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T5008 Guide – Return of Securities Transactions



Before You Start

This guide explains how to prepare a T5008 *Return of Securities Transactions* (which includes the T5008 Supplementary, Summary, and Segment forms).

This guide does not deal with every tax situation. However, Appendix III has a list of publications that explain certain situations in greater detail. If you need more help after reading this guide, please contact your tax services office. The addresses and telephone numbers are listed under "Revenue Canada" in the Government of Canada section of the telephone book.

Most of our publications are available on the Internet. Our Internet address is:

<http://www.rc.gc.ca>

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

When we refer to interpretation bulletins and information circulars in this guide, we are referring to the current versions available.

See the glossary on page 29 for definitions of technical expressions.

Blind or visually impaired persons can get this publication in braille and large print, and on audio cassette and computer diskette. To order, please call ~~1-800-267-1267~~ weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

Privacy Act – The information you provide on the T5008 Return of Securities Transactions can only be used for the purposes provided under the *Income Tax Act*.

La version française de cette publication est intitulée *Guide T5008 – Déclaration des opérations sur titres*.

Table of Contents

	Page		Page
Chapter 1 – Who Should Use This Guide?	4	Correcting, amending, or replacing the	
What are securities?	4	T5008 Supplementary slip	10
Who has to file a T5008 information return?	4	Chapter 6 – The T5008 Summary	
When don't you have to file a		and Segment Forms	10
T5008 information return?	4	How to complete the T5008 Summary form	10
Are you acting as a trustee?	5	Distributing the T5008 Summary form	11
Chapter 2 – The T5008 Information Return	5	Correcting, amending, or replacing the	
What is a T5008 information return?	5	T5008 Summary form	11
Chapter 3 – Filing Requirements	5	How to complete the T5008 Segment form	11
Due date	5	Chapter 7 – Unclaimed Proceeds of Disposition	12
Filing on magnetic media	6	Remittances	12
Filing on paper	6	Reporting requirements	12
Chapter 4 – Penalties and Use of the		Appendix I – Flowcharts	14
Social Insurance Number	6	Appendix II – Forms	23
Late-filing penalty	6	T5008 Supplementary slip	23
Failure to make or file an information return	6	T5008 Summary form	24
Failure to provide required information or a social		T5008 Segment form	25
insurance number (SIN)	7	Appendix III – References	26
Use of the SIN	7	Appendix IV – Tax Centres	27
Interest on penalties	7	Appendix V – Province Codes	28
Cancelling or waiving penalties and interest	7	Appendix VI – Glossary	29
<i>Notice of Assessment</i>	7		
Chapter 5 – The T5008 Supplementary Slip	7		
How to complete the T5008 Supplementary slip	7		
Distributing the T5008 Supplementary slip	10		

Chapter 1 – Who Should Use This Guide?

Traders or dealers in securities have to file a T5008 information return to report purchases of securities as principal, and sales of securities as agent, for any vendor. Issuers of securities and their agents use this information return to report redemptions, acquisitions, or cancellations of securities. You have to report transactions to all persons, including individuals, corporations, taxable trusts, or any other person that resides either in or outside Canada.

You can also use the T5008 information return to report dispositions or redemptions of debt obligations in bearer form by individuals resident in Canada. Debt obligations in bearer form include commercial paper and banker's acceptances.

Note

We have developed flowcharts to help you determine the reporting requirements. See Appendix I which starts on page 14.

What are securities?

For the purpose of completing the T5008 information return, securities mean:

- publicly traded shares of the capital stock of a corporation;
- publicly traded debt obligations;
- debt obligations of, or guaranteed by:
 - the Government of Canada (such as Treasury Bills);
 - the government of a province or its agents;
 - a municipality in Canada;
 - a municipal or public body performing a function of government in Canada; or
 - the government of a foreign country or a political subdivision of a foreign country, including a local authority of such a government;
- publicly traded interests in a partnership or a trust, other than an interest in a trust traded at a constant fixed price;
- 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; and
- publicly traded options or contracts for any index relating to any property.

Who has to file a T5008 information return?

The following persons have to file a T5008 information return:

- every trader or dealer in securities who buys a security as principal (for their own account) or sells a security as an agent for any vendor;
- every person in the business of buying and selling precious metals in the form of certificates, bullion, or coins who makes a payment to another person for a sale of precious metals by that other person;
- every person who, as a nominee or agent for another person, receives the proceeds of a sale or other 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, an individual resident in Canada in respect of the disposition or redemption of a debt obligation in bearer form; and
- every person (other than an individual who is not a trust) who acquires, redeems, or cancels a security issued by that same person, **except** when the transactions involve the following:
 - capital property that is a debt obligation exchanged for another debt obligation of the same debtor, if the terms of the convertible obligation of bonds gave the holder the right to make the exchange and if the acquired and exchanged obligations have the same maturity value (section 51.1);
 - exchanges of shares for new shares in the course of a reorganization of the capital of a corporation (section 86), if no consideration other than the new shares is received;
 - securities disposed of when a partnership ceases to exist [subsection 98(3)];
 - securities transferred when a new partnership continues from a predecessor partnership [subsection 98(6)];
 - convertible property (section 51), i.e., when a corporation's shares, bonds, debentures or notes are exchanged for shares of the same corporation and no consideration other than the new shares is received; or
 - redemptions, cancellations, or acquisitions of securities made during an amalgamation (section 87) or mutual fund reorganization (section 132.2).

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 have to report the entire exchange transaction. For more information, see Interpretation Bulletin IT-115, *Fractional Interest in Shares*.

When don't you have to file a T5008 information return?

You do not need to file a T5008 information return for:

- a purchase of a security by one trader or dealer in securities from another, **other than** a non-resident trader

or dealer in securities when the non-resident trader or dealer (or a related person) acquired that security (or an identical security) from the purchaser (or a related person) within 90 days of this purchase;

- a sale of a security by a trader or dealer in securities on behalf of another trader or dealer in securities;
- a sale of currencies or precious metals in the form of jewellery, works of art, or numismatic coins;
- a sale of precious metals if you ordinarily produce or sell precious metals in bulk or commercial quantities;
- a redemption, acquisition, or cancellation of a debt obligation by the issuer or agent when:
 - the debt obligation was redeemed, acquired, or cancelled for the amount for which it was issued;
 - the redemption, acquisition, or cancellation satisfies all of the issuer's obligations;
 - there are no disproportionate payments of principal and interest to any person with an interest in the debt obligation; and
 - an information return other than a T5008 information return is required as a result of the redemption, acquisition, or cancellation;
- any transaction on behalf of a person who is exempt from tax under section 149 (e.g., municipalities, registered charities, non-profit organizations, and registered retirement savings plans);
- transactions reported under section 202 or 204 of the *Income Tax Regulations*;
- a deemed disposition of a security; or
- the expiry or exercise of an option, right, or warrant.

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 a T5008 information return to reflect the transaction. However, if the client exercises the option and acquires the shares of XYZ Corporation, or if the option is allowed to expire, the trader does not have to file a T5008 information return.

Are you acting as a trustee?

Publicly traded interests in a trust are securities and can be issued in the form of units or shares. The trust, as issuer of these interests, must report the redemption, acquisition, or cancellation of the units or shares to the beneficial owner. If a trustee acts on behalf of the trust, the trustee must report these transactions.

You must report income realized by a trust and distributed to its beneficiaries on a T3 Supplementary slip. This income is gained by holding an interest in the trust, and is different from the proceeds received from the disposition of those interests.

Chapter 2 – The T5008 Information Return

What is a T5008 information return?

The T5008 information return is a two-part return that consists of the T5008 Supplementary slips and the T5008 Summary form. A return may also include T5008 Segment forms.

The T5008 Supplementary slip – Use this slip to report a single transaction (or more than one transaction involving identical securities for the same client) you made for a particular person. There are three slips printed on each T5008 Supplementary sheet.

For information on how to complete the T5008 Supplementary slip, see Chapter 5 which starts on page 7. For a sample of the slip, see page 23.

