beneficial owner and pay out the amount, you have to report that amount separately. The beneficial owner has to report the transactions and any tax withheld in the same taxation year in which the amounts were originally paid to you. In this case, you have to prepare a separate T5008 Summary and related T5008/T5008S Supplementaries for the applicable taxation year to report the proceeds paid and the tax withheld. The beneficial owner has to calculate the amount of income from these proceeds and include it in his or her income for the calendar year shown on the T5008/T5008S Supplementary. The beneficial owner can claim as a credit the tax you withheld.

You have to identify the T5008 Summary for this special report by entering, in capital letters, "UNCLAIMED PROCEEDS OF DISPOSITION ACCOUNT," directly below your name.

In some cases, you can pay unclaimed proceeds of disposition you received in different calendar years to the same beneficial owner in one lump sum. If so, you have to prepare separate T5008/T5008S Supplementaries for each calendar year in which you actually received the proceeds.

You also have to include the amount of tax withheld on the T5008/T5008S Supplementary. Identify the amount as "tax withheld" and enter it directly below the name and address of the recipient. Enter "UNCLAIMED PROCEEDS OF DISPOSITION ACCOUNT" directly below the name and address of the trader or dealer in securities.

Requirements and penalties

Late-filing penalty

You have to submit the *Return of Security Transactions* before March 1 following the calendar year to which the return applies. The penalty for filing the return late or for distributing the T5008/T5008S Supplementaries late is \$25 a day, to a maximum of \$2500 for each return. The minimum penalty is \$100 for each return.

Revenue Canada, Taxation will issue a Notice of Assessment if we assess a late-filing penalty.

Penalty for failing to provide a social insurance number

Obligations of information return preparers

If you prepare information returns, you have to give all pertinent information on the forms, including the recipient's social insurance number (SIN). You have to make a reasonable effort to get the SIN from that individual. If you do not make such an effort or do not provide any of the information required on the T5008/T5008S Supplementary, you may be subject to a penalty of \$100 for each failure.

Individuals have to provide their SIN upon request to any person who makes an information return for them. Individuals who do not do so are subject to a penalty of \$100 for each failure.

You should ask new clients to give their SIN whenever they enter into a transaction for which you will have to prepare an information slip. You should ask existing clients for whom you prepare information slips to provide their SIN and inform them of the penalty for failing to do so.

Other offences under the *Income Tax Act*

As well as the penalties outlined above, the *Income Tax Act* provides for fines, imprisonment, or both fines and imprisonment on summary conviction for the following offences.

Prohibited use of the social insurance number

If someone provides you with a social insurance number, you cannot **knowingly** use, communicate or allow anyone else to communicate the individual's SIN without written consent. This also applies to your officers or employees.

Anyone guilty of this offence is liable to:

- a maximum fine of \$5,000; or
- a maximum prison term of 12 months; or
- both a fine and a prison term.

Failing to file a Return of Securities Transactions

Anyone who fails to file a return as required by the *Income Tax Act* may be guilty of an offence. In addition to a penalty, that person is liable to:

- a fine ranging from \$1,000 to \$25,000; or
- both such fine and imprisonment of up to 12 months.

Interest on penalties

Interest on assessed penalties will be charged, at the prescribed rate, up to the date the balance is paid in full to the Receiver General.

Filing requirements — when and where

You have to file copy 1 of the T5008 Summary and copy 1 of the related T5008/T5008S Supplementaries before March 1 following the calendar year to which the return applies.

When a business or activity is discontinued, you have to file the return within 30 days from the date the business ended.

Send the T5008 Summary and the related T5008/T5008S Supplementaries to the location shown below that applies to you.

