Tax and Investment Guide 2020

What You Need to Know

(Canada except Quebec)

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

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Disclaimer

The information in this guide is for informational purposes and should in no way be regarded as legal or tax advice. Clients should always consult their accountant or tax specialist before taking action based on the information found in this guide.

Introduction

This guide has been prepared by National Bank Financial – Wealth Management ("NBFWM") to present the various tax slips and information reports you may receive from us. You will find information regarding government tax slips and associated summaries. This guide is specifically intended for individuals residing in Canada. Canadians residing in Quebec should consult the Tax and Investment Guide 2020 (Quebec), which contains specificities regarding provincial taxation. This guide does not apply to non-resident corporations, trusts or individuals.

Please note that this document is not meant to be an exhaustive reference on how to report income and capital gains and losses. We strongly recommend that individuals consult an accountant or tax specialist to complete their tax return. This guide is a brief summary covering federal taxation. However, some provinces have specific requirements to be considered by individuals residing in those provinces.

Useful Links

Canada Revenue Agency (CRA):

- Website (home page): https://www.canada.ca/en/revenue-agency.html
- *"My Account"* for Individuals: https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html
- Income Tax Package: https://www.canada.ca/en/revenue-agency/services/forms-publications/tax-packages-years.html
- CRA and COVID-19: https://www.canada.ca/en/revenue-agency/campaigns/covid-19-update.html

Mailing Deadlines for Various Tax Slips

Below is a table of the various government tax slips and summaries potentially needed to prepare your tax return. Please note that these documents reflect the transactions and income recorded during the calendar year and some slips may not apply to your situation. Before completing your tax return, we ask you to ensure you have received all of your slips. This will avoid having to file an amended tax return. Note that the various summaries can be used as tools in verifying your tax slips.

Non-Registered		
Type of Income/Fees	**Slip/Summary**	**Mailing Deadline[1]**
Dividends, interest, foreign income	T5 and *Investment Income Summary*[2]	March 1, 2021
Interest paid and investment fees	*Investment Income Summary*[2]	March 1, 2021
Realized gains and losses	T5008 and *Securities Transactions Summary*[2]	March 1, 2021
Distributions from a trust	T3 and *Summary of Trust Income*[2]	March 31, 2021[3]
Partnerships	T5013	March 31, 2021
Registered Investments		
Withdrawal from a registered investment account:		
RRSP	T4RSP	March 1, 2021
RRIF/LIF/LRIF	T4RIF	March 1, 2021
RESP/RDSP	T4A	March 1, 2021

1 - Government-prescribed date.

2 - This summary is not government-prescribed, but NBFWM commits to issuing it at the specified date if needed.

3 - The first time T3 is issued, a "Summary of Upcoming Trust Units" may be sent to you. This summary will list trusts for which the issuers have not yet provided the tax information necessary for the filing of tax slips and for which a tax slip will be sent at a later date.

Note: For the Accumulated Interest Report, please refer to the information on page 36.

RRSP Contributions		
Time of Contribution	**Contribution Deadline**	**Time of Reception**
First 60 days of 2020	March 2, 2020	You should have received your contribution slip in March 2020.
Rest of the year 2020	N/A	You should receive your contribution slip in January 2021.
First 60 days of 2021	March 1, 2021	You should receive your contribution slip in March 2021.

T3 Slip – Statement of Trust Income (Allocations and Designations)

If you hold investments in income trusts (usually referred to as “mutual funds”), royalty trusts and real estate investment trusts (REITs), you will receive a T3 Slip and a *Summary of Trust Income* specifying amounts and the nature of these distributions in your account.

Canada Revenue Agency / Agence du revenu du Canada

Year / Année: 20XX

STATEMENT OF TRUST INCOME ALLOCATIONS AND DESIGNATIONS
ÉTAT DES REVENUS DE FIDUCIE (RÉPARTITIONS ET ATTRIBUTIONS) T3

Actual amount of eligible dividends / Montant réel des dividendes déterminés	Taxable amount of eligible dividends / Montant imposable des dividendes déterminés	Dividend tax credit for eligible dividends / Crédit d'impôt pour dividendes déterminés	Capital gains / Gains en capital	Capital gains eligible for deduction / Gains en capital admissibles pour déduction
49 0.00	50 0.00	51 0.00	21 273212.10	30 0.00
Actual amount of dividends other than eligible dividends / Montant réel des dividendes autres que des dividendes déterminés	Taxable amount of dividends other than eligible dividends / Montant imposable des dividendes autres que des dividendes déterminés	Dividend tax credit for dividends other than eligible dividends / Crédit d'impôt pour dividendes autres que des dividendes déterminés	Other income / Autres revenus	Trust year end / Fin d'année de la fiducie
23 0.00	32 0.00	39 0.00	26 53999.56	Year / Année 14 Month / Mois 12

Other information (see the back) / Autres renseignements (lisez le verso)

Box / Case	Amount / Montant	Box / Case	Amount / Montant

Footnotes – Notes
NATIONAL BANK FINANCIAL
1155 METCALFE STREET

MONTREAL, QC H3B 4S9

Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire
FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE
XXXXXX

Trust's name and address – Nom et adresse de la fiducie

Protected B when completed / Protégé B une fois rempli

Recipient identification number / Numéro d'identification du bénéficiaire	Account number / Numéro de compte	Report code / Code du genre de feuillet	Beneficiary code / Code du bénéficiaire
12 000000000	14 T NIL	16 A	18 1

T3 (XX)

For information, see the back.
Pour obtenir des renseignements, lisez le verso.

Mutual fund companies generally issue their own tax slips. You should receive a T3 slip for each separate mutual fund. For example, if you own a “Canadian Corporation” mutual fund and a “Fixed Income” mutual fund from ABC Company Mutual Inc., you should receive two T3s from ABC Company Mutual Inc. You should wait to receive all your slips before filing your income tax return.

Note that several fund companies issue consolidated T3 slips; if you deal with one of these companies, you will receive one (consolidated) slip.

You can now use the CRA’s “*My Account*” and the auto-fill application to help in the preparation of your tax return. However, please note that the T3 slips are issued under the name of the Trusts and you will not find NBFWM's name on your T3 slips. The information shown on your T3 slips will be reported in the name of each trust listed in the CRA’s "*My Account;"* you must therefore refer to the details on your *Summary of Trust Income* to reconcile the amounts reported.

Amounts reported on your T3 may include:

- Interest and other income
- Eligible dividends from taxable Canadian corporations
- Dividends other than eligible dividends from taxable Canadian corporations
- Foreign non-business income
- Capital income
- Capital gains

Summary of Trust Income

The *Summary of Trust Income* is issued by NBFWM. It provides detailed information regarding each trust, the nature of the distributions, as well as the associated boxes in chronological order. This information will allow you to reconcile your T3 slip from each trust.

Most of the expenses in the section "Paid by You" are associated with foreign withholding taxes.

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

1155 METCALFE STREET
MONTREAL QC
H3B 4S9

SUMMARY OF TRUST INCOME 20XX
(Excluding Mutual Funds)

FIRST NAME SURNAME
ADDRESS
ADDRESS
ADDRESS

Reference
XXXXX
Investment Advisor
FIRST NAME SURNAME
Telephone
S.I.N.
000 000 000
Resident
QUEBEC

DATE 20XX	QUANTITY	DESCRIPTION	T3/REL16 BOX NO.	AMOUNT PAID BY YOU	AMOUNT PAID TO YOU
YOUR CANADIAN ACCOUNT XX-XXXX-X					
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
20xx/xx/xx	50	ARTIS REIT T/U	(26/G)		0.71
20xx/xx/xx	50	ARTIS REIT T/U	(42/M)		3.79
	(26/G)	OTHER INCOME			7.81
	(42/M)	RETURN OF CAPITAL *			41.69
TOTAL					
	(26/G)	OTHER INCOME			7.81
	(42/M)	RETURN OF CAPITAL *			41.69

Detailed Description of Each Type of Income:

- Interest and other income

  Interest and other income (e.g., interest, rental income) are reported in box 26 “Other income” on the T3 slip.

- Dividends from taxable Canadian corporations

  The actual amount (not grossed-up) of eligible dividends received by the unit holder is reported in box 49 of the T3 slip. This amount is not the one to be used in your tax return. Instead, the taxable amount (grossed-up) shown in box 50 of the T3 slip should be the amount included in your tax return. You will be entitled to a dividend tax credit which is shown in box 51 of the T3 slip. The components of the “grossed-up dividend” and dividend tax credit are part of the integration mechanism of income earned by a corporation. Since dividends represent a distribution of corporate profits after taxes, adjustments (gross-up and credit) must be made in order to avoid double taxation on this income.

  The actual amount (not grossed-up) of dividends other than eligible dividends received by the holder is reported in box 23 of the T3 slip. Once again, this amount is not to be used in the tax return of the individual. The amount shown in box 32, the taxable amount (grossed-up), should be reported. The credit for dividends other than eligible dividends will be shown in box 39

- Dividends from foreign corporations

  Please note that dividends from foreign corporations (American, European, etc.) will be reported in box 25. These will not be grossed-up and are not entitled to a tax credit, as the integration mechanism applies only to dividends from Canadian corporations.

- Foreign non-business income

  For Canadian tax purposes, there is no difference between foreign interest and dividend income. All gross (prior to withholding) foreign income received by the trust will be found in box 25 of the T3 slip. Please note that foreign income is generally subject to a foreign withholding tax in the country of origin. Although you have received the amount after deduction of the foreign withholding tax, you must report the gross amount. You cannot deduct the foreign tax amount directly from the gross income, but you may be entitled to a foreign tax credit for a portion of the amounts withheld. The foreign withholding tax, which could entitle you to a foreign tax credit, can be found in box 34 of the T3 slip. Please note that if the investment is held in a registered account, the withheld amounts cannot be recovered through the foreign tax credit.

- Capital gains/Capital losses

  Trust investments may generate capital gains (or losses) with the sale of underlying assets. Only capital gains will be allocated to unitholders based on an allocation provided by the investment manager of the trust. The capital gain will be reported in box 21 of the T3 slip and will retain its character. 50% of capital gains are not taxable and must reduce the capital loss otherwise realized in the same year. All of these elements are covered in *Schedule 3 – Capital gains (or losses)* of your *Income Tax and Benefit Return* for the current year.

- Capital income

  The amount in box 42 of the T3 slip represents a distribution of a return of capital from the trust. Note that this amount is not taxable and does not have to be included in your tax return. However, this amount must be considered when calculating the adjusted cost base (“ACB”) of your trust units. The ACB of your trust units will be reduced by the return of capital. Please keep this information to validate that this adjustment has been made to the ACB of your trust units.

FAQ – T3 Slip

- Q: My T3 slip and *Summary of Trust Income* refer to a capital gain but I have received nothing in my account; do I have to report these amounts?

  A: Yes, these amounts must be reported. Sometimes, capital gains known as “phantom distributions” (non-cash distributions) are attributed by mutual funds without any actual payment made to the account. You must generally, thereafter, make an ACB adjustment if this has not already been done. In order to obtain accurate information on these distributions, please refer to the mutual fund's website.

- Q: Why did I receive my T3 slip so late in the month of April?

  A: Trust companies must also file tax returns. Coordination between these filings and the issuance of the slips is often the reason they wait until the prescribed limit (i.e., 90 days after year-end) before providing the issuers with the necessary data to produce the T3 slips, which in turn leads to filing delays.

- Q: Why did I receive an amended T3 slip?

  A: As previously mentioned, trust companies prepare, very tardily, the information related to their distributions to coordinate them with their own returns. Sometimes, corrections are required after the deadline that may result, amongst other causes, from adjustments or errors in their tax return.

- Q: I received a T3 slip from NBFWM. However, I do not find any T3 slips issued in NBFWM's name in the CRA’s “*My Account.*” Why?

  A: T3 slips are issued by NBFWM, but on behalf of the different trusts. The income shown on the T3 slip you received will be displayed in the trust’s name in the CRA’s “*My Account.*” You will not find any T3 slips in the name of NBFWM. In order to reconcile the trust information set out in the CRA’s “*My Account,*” you must refer to the details provided in your *Summary of Trust Income.*

Joint Accounts

Note that when an account is jointly held between spouses, the client must allocate the income, the gains and the losses generated based on each individual’s contribution, even if only one tax slip is issued.

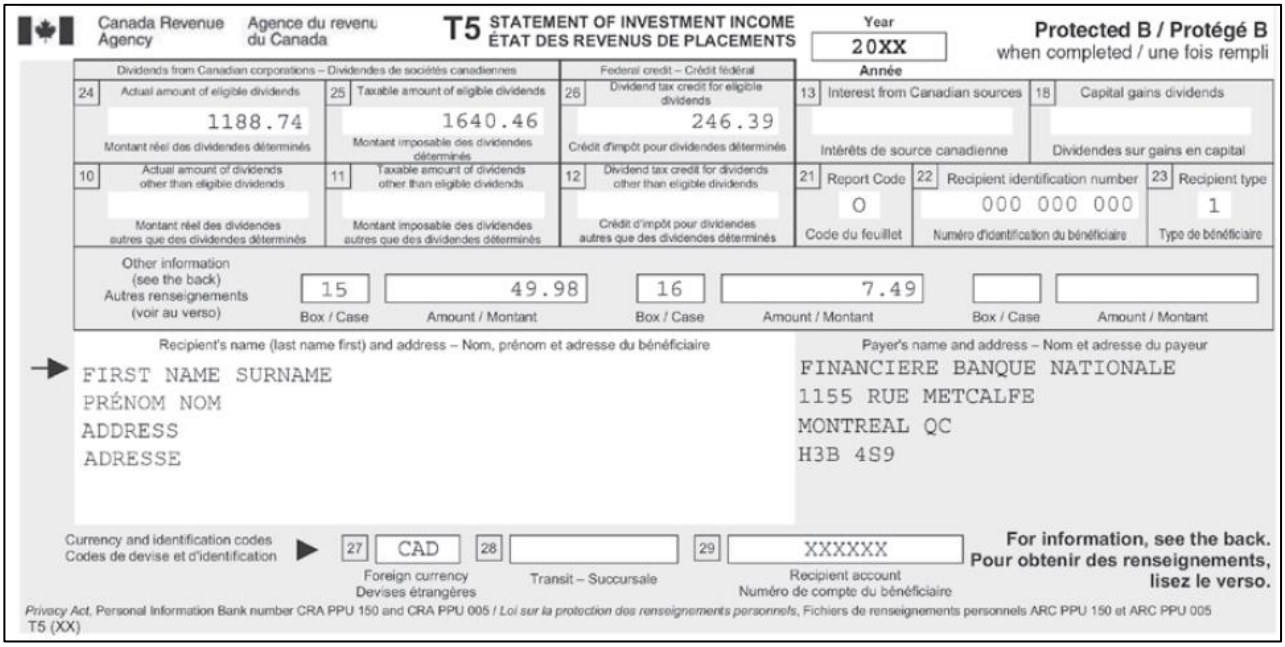
Hence, tax legislation applies attribution rules, disallowing income splitting in certain situations involving gifts and loans to spouses or common-law partners and minor children.

T5 Slip – Statement of Investment Income

The T5 is used to report dividend income, interest income and foreign taxes paid on your investments held in a non-registered account. The amounts in the boxes of the T5 represent the total of the amounts shown on the *Investment Income Summary*. You will receive a separate T5 if you hold a USD-denominated account. Please note that the slip will not be issued if the total investment income is less than $50, but you must still include this income in your tax return. Note that the income from discount bonds, such as Treasury Bills and commercial paper are not included on the T5, but they must also be reported.

If you own shares of a split share corporation, you will receive a separate T5 for expenses and income related to investments in this stock class. In addition, you may also receive a T5 if you hold shares in a real estate investment trust (REIT) or shares of U.S. limited capital investment funds.

Moreover, incorporated mutual funds (that are not trusts) also issue T5 slips to report their dividend distributions and allocation of capital gains


Canada Revenue Agency / Agence du revenu du Canada
T5 STATEMENT OF INVESTMENT INCOME / ÉTAT DES REVENUS DE PLACEMENTS
Year / Année: 20XX
Protected B / Protégé B when completed / une fois rempli

Dividends from Canadian corporations – Dividendes de sociétés canadiennes
24 Actual amount of eligible dividends / Montant réel des dividendes déterminés: 1188.74
25 Taxable amount of eligible dividends / Montant imposable des dividendes déterminés: 1640.46
Federal credit – Crédit fédéral
26 Dividend tax credit for eligible dividends / Crédit d'impôt pour dividendes déterminés: 246.39
13 Interest from Canadian sources / Intérêts de source canadienne
18 Capital gains dividends / Dividendes sur gains en capital
10 Actual amount of dividends other than eligible dividends / Montant réel des dividendes autres que des dividendes déterminés
11 Taxable amount of dividends other than eligible dividends / Montant imposable des dividendes autres que des dividendes déterminés
12 Dividend tax credit for dividends other than eligible dividends / Crédit d'impôt pour dividendes autres que des dividendes déterminés
21 Report Code / Code du feuillet: O
22 Recipient identification number / Numéro d'identification du bénéficiaire: 000 000 000
23 Recipient type / Type de bénéficiaire: 1
Other information (see the back) / Autres renseignements (voir au verso)
15 Box / Case: 49.98 Amount / Montant
16 Box / Case: 7.49 Amount / Montant
Box / Case Amount / Montant
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire
FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE
Payer's name and address – Nom et adresse du payeur
FINANCIERE BANQUE NATIONALE
1155 RUE METCALFE
MONTREAL QC
H3B 4S9
Currency and identification codes / Codes de devise et d'identification
27 CAD Foreign currency / Devises étrangères
28 Transit – Succursale
29 XXXXXX Recipient account / Numéro de compte du bénéficiaire
For information, see the back. Pour obtenir des renseignements, lisez le verso.
Privacy Act, Personal Information Bank number CRA PPU 150 and CRA PPU 005 / Loi sur la protection des renseignements personnels, Fichiers de renseignements personnels ARC PPU 150 et ARC PPU 005
T5 (XX)

Dividends from Taxable Canadian Corporations

Essentially, the tax implications associated with a dividend will depend on the type of dividend you received. A dividend paid by a taxable Canadian corporation can be classified, very generally, as either an “eligible dividend” or a “dividend other than an eligible dividend.” The tax implications and rates applied to each type of dividend reflect the underlying taxation of income earned in the corporation. Put simply, corporate income that has been taxed at a higher rate (at the general corporate tax rate) can be paid out as “eligible dividends” and, therefore, taxed in your hands at a lower tax rate. Earnings which were taxed at a lower corporate tax rate will be paid as “dividends other than eligible dividends” and taxed in your hands at a higher tax rate. Finally, a dividend gross-up and a dividend tax credit apply to the dividends you receive from Canadian corporations. This mechanism ensures that the combined corporate and personal tax paid on income approximates the tax that would be paid by an individual who earns the income directly (concept of “integration”).