The T5008 Summary form – Use this form to total all the proceeds of disposition or settlement amounts you report on the related T5008 Supplementary slips.

You have to prepare a **separate** T5008 Summary form when a beneficial owner claims previously unclaimed proceeds of disposition for securities transactions. For more details regarding unclaimed proceeds of disposition, see Chapter 7 on page 12.

For information on how to complete the T5008 Summary form, see the section called “How to complete the T5008 Summary form” on page 10. For a sample of the form, see page 24.

The T5008 Segment form – This form helps to balance the amounts on your T5008 Supplementary slips with the totals on your T5008 Summary form. Use the T5008 Segment form if your information return contains more than 100 sheets of T5008 Supplementary slips (300 slips).

For information on how to complete the T5008 Segment form, see the section called “How to complete the T5008 Segment form” on page 11. For a sample of the form, see page 25.

Chapter 3 – Filing Requirements

Due date

You have to file the T5008 information return **before March 1** of the year after the calendar year to which the return applies.

If you discontinue your business or activity, you have to file a T5008 information return for any year or part of a year for which you have not already filed the return. You have to file it within 30 days of the day your business or activity ended.

You have to send the recipient's copy of the supplementary slips to his or her last known address or deliver them in person. Do this on or before the day you have to file the T5008 information return.

Filing on magnetic media

We encourage filers to file their T5008 information return on magnetic tape, cartridge, or diskette.

If you are participating in the magnetic-media filing program for the first time, you have to submit a test tape, cartridge, or diskette to us for our approval. Send the test tape, cartridge, or diskette to us between October 31 and January 31.

If you get our approval to file your T5008 information return on magnetic media, do not submit the paper copy of the T5008 Supplementary slip, or the T5008 Summary form, or complete T5008 Segment forms.

See Guide T4031, *Computer Specifications for Data Filed on Magnetic Media – T5, T5008, T4RSP, T4RIF, NR4, and T3*, for the technical specifications you will need.

If you would like to know more about this method of filing, you can telephone ~~1-800-665-5164~~ or write to:

Magnetic Media Processing Team
Revenue Canada
875 Heron Road
Ottawa ON K1A 1A2

You can also reach us on the Internet at the following address:

<http://www.rc.gc.ca/magmedia>

If you file your T5008 information return on magnetic media, you may benefit from additional savings. You do not have to send a paper supplementary slip to the recipient if your client account statement meets our approval. For more information, please write to:

Information Returns Section
Revenue Canada
Room 477C
25 McArthur Avenue
Vanier ON K1A 0L5

Filing on paper

To help us process your paper information returns more efficiently, prepare the supplementary, summary, and segment forms according to the following instructions:

- Use the current version of the T5008 Supplementary, Summary, and Segment forms when you file your T5008 information return. You can get all the forms you need from any tax services office or tax centre.
- **Type or machine-print** data entries. Insert data in the middle of the white areas, separate from other printing and entries. Entries should be clear and sharp.
- Avoid writing or printing by hand. However, if you do not have a printer or typewriter and you must complete the forms by hand, we will accept your information return.
- Use black ink only.
- **Do not cut or separate copy 1 of the T5008 Supplementary**, since you have to file this copy as a complete page.

- Use the VOID box to cancel T5008 Supplementary slips which you may have incorrectly completed.
- When printing, use a font that has characters with fixed spacing, not proportional spacing.
- Use a standard font of 10 or 12 characters per inch.
- Use **capital letters** for all information.
- Do not use italics, script, or draft-quality printing.
- Do not tape, tear, stamp, or staple any of the T5008 forms.
- Do not use photocopies of T5008 forms.
- **Complete financial fields in dollars only (do not report cents)**. Use a comma to separate thousands. Do not use dollar signs (\$). For example, you would enter 3,456 to indicate \$3,456.08.
- Where 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.
- **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 (e.g., "√", "-").
- Remove side borders from copy 1 of the forms.

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

Chapter 4 – Penalties and Use of the Social Insurance Number

Late-filing penalty

You have to file the T5008 information return before March 1 of the year after the calendar year to which the return applies. If you file the T5008 information return late, or distribute the supplementary slips late, the penalty is \$25 a day, ranging from a minimum penalty of \$100 to a maximum of \$2,500 for each failure.

Failure to make or file an information return

You may be guilty of an offence if you fail to make or file a T5008 information return as required under the *Income Tax Regulations*. In addition to any other penalty, you are liable, on summary conviction, to:

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

Failure to provide required information or a social insurance number (SIN)

If you fail to provide the required information on an information return, including a SIN, you are liable to a penalty. Individuals are also liable to a penalty for not providing their SIN to a person who has to make an information return on their behalf.

Filers – If you have to file a T5008 information return, you have to make a reasonable effort to obtain the required information from the individuals for whom you prepare the supplementary slips. Unless you have made a reasonable effort to obtain the required information, you will be liable to a \$100 penalty each time you do not show the information on a supplementary slip.

If you have existing clients who have not yet given you their SIN and you are preparing a T5008 Supplementary slip for them, you must advise your clients (preferably in writing) that they have to provide you with their SIN. You should ask new clients to give you their SIN whenever they open a new account or enter into a transaction for which you may have to prepare a supplementary slip.

Individuals – Individuals (other than trusts) have to give their SIN on request to any person who has to prepare an information slip for them. Individuals who do not have a SIN have to apply for one at any Human Resources Centre of Canada within 15 days of the request. When they receive their SIN, individuals must give their SIN to the information slip preparer within 15 days. Individuals who, for any reason, do not comply with these requirements are liable to a penalty of \$100 for each failure.

For more information about SIN reporting requirements, see Information Circular 82-2, *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*.

Use of the SIN

You cannot **knowingly** use, communicate, or let an individual's SIN be communicated, other than as required or authorized by law, without the individual's written consent.

Any person who contravenes this provision may be guilty of an offence, and is liable on summary conviction to a maximum fine of \$5,000, a maximum prison term of 12 months, or both.

Interest on penalties

We charge interest, compounded daily at the prescribed rate, on the total amount of penalties and interest outstanding. Both interest and penalties are payable to the Receiver General.

Cancelling or waiving penalties and interest

We may reduce, cancel, or waive penalties and interest if you file an information return late or distribute supplementary slips to recipients late because of circumstances beyond your control. If this occurs, include a letter with the return giving the reasons why the return is

late. For more information, see Information Circular 92-2, *Guidelines for the Cancellation and Waiver of Interest and Penalties*.

Notice of Assessment

We will issue a *Notice of Assessment* only if a penalty applies to the information return.

Chapter 5 – The T5008 Supplementary Slip

How to complete the T5008 Supplementary slip

Before completing the T5008 Supplementary slips, see the instructions in the sections "Filing on paper" and "Filing on magnetic media" in Chapter 3 which starts on page 5. We can process your T5008 information return more efficiently if you follow these instructions.

Foreign currency reporting

Complete all T5008 Supplementary slips in Canadian currency. Use the exchange rate that was in effect at the time of the transaction or an average rate that includes the transaction period.

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, you can report in the foreign currency that applies. Identify foreign currency amounts by entering in box 13, the applicable currency code under International Standard (ISO) 4217.

Joint ownership

Complete only one supplementary slip to report a transaction even if more than one person owns the securities. Include the names of the joint owners on lines 1 and 2 of the recipient area of the supplementary slip.

Aggregate reporting

You can report more than one transaction involving **identical** securities for the **same** client by totalling the amounts and showing them as one transaction. Examples of identical securities are units of the same mutual fund, all commodity futures, or the same class of stock of the same corporation.

Recipient's name and address

Lines 1 and 2 – Enter the individual's surname first, followed by the usual first name and initials or the legal name of a corporation, organization, or institution, etc. Do not enter the name of a secretary, treasurer, or anyone else with signing authority.

Enter any additional information, such as the name of a second recipient for a jointly owned security.

Lines 3 and 4 – Complete the recipient's full address in all cases.

