



# 2009 Supplement to the 2006 T4068 – *Guide for the T5013 Partnership Information Return*

You may need a copy of the 2006 T4068, *Guide for the T5013 Partnership Information Return*, along with this supplement to complete your 2009 Partnership Information Return.

## Is this guide for you?

The purpose of this publication is to inform partnerships of the changes that may affect them for the 2009 tax year. Since few changes affect the 2009 partnership information return for most partnerships, this supplement containing the changes and corrections for the 2009 tax year is being published rather than a full revision to the 2006 T4068, *Guide for the T5013 Partnership Information Return* (T4068 guide).

The T4068 guide and this 2009 supplement contain the information needed to complete the 2009 T5013 partnership information return, which is also a Part IX.1 tax return for specified investment flow-through (SIFT) partnerships (see page 4). If you did not keep your 2006 guide, you can download a copy at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call 1-800-959-2221 to get a printed copy.

The T5013 and T5013A slips, T5013 Summary and all other partnership forms and schedules have been revised for 2009. However, any references in this supplemental guide to corrections to the T4068 guide relate to the 2006 version which has to be used for filing the 2009 partnership information return.

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### Filer Identification Number (FIN) change

Starting in January 2010, the Canada Revenue Agency (CRA) will begin processing T5013 partnership information returns as well as the T5, T5007, T5008, RRSP contribution receipts and the new Tax Free Savings Account (TFSA) information returns using the Business Number (BN).

The BN is a numbering system that simplifies and streamlines the way businesses deal with the federal government. It is based on the idea of one business, one number. By the end of December 2009, the partnership Filer Identification Number (FIN) will have been converted to the BN and a new RZ Program Identifier extension created to file these information returns.

If you are required to file one of the above-mentioned returns, you will be required to do so using your BN with RZ Program Identifier—this 15-character number is simply referred to as the “account number” in this guide and on the partnership forms. This account number consists of the 9-digit BN, plus the “RZ” program identifier and its 4-digit reference number.

For example, the new partnership account number will look like **123456789RZ9876**.

We will be notifying all businesses and partnerships of their converted BN with RZ Program Identifier by mail. If you have not received your notification by the end of December 2009, please call **1-800-959-5525** (service in English), or **1-800-959-7775** (service in French).

Although the full 15-character account number is now required on the T5013 Summary and on all partnership schedules, only the first nine digits (the BN) has to be entered on the T5013 and T5013A income information slips.

The above changes do **not** affect the Tax Shelter Identification Number, which will remain the same as in prior years.

### Form T5011 replaced by Form RC257

Due to the elimination of the partnership Filer Identification Number as explained above, Form T5011, *Application for a Partnership's Filer Identification Number*, is now obsolete and can no longer be used—it has been replaced by Form **RC257**, *Request for an Information Return Program Account (RZ)*.

Consequently, the instructions for Form T5011 on pages 3 and 11 of the T4068 guide no longer apply.

### International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board (ASB) is adopting IFRS for all publicly accountable enterprises effective January 1, 2011. It is also permissible to adopt IFRS for fiscal periods starting on or after January 1, 2009.

#### Question 28 – page 3 of the T5013 Summary

If the partnership used IFRS to prepare its financial statements, answer “yes” to new question 28 on page 3 of the T5013 Summary.

The use of IFRS is mandatory for all publicly accountable enterprises (PAEs) effective January 1, 2011. Early adoption is also generally permissible for fiscal periods starting on or after January 1, 2009.

This includes partnerships that have calculated their financial statements in accordance with the IFRS but have not complied with all aspects of the IFRS. A partnership that has issued, or is in a process of issuing, publicly-traded debt or equity instruments or who holds assets in a fiduciary capacity for a broad group of outsiders is generally considered to be a PAE.

To determine if a partnership should use IFRS, go to:

<http://rmx.cica.ca/ifrs/faqs/item2429.aspx>

<http://rmx.cica.ca/ifrs/faqs/index.aspx>

[www.acsbcanada.org/index.cfm/ci\\_id/41995/la\\_id/1.htm](http://www.acsbcanada.org/index.cfm/ci_id/41995/la_id/1.htm)

<http://rmx.cica.ca/ifrs/index.aspx>

For those partnerships that have adopted IFRS for the 2009 tax year, changes have been made to T5013 SCH 1, SCH 100, SCH 125 and SCH 140. See the explanations starting on page 4 in this guide.