1 - Eligible dividends
Eligible dividends paid to you during the year are found in box 24 of the T5 slip. However, this is not the amount to be reported in your return; you must report the grossed-up amount shown in box 25 – Taxable amount of eligible dividends. This amount is equal to box 24 multiplied by 1.38. In addition, you will find the tax credit for eligible dividends in box 26.

2 - Dividends other than eligible dividends (or "non-eligible dividends")
Dividends other than eligible dividends paid to you over the year are found in box 10 of the T5 slip. However, this is not the amount to be reported in your return; you must report the grossed-up amount shown in box 11 of the T5 slip – Taxable amount of dividends other than eligible dividends. This amount is equal to box 10 multiplied by 1.15. In addition, you will find the tax credit for non-eligible dividends in box 12.

Foreign Income

Earnings from dividends, interest or any other type of foreign income are shown in box 15 of the T5. The tax paid to the foreign country pertaining to such income is reported in box 16 of the T5 slip. All types of foreign income are grouped together in the same box. The Canadian tax system makes no distinction between them: they are taxed in the same way. The foreign tax credit mechanism will allow you to recover a portion of the tax paid in the foreign country in your tax return.

Foreign Spin-Off

For Canadian tax purposes, when a reorganization occurs and a foreign corporation issues shares of a new corporation, the value of these new shares must be reported as a foreign dividend (box 15 of the T5 slip) when the shares are held in a non-registered account. The event is generally taxable in Canada, even if there are no tax implications in the foreign country.

However, a tax deferral may be possible when the foreign spin-off meets certain requirements of the *Income Tax Act* (the Act governing Canadian Federal income taxes, hereinafter referred to as the "ITA"). To take advantage of this deferral, foreign corporations must provide the CRA with information on the spin-off. Foreign corporations usually provide the CRA permission to publish the fact that their "spin-off shares" are eligible for the tax deferral. Thus, eligible foreign spin-offs are usually listed on the CRA's website at the following address: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/eligible-spin-offs.html

In order to take advantage of this deferral, you must file an election with your Federal tax return. https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/information-canadian-shareholders.html

Note that even when the foreign reorganization qualifies for the tax deferral and the election is filed on time, the amount still appears on the T5 slip (box 15).

Interest on Linked Notes

Following regulatory changes in 2017 regarding the disposition or transfer of equity linked notes prior to their maturity, all gains realized at the time of disposition or transfer must be considered as accrued interest. This interest must be declared in box 30 of the T5 slip. Box 21 of the T5008 (proceeds of disposition) will not include the interest declared on the T5.

See Linked Notes (page 17)

Accrued Interest on Debt Securities

Accrued interest during the year on discount debt securities (e.g. stripped coupons and residual bonds) and compound interest debt securities (e.g. guaranteed investment certificates) must be reported annually, even if interest is not paid. This interest is included on your T5 with the exception of interest on stripped coupons and residual bonds which is reported on the Accumulated Interest Report provided by your Advisor.

See Premium or Discount Bonds (page 22)

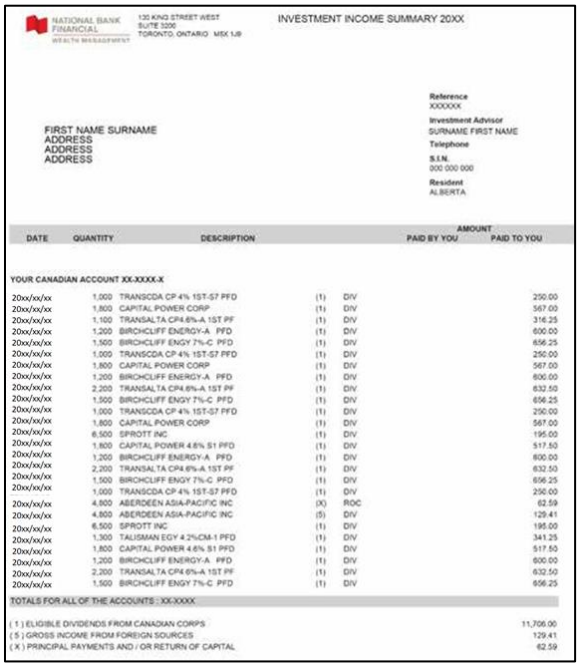
Transfer of Securities to a Registered Account

If savings bonds or other types of bonds are transferred with accrued interest to a Registered Retirement Savings Plan (“RRSP”), a Registered Disability Savings Plan (“RDSP”), a Tax-Free Savings Account (“TFSA”) or a Registered Education Savings Plan (“RESP”), these will be included on the T5 slip and will also be shown on the *Investment Income Summary*.

Investment Income Summary

This summary lists, in chronological order, all the investment income paid to your non-registered accounts during the period.

In addition, it contains information on the interest you paid during the year, for example, interest on the outstanding balance of margin accounts and accrued interest paid upon the purchase of a bond. The accrued interest that was paid should not be deducted from interest received. It should be added to other deductible financial expenses. Note that the annual administration fees of an RRSP, RRIF, TFSA, RESP, RDSP, LIRA, LRIF or Locked-in RRSP are not deductible, even if paid through a non-registered account.



NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

130 KING STREET WEST
SUITE 3200
TORONTO, ONTARIO M5X 1J9

INVESTMENT INCOME SUMMARY 20XX

FIRST NAME SURNAME
ADDRESS
ADDRESS
ADDRESS

Reference
XXXXXX
Investment Advisor
SURNAME FIRST NAME
Telephone
S.I.N.
000 000 000
Resident
ALBERTA

DATE	QUANTITY	DESCRIPTION			AMOUNT PAID BY YOU	AMOUNT PAID TO YOU
YOUR CANADIAN ACCOUNT XX-XXXX-X						
20xx/xx/xx	1,000	TRANSCDA CP 4% 1ST-S7 PFD	(1)	DIV		250.00
20xx/xx/xx	1,800	CAPITAL POWER CORP	(1)	DIV		567.00
20xx/xx/xx	1,100	TRANSALTA CP4.6%-A 1ST PF	(1)	DIV		316.25
20xx/xx/xx	1,200	BIRCHCLIFF ENERGY-A PFD	(1)	DIV		600.00
20xx/xx/xx	1,500	BIRCHCLIFF ENGY 7%-C PFD	(1)	DIV		656.25
20xx/xx/xx	1,000	TRANSCDA CP 4% 1ST-S7 PFD	(1)	DIV		250.00
20xx/xx/xx	1,800	CAPITAL POWER CORP	(1)	DIV		567.00
20xx/xx/xx	1,200	BIRCHCLIFF ENERGY-A PFD	(1)	DIV		600.00
20xx/xx/xx	2,200	TRANSALTA CP4.6%-A 1ST PF	(1)	DIV		632.50
20xx/xx/xx	1,500	BIRCHCLIFF ENGY 7%-C PFD	(1)	DIV		656.25
20xx/xx/xx	1,000	TRANSCDA CP 4% 1ST-S7 PFD	(1)	DIV		250.00
20xx/xx/xx	1,800	CAPITAL POWER CORP	(1)	DIV		567.00
20xx/xx/xx	6,500	SPROTT INC	(1)	DIV		195.00
20xx/xx/xx	1,800	CAPITAL POWER 4.6% S1 PFD	(1)	DIV		517.50
20xx/xx/xx	1,200	BIRCHCLIFF ENERGY-A PFD	(1)	DIV		600.00
20xx/xx/xx	2,200	TRANSALTA CP4.6%-A 1ST PF	(1)	DIV		632.50
20xx/xx/xx	1,500	BIRCHCLIFF ENGY 7%-C PFD	(1)	DIV		656.25
20xx/xx/xx	1,000	TRANSCDA CP 4% 1ST-S7 PFD	(1)	DIV		250.00
20xx/xx/xx	4,800	ABERDEEN ASIA-PACIFIC INC	(X)	ROC		62.59
20xx/xx/xx	4,800	ABERDEEN ASIA-PACIFIC INC	(5)	DIV		129.41
20xx/xx/xx	6,500	SPROTT INC	(1)	DIV		195.00
20xx/xx/xx	1,300	TALISMAN EGY 4.2%CM-1 PFD	(1)	DIV		341.25
20xx/xx/xx	1,800	CAPITAL POWER 4.6% S1 PFD	(1)	DIV		517.50
20xx/xx/xx	1,200	BIRCHCLIFF ENERGY-A PFD	(1)	DIV		600.00
20xx/xx/xx	2,200	TRANSALTA CP4.6%-A 1ST PF	(1)	DIV		632.50
20xx/xx/xx	1,500	BIRCHCLIFF ENGY 7%-C PFD	(1)	DIV		656.25
TOTALS FOR ALL OF THE ACCOUNTS : XX-XXXX						
(1) ELIGIBLE DIVIDENDS FROM CANADIAN CORPS						11,706.00
(5) GROSS INCOME FROM FOREIGN SOURCES						129.41
(X) PRINCIPAL PAYMENTS AND / OR RETURN OF CAPITAL						62.59

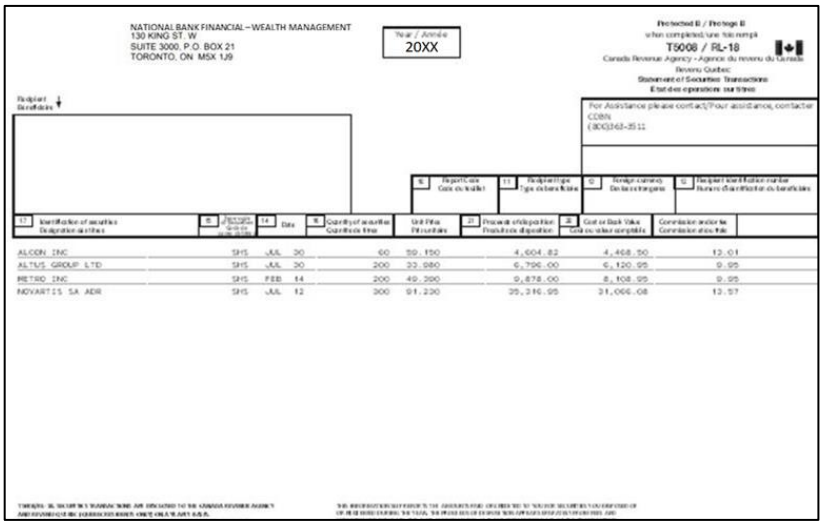
Joint Accounts

Note that when an account is jointly held between spouses, the client must allocate the income, the gains and the losses generated based on each individual’s contribution, even if only one tax slip is issued.

Hence, tax legislation applies attribution rules, disallowing income splitting in certain situations involving gifts and loans to spouses or common-law partners and minor children.

T5008 Slip – Statement of Securities Transactions

If you have sold securities from your non-registered account during the year, you will receive a T5008 statement. If you are a resident of Quebec, the T5008 also contains the required information to complete your provincial tax return.


NATIONAL BANK FINANCIAL – WEALTH MANAGEMENT
130 KING ST. W
SUITE 3000, P.O. BOX 21
TORONTO, ON M5X 1J9

Year / Année
20XX

T5008 / RL-18
Statement of Securities Transactions

ALCON INC	SHS	JUL	20	60	59.150	4,604.82	4,468.50	12.01
ALTUS GROUP LTD	SHS	JUL	20	200	23.980	6,796.00	6,120.95	9.95
METRO INC	SHS	FEB	14	200	49.390	9,878.00	8,108.95	9.95
NOVARTIS SA ADR	SHS	JUL	12	300	91.220	35,246.95	31,066.08	13.57

- The amount indicated in box 20 of the T5008 slips that we send to you represents the data in our systems and should generally be equal to the book value indicated on the *Realized Capital Gains and Losses Report* provided by your Advisor. This amount represents the initial cost including a few adjustments, such as for transactions fees, reinvested distributions, returns of capital and/or certain market events associated with the securities you hold (see the "Limitations of the report" section below for more information). Exceptionally, the amount in box 20 of the T5008 slip may differ from the amount in the *Realized Capital Gains and Losses Report*.
- Additionally, as indicated in the CRA guide, the amount shown in box 20 of the T5008 slip may not represent the Adjusted Cost Base (ACB) required to calculate the gain/loss, even if it is equal to the amount in the *Realized Capital Gains and Losses Report*.
- In all cases, you must take the "adjusted cost base" calculated based on your aggregate data as indicated on the following page. IMPORTANT: Keep the explanations of your ACB calculations, especially if they differ from the values shown in box 20 of your T5008 slips. This will allow you to respond to requests for additional information from tax authorities, as required.
- If box 20 is left blank, it is because the institution does not have accurate information to report a book value. In this case, you will need to check your records to determine the ACB in order to calculate your gain or loss for tax purposes.
- Note, that if electronic slips are used, you must add the adjusted cost base manually in Schedule 3, otherwise the gain will be overvalued. Please see below the section outlining the concept of fiscal ACB.

How is the Capital Gain or Loss Calculated

The fiscal gain or loss is calculated as: Proceeds of disposition minus fiscal ACB less expenses incurred to sell the asset. Thus, the fiscal ACB is used to calculate, at the time of disposition, the taxpayer's loss or gain, for tax purposes.

Proceeds of Disposition

Proceeds of disposition is the amount received or receivable in return for property or goods and is, generally, the sale price. Box 21 of the T5008 slip represents the proceeds of disposition before commission or any expenses disbursed.

Commissions or Fees

The T5008 slip also reports the fees or commissions incurred on the disposition of the security. This amount is needed to accurately calculate the fiscal gain or loss as mentioned above.

ACB for Tax Purposes

This is typically the cost of acquiring a security with certain upward or downward adjustments. For example, brokerage fees or commissions are added to the ACB, and for some securities the ACB is reduced by capital distributions.

Special rules for identical properties

If an individual buys identical properties at different prices, an average ACB must be calculated after each purchase. Dispositions of identical properties do not affect the ACB. The CRA considers that identical properties are securities that are similar based on key elements, such that a potential buyer will have no preference for one over the other. For example, shares of the same class of the capital stock of a corporation or units of a mutual fund trust will be considered identical properties.

Here is the link to the CRA's website that explains, in detail, the calculation of gains and losses on capital property:
https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-127-capital-gains/calculating-reporting-your-capital-gains-losses.html

The following example outlines the calculation of the average ACB for the same class of shares for the "XYZ Inc." corporation (i.e. the ACB for identical properties):

XYZ Inc.		A	B	C			D	E
Date		Number of shares sold or bought	Purchase price/Sell price	Total (AxB)	Total Shares	Average Tax ACB	Average Tax ACB	Gains (losses) C – (AxD)
10-Feb	BUY	100	12	1200	100	1200	12	
12-Mar	BUY	150	9	1350	250	2550	10,2	
15-Mar	SELL	(50)	8	400	200	2040	10,2	(110)
25-Jul	BUY	200	5	1000	400	3040	7,6	

Settlement Date vs. Transaction Date

A disposition for tax purposes is triggered on the settlement date rather than on the date the transaction was ordered.

Conversion to Canadian Dollars

Please note that all information reported on your income tax return must be in Canadian dollars (with a few exceptions). As well, the fiscal ACB must be calculated in Canadian dollars, even if the security (Canadian or foreign) is denominated in a different currency. Thus, the exchange rates in effect at the time of purchase and at the time of disposition must be used to calculate the ACB and the proceeds of disposition accordingly, and therefore, will ultimately determine the gain/loss. Note that the CRA indicates on its website that you can use the annual average exchange rate when transactions occur throughout the year, as is the case when receiving dividends or interest. This is not the case when calculating the ACB, the proceeds of disposition and the capital gain/loss.

Realized Capital Gains and Losses Report

Your advisor can provide you with a *Realized Capital Gains and Losses Report*. This report is a tool that will facilitate the collection of data for taxpayers who must complete Schedule 3 of their *Income Tax and Benefit Return*. The *Realized Capital Gains and Losses Report* has its limitations (see the "Limitations of the Report" section below) and you or your accountant will have to analyze the report to determine how to properly fill in Schedule 3. In particular, the cost stated in the report (column 8) may not be the fiscal cost (for example, if the same property is held by you in another non-registered account, or when adjustments were not made). Please find below a sample of the *Realized Capital Gains and Losses Report* and a brief description of the data it presents.

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

REALIZED GAINS AND LOSSES (CAD)

National Bank Financial Inc.