Line 5 – Enter the recipient's city, province, and postal code. Please use the two-letter abbreviation for the name of the province, as listed in Appendix V on page 28.

Name and address of trader or dealer in securities

Give the full name and mailing address of the person required to complete the information return in this area of each supplementary slip. To determine whether or not you have to file a T5008 information return, see "Who has to file a T5008 information return?" on page 4.

Year

Enter the last two digits of the calendar year in which the transaction took place.

Void

Enter an "X," if you make an error on a T5008 Supplementary slip. We will disregard transactions on voided supplementary slips during processing. You can enter the "X" using a medium lead pencil instead of machine-printing or typing.

Box 10 – Report code

On each T5008 Supplementary slip, enter one of the following codes to indicate whether this is an original or amended slip.

Enter "0," if this is the original slip.

Enter "1," if this changes the financial data or identification information of a slip you previously submitted.

When using code "1," enter a description at the top of the slip (i.e., "AMENDED" or "CANCELLED") and include a written explanation of the reason for filing the slip. For more details, see "Correcting, amending, or replacing the T5008 Supplementary slip" on page 10.

Box 11 – Recipient type

On each T5008 Supplementary slip, enter one of the following codes to identify the person for whom the transaction was made:

"1" individual (even if the SIN is not provided);

"2" joint account;

"3" corporation; or

"4" other, e.g., association, trust (fiduciary-trustee, nominee, or estate), club, or partnership.

Box 12 – Recipient identification number

If the recipient is an individual, enter the individual's social insurance number (SIN). When you report the disposition of a jointly owned security, enter only the SIN of the first individual you identified as a recipient.

You have to make a reasonable effort to get the recipient's SIN. However, when a person indicates that he or she does not have a SIN but is applying for one, do not delay completing the information return beyond the filing deadline. If you have not received the SIN by the time you prepare the supplementary slip, leave box 12 blank.

Note

If you are reporting a transaction made in trust to an institution on behalf of an individual (e.g., a payment made to the trustee of a self-directed RRSP), do not enter the individual's SIN in box 12.

If the recipient is not an individual, enter the first nine digits of the recipient's Business Number (BN), if available. The BN is a new number that will replace the many numbers businesses now need to deal with the government.

Over the next few years, we will expand the BN to include several government programs, including the filing of information returns. Preparers of information slips will have to obtain and report the BN of certain recipients. Businesses have the option of applying for and using their BN now.

Box 13 – Foreign currency

Leave this area blank for Canadian funds.

Enter the applicable three-letter alphabetic or three-digit numeric currency code using International Standard (ISO) 4217. If possible, use the alphabetic codes, as follows:

USD – United States, dollar

JPY – Japan, yen

FRF – France, franc

HKD – Hong Kong, dollar

ITL – Italy, lira

DEM – Germany, Deutschmark

DKK – Denmark, krone

GBP – United Kingdom, pound sterling

ESP – Spain, peseta

When you report amounts in foreign currency, keep the following rules in mind:

- print the name of the foreign currency on the supplementary slips (e.g., U.S. DOLLARS) above box 17 for the recipient's benefit;
- if you file your T5008 information return on paper and leave box 13 blank, we will process the amounts on the supplementary slips as Canadian dollars; and
- when completing the summary or segment forms, you only have to enter one total proceeds of disposition amount, whether or not you complete the supplementary slips in different currencies.

Box 14 – Date (MMDD)

Enter the month and day on which the transaction was completed (the settlement date). For example, if you completed the transaction on May 17, enter "0517." If you are reporting the aggregate of transactions that occurred throughout the year, enter "1231" (December 31). Do not enter the year in this box.

Box 15 – Type code of securities

Indicate the type of security by entering 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

These codes are the same as field 35A in the International Standard (ISO) 7775. We have added certain codes and removed others to report transactions as required by the *Income Tax Act*. However, if you use this standard to record transactions, you can use the field 35A codes and reproduce them without changes.

Box 16 – Quantity of securities

Enter the quantity of securities involved in the transaction.

Make sure the quantity is in units that apply to that security (e.g., for gold, give the number of ounces).

Box 17 – Identification of securities

Enter a description of the securities (e.g., Treasury Bill, banker's acceptance, shares of XYZ Corporation, debt obligation in bearer form).

Box 18 – CUSIP/ISIN number

When the securities are identified by a CUSIP number (Committee on Uniform Security Identification Procedures) or ISIN number (International Securities Identification Number), enter the number in box 18.

Box 19 – Face amount

If the security represents indebtedness (e.g., bonds and other debt obligations), enter the nominal value, **in dollars only**, which appears on the face of the document (i.e., the amount to be repaid at maturity). Leave this box blank if the security does not have a face amount (e.g., shares or commodities).

Box 20 – Cost or book value, if known

Enter the cost or book value, **in dollars only**, of the securities involved in the transaction if you keep this record. Otherwise, leave this box blank.

Box 21 – Proceeds of disposition or settlement amount

You have to prepare a T5008 Supplementary slip for all reportable transactions, regardless of the amount of proceeds. Since there is no direct relationship between proceeds of disposition and the resulting capital gain or loss, there is no administrative limit for reporting securities transactions.

Enter **in dollars only** the total amount of money received by or credited to the recipient 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 9,500 in box 21. Since the **face amount** of the Treasury Bill is \$10,000, you would enter 10,000 in box 19.

If you record proceeds of disposition net of brokerage fees, enter the net amount in box 21.

You should report only proceeds of disposition and amounts of a capital nature to the recipient. Report other amounts separately, as required.

Example

A \$15,000 discounted bond is called before maturity. The bondholder receives a net credit of \$10,480, as follows:

Principal payment	\$10,000
Add: Accrued interest	<u>500</u>
Gross proceeds	\$10,500
Minus: Bank charges	<u>20</u>
Amount deposited to bondholder's account	\$10,480

As the proceeds of disposition are \$10,000, enter 10,000 in box 21. Do not include the accrued interest with the transaction proceeds. Report the accrued interest on a T5 Supplementary slip. The bank charges do not represent an amount payable to the bondholder. The bondholder can deduct this amount as outlays and expenses to determine the gain realized on the transaction.

Boxes 22, 23, and 24 – Securities received on settlement (if applicable)

In some securities transactions, securities are received instead of proceeds of disposition. This usually happens in exchange or conversion transactions. **You should complete boxes 22, 23, and 24 only when you cannot readily determine the value of the securities received on settlement.** Do not report any monetary values in these boxes. Report in box 21 any part of the proceeds that is credited in money.

Note

Many exchanges of securities are exempt from the reporting requirement. For more information, see "Who has to file a T5008 information return?" on page 4.

Certain securities can be redeemed in return for another type of security. For example, bonds may be redeemed for gold. However, gold is often converted into money, at the fair market value, and the money is credited to the

recipient. In this case, you have to report these transactions in box 21. Use boxes 22, 23, and 24 to report the transaction only if you cannot reasonably determine the fair market value of the securities obtained on conversion.

Example

XYZ Corporation redeems a bond for 20 ounces of gold. If you could not determine the value of the gold, you would complete boxes 22, 23, and 24 as follows:

- box 22 – MET;
- box 23 – 20 OZ; and
- box 24 – GOLD.

The instructions for completing boxes 22, 23, and 24, are the same as those for boxes 15, 16, and 17.

Distributing the T5008 Supplementary slip

Copy 1

Send copy 1 along with the T5008 Summary form and applicable T5008 Segment forms before March 1 of the year after the calendar year for which the information return is required, to the applicable tax centre listed in Appendix IV on page 27.

Copy 2

Send copy 2 to the recipient before March 1 of the year after the calendar year for which the information return is required.

Copy 3

Keep this copy.

Correcting, amending, or replacing the T5008 Supplementary slip

If you discover that you have made an error in preparing your information return after delivering it to us, send a covering letter explaining the error along with the necessary supplementary slips, as detailed below.