### Changes to the late-filing penalty

You have to file the T5013 partnership information return and distribute the T5013 and/or T5013A information slips to the partners by the due dates indicated on page 8 of the T4068 guide.

If the due date is a Saturday, Sunday, or a holiday recognized by the CRA, your information return is due the next business day. More information on public holidays is available on our Web site at [www.cra.gc.ca](http://www.cra.gc.ca).

Effective January 1, 2010, the penalty for failing to file the T5013 partnership information return by the due date or for distributing T5013 or T5013A slips to recipients late is the greater of \$100 or a penalty determined as follows:

Number of information returns (slips) by type	Penalty (per day)	Maximum penalty
50 or less	\$10	\$1,000
51 – 500	\$15	\$1,500
501 – 2,500	\$25	\$2,500
2,501 – 10,000	\$50	\$5,000
10,001 or more	\$75	\$7,500

The preceding paragraphs and chart above pertain to the “Late-filing penalty” (as explained on page 14 of the T4068 guide) that can apply to a partnership for failure to file the partnership information return by the due date and that can also apply to partners for failure to distribute information slips by the due date.

There are also other penalties as explained on page 14 of the T4068 guide.

## Functional Currency Reporting – Election under section 261

For tax years that start on or after December 14, 2007, corporations resident in Canada throughout the tax year can elect to report in a functional currency, except for:

- investment corporations;
- mortgage investment corporations; and
- mutual fund corporations.

A functional currency is a currency of a country other than Canada that is:

- a qualifying currency (currently, the British pound, the euro, the Australian and the U.S. dollar); and
- the primary currency in which the taxpayer maintains its records and books of account for financial reporting purposes for the tax year.

To elect to report in a functional currency, corporations have to file Form T1296, *Election to Report in a Functional Currency*.

Once this election is made, you cannot change functional currency again. If you cease to qualify as a functional currency reporter, you must revert to determining your Canadian tax results in Canadian dollars. You cannot make the election again.

## Changes for specified investment flow-through (SIFT) partnerships

The 2007 version of this supplemental guide (T4068-1) explained the legislative changes affecting

SIFT partnerships with respect to Part IX.1 taxes under Section 197.

Certain legislative amendments have occurred since those explanations were provided. For more information about recent changes affecting SIFT partnerships, please refer to Finance Canada’s Web site at [www.fin.gc.ca](http://www.fin.gc.ca) or contact our Income Tax Rulings service at 613-957-8953.

## Changes to partnership forms

### Grey boxes added to denote cents

Grey shading was added to all amount lines on most of the 2009 partnership forms in order to separate dollars and cents. Follow the instructions on page 29 of the T4068 guide for entering dollars and cents.

### T5013 SCH 1

As indicated at the top of SCH 1, partnerships now have to report amounts in accordance with whichever applies: IFRS or Generally Accepted Accounting Principles (GAAP).

#### Line 101 – Provision for Part IX.1 SIFT taxes

We have added new Line 101, Provision for Part IX.1 SIFT taxes, to the section “Reconciliation – Net income (loss) for income tax purposes” on page 1. Enter the provision for tax payable under subsection 197(2) for a SIFT partnership for the 2009 tax year.

#### Line 110 – Loss in equity of subsidiaries and affiliates

On page 1, we also added new Line 110, Loss in equity of subsidiaries and affiliates, in the same section. This new addition more closely matches the reconciliation of net income/loss calculations for corporations.

#### Line 239 – Taxable/Non-deductible other comprehensive income items

Near the bottom of page 2, we have added new Line 239, Taxable/Non-deductible other comprehensive income items, to the second “Add” column. This new addition applies to partnerships that have adopted IFRS to prepare their financial statements.

“Other comprehensive income” generally comprises revenues, expenses, gains and losses that are recognized in comprehensive income but excluded from net income.

#### Line 347 – Non-taxable/Deductible other comprehensive income items

Near the middle of page 3, we have added new Line 347, Non-Taxable/Deductible other comprehensive income items, to the “Deduct” column. This new addition also applies to partnerships that have adopted IFRS to prepare their financial statements.

### T5013 SCH 6

We have made several changes to SCH 6 as follows:

#### Elimination of Line L

Since the 25% inclusion rate for gifts of certain capital property no longer applies, we removed Line L from page 1 of SCH 6.

For the same reason, we also eliminated column 9 (Gain subject to 25% inclusion rate) on page 4 of SCH 6. The columns will be renumbered for the 2010 (next year's) revision.