Your Investment Advisor

Period from January 1, 20XX to December 31, 20XX

1 Settlement Date	2 Type	3 Quantity	4 Description	5 Unit Price	6 Proceeds of Disposition	7 Unit ACB	8 Adjusted Cost Base	9 Gain (or Loss)	10 % Gain (or Loss)	11 No. of Days	12 Interest Portion	13 Accrued Interest
20xx/xx/xx	Contribution	(7,100)	INT-ONTARIO PROV 2JN24	77.42	5,497.10	70.23	4,986.05	241.78	4.85	680	269.27	
20xx/xx/xx	Sell	(380.000)	RBC INV S/A-F /NL/N	10.00	3,800.00	10.00	3,800.00	0.00		231		
20xx/xx/xx	Expiration	4	CALL-100 SU'15 JA@42		0.00	0.37	(148.48)	148.48	100.00	75		
20xx/xx/xx	Sell	(700)	FORTIS INC CM RD 10T PF-G	24.93	17,451.00	25.00	17,500.00	(49.00)	(0.28)	2,442		
20xx/xx/xx	Sell	(100)	FORTIS INC CM RD 10T PF-G	24.86	2,486.00	25.00	2,500.00	(14.00)	(0.56)	2,442		
20xx/xx/xx	Sell	(60)	FORTIS INC CM RD 10T PF-G	24.85	1,491.00	25.00	1,500.00	(9.00)	(0.60)	2,442		
20xx/xx/xx	Sell	(100)	SAPUTO INC	36.05	3,605.00	4.07	407.22	3,197.78	785.27	1		
20xx/xx/xx	Sell	(176)	ENERGY SELECT SEC SPDR	95.23	16,759.39	93.39	16,437.50	321.89	1.96	31		
20xx/xx/xx	Sell	(696.908)	REA II NO-1 /NL/N	21.75	15,157.76	15.78	11,000.00	4,157.76	37.80	1,017		
20xx/xx/xx	Sell	(1,000.000)	ALT CSH PERFM-F/NL/N	1.00	1,000.00	1.00	1,000.00	0.00		127		
20xx/xx/xx	Expiration	10	CALL-100 SU'15 MR@40		0.00	0.67	(670.00)	670.00	100.00	53		
20xx/xx/xx	Sell	(29,000.000)	ALT CSH PERFM-F/NL/N	1.00	29,000.00	1.00	29,000.00	0.00		145		
20xx/xx/xx	Sell	(2,297)	BMO SHORT CORP BD IND ETF	14.90	34,226.33	14.82	34,040.95	185.38	0.54	82		
20xx/xx/xx	Sell	(40,000)	JP MORGAN C$ 2.92% 19SP17	103.38	41,435.20	101.53	40,610.00	742.00	1.83	613		83.20
20xx/xx/xx	Sell	(18,000.000)	ALT CSH PERFM-F/NL/N	1.00	18,000.00	1.00	18,000.00	0.00		167		
20xx/xx/xx	Sell	(2,393.584)	RBC INV S/A-F /NL/N	10.00	23,935.84	10.00	23,935.84	0.00		328		
20xx/xx/xx	Sell	(2,297)	BMO SHORT CORP BD IND ETF	14.85	34,111.14	14.82	34,040.95	70.19	0.21	183		
20xx/xx/xx	Contribution	(5,674)	INT-ONTARIO PROV 2JN24	79.30	4,499.60	72.66	4,122.61	173.60	4.21	91	203.40	
20xx/xx/xx	Sell	(18,000)	PROV OF B.C. 2.7% 18DC22	104.37	18,974.34	99.11	17,839.69	946.91	5.31	456		187.74
20xx/xx/xx	Sell	(30,000)	WELLS FARGO 2.944% 25JL19	104.17	31,507.49	100.70	30,209.92	1,041.08	3.45	1,018		256.49
20xx/xx/xx	Sell	(30,000)	NCT GIC NEG 3.25% 20JA16A	100.85	30,556.85	100.00	30,000.00	255.00	0.85	1,573		301.85
20xx/xx/xx	Sell	(539)	CASCADES INC	7.28	3,923.92	6.99	3,768.53	155.39	4.12	63		
20xx/xx/xx	Sell	(100)	IMPERIAL OIL LTD	48.96	4,896.00	5.23	522.54	4,373.46	836.96	3,941		
20xx/xx/xx	Sell	(100)	NATIONAL BANK OF CDA	49.10	4,909.50	9.55	955.49	3,954.02	413.82	3,941		
20xx/xx/xx	Sell	(100)	SAPUTO INC	34.65	3,465.00	4.07	407.22	3,057.78	750.89	1		
20xx/xx/xx	Sell	(200)	UNITED CORPORATIONS LTD	87.75	17,550.00	63.57	12,713.71	4,836.29	38.04	512		
20xx/xx/xx	Sell	(858.711)	DYN STRT GW PTF /N	17.62	15,130.48	16.51	14,177.61	952.87	6.72	1		
20xx/xx/xx	Sell	(200)	BORALEX INC CL-A	14.38	2,876.00	11.46	2,291.17	584.83	25.53	130		
20xx/xx/xx	Sell	(2,135.510)	ALT CSH PERFM-F/NL/N	1.00	2,135.51	1.00	2,135.51	0.00		233		
20xx/xx/xx	Sell	(17,000)	LOBLAW CO MTN 5.22%18JN20	112.95	19,211.23	106.02	18,022.97	1,178.54	6.54	1,728		9.72
20xx/xx/xx	Expiration	10	CALL-100 SU'15 JN@40		0.00	0.66	(660.00)	660.00	100.00	82		
20xx/xx/xx	Redemption	(25,000)	COMINAR CV 5.75% 30JN1*	100.00	25,000.00	106.25	26,562.50	(1,562.50)	(5.88)	1,161		
20xx/xx/xx	Sell	(116.394)	ACT CRS PME-F /NL/N	21.92	2,551.35	21.20	2,467.78	83.57	3.39	161		

14 The information contained in this report was obtained from sources which we believe to be reliable. However, this information is not guaranteed by National Bank Financial Inc. , and may be incomplete. This report was prepared to make it easier to manage your portfolio. We must underline the fact that National Bank Financial Inc. liability shall be only attached to the accuracy of the information contained in your statement of account. Therefore, information in your statement of account will always take precedence over the information contained in the above-mentioned report.

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Details

1. SETTLEMENT DATE: Date when the transaction is payable; also used to calculate the number of days the security was held.
2. TYPE: Type of transaction that triggers a calculation of gains and/or losses. Other than a sale, there are other types of dispositions like maturity dates, contributions in-kind or reimbursements. These transactions must necessarily appear on the Realized Capital Gains and Losses Report.
3. QUANTITY: Represents the number of units sold, contributed or reimbursed during the transaction. Note that for the same security, the transactions are shown separately.
4. DESCRIPTION: Description of the security as shown in all reports and on the firm's statements.
5. UNIT PRICE: Security price at the time of the sale, the contribution or the reimbursement.
6. PROCEEDS OF DISPOSITION: Net amount of the disposition. If the transaction is subject to brokerage fees, these have already been subtracted from the total.
7. UNIT ACB: Disbursed cost at the time of acquisition of the security, per unit.
8. ADJUSTED COST BASE: Equivalent to the adjusted book value following a distribution, a return on capital or a dividend reinvestment.
9. GAIN (OR LOSS): Equivalent to the difference between the "ADJUSTED COST BASE" and the "PROCEEDS OF DISPOSITION." If the result is positive, there is a gain, and if it is negative, there is a loss.
10. % GAIN (OR LOSS): This percentage is obtained by dividing the amount of the gain (or of the loss) by the "ADJUSTED COST BASE" and multiplied by 100.
11. NO. OF DAYS: The actual number of days that a security is held, if this information is available. If the security was received following a transfer or was not purchased with the firm, a date will automatically be applied in order to allow the calculation of the gain or of the loss and, in this case, the number of days shown could be inaccurate.
12. INTEREST PORTION: The amount shown includes interest accrued since holding the security. This amount must be considered in the calculation of the gain (loss), i.e.,

    column 6 (PD) minus column 8 (ACB) minus column 12 (interest portion) = column 9 (gain or loss)

    Note that a portion of the interest indicated has been included in your income for previous years (refer to the "Stripped Coupons and Residual Bonds" and "Premium or Discount Bonds" sections for more details concerning the taxation of interest income and the calculation of capital gain or loss).
13. ACCRUED INTEREST: At the time of the sale or the disposition of a discount security, this column displays the portion of interest included in the transaction total indicated in the "PROCEEDS OF DISPOSITION" column. This is additional information for the benefit of the client when completing his/her tax return.
14. Disclaimer from NBFWM stating that information contained in the report was obtained from sources we believe to be reliable. However, this information is not guaranteed and may be incomplete.
15. Pagination, date and production time of the report.

Limitations of the Report

As mentioned earlier, the *Realized Capital Gains and Losses Report* is not a form "prescribed" by the tax authorities. Certain limitations must therefore be taken into consideration when filing your income tax return. Note that the tax authorities require financial institutions to submit, through the T5008 slip, specific information as described above.

- **ACB in the report:** As mentioned earlier, the *Realized Capital Gains and Losses Report* is not a form "prescribed" by the tax authorities. Certain limitations must therefore be taken into consideration when filing your income tax return. Note that the tax authorities require financial institutions to submit, through the T5008 slip, specific information as described above.
- **Reconciliation of your T5008 slip and the *Realized Capital Gains and Losses Report*:** Certain transactions that do not appear on the *Realized Capital Gains and Losses Report* may nevertheless be reported on the T5008 slip. For example, the contribution in kind of a security to an RRSP or a TFSA generates a deemed disposition at market value. When this results in a capital loss, the latter is deemed to be nil according to tax legislation ("superficial loss") and is therefore not included in the *Realized Capital Gains and Losses Report*. However, the CRA requires that the transaction still be reported on the T5008 slip. Furthermore, the disposition of an investment in a money market security does not appear on the *Realized Capital Gains and Losses Report*, because the cost and proceeds of disposition are the same and have not changed. However, since it is still considered a disposition, it must appear on the T5008 slip.

  Warning: when the money market security is denominated in a foreign currency, a foreign exchange gain or loss may be realized depending on whether the exchange rates vary at the time of purchase and/or sale.

- **Options to buy or sell:** Options transactions are subject to special tax rules. The *Realized Capital Gains and Losses Report* contains information relevant to the calculation of the tax gain or loss from the various transactions involving put or call options. However, it is recommended not to use exclusively the information shown in the Gain (or Loss) column, but rather to use the data from the *Realized Capital Gains and Losses Report* to calculate the gain or loss related to the transaction and such, in accordance with the rules pursuant to the ITA. Note that the calculation differs depending on the situation, i.e. whether you are the holder or signatory of the option, whether the option is exercised or not, etc. For more information on the taxation of options, please refer to KPMG's Guide entitled "*Equity Options Tax Regime*" available on the Montreal Exchange TMX website: https://www.m-x.ca/f_publications_en/brochure_fiscalite_kpmg_en.pdf
- **Exchange rate:** Note that when transferring a security from any account (internal or external), the exchange rate history may not be transferred in the *Realized Capital Gains and Losses Report.* However, please note that it is possible to make modifications. Contact your Advisor.

Linked Notes

A linked note is a debt obligation, most often issued by a financial institution, the return on which is linked in some manner to the performance of one or more reference assets or indexes over the term of the obligation.

Previously, selling a linked note prior to maturity generally only generated a capital gain or loss. Since January 1, 2017, all or a portion of any gain realized on the sale of a linked note is deemed to be interest that has accrued on the debt obligation. This measure ensures that any positive return on a linked note retains the same character, whether it is earned at maturity or reflected in a secondary market sale.

Caution: Certain products may be referred to as "Notes," and may not be subject to the rules of the Notes if the legal nature of the product does not fall within the definition of "linked bills" under the Income Tax Act. For example, bills with fixed coupons (redeemable or not) are not covered because they do not provide for any variable or conditional interest in addition to fixed interest. Thus, these bills, whose interest payments do not depend in any way on the performance of at least one reference asset or index during the term, receive the same tax treatment as a conventional bond (see the section "Taxation of Bonds").

The following three elements must be identified at the sale or maturity of a linked note:

1 - Taxable interest (T5 slip)
2 - Interest paid to the seller at purchase; this is deductible in Schedule 4 (no prescribed slip is required)
3 - Gain or loss, as applicable (slip T5008 and calculation of the ACB).

We recommend that you calculate each of the steps in the following order:

1- *Calculation of interest :* Paragraph 20(14.2) of the ITA stipulates that the difference between the amount received in exchange for the linked note (hereinafter, the "Sell Price") and the remaining capital (hereinafter, the "Face Value") is considered interest income, regardless of whether the linked note was sold before or after maturity. When there are returns of capital during the holding period, the repaid amount reduces the Face Value for the calculation of interest at the time of the disposition or the maturity of the linked note (see example 6 below). Note that even if a capital loss is realized in the third step calculation, this capital loss does not reduce the interest calculated in this first step.

   The CRA require that the portion of interest be reported on a T5 slip.

2- *Calculation of interest paid to the seller at purchase:* When a premium is paid upon the acquisition of a linked note, it is generally considered as interest paid to the seller. In this case, the purchaser would be entitled to deduct an amount, limited to the interest calculated in step 1 and indicated on the T5 slip, as “interest paid” pursuant to paragraph 20(14)(b) of the ITA. This amount must be provided in Schedule 4 of the income tax return. The interest paid also reduces the acquisition cost for the purpose of calculating the ACB (see example 3 below).

3- *Calculation of the gain or loss:* Upon the disposition or the maturity of the linked note, it is necessary to calculate whether there is a gain or loss. For this purpose, the proceeds of disposition must be reduced by the interest income included at the time of disposition or maturity (step 1 above). In addition, the initial cost must, in certain circumstances, be modified to obtain the adjusted cost base (ACB) required to calculate the capital gain or loss. For additional information, please refer to the section entitled "How is the capital gain or loss calculated?” above.

The disposition or maturity must also be reported on a T5008 (Box 15 = ELN or BLA for Linked Notes) slip. However, the proceeds of disposition on the T5008 are reduced by the portion of interest indicated on the T5 slip.

Note: if the proceeds of disposition indicated in the *Realized Capital Gains and Losses Report* is different from the one identified on the T5008, please use the value indicated on the T5008.

The following are examples illustrating the calculation of the interest and the capital gain (or loss) resulting from the disposition or the maturity of the linked note.

Example 1: Purchase at face value

Face Value	$1,000
Investor's Purchase Price	$1,000
Sell Price	$1,020
Interest (T5)	$20
Gain (Loss) Calculation	
Proceeds of Disposition	$1,020
Adjustment (interest T5)	$20
Proceeds of Disposition (T5008)	$1,000
Initial Cost	$1,000
Adjustment	$0
Adjusted Cost Base	$1,000
Gain **(Loss)**	$0

Example 2: Commissions

The payment of a commission requires an adjustment to the calculation of the capital gain (loss). If a $25 commission was paid at the time of disposition, this amount must be considered in the calculation of the gain (loss). Please refer to the section "How is the capital gain or loss calculated?" above for more information. No adjustment is required when the commission is integrated into the product, that is, provided in the linked note's issuing document.

Face Value	$1,000
Investor's Purchase Price	$1,000
Sell Price	$1,020
Purchase Commission	$0
Sale Commission	$25
Interest (T5)	$20
Gain (Loss) calculation	
Proceeds of Disposition	$1,020
Adjustment (interest T5)	$20
Proceeds of Disposition (T5008)	$1,000
Sale Commission	$25
Initial Cost	$1,000
Adjustment	$0
Adjusted Cost Base	$1,000
Gain **(Loss)**	$25

Example 3: Acquisition cost exceeds face value

When a premium is paid upon the acquisition of a linked note, it is generally considered as interest paid to the seller. In this case, the purchaser would be entitled to deduct the amount as "interest paid" pursuant to paragraph 20(14)(b) of the ITA. This amount must be shown in Appendix 4 of the individual's income tax return. The interest paid also reduces the acquisition cost for the purpose of calculating the ACB.

Face Value	$1,000
Investor's Purchase Price	$1,050
Sell Price	$1,070
Interest (T5)	$70
Deduction for Interest Paid Purchase (Schedule 4)	$50
Gain (Loss) Calculation	
Proceeds of Disposition	$1,070
Adjustment (interest T5)	$70
Proceeds of Disposition (T5008)	$1,000
Initial Cost	$1,050
Adjustment (Interest Paid on Purchase)	$50
Adjusted Cost Base	$1,000
Gain **(Loss)**	$0

Example 4: Acquisition cost below face value

Face Value	$1,000
Investor's Purchase Price	$998
Sell Price	$1,000
Interest (T5)	- $
Deduction for Interest Paid Purchase (Schedule 4)	- $
Gain (Loss) Calculation	
Proceeds of Disposition	$1,000
Adjustment (interest T5)	- $
Proceeds of Disposition (T5008)	$1,000
Initial Cost	$998
Adjustment (Interest Paid on Purchase)	- $
Adjusted Cost Base	$998
Gain **(Loss)**	$2

Example 5: Foreign currency linked notes

Interest received (and taxable) is converted using the exchange rate at the time of payment. Interest paid (deductible in Schedule 4) is converted at the exchange rate applicable at the time of acquisition.

For the purpose of calculating the gain (loss), proceeds of disposition and related expenses are converted at the exchange rate at the time of disposition or maturity, as the case may be. Proceeds of disposition are reduced by the interest included in Canadian dollars. Finally, the initial cost is converted to the exchange rate at the time of acquisition. Adjusted cost base adjustments (such as interest paid) are converted at the exchange rate when they occur.

	(1)		(2)	(1) x (2)
	USD		Conversion rate	CDN $
Face Value	$1,000	Jan 16, 2019	1.1	$1,100
Investor's Purchase Price	$1,050	April 18, 2019	1.2	$1,260
Return on Capital	$1,070	Nov 26, 2019	1.3	$1,391
Interest (T5)	$70		1.3	$91
Deduction for Interest Paid Purchase (Schedule 4)	$50		1.2	$60
Gain (Loss) Calculation				
Proceeds of Disposition	$1,070		1.3	$1,391
Adjustment (interest T5)	$70		1.3	$91
Proceeds of Disposition (T5008)	$1,000			$1,300
Initial Cost	$1,060		1.2	$1,260
Adjustment (Interest Paid)	$50		1.2	$60
Adjusted Cost Base	$1,000			$1,1200
Gain **(Loss)**	$0			$100

Example 6: Return on capital

When there are returns of capital during the holding period, the repaid amount reduces the face value for the calculation of interest at the time of the disposition or the maturity of the linked note. This amount also reduces the purchase price to obtain the adjusted cost base (ACB) for the calculation of the gain or loss.

Face Value	$1,000
Investor's Purchase Price	$1,000
Return on Capital	$200
Sell Price	$820
Interest (T5)	$20
Gain (Loss) Calculation	
Proceeds of Disposition	$820
Adjustment (interest T5)	$20
Proceeds of Disposition (T5008)	$800
Initial Cost	$1,000
Adjustment (Return on Capital)	$200
Adjusted Cost Base	$800
Gain **(Loss)**	$0

Premium or Discount Bonds

Generally, a bond that trades in a secondary market allows investors to buy and sell the bond at prices that fluctuate due to several factors, including the interest rate in effect at the time of the transaction. Thus, the bond may be **sold** at a lower price (at a discount), a higher price (at a premium), or at a price equal to its face value.

Bonds will therefore often have interest income and the potential for capital gains (losses).

Calculation of the interest portion

The I.T.A. requires taxpayers who hold investment contracts (including bonds) acquired after December 31, 1989, to report their interest income annually. Thus, interest income must be declared annually on the anniversary date of the investment. At the time of sale, it is likely that a portion of the accrued interest will be included in the sale price. Therefore, the seller must add this portion of accrued interest to his/her income. The purchaser will be able to **deduct the interest paid**.