If you failed to include all the required supplementary slips, file the additional slips. Enter "0" in box 10.

If you have to change financial data in box 19, 20, or 21, file an amended supplementary slip showing the same data as on the original slip, except for the boxes you are changing. Print the word "AMENDED" at the top of the slip and enter "1" in box 10. We do not require an amended slip if you have to change non-financial data and the recipient identification number is correct.

If you issued a supplementary slip in error and wish to cancel it, file another slip with the same information as the original. Print the word "CANCELLED" at the top of the slip and enter "1" in box 10.

If you issue a supplementary slip to replace one lost by the recipient, **do not send us a copy**. Enter the applicable report code for the slip you are replacing in box 10, and

print the word "DUPLICATE" at the top of the replacement slip. Give copy 2 to the beneficiary.

You must file amended supplementary slips as a separate return. Do not include original slips with an amended T5008 Summary form.

Chapter 6 – The T5008 Summary and Segment Forms

How to complete the T5008 Summary form

Before completing the T5008 Summary form, see the instructions in the sections "Filing on paper" and "Filing on magnetic media" in Chapter 3 which starts on page 5. We can process your T5008 information return more efficiently if you follow these instructions.

Information return for the year ended December 31

Enter the last two digits of the calendar year the information return covers.

Filer identification number

Enter your filer identification number. This number applies to information returns such as the T5008 and the T5. If we have not assigned you such a number, or you are unsure of your number, write to the Employer Services Section of your tax centre. Do not delay filing your information return. If you have not received your identification number before the due date, leave this area blank.

Note

The filer identification number is a unique number for information returns and has two alphabetical and seven numerical characters (e.g., YZ1234567). Do **not** enter your employer account number, your corporation account number, or your Business Number in this area.

Amended T5008 Summary

Enter an "X," if this is an amended T5008 Summary. For more information, see "Correcting, amending, or replacing the T5008 Summary form" on page 11.

Additional T5008 Summary

Enter an "X," if this is an additional T5008 Summary. For more information, see "Correcting, amending, or replacing the T5008 Summary form" on page 11.

Name and address of trader or dealer filing this T5008 Summary

Enter the name and the full mailing address of the person required to complete the information return. To determine whether or not you have to file a T5008 information return, see "Who has to file a T5008 information return?" on page 4.

Employer account number

Enter your employer account number from your Form PD7A-RB, *Remittance Form for Current Source Deductions*.

If your business has been registered in the Business Number (BN) registration system, enter the first nine digits of your BN in this area.

Leave this area blank if you do not have an employer account number or BN.

Corporation account number

Enter the account number from your T2 *Corporation Income Tax Return*.

If your business has been registered in the Business Number (BN) registration system, enter the first nine digits of your BN in this area.

Leave this area blank if you do not have a corporation account number or BN.

Have you filed a T5008 information return before?

Enter an "X" in the *yes* box if you have submitted a T5008 information return in a previous year.

Enter an "X" in the *no* box if this is the first year you have filed a T5008 information return.

Language

Enter an "X" in the appropriate box so that the correspondence and information we send you afterwards will be in the official language of your choice.

Address on last information return

Enter the address from your last T5008 information return, if you:

- entered an "X" in the *yes* box for the question "Have you filed a T5008 information return before?"; and
- the address on your last T5008 information return was not the same as the address you entered in the "Name and Address of Trader or Dealer" area of the form.

Box 21 – Total proceeds of disposition or settlement amount

Enter the total proceeds of disposition from box 21 of all the supplementary slips you are submitting with this summary form.

Box 40 – Total number of supplementary slips filed

Enter the total number of supplementary slips you are submitting with this summary form. Don't include in this total any supplementary slips that you have marked "VOID" or have left blank.

Is this summary form for an "Unclaimed Proceeds of Disposition Account"?

Enter an "X" in the *yes* box if this is a separate T5008 Summary form to report a payment of previously unclaimed proceeds of disposition. If not, enter an "X" in the *no* box. For more information, see Chapter 7 on page 12.

Box 41 – Person to contact about this information return

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

Box 42 – Telephone number

Enter the telephone number of the contact person.

Certification

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

Distributing the T5008 Summary form

Send copy 1 of the completed T5008 Summary form along with the related supplementary slips before March 1 of the year after the calendar year to which the information return applies, to the applicable tax centre listed in Appendix IV on page 27. Keep copy 2 for your records.

Correcting, amending, or replacing the T5008 Summary form

You have to submit an amended T5008 Summary form with revised totals if you cancel or revise financial data on a previously filed T5008 Supplementary slip. Include all supplementary slips with report code "1." If it is not possible to show the revised totals, you can report the net change. Do not include original supplementary slips with an amended summary form.

You have to submit an additional T5008 Summary form if you file additional supplementary slips. Include only original supplementary slips with report code "0."

How to complete the T5008 Segment form

Before completing the T5008 Segment form, please read the instructions in the sections "Filing on paper" and "Filing on magnetic media" in Chapter 3 which starts on page 5. We can process your T5008 information return more efficiently if you follow these instructions.

You should use the T5008 Segment form if you are filing your information return on paper and it contains more than 100 sheets of T5008 Supplementary slips (300 slips).

File one T5008 Segment form for each bundle of 100 sheets of T5008 Supplementary slips. The totals recorded on each T5008 Segment should balance to the total reported on the T5008 Summary form. Please ensure that you place the T5008 Segment form on top of the correct bundle.

The filer identification number and the name of trader or dealer in securities entered on the T5008 Segment form

must agree with the filer identification number and the name of trader or dealer in securities from the accompanying T5008 Summary form.

Chapter 7 – 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 a specified percentage of tax from these amounts and remit it to the Receiver General within 60 days.

To calculate the tax, subtract from the proceeds of disposition of the property any outlays and expenses relating to its disposition, if you did not deduct the outlays and expenses in calculating your income. Multiply the result by 50%. Send the tax withheld with a statement showing the period covered, the net proceeds, and the amount of tax deducted. Please submit the payment and statement separately from any T5008 information return you may be filing.

Example

As a securities dealer with a taxation year ending on March 31, you received proceeds of \$30,000 during the previous taxation year, for an unidentified beneficiary. The rightful owner of the proceeds is still unknown on March 31 of the current taxation year. You have to remit \$15,000 to the Receiver General before May 31 of the next taxation year.

Penalties apply if you do not remit amounts withheld. For 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.

We will charge you interest on amounts that you do not remit as required. Interest accrues at a prescribed rate from the required date of remittance to the actual date you remit it, and is payable to the Receiver General.