- If your address is in Newfoundland, Prince Edward Island, Nova Scotia or New Brunswick, send your information return to:
- If you are served by the Montréal, Laval or Saint-Hubert district offices, send your information return to:
- If you are served by the Rouyn-Noranda, Québec, Chicoutimi, Rimouski, Trois-Rivières or Sherbrooke district offices, send your information return to:
- If you are served by the Ottawa, Toronto, Scarborough, Mississauga or North York district offices, send your information return to:
- If your address is in Ontario and you are not served by the Ottawa Taxation Centre, send your information return to:
- If your address is in Manitoba, Saskatchewan, Alberta or the Northwest Territories, send your information return to:
- If your address is in British Columbia or the Yukon Territory, send your information return to:

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

Shawinigan-Sud Taxation Centre
~~Shawinigan-Sud, Quebec~~
G9N 7S6

Jonquière Taxation Centre
~~Jonquière, Quebec~~
G7S 5J1

Ottawa Taxation Centre
~~Ottawa, Ontario~~
K1A 1A2

Sudbury Taxation Centre
~~Sudbury, Ontario~~
P3A 5E1

Winnipeg Taxation Centre
~~Winnipeg, Manitoba~~
R3C 3M2

Surrey Taxation Centre
~~Surrey, British Columbia~~
V3T 5E1

Filing on magnetic media

Revenue Canada, Taxation encourages you to file your *Return of Securities Transactions* on magnetic tape or diskette. Send all returns filed on magnetic media directly to the Taxation Centre, Ottawa, Ontario.

If you would like to participate in the magnetic media filing program for the first time, you have to submit a test tape or diskette for the Department's approval. You should send the test tape or diskette at least two months before the filing deadline.

If you get approval to file your return on magnetic media, you still have to send a paper copy of the related T5008 Summary with the tapes or diskettes. You do not have to submit the Department's paper copy of the T5008/T5008S Supplementaries.

See the booklet *Computer Specifications for Data Filed on Magnetic Media — T5008*, for the technical information you will need. You can get this booklet at any district office.

If you would like to find out more about this method of filing, please contact:

Magnetic Media Processing Unit
Revenue Canada, Taxation
Taxation Centre
875 Heron Road
Ottawa, Ontario
K1A 1A2

Telephone: 1-800-665-5164

The Department also offers the option of using annual/monthly account statements instead of the T5008/T5008S Supplementary forms to magnetic media filers. If you wish to use this method of filing, you can get details by contacting:

Information Returns Section
Revenue Canada, Taxation
400 Cumberland Street, Room 9000
Ottawa, Ontario
K1A 0L8

Related publications

The most current version of the following Interpretation Bulletins and Information Circulars may be helpful. You can get them at any district office.

Interpretation Bulletins

- IT-52 Income Bonds and Income Debentures
- IT-77 Securities in Satisfaction of an Income Debt
- IT-96 Options Granted by Corporations to Acquire Shares, Bonds or Debentures
- IT-114 Discounts, Premiums and Bonuses on Debt Obligations
- IT-115 Fractional Interests in Shares

- IT-146 Shares Entitling Shareholders to Choose Taxable or Other Kinds of Dividends
- IT-265 Payments of Income and Capital Combined
- IT-346 Commodity Futures and Certain Commodities
- IT-396 Interest Income
- IT-410 Debt Obligations — Accrued Interest on Transfer
- IT-479 Transactions in Securities

Information Circulars

- 85-5 Custom and Facsimile Tax Forms
- 82-2 Social Insurance Number Legislation as it Relates to the Preparation of Information Slips

Glossary

Note

These are not definitions provided by the *Income Tax Act* or Regulations. They give only the common usage of the terms for the benefit of the reader.

Agent — A person authorized to act for another.

Amalgamation — Union of different corporations to form a single new corporation.

As principal — On your own account. See also "principal."

Banker's acceptance — A draft payable at maturity drawn by a creditor against a debtor. Banker's acceptances are short-term credit instruments that are commonly sold at a discount.

Bearer — The person in possession of a negotiable instrument.

Bearer form — An instrument is in "bearer form" if its terms state that it is payable to the bearer, or to "cash," or if it does not indicate a specific payee.

Bond — A security under which the issuer contracts to pay the lender a fixed amount at a stated date in the future, and a series of interest payments. Some bonds are issued at a discount instead of providing for interest payments.