### Elimination of Line N

Since the capital gains inclusion adjustment at line N is no longer needed due to changes to Schedule 3 of the individual income tax and benefit return (T1 Return), we have eliminated Line N from page 1. For the same reason, we also eliminated the adjustment calculations at the bottom of page 4 of SCH 6.

These calculations and Line N were required in prior years to allocate an amount in Box 70-18 of the T5013 or T5013A slips to the partners—this amount permitted a partner to claim a deduction on Schedule 3 of the T1 return in order to benefit from a reduced capital gains inclusion rate that applied to gifts of certain capital property.

Since Schedule 3 was changed so that the correct inclusion rate applies on gifts of certain capital property without having to request a deduction for a lower inclusion rate at line 193, Box 70-18 on the T5013 and T5013A slips is no longer applicable and Line N is no longer required.

### T5013 SCH 100

If you used IFRS to prepare the partnership's financial statements, you now have to report an amount for **line 3580**, Accumulated other comprehensive income, in the "Member Equity" area.

"Accumulated other comprehensive income" comprises the accumulated balance of all components of other comprehensive income, being revenues, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income.

Another change is that there are now four new groupings of field codes on SCH 100 relating to advances, loans, or other debts receivable or payable to or from a partner—their titles and field codes are as follows:

#### Current Advances/Loans/Notes between the partners and the partnership

Due from limited partners – code 1301  
Due from members that are partnerships – code 1302  
Due from general partners – code 1303  
Due from specified members who are not limited partners – code 1304

**Due from member(s)/general partner(s) – code 1300**

The last line above for **code 1300** is the total of amounts for codes 1301, 1302, 1303 and 1304 and is indicated in bold text as a mandatory field code.

#### Long-term Advances/Loans/Notes between the partners and the partnership

Due from limited partners – code 2181  
Due from members that are partnerships – code 2182  
Due from general partners – code 2183  
Due from specified members who are not limited partners – code 2184  
**Due from member(s)/general partner(s) – code 2180**

The last line above for **code 2180** is the total of amounts for codes 2181, 2182, 2183 and 2184 and is indicated in bold text as a mandatory field code.

#### Current Advances/Loans/Notes between the partnership and the partners

Due to limited partners – code 2781  
Due to members that are partnerships – code 2782  
Due to general partners – code 2783  
Due to specified members who are not limited partners – code 2784  
**Due to member(s)/general partner(s) – code 2780**

The last line above for **code 2780** is the total of amounts for codes 2781, 2782, 2783 and 2784 and is indicated in bold text as a mandatory field code.

#### Long-term Advances/Loans/Notes between the partnership and the partners

Due to limited partners – code 3261  
Due to members that are partnerships – code 3262  
Due to general partners – code 3263  
Due to specified members who are not limited partners – code 3264  
**Due to member(s)/general partner(s) – code 3260**

The last line above for **code 3260** is the total of amounts for codes 3261, 3262, 3263 and 3264 and is indicated in bold text as a mandatory field code.

You must report amounts for all bolded field codes on SCH 100, including codes **1300, 2180, 2780** and **3260** above.

### T5013 SCH 125

If you used IFRS to prepare the partnership's financial statements, you now have to report an amount for **line 9998**, Total other comprehensive income, in the "Extraordinary items" area

### T5013 SCH 140

If you used IFRS to prepare the partnership's financial statements, you have to report an amount for **line 9998**, Total other comprehensive income, in the "Extraordinary items" area.

SCH 140, Summary Statement, is to be completed when submitting supplementary income statements and is found at the bottom of the second page of SCH 125.

# Corrections to the T4068, Guide for the T5013 Partnership Information Return

## Correction to “Partnerships that have to file a T5013 Partnership Information Return”

On page 11 of the 2006 T4068 guide, under the heading mentioned above, the third bullet that states “it was a partnership which had a member that was a corporation or trust” should be disregarded. The same applies to Example 3 on page 11.

Similarly, with respect to partnerships that do **not** have to file a T5013 partnership information return, under the heading “Five partners or fewer” at the top of page 13, the second bullet that states “**none** of the partners is a corporation or trust” should be disregarded.

### Note

These filing requirements will be re-examined during the next revision of the T4068 guide and any further changes will be communicated by the Canada Revenue Agency (CRA).