Reporting requirements

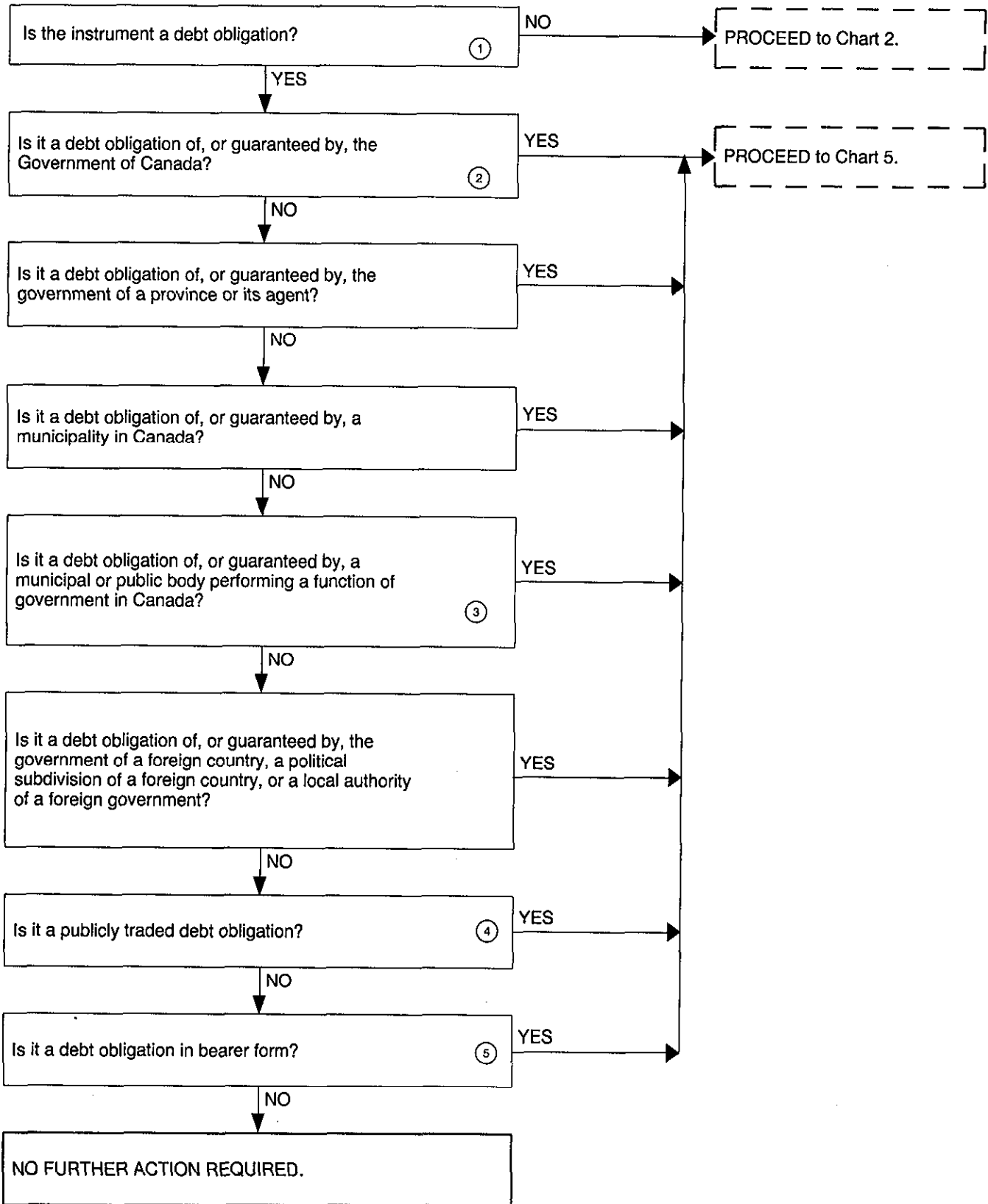
If you hold an unclaimed amount and you later identify the beneficial owner and pay the amount, you have to prepare a separate T5008 information return. In this case, prepare a separate T5008 Summary form and related supplementary slips for the applicable taxation year to report the proceeds paid and the tax withheld. The beneficial owner has to calculate the amount of income from these securities transactions and include it in income for the calendar year shown on the supplementary slip. The beneficial owner can claim as a credit the tax you withheld. A non-resident will generally claim the credit in the same way as a resident.

In some cases, you may pay unclaimed proceeds of disposition received in different calendar years to the same beneficial owner in one lump sum. If so, you have to prepare separate supplementary slips for each calendar year in which you received the proceeds.

You also have to report the amount of tax withheld on the supplementary slip. Identify the amount as "TAX WITHHELD" and enter it directly below the recipient's name and address. Enter "UNCLAIMED PROCEEDS OF DISPOSITION ACCOUNT" directly below the name and address of the trader or dealer in securities.

Appendix I – Flowcharts

Chart 1 – Debt obligations

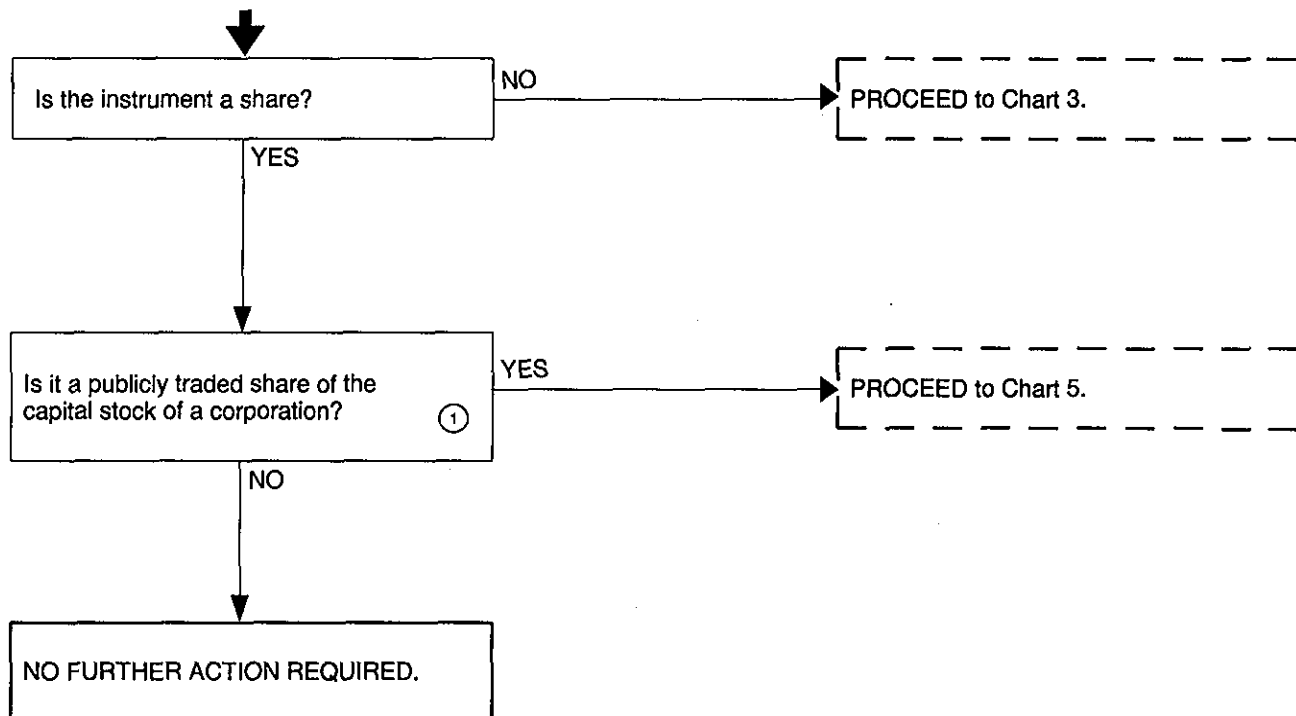


Debt obligations

Notes

1. Debt obligations include bonds, debentures, notes, or any other certificate of indebtedness.
2. This category includes Government of Canada Treasury Bills.
3. Municipal or public bodies performing a function of government in Canada include school boards, educational institutions, and hospitals.
4. Publicly traded means:
 - listed or posted for trading on a stock exchange, commodity exchange, futures exchange, or any other exchange, including exchanges in foreign jurisdictions; or
 - sold and distributed by prospectus, registration statement, or similar document filed with a public authority, such as a provincial securities commission.
5. Banker's acceptances and commercial paper are examples of debt obligations in bearer form which are not usually traded publicly. Debt obligations in bearer form include debt obligations payable to the "bearer" or to "cash." Instruments held in street name (i.e., in the name of a broker or another nominee) are usually endorsed to the bearer.