Here is a summary of some of the tax impact:

- Interest accrued since the last payment that is part of the sale price (20(14)(b) ITA and 167 LI).
- The purchaser will receive the T5 for the full year but will deduct the portion paid to the seller.
- The deduction is allowed in the taxation year in which the accrued interest was included in the taxpayer's income.

Calculation of gain (loss) in the year of disposition

For the seller, the difference between the ***sale price*** and the ***price paid*** **after subtracting the portion representing the interest accrued since the last interest payment** will then constitute a capital gain or loss.

- Example from IQPF Solution
  Vested obligation January 1, 2020
  Maturity: December 31, 2035
  Interest at 3% payable semi-annually on June 30 and December 31 of each year.
  Face value: $10,000
  Price paid: $10,000
  Sale of bonds July 31, 2020 at a price of $10,500
  Tax impact for the seller

Nominal Value	$10,000		
Interest Rate	3%		
Calculation of Interest Income	2020		
Half-year payment 1	**January 1 to June 30**	150.00	6/12
Half-year payment 2	July 1 to July 31	25.48	31/365
	TOTAL INTEREST	**350.96**	
Calculation of Gain (Loss)	2020		
Selling Price	$10,500.00		
ACB	$10,000.00		
Gain (Loss)	$500.00		

FAQ –T5008 Slip

- Q: Under what circumstances may adjustments to the amount shown in box 20 of my T5008 slip be required to determine the ACB for tax purposes?

  A: There are a wide variety of reasons why the amount in box 20 may not accurately reflect the ACB, including:

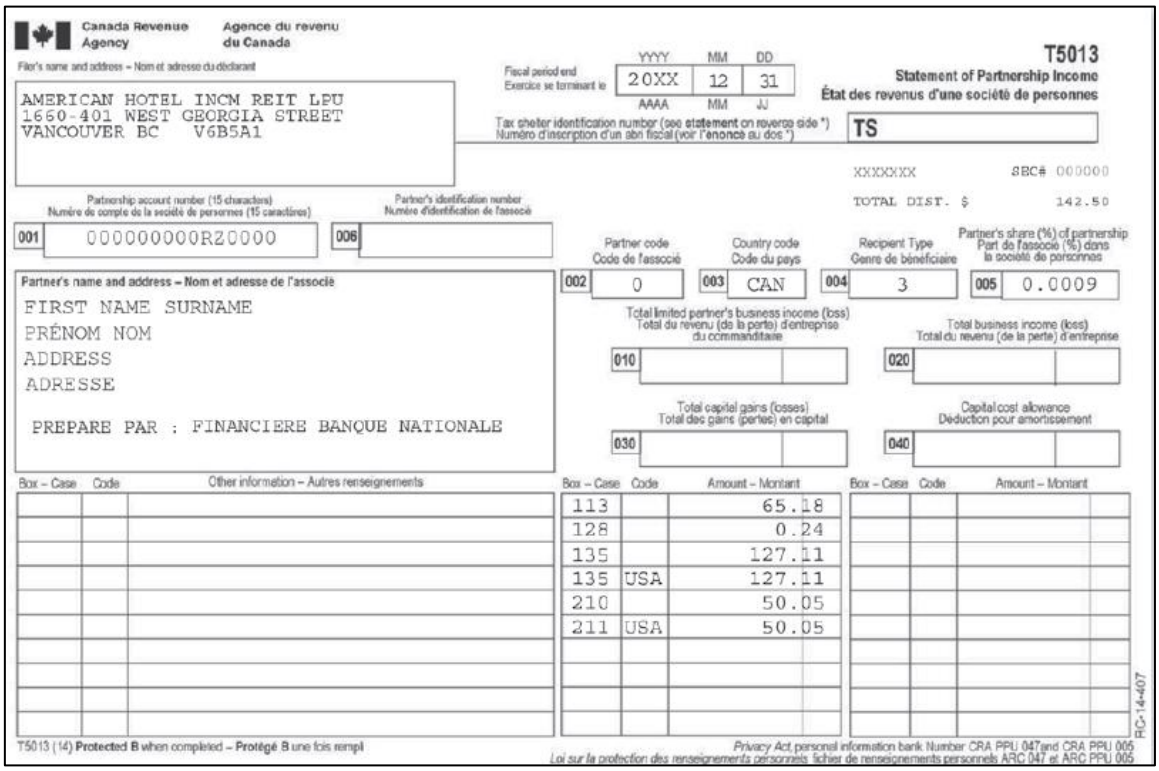
  - when a security was transferred into your account, the information that was provided by the institution that transferred the security may have been incorrect.
  - when you hold identical securities in more than one non-registered account, even when the accounts are all at the same institution.
  - when you have a history of losses subject to the superficial loss regulations.
  - when you have made a tax election, undertaken certain rollover transactions (including a spousal or estate rollover) or have been subject to "deemed disposition" rules for the security.
  - certain market events such as mergers, acquisitions and foreign spin-off reorganizations may not have been properly considered.
  - if you disposed of interests in mutual funds, income trusts, royalty trusts, real estate investment trusts (REITs), exchange traded funds (ETFs) or limited partnerships, the amount in box 20 may not reflect reimbursements of capital (which reduce the ACB) or reinvested distributions (which increase the ACB).
  - if you have entered into short sale transactions and the position was not fully hedged during the year, the book value may not be accurately reflected.

- Q: If there is a difference between the amount that is shown on the T5008 and the Realized Capital Gains and Losses Report, which number takes precedence?

  A: The amount on the T5008 takes precedence. For example, if the client sells his position and a book value adjustment subsequently occurs, the book value on T5008 will be different.

T5013 Slip – Statement of Partnership Income

If you hold units of a limited partnership (or units of a partnership), you will receive tax information on a T5013 slip. Note that you will receive a separate T5013 for each limited partnership (or partnership) for which you hold units.



Canada Revenue Agency / Agence du revenu du Canada

Filer's name and address – Nom et adresse du déclarant

AMERICAN HOTEL INCM REIT LPU
1660-401 WEST GEORGIA STREET
VANCOUVER BC V6B5A1

Fiscal period end / Exercice se terminant le: YYYY 20XX, MM 12, DD 31 (AAAA MM JJ)

Tax shelter identification number (see statement on reverse side *) / Numéro d'inscription d'un abri fiscal (voir l'énoncé au dos *): TS

T5013
Statement of Partnership Income
État des revenus d'une société de personnes

XXXXXX SBC# 000000
TOTAL DIST. $ 142.50

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères): 001 000000000RZ0000

Partner's identification number / Numéro d'identification de l'associé: 006

Partner's name and address – Nom et adresse de l'associé:
FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE

PREPARE PAR : FINANCIERE BANQUE NATIONALE

Partner code / Code de l'associé: 002 0
Country code / Code du pays: 003 CAN
Recipient Type / Genre de bénéficiaire: 004 3
Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes: 005 0.0009

Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire: 010
Total business income (loss) / Total du revenu (de la perte) d'entreprise: 020
Total capital gains (losses) / Total des gains (pertes) en capital: 030
Capital cost allowance / Déduction pour amortissement: 040

Box – Case	Code	Other information – Autres renseignements

Box – Case	Code	Amount – Montant
113		65.18
128		0.24
135		127.11
135	USA	127.11
210		50.05
211	USA	50.05

T5013 (14) Protected B when completed – Protégé B une fois rempli

Privacy Act, personal information bank Number CRA PPU 047 and CRA PPU 005
Loi sur la protection des renseignements personnels, fichier de renseignements personnels ARC 047 et ARC PPU 005

RC-14-407

Please note that a holder of partnership units must inform the CRA of the partnership's allocation, which may differ from the amounts actually received in the account. Thus, the taxpayer should use the amounts shown on the T5013 statement. Note that, for information purposes, the amount that has actually been distributed is generally shown on the top right-hand corner of the T5013 slip.

You can now use the CRA's "*My Account*" and the auto-fill function to facilitate the preparation of your tax return. However, please note that the T5013 slip is issued in the name of the partnership and you will not find a T5013 slip issued under NBFWM's name. The information shown on your T5013 slip will therefore be reported in "*My Account,*" under the name of each partnership.

Due to the complexity and number of boxes and information shown on the T5013, we strongly recommend that you visit the CRA website to learn more about this topic using the following link:
https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t5013-inst.html

Partnerships that are incorporated as tax shelters or that waive certain fees in favour of the original investor often provide, on their website complete and detailed information regarding the taxation of the amounts reported on the T5013 slip. In addition, their website should also help establish how to report these amounts in your tax return. Thus, we suggest that you visit these partnerships' websites for additional information

FAQ –T5013

- Q: I received a T5013 slip from NBFWM. However, I do not find any T5013 slips issued under NBFWM's name in the list provided in the CRA's "*My Account.*" Why?

  A: The T5013 slips are issued by NBFWM, but on behalf of the partnership. The revenues shown on the T5013 slips are reported under the partnership's name in "*My Account.*" You will therefore not find a T5013 slip issued under NBFWM's name in "*My Account.*"

Joint Accounts

When an account is jointly held between spouses, the client must allocate the income, the gains and the losses generated based on each individual's contribution, even if only one tax slip is issued.

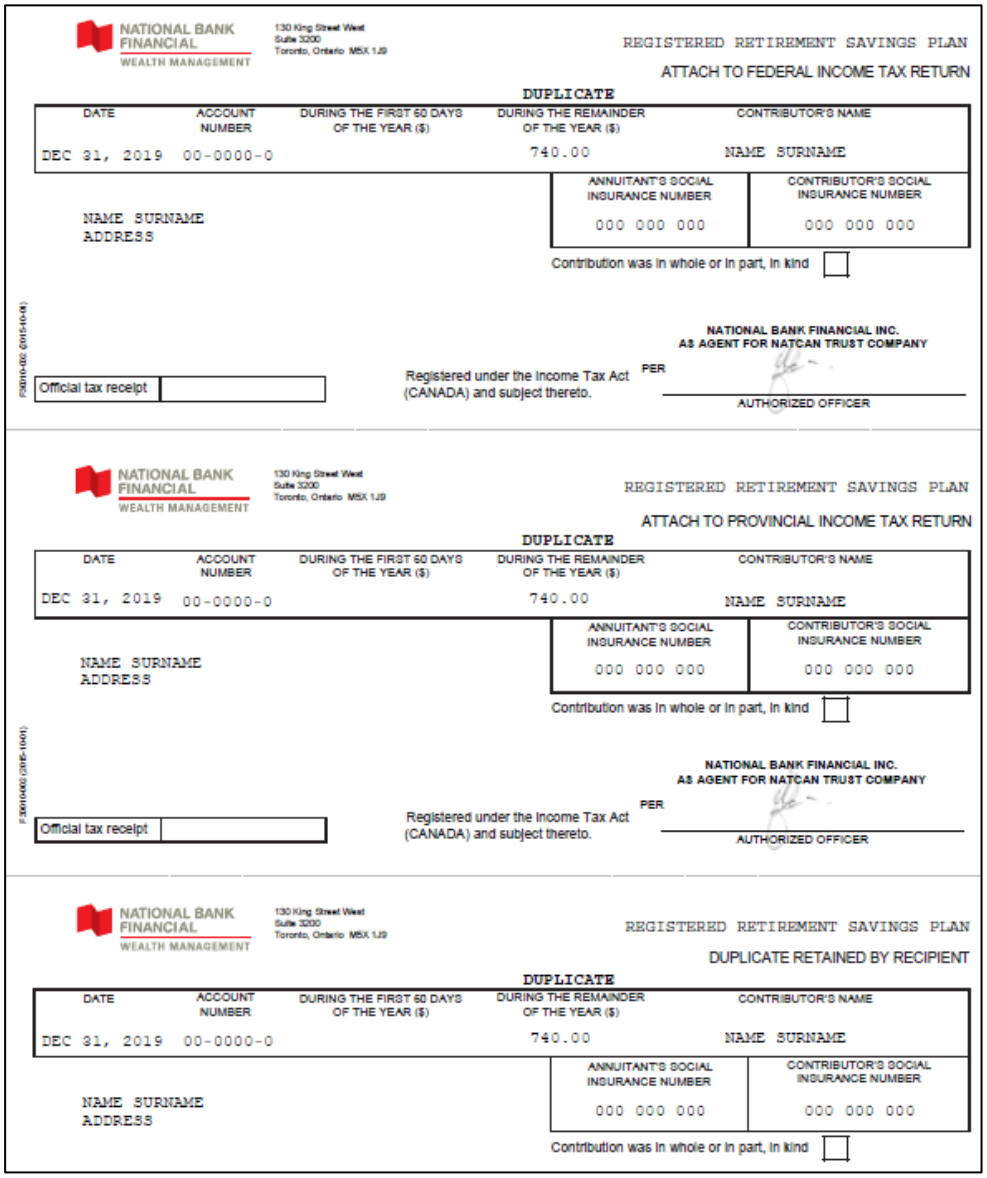
Hence, tax legislation applies attribution rules, disallowing income splitting in certain situations involving gifts and loans to spouses or common-law partners and minor children.

RRSP

RRSP Contribution Slips

If you have contributed to an RRSP of which you or your spouse (or common-law partner) is an annuitant between March 3, 2020 and March 1, 2021, you will receive an RRSP contribution receipt. Receipts will be issued for two separate periods: the first one corresponding to contributions between March 3, 2020 and December 31, 2020, and the second covering the first 60 days of 2021 from January 1, 2021 to March 1, 2021.

It is important to complete Schedule 7 of your 2020 income tax return and attach all receipts including those covering the first 60 days of 2021, even if you do not claim RRSP deductions on your 2020 income tax return for some or all contributions made between March 3, 2020 and March 1, 2021.



NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT
130 King Street West
Suite 3200
Toronto, Ontario M5X 1J9

REGISTERED RETIREMENT SAVINGS PLAN
ATTACH TO FEDERAL INCOME TAX RETURN

DUPLICATE

DATE	ACCOUNT NUMBER	DURING THE FIRST 60 DAYS OF THE YEAR ($)	DURING THE REMAINDER OF THE YEAR ($)	CONTRIBUTOR'S NAME
DEC 31, 2019	00-0000-0		740.00	NAME SURNAME

ANNUITANT'S SOCIAL INSURANCE NUMBER	CONTRIBUTOR'S SOCIAL INSURANCE NUMBER
000 000 000	000 000 000

NAME SURNAME
ADDRESS

Contribution was in whole or in part, in kind ☐

NATIONAL BANK FINANCIAL INC.
AS AGENT FOR NATCAN TRUST COMPANY

PER

AUTHORIZED OFFICER

Official tax receipt

Registered under the Income Tax Act (CANADA) and subject thereto.

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT
130 King Street West
Suite 3200
Toronto, Ontario M5X 1J9

REGISTERED RETIREMENT SAVINGS PLAN
ATTACH TO PROVINCIAL INCOME TAX RETURN

DUPLICATE

DATE	ACCOUNT NUMBER	DURING THE FIRST 60 DAYS OF THE YEAR ($)	DURING THE REMAINDER OF THE YEAR ($)	CONTRIBUTOR'S NAME
DEC 31, 2019	00-0000-0		740.00	NAME SURNAME

ANNUITANT'S SOCIAL INSURANCE NUMBER	CONTRIBUTOR'S SOCIAL INSURANCE NUMBER
000 000 000	000 000 000

NAME SURNAME
ADDRESS

Contribution was in whole or in part, in kind ☐

NATIONAL BANK FINANCIAL INC.
AS AGENT FOR NATCAN TRUST COMPANY

PER

AUTHORIZED OFFICER

Official tax receipt

Registered under the Income Tax Act (CANADA) and subject thereto.

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT
130 King Street West
Suite 3200
Toronto, Ontario M5X 1J9

REGISTERED RETIREMENT SAVINGS PLAN
DUPLICATE RETAINED BY RECIPIENT

DUPLICATE

DATE	ACCOUNT NUMBER	DURING THE FIRST 60 DAYS OF THE YEAR ($)	DURING THE REMAINDER OF THE YEAR ($)	CONTRIBUTOR'S NAME
DEC 31, 2019	00-0000-0		740.00	NAME SURNAME

ANNUITANT'S SOCIAL INSURANCE NUMBER	CONTRIBUTOR'S SOCIAL INSURANCE NUMBER
000 000 000	000 000 000

NAME SURNAME
ADDRESS

Contribution was in whole or in part, in kind ☐

Spousal or Common-Law Partner's RRSP

You can contribute into a spousal or common-law partner's RRSP instead of yours. These contributions will be deductible on your income tax return based on your RRSP deduction limit (i.e., RRSP contribution room). You will need to identify separately, in Schedule 7, the contributions to your own RRSP from those made to your spousal or common-law partner's RRSP.

Excess Contributions

A special tax of 1% per month is payable on contributions made to an RRSP that exceed your RRSP deduction limit by more than $2,000. If you are subject to this special tax, you must complete a T1-OVP return, "Individual Tax Return for RRSP, SPP and PRPP - Excess Contributions", send it to your tax centre and make a payment within 90 days following the end of the calendar year to avoid paying a penalty or interest.