Call — A demand on the holder to submit securities for payment or redemption.

Cancellation of securities — Action of issuers who call back their own securities to cancel them and to reduce the amount of outstanding securities.

Capital — All shares representing ownership, including preferred and common shares.

Commercial paper — A negotiable instrument (promissory note, bank cheque, etc.) for the payment of money. It is commonly sold at a discount.

Commodities — Staples such as wool, cotton, or any articles of merchandise which are useful or serviceable.

Consideration — anything received in a transaction (usually cash) including any tangible or intangible property.

Contract — An agreement between persons which creates an obligation. See "option."

Creditor — A person to whom a debt is owed by another person who is the "debtor."

Debenture — A promissory note or bond backed by the general credit rating of a corporation.

Debt obligation — A fixed obligation to pay money or some other valuable consideration.

Debtor — One who owes a debt.

Discount — The difference between present and maturity value. The action of buying an instrument before maturity, at less than par value.

Draft — An order to pay a sum of money on demand or at a definite time.

Exchange — The market place at which different securities are bought and sold (e.g., stock exchange, commodity exchange). Also, a transaction which involves trading one security for another.

Face amount — The nominal value which appears on the face of a document, generally a bond. The amount to be repaid at maturity.

Futures — A right to receive at a future date a specific quantity of a given commodity for a fixed price.

Holder — A person who possesses a security and who is entitled to receive payment of that security.

Index — A list of the current values of marketable securities given through an exchange (stock, commodities, futures exchanges, etc.).

Instrument — Any negotiable written document.

Nominee — A person designated to act for another.

Note — An instrument in which the signer promises to pay to a specified person, or the bearer, a sum of money at a specified time.

Numismatic coins — Coins or coin-like objects which have a particular value to collectors.

Option — A right to buy commodities or securities within an agreed period, at a fixed price, or to sell commodities or securities at an agreed price and time. An option to buy is known as a "call"; an option to sell is called a "put."

Par — When the nominal or face value of a security equals its market value, it is said to trade "at par." "Par value" may also refer to a value stated on securities, especially shares, that does not represent market value.

Partnership — The relationship that exists between two or more persons who join to carry on a trade or business with a view to profit. Each person contributes money, property, labour, or a skill, and each expects to share in the profits or losses of the venture. A valid partnership can exist without a formal written partnership agreement.

The type and extent of a person's involvement in the business is important in determining whether the person is a partner.

For help in deciding whether a particular arrangement is a partnership, you should also consult the relevant provincial laws. A determination made under those laws is normally acceptable.

Precious metal — Coins, metals (especially gold and silver) before coining, or certificates representing such metals. Precious metal does not include jewellery, works of art or numismatic coins.

Predecessor — One of any number of businesses or corporations that have been incorporated into and replaced by a new business or corporation through an amalgamation.

Principal — The capital sum of a debt or obligation, as distinguished from interest or other additions to it. Refer also to "as principal."

Premium — The amount of the issue price or market value in excess of par value.

Prospectus — A document published by a company inviting the public to subscribe to an issue of shares, debentures or other securities.

Publicly traded — Listed or posted on any exchange (stock exchange, commodity exchange, futures exchange, etc.). Sold or distributed under a prospectus or similar document.

Redemption of securities — The action of an issuer who buys back his own securities (frequently shares).

Right — A privilege granted to the holder of a particular security, as the right to buy additional shares of the issuer or the right to exchange the security held for a different security.

Sale — Includes the granting of an option and a short sale. A short sale is a contract for the sale of securities which the seller does not presently own but which will be delivered at a specified time.

Security — See the sub-section called "What are securities?" of this guide, for a definition of "security."

Trader or dealer in securities — A person registered or licensed to trade in securities or a person who ordinarily sells securities on behalf of others.

Treasury bill — Short-term obligations of the federal government. Treasury bills are for terms of three, six and twelve months.

Warrant — A certificate granting the owner the right to buy securities.