Chart 2 – Shares



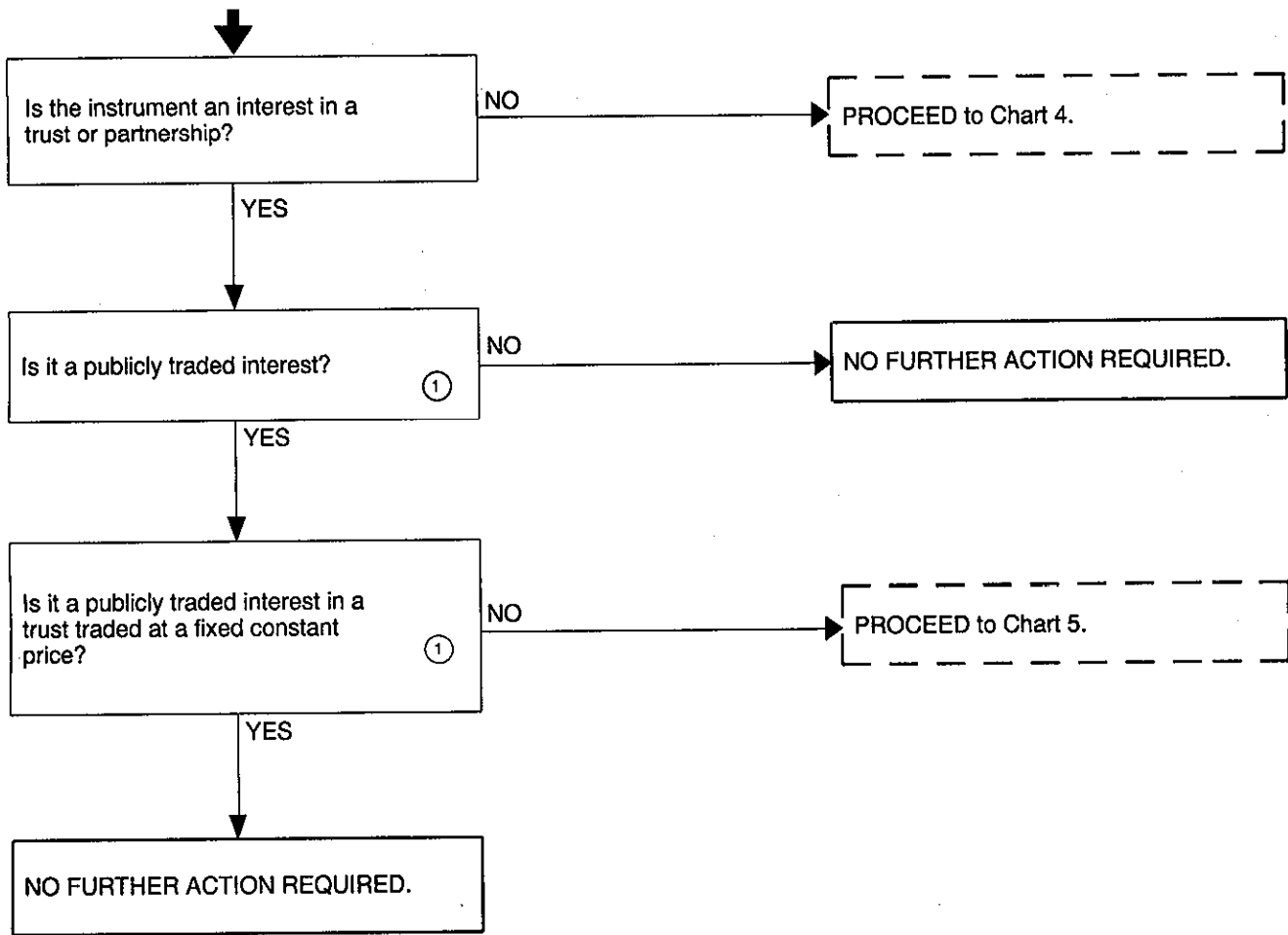
Shares

Note

1. Publicly traded means:

- listed or posted for trading on a stock exchange, commodity exchange, futures exchange, or any other exchange, including exchanges in foreign jurisdictions; or
- sold and distributed by prospectus, registration statement, or similar document filed with a public authority, such as a provincial securities commission.

Chart 3 – Interest in a trust or partnership



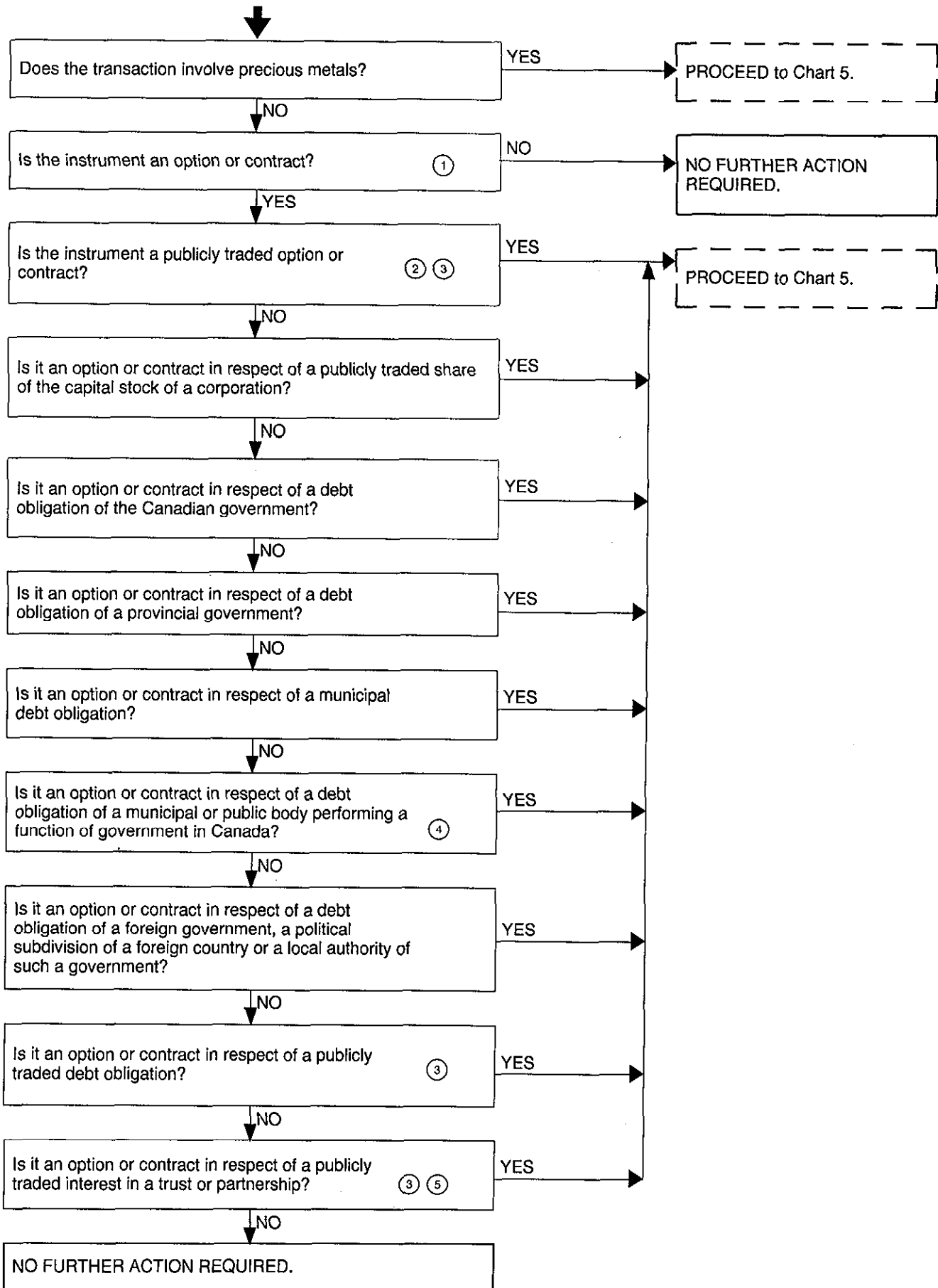
Interest in a trust or partnership

Note

1. Publicly traded means:

- listed or posted for trading on a stock exchange, commodity exchange, futures exchange, or any other exchange, including exchanges in foreign jurisdictions; or
- sold and distributed by prospectus, registration statement, or similar document filed with a public authority, such as a provincial securities commission.