The application of this special tax (1%) may cease either:

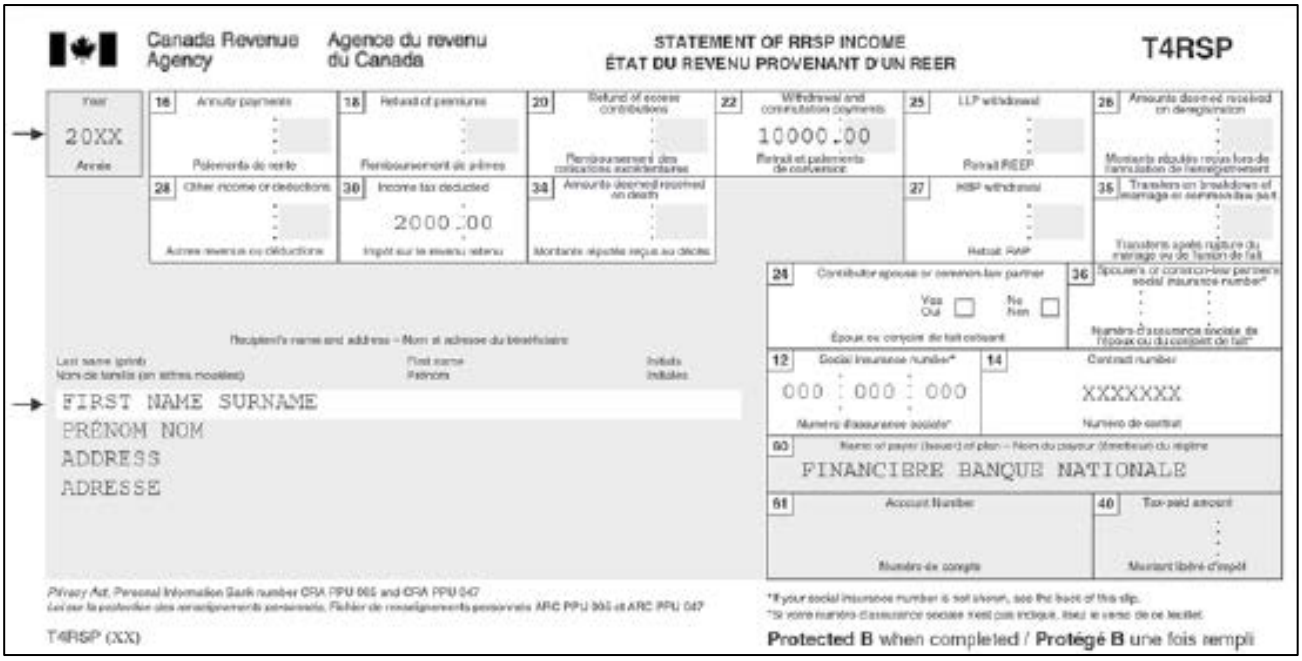
- when you have new RRSP contribution room; or
- at the time of withdrawal of excess contributions.

Withdrawal of Excess Contributions

If you withdraw excess contributions from your RRSP, you will have to include the withdrawn amount in your income for the year of withdrawal, even if you have never deducted this amount in your previous tax returns. However, an offsetting deduction can be claimed when certain conditions are met. You can refer to Form T746 to find out if you are eligible for this offsetting deduction.

RRSP or RRIF Withdrawal – T4RSP and T4RIF Slips

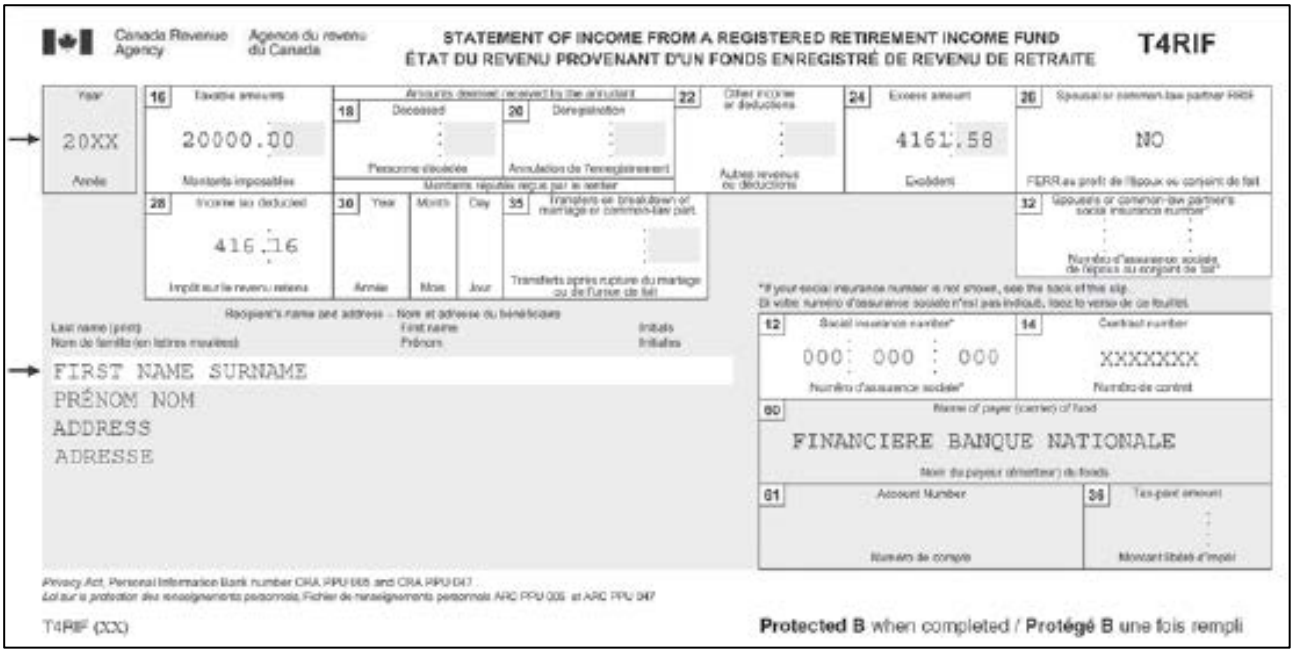
If you made a withdrawal from your RRSP or RRIF account during the year, you will receive a T4RSP or T4RIF slip, as applicable, showing the amount withdrawn and taxes withheld. The taxes withheld will be credited to your taxes owed on your income tax return. You may still have to pay taxes, particularly if you have other sources of income.


Canada Revenue Agency / Agence du revenu du Canada

STATEMENT OF RRSP INCOME
ÉTAT DU REVENU PROVENANT D'UN REER

T4RSP

Year: 20XX
16 Annuity payments
18 Refund of premiums
20 Refund of excess contributions
22 Withdrawal and commutation payments: 10000.00
25 LLP withdrawal
26 Amounts deemed received on deregistration
28 Other income or deductions
30 Income tax deducted: 2000.00
34 Amounts deemed received on death
27 HBP withdrawal
35 Transfers on breakdown of marriage or common-law part
24 Contributor spouse or common-law partner: Yes / No
36 Spouse's or common-law partner's social insurance number*
Recipient's name and address
FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE
12 Social insurance number*: 000 000 000
14 Contract number: XXXXXXX
60 Name of payer (issuer) of plan: FINANCIERE BANQUE NATIONALE
61 Account Number
40 Tax paid amount
*If your social insurance number is not shown, see the back of this slip.
T4RSP (XX)
Protected B when completed / Protégé B une fois rempli


Canada Revenue Agency / Agence du revenu du Canada

STATEMENT OF INCOME FROM A REGISTERED RETIREMENT INCOME FUND
ÉTAT DU REVENU PROVENANT D'UN FONDS ENREGISTRÉ DE REVENU DE RETRAITE

T4RIF

Year: 20XX
16 Taxable amounts: 20000.00
18 Deceased
20 Deregistration
22 Other income or deductions
24 Excess amount: 4161.58
26 Spousal or common-law partner RRIF: NO
28 Income tax deducted: 416.16
30 Year / Month / Day
35 Transfers on breakdown of marriage or common-law part
32 Spouse's or common-law partner's social insurance number*
Recipient's name and address
FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE
12 Social insurance number*: 000 000 000
14 Contract number: XXXXXXX
60 Name of payer (carrier) of fund: FINANCIERE BANQUE NATIONALE
61 Account Number
38 Tax paid amount
*If your social insurance number is not shown, see the back of this slip.
T4RIF (XX)
Protected B when completed / Protégé B une fois rempli

Attribution Rules: Calculation of the Amount to be Included in Your Income and in the Income of Your Spouse or Common-Law Partner

When you withdraw from a spousal or common-law partner's RRSP, it is possible that all or part of the amount on the T4RSP or T4RIF slip is reattributed to you (even if the slip is issued in the annuitant's name), meaning that the amount must be included in your income tax return (the contributor's tax return).

If you contributed to a spousal or common-law partner's RRSP in 2018, 2019 or 2020, you may have to include in your 2020 income some or all of the amounts withdrawn from the spousal or common-law partner's RRSP.

In the year of withdrawal (e.g., 2020), you must include the lesser of

- the amount you contributed to your spouse's RRSP for the year of withdrawal (2020) as well as the two previous years (2019 and 2018), and
- the amount that your spouse or common-law partner has withdrawn from his/her RRSP (e.g., 2020).

Please review the CRA website for more information: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/making-withdrawals/withdrawing-spousal-common-law-partner-rrsps.html

Use Form T2205, "Amounts from a Spousal or Common-law Partner RRSP, RRIF or SPP to Include in Income" to calculate the amount to be included in your own income tax return and in the return of your spouse or common-law partner

In all cases, the individual whose name appears on the slip must declare the tax withheld. Most of the time, after a withdrawal, the information slip is made in the name of the annuitant. However, you must report income as calculated in Parts 1 and 2 of Form T2205.

Exceptions

The attribution rules do not apply in the following situations:

- you and your spouse or common-law partner were living separately at the time of withdrawal due to a breakdown of the relationship;
- at the time of withdrawal, you or your spouse or common-law partner were non-residents of Canada;
- to the Prescribed Minimum RRIF Amount: the attribution rules apply only to amounts in excess of the minimum withdrawal for the year;
- in the year of death.

RRIFs - Reduced Minimum Withdrawals from Registered Retirement Income Funds (RRIFs)

(Canada Revenue Agency and COVID-19)

The minimum withdrawal requirement for all types of Registered Retirement Income Funds (RRIFs) has been reduced by 25% for the year 2020. Individuals who withdrew more than the reduced minimum amount in 2020 cannot put the excess amount back into their RRIFs.

The 25% reduction applies to the total minimum withdrawal amount for 2020. For example, if an individual had to withdraw $12,000 from an RRIF in 2020 before the reduction, he/she could receive a minimum amount of $1,000 per month. As a result of the economic measures, the minimum withdrawals for 2020 were reduced by 25% to $9,000 ($12,000 x 75% = $9,000). If the individual has already received $1,000 per month from January to April, for a total of $4,000, he/she will only need to withdraw a total of $5,000 for the rest of the year to meet the new minimum withdrawal requirements. This means that monthly RRIF payments will be reduced to $625 for the last 8 months of the year (8 x $625 = $5,000).

This also applies to:

- Life Income Funds (LIFs)
- Variable benefit payments under a money purchase registered pension plan (RPP)
- Group Registered Pension Plan (PRPP)
- Non-residents holding a RRIF
- Benefits payable from IPPs - Minimum benefit conditions

The regular minimum remains for the application of the following three measures:

1 - Withholding tax: The I.T.A. provides that no tax is withheld on the prescribed minimum amount, i.e. for the regular minimum and the reduced minimum. However, the withdrawals remain taxable.

2 - Attribution rule: Withdrawals from a spousal RRIF may be subject to the attribution rules if made within three years of the last RRSP contribution. This has the effect of taxing the withdrawal on the contributor's tax return. This rule does not apply to the prescribed minimum withdrawal, i.e. the regular minimum and the reduced minimum.

3 - Non-resident tax: A RRIF withdrawal by a non-resident of Canada is subject to a 25% Canadian tax under Part XIII of the I.T.A. It is the financial institution that remits the tax to the government through a withholding at source at the time of withdrawal. Some tax treaties provide for a reduction of this tax when the amount withdrawn from the RRIF is a "periodic payment," as defined in section 5 of the Income Tax Conventions Interpretation Act. In order to qualify as a "periodic payment," the RRIF amount cannot exceed the greater of the following amounts:
   - Double the minimum RRIF withdrawal amount required by the I.T.A. for the year
   - 10% of the value of the RRIF account at the beginning of the year (January 1).

For this purpose, the calculation will be based on the regular minimum amount.

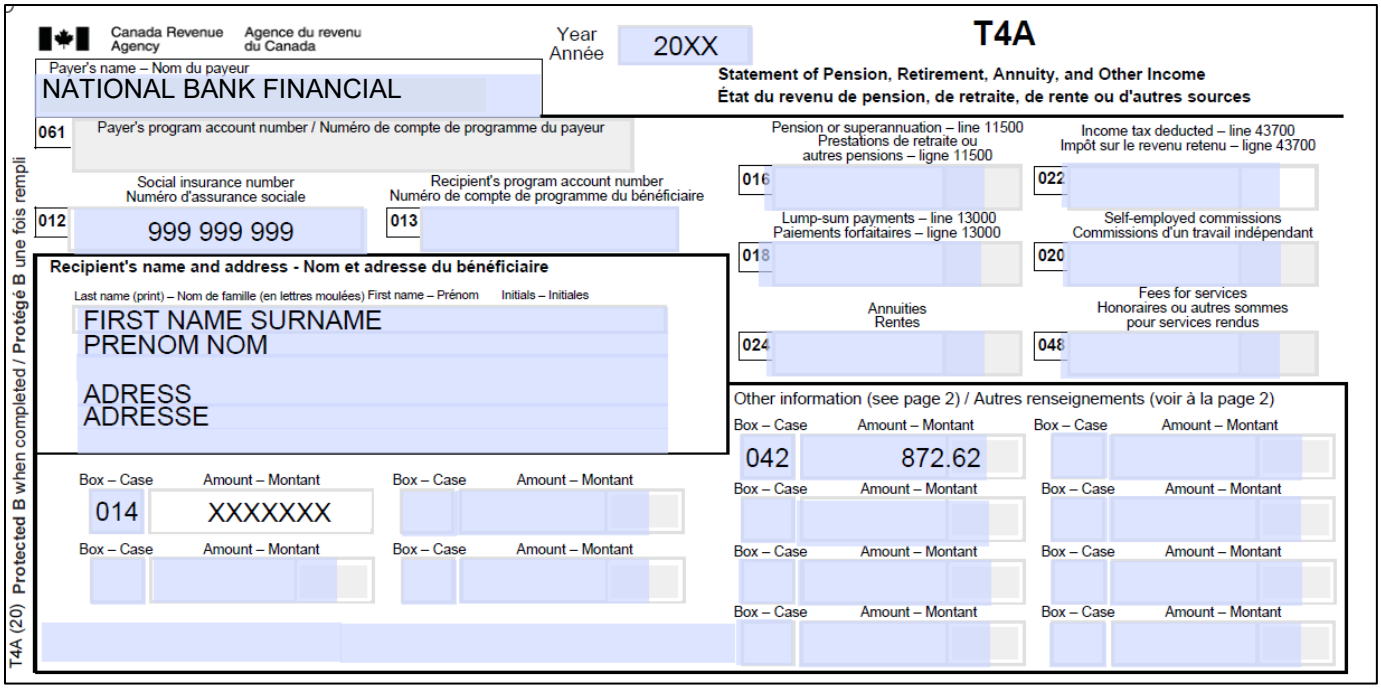
Transfer of a RRIF/LIF to an RRSP/LIRA

It is possible, in certain circumstances, that an annuitant transfers funds from his/her RRIF/LIF to his/her RRSP/LIRA. While this transfer is not taxable, the amount transferred from the RRIF (LIF) to the RRSP (LIRA) will trigger the issuance of a T4RIF, as well as an RRSP contribution slip. The T4RIF will result in the inclusion of the amount in declared income, while the RRSP contribution slip, included as appropriate on Schedule 7 of the Federal income tax return (transfer section), will provide a deduction that will negate the inclusion of the income.

Note, however, that the following transfers do not generate tax slips and do not affect the reporting of income: RRSP/LIRA to RRSP/LIRA, RRSP/LIRA to RRIF/LIF, RRIF/LIF to RRIF/LIF.

RESP Withdrawal – T4A Slip

RESP income or grant withdrawal will trigger the issuance of a T4A slip in the name of the beneficiary of the plan. RESP capital withdrawals are not taxable.


Canada Revenue Agency / Agence du revenu du Canada
Year / Année 20XX
T4A
Statement of Pension, Retirement, Annuity, and Other Income
État du revenu de pension, de retraite, de rente ou d'autres sources
Payer's name – Nom du payeur: NATIONAL BANK FINANCIAL
061 Payer's program account number / Numéro de compte de programme du payeur
Social insurance number / Numéro d'assurance sociale 012: 999 999 999
Recipient's program account number / Numéro de compte de programme du bénéficiaire 013
Recipient's name and address - Nom et adresse du bénéficiaire
Last name (print) – Nom de famille (en lettres moulées) First name – Prénom Initials – Initiales
FIRST NAME SURNAME
PRENOM NOM
ADRESS
ADRESSE
Box – Case 014 Amount – Montant XXXXXXX
Pension or superannuation – line 11500 / Prestations de retraite ou autres pensions – ligne 11500 016
Income tax deducted – line 43700 / Impôt sur le revenu retenu – ligne 43700 022
Lump-sum payments – line 13000 / Paiements forfaitaires – ligne 13000 018
Self-employed commissions / Commissions d'un travail indépendant 020
Annuities / Rentes 024
Fees for services / Honoraires ou autres sommes pour services rendus 048
Other information (see page 2) / Autres renseignements (voir à la page 2)
Box – Case 042 Amount – Montant 872.62
T4A (20) Protected B when completed / Protégé B une fois rempli

Tax-Free Savings Account (TFSA)

The TFSA is an account that allows a taxpayer to save and invest on a tax-free basis. Any amounts accumulated in a TFSA or withdrawn from the account are not taxable.

Eligibility

Any individual who is 18 years of age or older living in Canada and who has a valid Canadian Social Insurance Number is eligible to open a TFSA. Individuals who reach the age of 18 during the year must wait until their birthday to open a TFSA. In Canadian provinces where the age of majority is 19 (British Columbia, New Brunswick, Nova Scotia, Nunavut, the Northwest Territories, Yukon and Newfoundland/Labrador), a TFSA account for an individual who is 18 years of age must be opened as follows: “Name of the Child, C/O name of the guardian, tutorship to minors.” When the individual turns 19, a new TFSA account will have to be opened in the individual’s name and new documents must be signed by him/her.

Annual TFSA Contribution Limit

The TFSA contribution limit for 2020 and 2021 was $6,000. The limit will be indexed to the inflation rate for subsequent years and will be rounded to the nearest $500. The annual contribution limit for 2009 to 2012 was $5,000. The contribution limit for each of 2013, 2014, 2016, 2017 and 2018 was $5,500. Exceptionally, the 2015 contribution limit was $10,000. The limit for 2019 was $6000.

A TFSA contribution is not deducted from income (unlike an RRSP contribution). Unused contribution room will be carried forward to future years indefinitely and there is no cumulative limit. In addition, withdrawals from a TFSA in a given year will be added to the individual’s contribution room for the following year. This allows individuals withdrawing money from their TFSA to use their accumulated savings to recontribute an amount equivalent to the withdrawal in the following or subsequent years.