## Foreign tax credits – Correction to references to “Lines 431 and 433”

The *General Income Tax and Benefit Guide* for preparing individuals’ personal income tax returns no longer refers to “Lines 431 and 433” for the federal foreign tax credit calculation as these lines no longer exist on the Schedule 1, *Federal Tax*. Instead, the guide now refers to Line 405 and Form T2209, *Federal Foreign Tax Credits*. Form T2036, *Provincial or Territorial Foreign Tax Credit*, may also apply.

Consequently, the T4068 guide should also refer readers to Line 405 and forms T2209 and T2036. Corrections will be made on the next revision.

Corrections are also required to the generic box instructions for box 26-1 for the foreign tax credits, as explained below.

## Reassignment of Box 26-1 and introduction of a new generic Box 26-2

For 2006, the T4068 guide omitted to include instructions for a generic box for “Foreign net rental income (loss)” to permit partners to calculate their foreign tax credits, where applicable. This affects the T5013 Summary and the T5013 and T5013A slips.

Consequently, for those partnerships that have foreign rental income or losses, the following changes apply:

**Box 26-1** is changed to “Foreign net rental income (loss)” Its new instructions are as follows:

**All partners** – Enter the partner’s share of the foreign rental income (or loss) already included in box 26. Report all amounts in Canadian dollars. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29.

**Box 26-2** is a new box but it now has the same information as the old box 26-1. Box 26-2 is now “Foreign rental income that is exempt from Canadian tax due to a tax convention or agreement.” Its instructions are as follows:

**All partners** – Enter any part of foreign rental income that is exempt from Canadian tax due to a tax convention or agreement. Complete a generic box to identify each foreign country. For information on the generic box number, see the section called “Income from foreign countries” on page 29. The partner needs this information to complete Form T2209.

When partners are issued T5013 or T5013A slips, instructions sheets T5013-INST or T5013A-INST have to be given to the partner. These instruction sheets have been revised for 2009 in accordance with the above changes.

## Resource allowance deduction no longer available

For tax years that begin after December 31, 2006, the resource allowance deduction is no longer available.

Information about the amount eligible for a resource allowance deduction for prior tax years is available on page 42 of the T4068 guide under the heading “Box 95 – amount eligible for a resource allowance deduction.”

## Outdated references to the “CAIS program”

The Canadian Agricultural Income Stabilization (CAIS) Program has been replaced by a number of business risk management programs that have different names. Consequently, the references in the T4068 guide to the “CAIS program” should instead read the “AgriStability and AgriInvest programs.”

Also, any references to publications or forms with “CAIS program” in the title should now be read as having “AgriStability and AgriInvest Program(s)” in the publication or form title.

## Capital gains inclusion adjustment Box 70-18

The instructions on page 40 for Box 70-18 no longer apply and should be disregarded as the capital gains inclusion adjustment at line 193 of the T1 Schedule 3, *Capital Gains or Losses*, is no longer required and has been removed.

Box 70-18 should not be used and any references to it will be removed for the next revision of the T4068 guide.

Similarly, references to column 9 of T5013 SCH 6 and to Line N of SCH 6 should be ignored as the 25% capital gains inclusion rate no longer applies and a reduction of the inclusion rate is no longer necessary.

## Other corrections

- The instructions in the “What’s New” section and on page 11 for Form T5011 no longer apply as that form has been replaced by Form RC257, *Request for an Information Return Program Account (RZ)*.

All references in the T4068 guide to the “Filer Identification Number” (FIN) are no longer current as the FIN has been replaced by the 15-character Account Number comprised of the 9-digit Business Number (BN), the “RZ” program identifier and its 4-digit identification number. The 15-character Account Number is entered on all partnership forms and schedules except the T5013 and T5013A slips, which only require the 9-digit BN.

- Form T2124, *Statement of Business Activities*, and Form T2032, *Statement of Professional Activities*, are obsolete and have been replaced by Form T2125, *Statement of Business or Professional Activities*. Consequently, any references in the 2006 T4068 guide to forms T2124 or T2032 should all be read as referring to Form T2125 instead. If you have a separate business activity and a professional activity, file separate T2125 forms for each activity.
- For partnerships that are tax shelters, references in the T4068 guide to the title of Form T5004 should be read as “*Claim for Tax Shelter Loss or Deduction*”.
- On page 35, the last sentence of the first paragraph for completing Box 22-1 should state “If this amount is zero, the limited partner cannot claim any losses shown in boxes 20, 21, 22 and 23.”