Chart 4 – Other securities

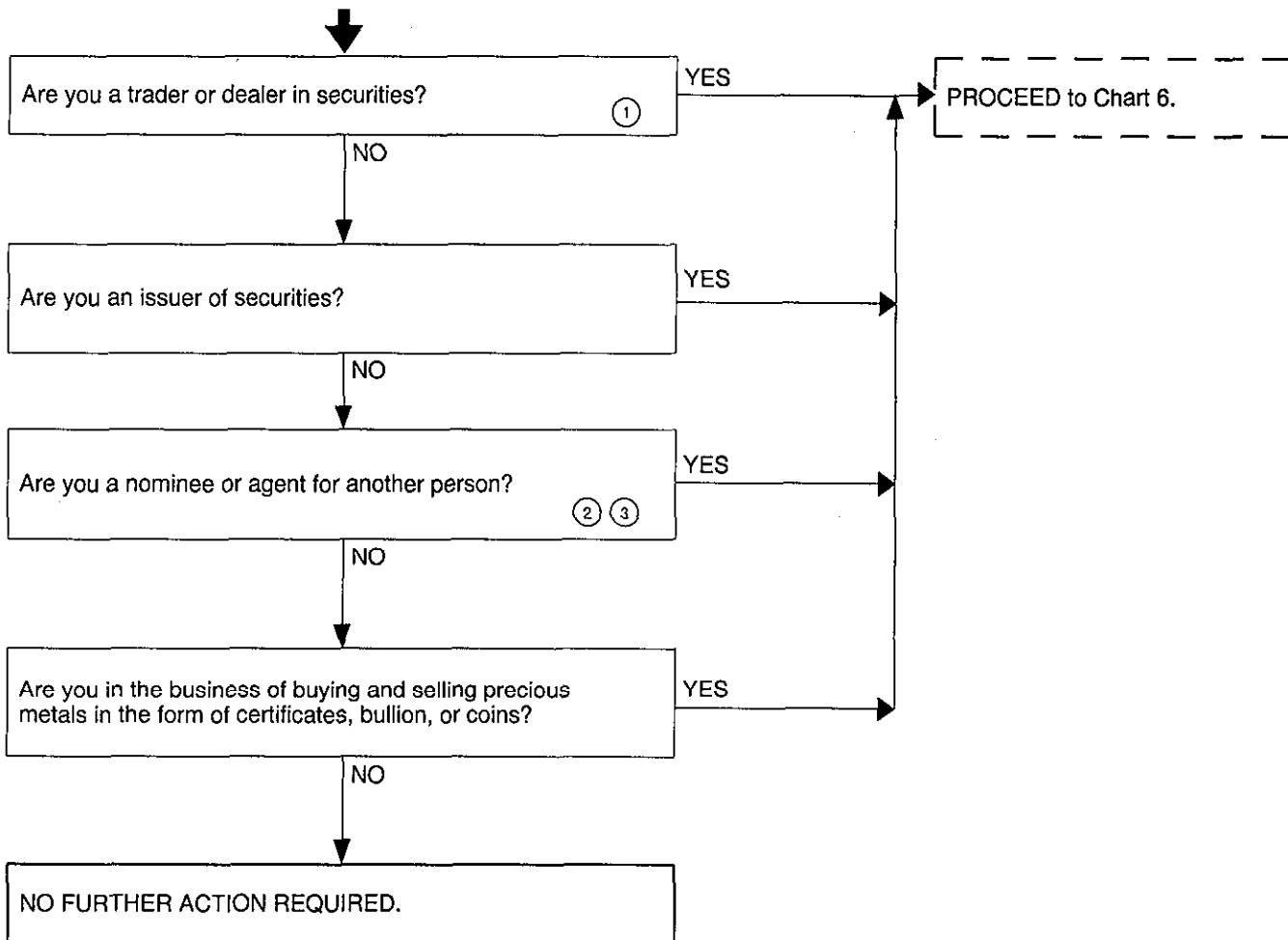


Other securities

Notes

1. An option is a right to buy or sell securities during an agreed period at a fixed price. Unlike an option, a contract for securities creates an obligation to buy or sell the securities.
2. A security includes a publicly traded option or contract for any property, including commodities, financial futures, foreign currency, precious metals, or any index relating to any property.
3. Publicly traded means:
 - listed or posted for trading on a stock exchange, commodity exchange, futures exchange, or any other exchange, including exchanges in foreign jurisdictions; or
 - sold and distributed by prospectus, registration statement, or similar document filed with a public authority, such as a provincial securities commission.
4. Municipal or public bodies performing a function of government in Canada include school boards, educational institutions, and hospitals.
5. If a publicly traded interest in a trust is traded at a constant fixed price, no further action is required.

Chart 5 – Reporting institutions



Reporting institutions

Notes

1. A trader or dealer in securities is:

- a person who is registered or licensed under the laws of a province to trade in securities; or
- a person who commonly makes sales of securities as an agent for other persons.

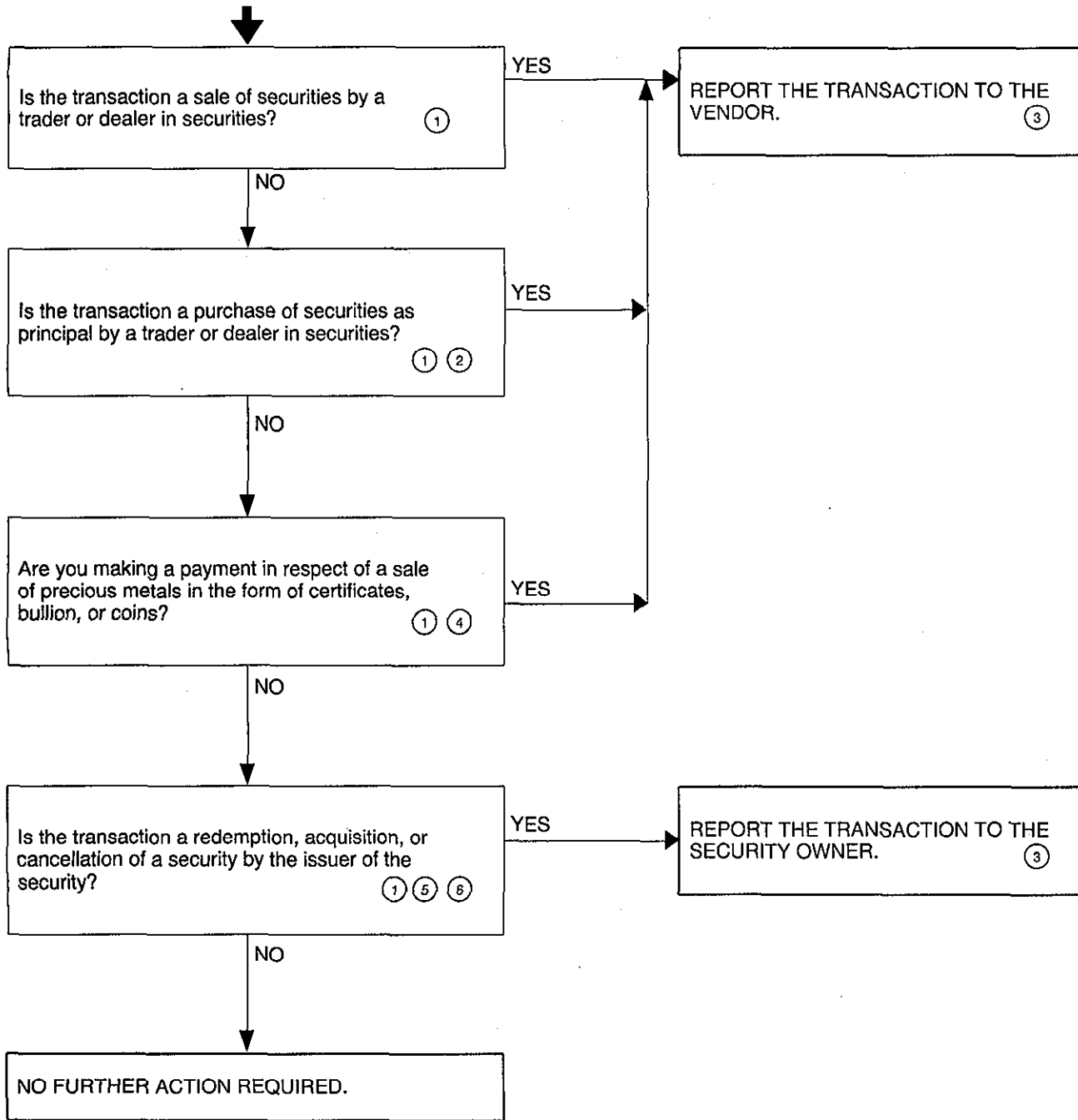
2. A nominee is a person or firm, such as a bank official or brokerage house, into whose name securities are transferred to facilitate transactions. The customer remains the true owner of the securities.