The calculation of the annual contribution room is as follows:

Unused contribution room from previous years + withdrawals made in the previous year + current year's contribution room.

For example, an individual has unused contribution room of $10,000 and withdraws $7,000 in a given year. The following year, she/he may therefore contribute $17,000 in addition to the current year's contribution limit. As with RRSPs, it is not possible for financial institutions to calculate, for the client, the amount they are entitled to contribute to their TFSA. Note, however, that it is possible to find this information on the CRA's “*My Account.*” For more information, see the following webpage:
https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributions.html

“In kind” contributions are allowed. The amount of the contribution will be equal to the fair market value (“FMV”) of the property. CRA considers that there was a disposition of the property at FMV at the time of the contribution. If the FMV exceeds the fiscal cost of the property, a capital gain must be reported when filing your tax return. However, if the fiscal cost is greater than the FMV, no capital loss will be permitted since the loss would be considered "deemed to be nil" under the ITA.

There is no maximum age for contributing. No tax slip will be issued. Each year, CRA will determine the permitted contribution amount for the TFSA holder. Interest paid on money borrowed and invested in a TFSA is not deductible for tax purposes.

Excess Contributions

Excess TFSA contributions are subject to a 1% tax per month. If the CRA suspects that the excess contributions were deliberate, a 100% tax will be levied on income earned on these contributions. There is no special procedure to withdraw excess contributions; i.e., a regular withdrawal must be made. The withdrawal of excess contributions will not allow the holder to accumulate new contribution room.

- Example:
  Rosanna is a 31-year-old Canadian resident. She opened a TFSA on February 6, 2009 and contributed the maximum amount she could contribute from 2009 to 2019. In February 2020, she contributed $4,500. Later that year, she received an unexpected $4,100. She forgot that her contribution room for 2020 was limited to $6,000 and decided to contribute the full amount ($4,100) to her TFSA on October 30, 2020.

  After making this contribution, Rosanna had an excess of $2,600 in her TFSA because the total amount she contributed as of October 30 was $8,600 ($4,500 + $4,100) and this amount exceeded her 2020 contribution room of $6,000.

  Assuming that Rosanna has made no further contributions to her TFSA and no withdrawals during the remainder of 2020, she has a tax liability of $78 on her excess TFSA amount. This amount was calculated by multiplying the highest excess amount in each month by 1% for each of the three months from October to December; therefore, $2,600 × 1% × 3 months = $78.

  If, after making her $4,100 contribution on October 30, 2020, Rosanna realized her error and withdrew $2,600 on October 31, she still would have been subject to a 1% tax on the $2,600 excess amount, but only for October. Her tax liability would have been $26 ($2,600 × 1% × 1 month). (Example from the CRA guide)

Note that the application of this special 1% tax may cease when the taxpayer has new TFSA contribution rights.

Withdrawals

TFSA withdrawals may be made at any time, for any reason, and are not taxable. The total amount of the withdrawals may be re- contributed to the TFSA in the following or subsequent years (due to the increase in contribution room). Hence, a TFSA withdrawal restores contribution room, which is not the case for RRSP withdrawals.

Plan’s Maturity Date

Unlike an RRSP, where you must terminate the plan when reaching 71 years of age, there is no termination date for a TFSA. The TFSA, therefore, offers seniors aged 71 and over a tax-free savings vehicle.

Differences Between a TFSA and an RRSP

Both plans offer tax benefits but have significant differences:

- RRSP contributions are deductible for income tax purposes unlike those made to a TFSA.
- RRSP withdrawals are added to income, are taxed at the current rate, and do not result in restored contribution room. TFSA withdrawals and income do not raise any tax implications, i.e., they are tax-free. Moreover, TFSA contribution room may be restored after a withdrawal. For more information, please visit the CRA website: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account.html?=slnk

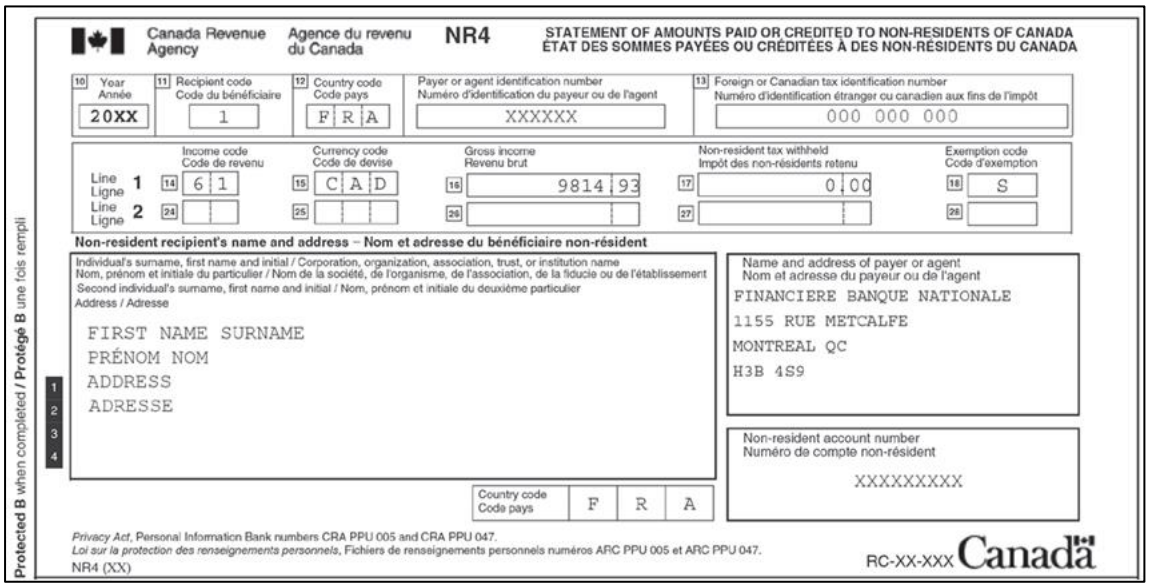
Miscellaneous

Real Return Bonds (RRBs) in Non-Registered Accounts

If you hold this type of bond and require further information, please visit:
https://www.nbfwm.ca/documentation/taxes.html

NR4 Slip (Federal) – Statement of Amounts Paid or Credited to Non-Residents of Canada

Non-residents of Canada will receive a NR4 stating the gross investment income, the tax withheld (if applicable) as well as withdrawals from registered accounts. Usually, the withholding tax will be considered a final tax and the non-resident should not be required to file a Canadian income tax return unless he or she is in a special situation.



Canada Revenue Agency / Agence du revenu du Canada — NR4

STATEMENT OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA
ÉTAT DES SOMMES PAYÉES OU CRÉDITÉES À DES NON-RÉSIDENTS DU CANADA

10 Year / Année	11 Recipient code / Code du bénéficiaire	12 Country code / Code pays	Payer or agent identification number / Numéro d'identification du payeur ou de l'agent	13 Foreign or Canadian tax identification number / Numéro d'identification étranger ou canadien aux fins de l'impôt
20XX	1	FRA	XXXXXX	000 000 000

	Income code / Code de revenu	Currency code / Code de devise	Gross income / Revenu brut	Non-resident tax withheld / Impôt des non-résidents retenu	Exemption code / Code d'exemption
Line / Ligne 1	61	CAD	9814.93	0.00	S
Line / Ligne 2					

Non-resident recipient's name and address – Nom et adresse du bénéficiaire non-résident

Individual's surname, first name and initial / Corporation, organization, association, trust, or institution name
Nom, prénom et initiale du particulier / Nom de la société, de l'organisme, de l'association, de la fiducie ou de l'établissement
Second individual's surname, first name and initial / Nom, prénom et initiale du deuxième particulier
Address / Adresse

FIRST NAME SURNAME
PRÉNOM NOM
ADDRESS
ADRESSE

Country code / Code pays: F R A

Name and address of payer or agent / Nom et adresse du payeur ou de l'agent
FINANCIERE BANQUE NATIONALE
1155 RUE METCALFE
MONTREAL QC
H3B 4S9

Non-resident account number / Numéro de compte non-résident
XXXXXXXXX

Protected B when completed / Protégé B une fois rempli

Privacy Act, Personal Information Bank numbers CRA PPU 005 and CRA PPU 047.
Loi sur la protection des renseignements personnels, Fichiers de renseignements personnels numéros ARC PPU 005 et ARC PPU 047.
NR4 (XX) RC-XX-XXX Canada

In addition, non-residents of Canada holding units of a limited partnership (or units of a partnership) may also receive a T5013 slip. For more information on the T5013 slip, please refer to the relevant section above (page 24).

Stripped Coupons and Residual Bonds

Essentially, it is a bond with interest coupons that are separate from the principal. Each coupon can then be sold separately at a price representing the present value of the cash to be received. Both the residual bond and interest coupons that have been separated from the principal amount constitute debt obligations that, for tax purposes, are governed by the rules applicable and prescribed by regulation. Thus, "notional" interest must be included annually in the investor's income although no interest will be paid or received during the year.

In general, the amount of notional interest that is deemed to accrue each year is determined using the "actual annual return" calculated based on the purchase price and maturity value, and considers this interest to be compounded annually. Once the "Actual Annual Return" is determined, the following formula is applied for each year:

(Purchase price plus interest from previous years) x effective yield x number of days the warrant is held ÷ number of days in the year of sale = interest to be included in income

The imputed interest accrued during each fiscal year is calculated based on the anniversary date of the issuance of the underlying bond. For example, if a stripped coupon or residual bond was purchased on February 1 of a year and the anniversary date of its issuance was June 30, notional interest would only need to be accrued for five months in the year of purchase. However, for each subsequent year, notional interest would have to be earned from the preceding July 1 to June 30 of the subsequent year.

- Example: A residual bond of $5,000 is acquired on February 2, 2018, for a price of $3745. The anniversary date of the underlying bond is June 30. The bond will mature on June 30, 2023. Therefore, there is a real annual yield of 5.5%.

Actual Output 5.5%	Underlying Bond Anniversary Date Date of Bond Acquisition	June 30 February 2, 2018	# of Days Held
YEAR	Basis for Interest Calculation	Notional Interest	DAYS
2018	$3,745.00	$84.05	149
2019	$3,829.05	$210.52	
2020	$4,039.57	$222.09	
2021	$4,261.67	$234.31	
2022	$4,495.97	$247.19	
2023	$4,743.16	$260.78	
		$1,258.94	

Ask your Advisor for the calculation of imputed interest in the "Accumulated Interest" report.

In order to facilitate these adjustment calculations, we suggest sending the 2019 report.

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

Cash
Period from January 1, 2020 to December 31, 2020

Your Investment Advisor

ACCUMULATED INTEREST (CAD)

Client Name	Description	Last Purchase	Trans. Type	Quantity	YTM Cost	THEORETICAL PRICE Beginning	THEORETICAL PRICE Ending	Accum. Interest
	INT-ONTARIO PROV 2JUN20	2019/03/29	Held			n/a	n/a	n/a
	INT-QUEBEC HYD 15AG21	2019/03/29	Sell	(51,510)	1.91	96.27	97.53	658.47
	INT-QUEBEC HYD 15AG21	2019/03/29	Sell	(51,525)	1.91	96.27	97.99	893.97
								$ 1,552.45
	INT-ONTARIO PROV 2JN22	2019/03/29	Held	43,785	2.14	93.82	95.84	881.95
	INT-ONTARIO PROV 2DC22	2020/03/25	Buy	35,961	1.09	97.12	97.85	263.03
	INT-ONTARIO PROV 2DC22	2020/03/25	Sell	(8,170)	1.09	97.12	97.32	16.20
								$ 279.23
	INT-ONTARIO PROV 2JN26	2019/06/28	Buy	54,000	2.11	86.45	88.15	919.90
	INT-QUEBEC HYD 15AG27	2019/03/29	Held	82,650	2.77	80.24	82.48	1,856.91
	INT-QUEBEC HYD 15AG28	2019/03/29	Held	56,235	2.55	79.60	81.64	1,148.63
	INT-QUEBEC HYD 15AG28	2019/08/19	Buy	18,000	1.90	84.35	85.94	286.87
	INT-QUEBEC HYD 15AG28	2019/09/17	Buy	9,900	2.29	81.61	83.32	169.27
								$ 1,604.76

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. The information contained in this report was obtained from sources which we believe to be reliable. However, this information is not guaranteed by NBFWM, and may be incomplete. This report was prepared to make it easier to manage your portfolio. We must underline the fact that NBFWM's liability shall be limited to the accuracy of the information contained in your Investment Portfolio Statement. Therefore, information in your Investment Portfolio Statement will always take precedence over the information contained in the above-mentioned report.

Page: 1 / 2
2021/01/27
08:21 AM

Calculation of Gain (Loss) if Sold Before Maturity

Disposal of a stripped coupon prior to maturity will result in a capital gain or loss.

Let's take the previous example, but with the coupon sold on September 30, 2020, for a sale price of $4,400.

Interest Calculation		
Proceeds of Disposition		$4,400.00
Adjusted Cost Base		
Initial Cost	$3,745.00	
Initial Income 2018	$84.05	
Initial Income 2019	$210.60	
Initial Income 2020	$281.26*	
*To Anniversary Date (June 30, 2020)	$222.18	
*July 1 to Sept 30, 2020	$59.08	
		$4,320.92
Gain (Loss)		$79.08

Actual Output 5.5%	Underlying Bond Anniversary Date Date of Bond Acquisition	June 30 February 2, 2018	# of Days Held		
YEAR	Basis for Interest Calculation	Notional Interest	DAYS		
2018	$3,745.00	$84.08	149	Feb-02-18	Buy
2019	$3,829.08	$210.60			
2020	$4,039.68	$222.18			
2021	$4,261.87	$59.08		Sept-30-20	Sale
2022	- $	- $			
2023	- $	- $			
		$575.95			

U.S. Tax Slips

Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding)

If you are not a U.S. citizen and you have received U.S. source income from a non-registered account for which the beneficiary is a limited partnership, an investment club or association that is not incorporated, a unique shareholder, a transferor trust, or a simple trust, you will receive a Form 1042-S. This slip will show the income generated to your account as well as withholdings remitted to the U.S. Internal Revenue Service ("IRS").

Form **1042-S** Foreign Person's U.S. Source Income Subject to Withholding **20XX** OMB No. 1545-0096

Department of the Treasury Internal Revenue Service

▶ Information about Form 1042-S and its separate instructions is at www.irs.gov/form1042.

☐ AMENDED ☐ PRO-RATA BASIS REPORTING **Copy B** for Recipient

1 Income code: 06	2 Gross income: 357.58	3 Chap. 3: X	4 Chap. 4: ☐
		3a Exemption code: 00	4a Exemption code: 15
		3b Tax rate: 15.00	4b Tax rate: 00.00
5 Withholding allowance			
6 Net income			Check if tax not deposited under escrow procedure ☐
7 Federal tax withheld: 0.00			
8 Tax withheld by other agents: 53.64			
9 Tax assumed by withholding agent			
10 Total withholding credit: 53.64			
11 Amount repaid to recipient			
12a Withholding agent's EIN: 000000000	12b Ch.3 status code: 12	12c Ch.4 status code	
14e Primary Withholding Agent's Name (if applicable): NBCN INC			
13a Withholding agent's name: FINANCIERE BANQUE NATIONALE			
14f Primary Withholding Agent's EIN: 000000000			
13b Withholding agent's Global Intermediary Identification Number (GIIN): XXXXXX.XXXXX.XX.XXX			
15a Intermediary or flow-through entity's EIN, if any	15b Ch.3 status code: 10	15c Ch.4 status code	
13c Country code: CA	13d Foreign taxpayer identification number, if any		
16a Intermediary or flow-through entity's name: RESP-PRÉNOM NOM			
13e Address (number and street): 1155 RUE METCALFE			
16b Intermediary or flow-through entity's GIIN			
13f City or town, state or province, country, ZIP or foreign postal code: MONTREAL QC H3B 4S9			
16c Country code: CA	16d Foreign tax identification number, if any		
13g Recipient's U.S. TIN, if any			
16 (e) (f) Address (number) and street; City or town, state or province, country, ZIP or foreign postal code			
13h Ch. 3 status code: 19	13i Ch. 4 status code		
14a Recipient's name	14b Recipient's country code		
17 Recipient's GIIN	18 Recipient's foreign tax identification number, if any		
14c Address (number and street)	19 Recipient's account number: XXXXXX	20 Recipient's date of birth	
14d City or town, state or province, country, ZIP or foreign postal code	21 Payer's name	22 Payer's TIN	23 Payer's GIIN
	24 State income tax withheld	25 Payer's state tax no.	26 Name of state

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (20XX)

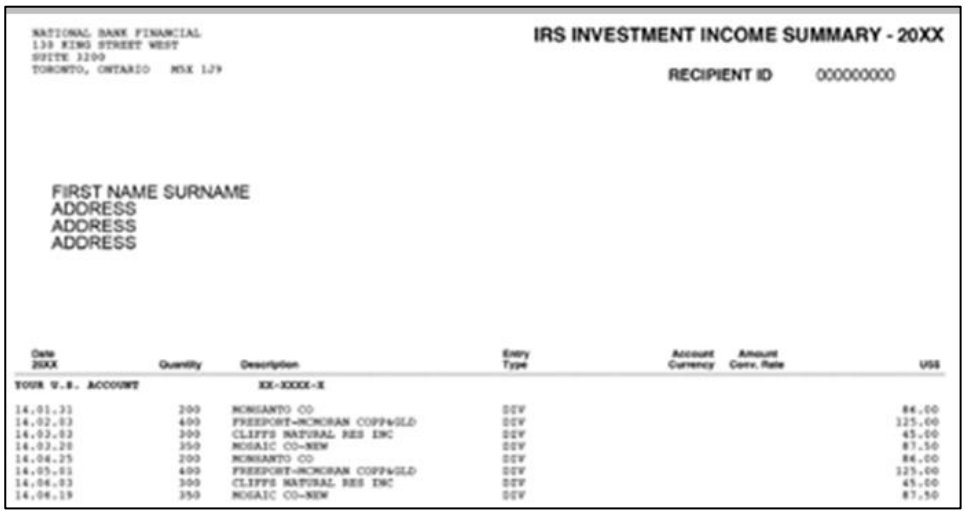
1042-S IRS INVESTMENT INCOME SUMMARY - 20XX

Date 20XX	Quantity	Description	Entry Type	Account Currency	Amount Conv. Rate	US$
YOUR CANADIAN ACCOUNT		XX-XXXXX-X				
01.08	400	GLOBAL X SUPERDIVIDEND ETF	DIV	24.65	0.9247	24.69
01.08	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	6.00-	0.9247	3.70-
02.12	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.47	0.9103	24.10
02.12	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.97-	0.9103	3.61-
03.12	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.82	0.8906	24.10
03.12	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	4.02-	0.8906	3.61-
04.10	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.29	0.9165	24.10
04.10	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.94-	0.9165	3.61-
05.12	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.22	0.9191	24.10
05.12	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.93-	0.9191	3.61-
06.11	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.20	0.9198	24.10
06.11	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.93-	0.9198	3.61-
07.11	400	GLOBAL X SUPERDIVIDEND ETF	DIV	25.75	0.9358	24.09
07.11	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.86-	0.9358	3.61-
08.12	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.34	0.9148	24.10
08.12	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.95-	0.9148	3.61-
09.11	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.51	0.9090	24.10
09.11	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	3.97-	0.9090	3.61-
10.10	400	GLOBAL X SUPERDIVIDEND ETF	DIV	26.96	0.8938	24.09
10.10	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	4.04-	0.8938	3.61-
11.12	400	GLOBAL X SUPERDIVIDEND ETF	DIV	27.25	0.8841	24.09
11.12	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	4.09-	0.8841	3.61-
12.10	400	GLOBAL X SUPERDIVIDEND ETF	DIV	27.43	0.8722	24.10
12.10	400	GLOBAL X SUPERDIVIDEND ETF	WHTX02	4.14-	0.8722	3.61-

Form 1099 – DIV (Dividend and Distributions) and Form 1099-INT (Interest Income)

If you are a “documented” U.S. investor, whether residing in the United States or not, you will receive a Form 1099–DIV and/or a Form 1099-INT corresponding to your U.S. source dividend income and/or interest income, respectively, generated by your investments in your RESP, RDSP and TFSA accounts.