On page 37, the information for the following boxes should reflect the following additional underlined text:

### Canadian and foreign net business income (loss)

- **Box 35** – Business income (loss)  
All partners (other than limited partners)
- **Box 41** – Farming income (loss)  
All partners (other than limited partners)
- **Box 43** – Fishing income (loss)  
All partners (other than limited partners)

### Canadian and foreign investments and carrying charges

- **Box 26** – Canadian and foreign net rental income (loss)  
All partners (other than limited partners)

## Addition to the T4068 guide

### T5013 information slip reporting for publicly traded partnerships

Section 229.1 of the *Income Tax Regulations* (the Regulations) requires a **public partnership** or a **public investment partnership** to make information available with respect to allocations of income, losses, and capital so that the T5013 information return and related slips can be prepared on a timely basis.

This information is to be made available by posting it by the due date (explained below) on the Web site of CDS Innovations Inc., a subsidiary of the Canada Depository for Canadian Securities Limited. Partnerships

that require access to the site's upload facility in this respect should send an email request to [cdsinnovations@cds.ca](mailto:cdsinnovations@cds.ca).

Please note that this reporting requirement is separate from and does not replace the CRA filing requirements and due date for the T5013 partnership information return.

A “public partnership,” at any time, means a partnership the partnership interests in which are, at that time, listed on a designated stock exchange in Canada if, at that time, the partnership carries on a business in Canada or is a Canadian partnership.

A “public investment partnership,” at any time, means a public partnership of which 90% or more of the fair market value of the partnership property is, at that time, attributable to the fair market value of property of the partnership that is any of the following:

- units of public trusts (as defined in subsection 204.1(1) of the Regulations);
- partnership interests in public partnerships;
- shares of the capital stock of public corporations; or
- any combination of properties referred to in paragraphs (a) to (c) above.

The **due date** for posting the required information is as follows:

- in the case of a **public partnership** that is **not** a public investment partnership, the day that is 60 days after the end of the fiscal period, or
- in the case of a **public partnership** that is a public investment partnership, the day that is 67 days after the end of the calendar year in which the fiscal period ends.

These partnerships are also required to notify the CRA of the date their tax information was posted on the CDS Innovations Web site by emailing the notification to [PUBTR-FO-G@cra-arc.gc.ca](mailto:PUBTR-FO-G@cra-arc.gc.ca).

## For more information

If you need more help after reading this guide, visit [www.cra.gc.ca](http://www.cra.gc.ca) or call 1-800-959-5525. To get any forms and publications you may need, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call 1-800-959-2221.

### SIFT partnerships

If you or any partner need more information about the Part IX.1 tax calculation or about the SIFT provisions affecting partnerships, call the **Income Tax Rulings** service at 613-957-8953. As it is an automated telephone service, collect calls cannot be accepted. For more information, go to [www.cra-arc.gc.ca/tax/taxprofessionals/services/menu-e.html](http://www.cra-arc.gc.ca/tax/taxprofessionals/services/menu-e.html).

### Our service complaint process

#### Step 1 – Talk to us

If you are not satisfied with the **service** you have received from us, you have the right to make a formal complaint. Before you make a complaint, we recommend that you try to resolve the matter with the CRA employee you have been dealing with (or call the phone number you have been given).

If you still disagree with the way your concerns are being addressed, ask to discuss the matter with the employee's supervisor.

#### Step 2 – Contact CRA – Service Complaints

This program is available to individual and business taxpayers and benefit recipients who have dealings with us. It is meant to provide you with an extra level of review if you are not satisfied with the results from the **first step** of our complaint process. In general, service-related complaints refer to the quality and timeliness of the work we performed.

If you choose to bring your complaint to the attention of CRA – Service Complaints, complete Form RC193,

*Service-Related Complaint*, which you can get by going to [www.cra.gc.ca/complaints](http://www.cra.gc.ca/complaints) or by calling 1-800-959-2221.

#### Step 3 – Contact the office of the Taxpayers' Ombudsman

If, **after following steps 1 and 2**, you are still not satisfied with the way the CRA has handled your complaint, you can file a complaint with the Taxpayers' Ombudsman.

For more information on the Taxpayers' Ombudsman and on how to file a complaint, visit their Web site at [www.taxpayersrights.gc.ca](http://www.taxpayersrights.gc.ca).

### Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



**Taxpayer Services Directorate**  
**Canada Revenue Agency**  
750 Heron Road  
Ottawa ON K1A 0L5