An agent is any person authorized to act on behalf of another person in transactions involving a third party. An agent includes:

- an account executive or an investment counsellor who advises and handles orders for clients;
- a person appointed by a corporation to maintain records of stock and bond owners, to cancel and issue certificates, and to distribute payments to stock or bond owners.

3. The reporting requirement for securities transactions does not apply to transactions for which an information return is required under section 202 (payments to non-residents) or section 204 (estates and trusts) of the *Income Tax Regulations*.

Chart 6 – Reporting the transactions



Reporting the transactions

Notes

1. If a person acts as nominee or agent of the vendor or security owner and receives the proceeds of disposition from the transaction, that person has to report the transaction to the vendor or security owner.
2. A purchase as principal means a purchase on your own account. Do not report purchases made for clients or other investors.
3. You do not need to report transactions to:
 - another trader or dealer in securities, except if you purchase securities from a non-resident trader or dealer in securities when the non-resident trader (or a related person) acquired that security (or an identical security) from the purchaser (or a related person) in the period starting 90 days before the day of the purchase; or
 - a non-taxable entity such as a registered retirement savings plan, a deferred profit-sharing plan, a registered pension plan, a municipality, an agricultural organization, a board of trade, a chamber of commerce, or a municipal or public body such as a school board, educational institution, or hospital.
4. Do not report a sale of currencies or precious metal in the form of jewellery, works of art, or numismatic coins. Do not report a sale of precious metals by a person who, in the ordinary course of business, produces or sells precious metals in bulk or commercial quantities.
5. Do not report the redemption, acquisition, or cancellation of a debt obligation if:
 - the debt obligation is redeemed, acquired, or cancelled for the amount for which it was issued;
 - the redemption, acquisition, or cancellation satisfies all of the issuer's obligations (i.e., once the redemption occurs, no further amounts are payable to any person with an interest in the debt obligation);
 - each person with an interest in the debt obligation is entitled to an equal proportion of principal and interest payments (i.e., the debt obligation is not a strip bond); and
 - an information return is already required to be made as a result of the redemption, acquisition, or cancellation (e.g., a T5 slip for the redemption of an investment contract or a T600 slip for accrued interest upon redemption of a bond, debenture, or similar security).
6. Do not report transactions involving:
 - convertible property, i.e., shares, bonds, debentures, or notes of a corporation which give the holder the right to exchange the security for shares of the same corporation (if you receive consideration, other than shares, of \$200 or more in the conversion, you have to report the transaction);
 - capital property that is a bond, exchanged for another bond of the same debtor when the provisions of the exchanged bond gave the holder the right to make the exchange and the exchanged bond and the acquired bond both have the same maturity value;
 - the redemption, cancellation, or acquisition of shares as a result of an amalgamation (if you receive consideration, other than shares, of \$200 or more in the exchange, you have to report the transaction);
 - share-for-share exchanges as a result of a corporation reorganization of capital (report all transactions when you receive any consideration other than shares);
 - interests in a partnership disposed of when a partnership ceases to exist; or
 - interests in a partnership transferred when a new partnership continues from a predecessor partnership.

Appendix III – References

The following publications relate to topics included in this guide and are available free of charge from any tax services office or tax centre. Most of our publications are available on the Internet. Our Internet address is:

<http://www.rc.gc.ca>

Information Circulars

- 82-2 *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*
- 93-4 *Custom and Facsimile Tax Forms*

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-115 *Fractional Interests in Shares*
- IT-146 *Shares Entitling Shareholders to Choose Taxable or Capital 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 (and its Special Release)*
- IT-479 *Transactions in Securities (and its Special Release)*

Guides and other publications

- 94-110 *Handbook on Securities Transactions*
- T4015 *T5 Guide – Return of Investment Income*
- T4031 *Computer Specifications for Data Filed on Magnetic Media – T5, T5008, T4RSP, T4RIF, NR4, and T3*

Appendix IV – Tax Centres

Traders or dealers served by a tax services office on the left side of the following list should send their information returns to the office on the right.

Bathurst, Charlottetown, Halifax, Moncton,
Newfoundland and Labrador, Saint John, and Sydney

St. John's Tax Centre
~~290 Freshwater Road~~
~~St. John's NF A1B 3Z1~~

Chicoutimi, Québec, Rimouski, Rouyn-Noranda,
Sherbrooke, and Trois-Rivières

Jonquière Tax Centre
~~2251 de la Centrale Boulevard~~
~~Jonquière QC G7S 5J1~~

Laval, Montréal, Montérégie-Rive-Sud, and Outaouais

Shawinigan-Sud Tax Centre
~~4695-12th Avenue~~
~~Shawinigan-Sud QC G9N 7S6~~

Ottawa, Toronto Centre, Toronto East, Toronto North, and
Toronto West

Ottawa Tax Centre
~~875 Heron Road~~
~~Ottawa ON K1A 1A2~~

Belleville, Hamilton, Kingston, Kitchener/Waterloo, London,
Peterborough, St. Catharines, Sudbury, Thunder Bay, and
Windsor

Sudbury Tax Services Office
~~1050 Notre Dame Avenue~~
~~Sudbury ON P3A 5C1~~

Calgary, Edmonton, Regina, Saskatoon, and Winnipeg

Winnipeg Tax Centre
~~66 Stapon Road~~
~~Winnipeg MB R3C 3M2~~

Burnaby-Fraser, Northern B.C. and Yukon,
Southern Interior B.C., Vancouver, and Vancouver Island

Surrey Tax Centre
~~9755 King George Highway~~
~~Surrey BC V3T 5E1~~

Appendix V – Province Codes

Please use the following abbreviations when you enter the province portion of any address on the T5008 Supplementary and the T5008 Summary forms.

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

Appendix VI – Glossary

Please note that these are not definitions provided by the *Income Tax Act* or *Income Tax 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 “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 – An 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 a corporation’s general credit rating.

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

Debtor – One who owes a debt.

Deemed disposition – This term is used when you are considered to have disposed of property, even though an actual transaction did not take place. A deemed disposition occurs when the owner of a security transfers certain property to a trust, leaves Canada, or dies.

Discount – The difference between present and maturity value. 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). It also means 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. It is 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” and an option to sell is called a “put.”

Par – When the nominal or face value of a security equals its market value, it is trading at par. Par value may also refer to a value stated on securities, especially shares, that does not represent market value. The amount of the issue price or market value in excess of par value is called a premium.

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

The type and extent of a person’s involvement in the business are important in determining whether the person is a partner. For more details, see Interpretation Bulletin IT-90, *What is a Partnership?*

If you would like additional help to determine whether an arrangement is a partnership, you should also consult the relevant provincial laws. We will usually accept a decision based on those laws.

Precious metal – This means 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 – This means 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 – This means the capital sum of a debt or obligation, as distinguished from interest or other additions to it. See “as principal.”

Prospectus – A document a company publishes to invite the public to subscribe to an issue of shares, debentures, or other securities.

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

Redemption of securities – An action of issuers who buy back their 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 a short sale. A short sale is a contract for the sale of securities which the seller does not currently own but which will be delivered at a specified time.

Security – See the section called “What are securities?” on page 4, 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.