If you are an “un-documented” U.S. investor, you will receive Form 1099-DIV and/or Form 1099-INT for U.S. source income from your non-registered accounts in addition to those from your RESP, RDSP and TFSA accounts.



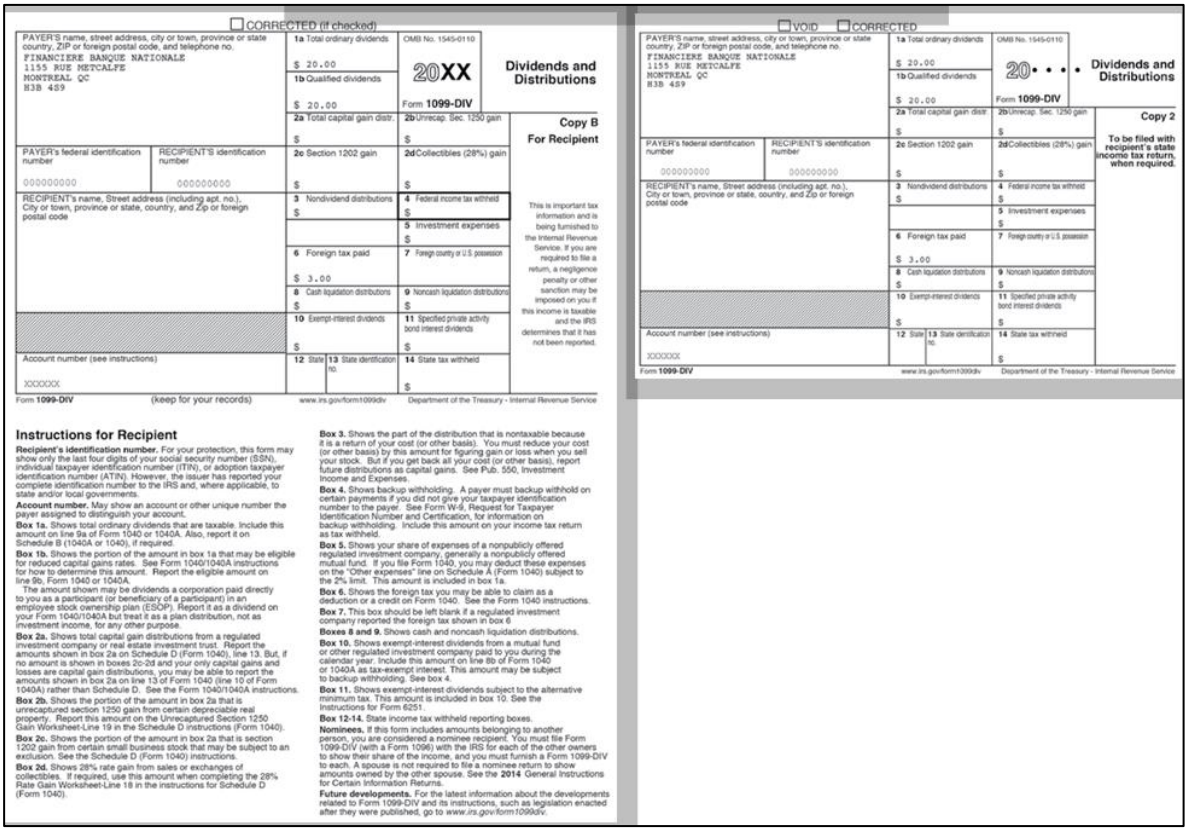
NATIONAL BANK FINANCIAL
130 KING STREET WEST
SUITE 3200
TORONTO, ONTARIO M5X 1J9

IRS INVESTMENT INCOME SUMMARY - 20XX

RECIPIENT ID 000000000

FIRST NAME SURNAME
ADDRESS
ADDRESS
ADDRESS

Date 20XX	Quantity	Description	Entry Type	Account Currency	Amount Conv. Rate	US$
YOUR U.S. ACCOUNT		XX-XXXX-X				
14.01.31	200	MONSANTO CO	DIV			84.00
14.02.03	400	FREEPORT-MCMORAN COPP&GLD	DIV			125.00
14.02.03	300	CLIFFS NATURAL RES INC	DIV			45.00
14.02.20	350	MOSAIC CO-NEW	DIV			87.50
14.04.25	200	MONSANTO CO	DIV			84.00
14.05.01	400	FREEPORT-MCMORAN COPP&GLD	DIV			125.00
14.06.03	300	CLIFFS NATURAL RES INC	DIV			45.00
14.06.19	350	MOSAIC CO-NEW	DIV			87.50



☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, province or state country, ZIP or foreign postal code, and telephone no.
FINANCIERE BANQUE NATIONALE
1155 RUE METCALFE
MONTREAL QC
H3B 4S9

1a Total ordinary dividends: $ 20.00
1b Qualified dividends: $ 20.00
OMB No. 1545-0110
20XX
Form 1099-DIV
Dividends and Distributions
2a Total capital gain distr.: $
2b Unrecap. Sec. 1250 gain: $
Copy B For Recipient
PAYER'S federal identification number: 000000000
RECIPIENT'S identification number: 000000000
2c Section 1202 gain: $
2d Collectibles (28%) gain: $
RECIPIENT'S name, Street address (including apt. no.), City or town, province or state, country, and Zip or foreign postal code
3 Nondividend distributions: $
4 Federal income tax withheld: $
5 Investment expenses: $
6 Foreign tax paid: $ 3.00
7 Foreign country or U.S. possession
8 Cash liquidation distributions: $
9 Noncash liquidation distributions: $
10 Exempt-interest dividends: $
11 Specified private activity bond interest dividends: $
Account number (see instructions): XXXXXX
12 State
13 State identification no.
14 State tax withheld: $
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Form 1099-DIV (keep for your records) www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

Instructions for Recipient

Recipient's identification number. For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN). However, the issuer has reported your complete identification number to the IRS and, where applicable, to state and/or local governments.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1a. Shows total ordinary dividends that are taxable. Include this amount on line 9a of Form 1040 or 1040A. Also, report it on Schedule B (1040A or 1040), if required.

Box 1b. Shows the portion of the amount in box 1a that may be eligible for reduced capital gains rates. See Form 1040/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.

The amount shown may be dividends a corporation paid directly to you as a participant (or beneficiary of a participant) in an employee stock ownership plan (ESOP). Report it as a dividend on your Form 1040/1040A but treat it as a plan distribution, not as investment income, for any other purpose.

Box 2a. Shows total capital gain distributions from a regulated investment company or real estate investment trust. Report the amounts shown in box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in boxes 2c-2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.

Box 2b. Shows the portion of the amount in box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet-Line 19 in the Schedule D instructions (Form 1040).

Box 2c. Shows the portion of the amount in box 2a that is section 1202 gain from certain small business stock that may be subject to an exclusion. See the Schedule D (Form 1040) instructions.

Box 2d. Shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the 28% Rate Gain Worksheet-Line 18 in the instructions for Schedule D (Form 1040).

Box 3. Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses.

Box 4. Shows backup withholding. A payer must backup withhold on certain payments if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

Box 5. Shows your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file Form 1040, you may deduct these expenses on the “Other expenses” line on Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1a.

Box 6. Shows the foreign tax you may be able to claim as a deduction or a credit on Form 1040. See the Form 1040 instructions.

Box 7. This box should be left blank if a regulated investment company reported the foreign tax shown in box 6.

Boxes 8 and 9. Shows cash and noncash liquidation distributions.

Box 10. Shows exempt-interest dividends from a mutual fund or other regulated investment company paid to you during the calendar year. Include this amount on line 8b of Form 1040 or 1040A as tax-exempt interest. This amount may be subject to backup withholding. See box 4.

Box 11. Shows exempt-interest dividends subject to the alternative minimum tax. This amount is included in box 10. See the Instructions for Form 6251.

Box 12-14. State income tax withheld reporting boxes.

Nominees. If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV (with a Form 1096) with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A spouse is not required to file a nominee return to show amounts owned by the other spouse. See the **2014** General Instructions for Certain Information Returns.

Future developments. For the latest information about the developments related to Form 1099-DIV and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/form1099div*.

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, province or state country, ZIP or foreign postal code, and telephone no.
FINANCIERE BANQUE NATIONALE
1155 RUE METCALFE
MONTREAL QC
H3B 4S9

1a Total ordinary dividends: $ 20.00
1b Qualified dividends: $ 20.00
OMB No. 1545-0110
20• • • •
Form 1099-DIV
Dividends and Distributions
2a Total capital gain distr.: $
2b Unrecap. Sec. 1250 gain: $
Copy 2
To be filed with recipient's state income tax return, when required.
PAYER'S federal identification number: 000000000
RECIPIENT'S identification number: 000000000
2c Section 1202 gain: $
2d Collectibles (28%) gain: $
RECIPIENT'S name, Street address (including apt. no.), City or town, province or state, country, and Zip or foreign postal code
3 Nondividend distributions: $
4 Federal income tax withheld: $
5 Investment expenses: $
6 Foreign tax paid: $ 3.00
7 Foreign country or U.S. possession
8 Cash liquidation distributions: $
9 Noncash liquidation distributions: $
10 Exempt-interest dividends: $
11 Specified private activity bond interest dividends: $
Account number (see instructions): XXXXXX
12 State
13 State identification no.
14 State tax withheld: $
Form 1099-DIV www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

In this context, “documented” refers to the supporting documents establishing the U.S. residency and/or citizenship of the client, which can be established by completing the IRS' Form W-9.

Form 1099-B (Proceeds from Broker and Barter Exchange Transactions)

If you are a “documented” U.S. investor residing in the United States, you will receive a Form 1099-B reporting the dispositions of all the securities from your RESP, RDSP and TFSA accounts (e.g., U.S., Canadian and other sources).

If you are an “un-documented” U.S. investor residing in the United States, you will receive a Form 1099-B reporting the dispositions of all the securities from your non-registered accounts in addition to those from your RESP, RDSP and TFSA accounts.

There is no Form 1099-B generated for U.S. investors not residing in the United States.

In this context, “documented” refers to the supporting documents establishing the U.S. residency and/or citizenship of the client, which can be established by completing the IRS' Form W-9.

You must use these tax slips in order to file your U.S. tax return (Form 1040).

NATIONAL BANK FINANCIAL
130 KING STREET WEST
SUITE 3200
TORONTO, ONTARIO M5X 1J9

IRS TRADING SUMMARY - 20XX

RECIPIENT ID 000000000

FIRST NAME SURNAME
ADDRESS
ADDRESS
ADDRESS

DATE	QUANTITY	SECURITY DESCRIPTION	PRICE	PROCEEDS (COSTS)	COMM	CONV RATE	PROCEEDS (COSTS) US$	COMM US$	UNCOVERED (Y/N)	WASH SALE US$	GAIN/ (LOSS)US$	LONG/ SHORT TERM (L/S)
YOUR CANADIAN ACCOUNT		X-XXXX-X										
11.14	250-	ALTER NRG CORP-NEW	2.71	409.75		0.8826	538.17		Y	0.00	0.00	
Total Proceeds							538.17					
11.14	128,972-	MLI GRW OPP CL /N	27.398	3,533.57		0.8826	3,118.73		Y	0.00	0.00	

FINANCIERE BANQUE NATIONALE
1155 RUE METCALFE
MONTREAL QC
H3B 4S9

OMB - No. 1545-0715

1099B - Substitute Statement - 20XX

Proceeds From Broker & Barter Exchange Transactions

RECIPIENT ID 000000000

PAYER'S FED. ID. No. 000000000

Investment Advisor: PRÉNOM NOM
Phone Number:

Date Sold or Disposed (Box 1c)	CUSIP Number	Qty Sold	Proceeds (Box 1d)	Fed Inc Tax Wthld (Box 4)	Description (Box 1a)	Date of Acq (Box 1b)	Cost or Other Basis (Box 1e)	Code (Box 1f)	Adjustments (Box 1g)	Loss Not Allowed (Box 7)	Uncovered Security (Box 5)	Basis Reported to IRS (Box 3)	Long/ Short Term L/S (Box 2)
YOUR CANADIAN ACCOUNT		X-XXXX-X											
02.18	122902GG5	10,000	9,123.00		BDC CIBLE S1 T/V 18FV14		0.00		0.00		Y		

Reported to IRS:

( ) Sales Price (X) Sales Price Less Commissions and Option Premiums

FAQ – Tax Slips and Miscellaneous

What is a 1042-S?

A 1042-S is a form produced by the U.S. Internal Revenue Service (IRS). It provides information on U.S. source income and withholdings associated with this income.

Why did I receive Form 1042-S?

You received this form because U.S. source income was deposited into your account.

Why were there withholdings on my registered account when income paid into this account is not taxable?

It is true that income is not taxed in a registered account. There are, however, withholdings on U.S. source income paid into an TFSA, RESP or registered disability savings plan (“RDSP”). These are considered "non-registered vehicles," and therefore taxable, by U.S. tax authorities. The withholdings associated with these accounts cannot be recovered through the Canadian foreign tax credit mechanism. Note that the treatment is different for RRSP/RRIF accounts: no withholding tax will be levied for these since the United States recognizes Canadian RRSPs and RRIFs as having non-taxable "registered plan" status. Thus, in accordance with the tax treaty between Canada and the United States, money or investments held in an RRSP/RRIF continue to grow tax-free as long as no amounts are withdrawn.

The withholding rate may differ according to the documentation that you provide at account opening, as well as your country of residence. The tax treaty between the United States and certain countries, including Canada, provides the right to a reduced withholding rate. To be eligible for the treaty's preferential tax rate, you must provide documentation establishing your place of residence, i.e., the IRS' Form “W-8BEN” or any other acceptable document. We strongly recommend that you contact your Investment Advisor to determine the forms required for your specific situation. If you do not fill in the required documentation, the maximum withholding rate of 30% will be applied to all U.S. source income paid into your non-registered accounts, TFSAs, RESPs and RDSPs. The withholding is remitted to the U.S. tax authorities and is generally considered a final tax. Therefore, you do not need to file a U.S. tax return (Form 1040NR or Form 1040) unless you need to file one for another reason, or there is reason to believe that you will be able to recover a withheld amount from the U.S. tax authorities.

Do I have to file Form 1042-S with my Canadian tax report?

No, because it is a U.S. form.

Are the fees related to my TFSA, RRSP, RRIF, RDSP, or RESP (or other registered plans) deductible?

Fees related to registered accounts are never tax-deductible even if they are paid from a non-registered account.

Are the fees related to my non-registered account deductible?

This depends on the nature of the fees.

Section 20 of the ITA provides rules relating to the deductibility of certain outlays, expenses, and other amounts in computing a taxpayer's income for a taxation year.

As a general rule, paragraph 20(1)(bb) of the *Act* allows a taxpayer to deduct fees (other than commissions) paid for advice on buying or selling a specific share or security by the taxpayer or for the administration or the management of the shares or securities of the taxpayer. The fees must be paid to a person whose principal business is advising others whether to buy or sell specific shares or whose principal business includes the administration or management of shares or securities.

Note that the commissions are excluded by the preamble of paragraph 20(1)(bb) of the *Act*, but fees may be charged based on the portfolio value and not be considered as commissions (see the archived Interpretation Bulletin IT-238R2, section 4) at the following link:*

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/it238r2/archived-fees-paid-investment-counsel.html

* The CRA is implementing a new filing system for their Interpretation Bulletins, called "Folios." In the interim, although this information is archived, the referenced section 4 continues to represent the CRA's interpretation.

20(1) Deductions permitted in computing income from business or property

Notwithstanding paragraphs 18(1)(a), 18(1)(b) and 18(1)(h), in computing a taxpayer's income for a taxation year from a business or property, there may be deducted such of the following amounts as are wholly applicable to that source or such part of the following amounts as may reasonably be regarded as applicable thereto

…

20(1) (bb) Fees paid to investment counsel

An amount, other than a commission, that

(i) is paid by the taxpayer in the year to a person or partnership the principal business of which

- is advising others as to the advisability of purchasing or selling specific shares or securities, or
- includes the provision of services in respect of the administration or management of shares or securities, and

(ii) is paid for

- advice as to the advisability of purchasing or selling a specific share or security of the taxpayer, or
- services in respect of the administration or management of shares or securities of the taxpayer.

Note that fees paid for advice regarding investments in registered accounts (e.g., an RRSP, RRIF or TFSA investment) will not be deductible (paragraph 18(1)(u) of the ITA).

Deduction for carrying charges and interest expenses

Carrying charges and interest expenses are deductible within certain limitations. Here is a brief summary of these:

A) Federal

As outlined by CRA on their website:

https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-22100-carrying-charges-interest-expenses.html

Line 22100 – Carrying charges and interest expenses

Note: Line 22100 was line 221 before tax year 2019.

Claim the following carrying charges and interest you paid to earn income from investments:

- most interest you pay on money you borrow for investment purposes, but generally only if you use it to try to earn investment income, including interest and dividends. However, if the only earnings your investment can produce are capital gains, you cannot claim the interest you paid.

T1135 - GUIDE

Foreign Income Verification Statement

Properties Report

The Foreign Properties Report is a tool that will help you gather the necessary data to complete your personal tax return, and more specifically, if you need to complete Form T1135 – Foreign Income Verification Statement, issue by the Canada Revenue Agency (CRA). Please note that this report is not a form prescribed by the *Income Tax Act* (ITA), therefore it cannot replace the T1135 required by the CRA. This report contains data obtained from a number of sources we believe to be reliable. However, we cannot attest to the accuracy, quality, or the completeness of this information. Therefore, you (and/or your tax specialist) must analyze the contents and determine what is relevant to properly complete Form T1135.

For information purposes only, you shall find hereinafter information on Form T1135 including a description of our Foreign Properties Report to help you complete Form T1135.

What is Form T1135 - "Foreign Income Verification Statement?"

All taxpayers (individuals, corporations, trusts) that reside in Canada must complete and file Form T1135 if, at any time in the year, the total cost amount of their “specified foreign property” (please refer to definition below) was greater than $100,000 in Canadian currency.

This form, prescribed by the ITA, helps tax authorities ensure that Canadian taxpayers disclose revenues derived from their foreign property. Since 1998, this form must be completed and filed annually to avoid onerous penalties for non-filing. For any previous years, if you omitted filing Form T1135, it is recommended that you contact your accountant or tax advisor prior to taking any action.

Specified Foreign Property

“Specified foreign property” is defined in subsection 233.3(1) of the ITA. Generally speaking, it includes:

- funds or intangible property (patents, copyrights, etc.) situated, deposited or held outside Canada
- tangible property situated outside Canada
- a share of the capital stock of a non-resident corporation
- shares of corporations resident in Canada and held outside Canada
- an interest in a non-resident trust that was acquired for consideration
- an interest in a partnership that holds a specified foreign property unless the partnership is required to file Form T1135
- a property that is convertible into, exchangeable for, or confers a right to acquire a property that is specified foreign property
- a debt owed by a non-resident, including government and corporate bonds, debentures, mortgages, and notes receivable
- an interest in a foreign insurance policy
- precious metals, gold certificates, and futures contracts held outside Canada.

“Specified foreign property” does not include personal-use property, or shares of the capital stock of corporations not resident in Canada held in a registered account (RRSP, TFSA, RESP, etc.) or held in a Canadian mutual fund/corporation.

For further detail, please refer to the CRA's website.

- General Information:
  https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/foreign-reporting/foreign-income-verification-statement.html

- Questions and Answers (Q19-47):
  https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/foreign-reporting/questions-answers-about-form-t1135.html

Simplified Reporting Method

For 2015 and subsequent tax years, rather than providing the details for each foreign property, or “by account and country,” it is possible for taxpayers who held specified foreign property with a total cost amount of less than $250,000 throughout the year to report according to the simplified reporting method.

Part A: Simplified reporting method

For each type of property that applies to you, check (✓) the appropriate box.

Type of property:

- Funds held outside Canada ☐
- Shares of non-resident corporations (other than foreign affiliates) ☐
- Indebtedness owed by non-resident ☐
- Interests in non-resident trusts ☐
- Real property outside Canada (other than personal use and real estate used in an active business) ☐
- Other property outside Canada ☐
- Property held in an account with a Canadian registered securities dealer or a Canadian trust company ☐

Country code:

Select the top three countries based on the maximum cost amount of specified foreign property held during the year. Enter the country codes in the boxes below:

Income from all specified foreign property $ _____

Gain(loss) from the disposition from all specified foreign property $ _____

Privacy Act, personal information bank number CRA PPU 035

T1135 E (16) (Ce formulaire existe en français.) Canada

Your tax slips and our Foreign Properties Reports (see the section entitled "Foreign Properties Report" hereinafter) contain all the necessary information required to complete Form T1135 - Part A, referred to as the "Simplified Method."

Reminder of the Detailed Reporting Method

If you hold “specified foreign property” with a Canadian registered securities dealer, you have two options available regarding Form T1135:

1 - “Report by Account and by Country” — Category 7 of Form T1135.
This section applies only to foreign properties held with a Canadian registered securities dealer or a Canadian trust company. In this category, for each account held at a securities dealer or trust company, you must identify the aggregate amount by country and indicate:

- the maximum fair market value during the year (which may be based on the maximum month-end fair market value)
- the fair market value at the end of the year
- the income (losses generated by the asset, and
- the gains (losses) resulting from disposition of the asset.

7. Property held in an account with a Canadian registered securities dealer or a Canadian trust company

Name of registered security dealer/Canadian trust company	Country code	Maximum fair market value during the year	Fair market value at year-end	Income	Gain (loss) on disposition
		Total			

2 - "Asset by Asset Report": this section requests, for each of the foreign properties, the following information:

- the name of the foreign corporation or foreign entity
- the country to which the asset belongs
- the maximum cost amount during the year
- the cost amount at the end of the year
- the income (losses) generated by the asset; and
- the gain (losses) resulting from disposition of the asset.

(Note: Categories 2, 3 and 4 of Form T1135 are the most commonly used.)

Part B: Detailed reporting method

Categories of specified foreign property

In each of the tables below, provide the required details of each specified foreign property held at any time during the particular tax year. If you need additional space, please attach a separate sheet of paper using the same format as the tables.

A taxpayer who held specified foreign property with a Canadian registered securities dealer or a Canadian trust company is permitted to report the aggregate amount, on a country-by-country basis, of all such property in Category 7, *Property held in an account with a Canadian registered securities dealer or a Canadian trust company*. See attached instructions for Category 7 for details as to how to report under this method.

1. Funds held outside Canada

Name of bank/other entity holding the funds	Country code	Maximum funds held during the year	Funds held at year end	Income
		Total		

2. Shares of non-resident corporations (other than foreign affiliates)

Name of corporation	Country code	Maximum cost amount during the year	Cost amount at year end	Income	Gain (loss) on disposition
		Total			

3. Indebtedness owed by non-resident

Description of indebtedness	Country code	Maximum cost amount during the year	Cost amount at year end	Income	Gain (loss) on disposition
		Total			

4. Interests in non-resident trusts

Name of Trust	Country code	Maximum cost amount during the year	Cost amount at year end	Income recieved	Capital received	Gain (loss) on disposition
		Total				

Other Relevant Information to Complete Form T1135

In the "Instructions" section of Form T1135, the CRA states that it allows the designation of “Other” as the country code if you are unable to identify the country.

Excerpt from the CRA's Guide:

Country codes

For the list of country codes, refer to the CRA’s website at https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4061/nr4-non-resident-tax-withholding-remitting-reporting.html#P482_43418

The country code for each category should identify the following:

- Category 1 – the country where the funds are located;
- Category 2 – the country of residence of the non-resident corporation;
- Category 3 – the country of residence of the non-resident issuer;
- Category 4 – the country of residence of the trust;
- Category 5 – the country where property is located;
- Category 6 – the country where property is located;
- Category 7 – depending on the type of property, use the instructions above for categories 1 to 6.

If you are uncertain of the appropriate country code for a particular specified foreign property, select "Other."

Foreign Properties Report

A “Foreign Properties Report” can help identify the foreign properties held in your non-registered accounts. In addition, the report contains supplementary information that could help you complete Form T1135.

How to use Foreign Properties Report?

Information supplied by financial institutions

Your Investment Advisor can provide you with certain information regarding foreign properties held at NBFWM that could potentially be subject to Form T1135 – Foreign Income Verification Statement. Note, however, that the information received from only one financial institution may be insufficient or inaccurate to complete Form T1135. For example, if you choose the "Asset by Asset" method of reporting, the cost amount or adjusted cost base (ACB) of an asset is not necessarily known by your financial institution. You may hold identical securities in several financial institutions or in several non-registered accounts (dealer and direct broker), and therefore the book value of the securities in the report of one particular financial institution will not reflect the cost amount or the ACB of your identical securities held in all financial institutions, since the tax rules regarding “identical properties” will not have been respected. (See the section on fiscal ACB in the Tax and Investment Guide 2020.)

The Client's Responsibility

It is your responsibility to adequately complete Form T1135. You can mandate an expert to help you with the foregoing. National Bank of Canada, its subsidiaries and their advisors do not offer this service. For information purposes only, your Advisor can provide certain information regarding your foreign securities held at NBFWM, which should help you complete Form T1135.

Description and Limitations of the Report

Your Advisor can provide two separate reports:

1- The "Month End Market Value Report," which is helpful for completing Category 7 of Form T1135 - Part B (Detailed Reporting Method); and/or
2- The "Month End Book Value Report," which is helpful for completing Categories 2, 3 or 4 of Form T1135 - Part B (Detailed Reporting Method).

Note that the two reports can also provide the information necessary for completing Part A of Form T1135 (Simplified Reporting Method).

How to use the "Month End Market Value Report" to complete Form T1135: Category 7 ("By Canadian Brokerage Account and by Country")

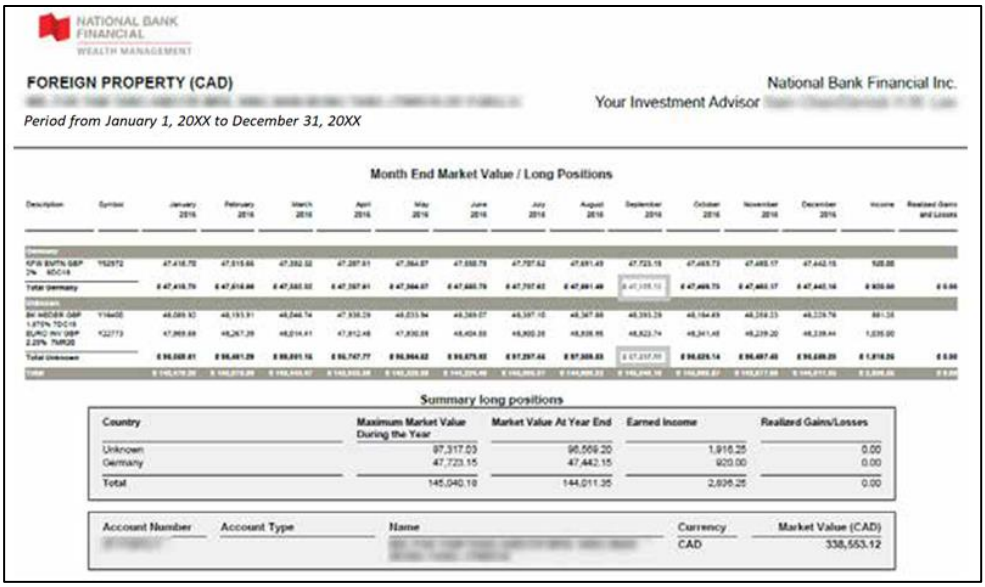
Form T1135's Category 7 requires information regarding the fair market value by country and by account. For this purpose, Form T1135's instructions specify:

"The maximum fair market value during the year may be based on the maximum month-end fair market value."

Hence, for each country, the monthly report allows you to identify the highest month-end fair market value. This amount is shaded and reported in the summary on page 1.

As well, it is possible that certain securities may be identified in the "Unknown" section due to lack of information. At this time, the CRA allows you to indicate "Other" in the country code.

See the instructions for Form T1135 under "Country codes."



NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

FOREIGN PROPERTY (CAD)

National Bank Financial Inc.

Your Investment Advisor

Period from January 1, 20XX to December 31, 20XX

Month End Market Value / Long Positions

Description	Symbol	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	Income	Realized Gains and Losses
Germany															
KFW EMTN GBP 2% 6DC18	Y52972	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Total Germany		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unknown															
BK NEDER GBP 1.875% 7DC18	Y16400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EURO INV GBP 2.25% 7MR20	Y22773	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Total Unknown		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

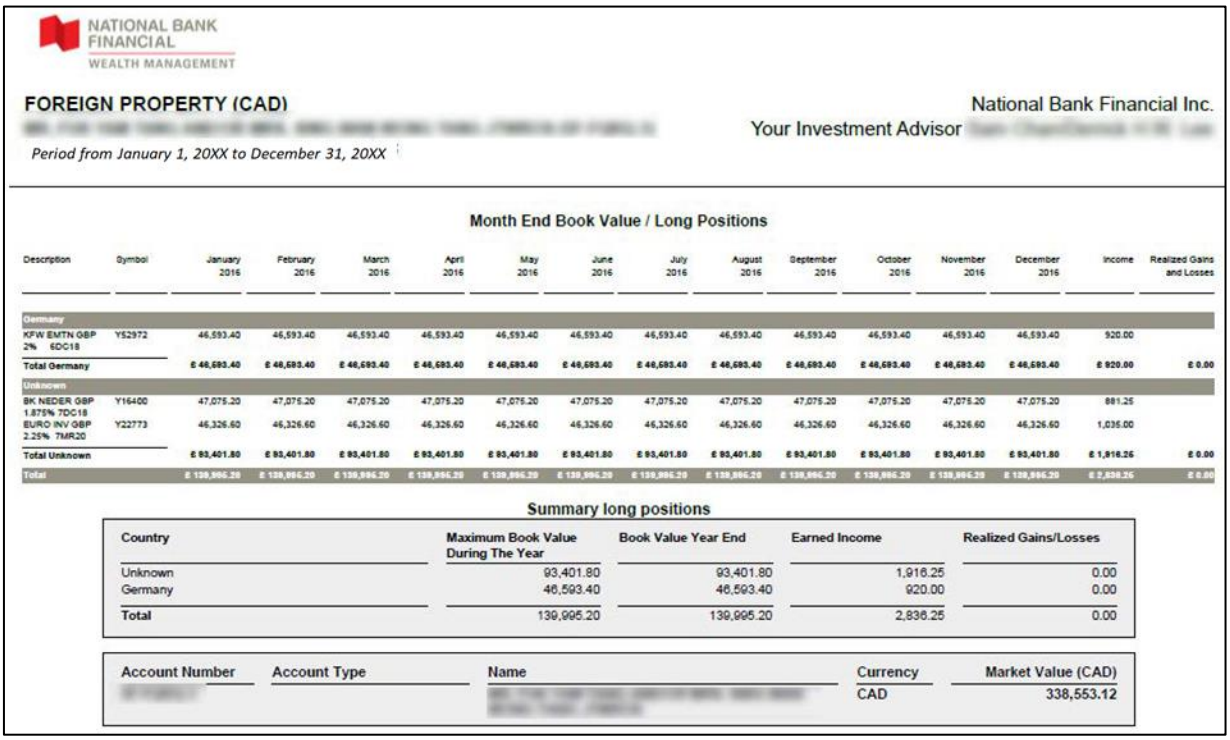
Summary long positions

Country	Maximum Market Value During the Year	Market Value At Year End	Earned Income	Realized Gains/Losses
Unknown	97,317.03	96,569.20	1,916.25	0.00
Germany	47,723.15	47,442.15	920.00	0.00
Total	145,040.19	144,011.35	2,836.25	0.00

Account Number	Account Type	Name	Currency	Market Value (CAD)
[illegible]		[illegible]	CAD	338,553.12

How to use the "Month End Book Value Report" to complete Form T1135: Categories 2, 3 and, 4 (“Asset by Asset”)

If you choose to complete categories 2, 3 and, 4 of Form T1135, you will need the cost indicated for each asset. The “book value” is indicated on a monthly basis so that you can identify the month with the highest value for each asset, as well as the asset's book value at the end of the year. Note that for categories 2, 3 and 4 ("Asset-by-Asset"), the summary and the totals are not helpful. You should remember that it is possible that the book value indicated in the report is not equal to the cost to the client for the security.



NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

FOREIGN PROPERTY (CAD)

National Bank Financial Inc.

Your Investment Advisor

Period from January 1, 20XX to December 31, 20XX

Month End Book Value / Long Positions

Description	Symbol	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	Income	Realized Gains and Losses
Germany															
KFW EMTN GBP 2% 6DC18	Y52972	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	920.00	
Total Germany		46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	46,593.40	920.00	0.00
Unknown															
BK NEDER GBP 1.875% 7DC18	Y16400	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	47,075.20	881.25	
EURO INV GBP 2.25% 7MR20	Y22773	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	46,326.60	1,035.00	
Total Unknown		93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	93,401.80	1,916.25	0.00
Total		139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	139,995.20	2,836.25	0.00

Summary long positions

Country	Maximum Book Value During The Year	Book Value Year End	Earned Income	Realized Gains/Losses
Unknown	93,401.80	93,401.80	1,916.25	0.00
Germany	46,593.40	46,593.40	920.00	0.00
Total	139,995.20	139,995.20	2,836.25	0.00

Account Number	Account Type	Name	Currency	Market Value (CAD)
[illegible]		[illegible]	CAD	338,553.12

Limitations Applicable to All Reports

Although the information contained in the reports can help you produce your income tax return as well as Form T1135, some limitations must be noted:

- Note that certain securities may not be “specified foreign properties” and as a result, would not need to be included on Form T1135. You or your accountant or tax expert should identify which securities correspond to the definition prior to completing the form.
- The book value does not necessarily represent the cost amount or the ACB of your asset. Accordingly, the gain (loss) column may not represent the “tax” gain (loss). For example, the adjusted cost base of a security must reflect the cost of all the identical securities held in all of your non-registered accounts across all financial institutions.
- It is recommended that you reconcile the total of the “Income” column of the Report with what is stated on your income tax return and tax slips.
- The report may have some inconsistencies with respect to certain securities.

You agree to release NBFWM, its affiliates, employees, agents, representatives, officers and directors, even in case of gross negligence or misconduct on the part of NBFWM or the latter, from and against all liabilities, claims, losses and/or damages (including legal fees and expenses) and from all proceedings, claims or any other cause of action as to the accuracy of the information herein (as well as in the mentioned documents and statements) and the fiscal impacts resulting from their use.

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