



TAX-FREE SAVINGS ACCOUNT (TFSA) RETURN Year

Identification

Form with fields for First name and initial, Last name, Mailing address, PO Box, RR, City, Prov./Terr. or State, Postal or Zip code, and Country.

Information about you section with fields for social insurance number, date of birth, language of correspondence, and date of death or departure.

Before completing this return, see the sections "Important information" and "Definitions" on pages 3 and 4. Complete all parts of Section 1 that apply to you as well as Section 2. Report all amounts in Canadian dollars. In all cases, you must submit the documentation to support all transactions.

Section 1 – Tax calculations

Part A – Tax on excess TFSA amounts

Form for Part A with instructions and calculation table for tax on excess TFSA amounts.

Part B – Tax on non-resident contributions

Form for Part B with instructions and calculation table for tax on non-resident contributions.

Part C – Tax on non-qualified investments

Form for Part C with instructions, table for non-qualified investments, and calculation table for tax on non-qualified investments.

**Part D – Tax on prohibited investments**

Complete this part if, at any time in the calendar year, your TFSA trust acquired a prohibited investment or a previously acquired qualified investment became prohibited.

Date prohibited investment was acquired or previously acquired qualified investment became prohibited	Number	Full description of investment	Fair market value (FMV) at time of acquisition or when it became prohibited
			+
			+
Total FMV of the prohibited investments			=
Rate			x <b>50%</b>
Multiply line 1 by line 2.			= \$
Tax on prohibited investments (report this amount on line D of Section 2).			=

**Note**  
If you disposed of a prohibited investment, you may be entitled to a refund of taxes paid. For more information, see the section "Important Information" on page 3.

**Part E – Tax on an advantage**

Complete this part if, during the calendar year, the holder or a person not dealing at arm's length with the holder was provided with an advantage in relation to their TFSA. This includes an advantage provided directly into the holder's TFSA. For more information on an advantage, see the definition on page 4.

TFSA Contract Number – specify the advantage received	Fair market value (FMV) of the benefit or amount of loan or debt
	+
	+
	+
Total of all amounts. This is the tax on an advantage.	
	=
Enter the portion of the amount in line 3 of Part A that relates to the advantage listed above.	_____ 2
Enter the portion of the amount in line 3 of Part B that relates to the advantage listed above.	+ _____ 3
<b>Add lines 2 and 3</b>	= _____ 4
Line 1 minus line 4 (report this amount on line E of Section 2).	= \$ _____ 5

**Section 2 – Summary of taxes due**

<b>A.</b> Tax on excess TFSA amounts from Part A of Section 1	▶	_____	<b>A</b>
<b>B.</b> Tax on non-resident contributions from Part B of Section 1	▶	+ _____	<b>B</b>
<b>C.</b> Tax on non-qualified investments from Part C of Section 1	▶	+ _____	<b>C</b>
<b>D.</b> Tax on prohibited investments from Part D of Section 1	▶	+ _____	<b>D</b>
<b>E.</b> Tax on an advantage from Part E of Section 1	▶	+ _____	<b>E</b>
<b>Add lines A to E</b>		= _____	
<b>Sub total</b>		_____	
<b>Minus:</b> allowable refund of tax on non-qualified and/or prohibited investments		- _____	
<b>Total tax payable</b>		= _____	
		↓	
Attach a <b>cheque</b> or <b>money order</b> payable to the Receiver General. Generally, we do not charge a difference of \$2 or less.	<b>Amount enclosed</b>	\$ _____	

I certify that the information given on this return and in any documents attached is correct and complete.  <b>Sign here</b> _____ Signature of individual, trustee, or authorized representative It is a serious offence to make a false return.  Telephone _____ – _____ Date _____	Name: _____ Address: _____ _____ Telephone: _____ – _____
	<b>For professional tax preparers only</b>

## Important information

### Filing due date

If you are subject to tax at any time during the year, you have to file this TFSA return with a payment for any balance due no later than June 30 of the year following the end of the calendar year.

When an individual dies before the due date of a TFSA return, both the filing and the balance due dates will be the later of:

- June 30; or
- 6 months after the date of death.

### Penalties

If you file your return after the due date, you will be charged a late-filing penalty. The penalty is 5% of the balance owing plus 1% of the balance owing for each full month that the return is late, to a maximum of 12 months. Your late-filing penalty may be higher if you were charged a late-filing penalty on a return for any of the three previous years.

### Interest

If you have a balance owing, you will be charged compound daily interest starting July 1 of the year following the end of the calendar year. This includes any balance owing if we reassess your return. In addition, you will be charged interest on the penalties defined above, starting the day after your return is due.

### More than one tax on the same amount

If, in the same calendar year, an individual is liable to pay tax on an advantage related to the contribution, that also results in them being liable to pay tax on excess TFSA contributions or tax on non-resident contributions, the tax payable on the advantage for the year will be reduced by the amount of these two taxes on Part E of Section 1 of this form.

### Refund of taxes paid on non-qualified or prohibited investments

If you disposed of a non-qualified investment or a prohibited investment reported, or previously reported, in Parts C and D, you may be entitled to a return of taxes paid if:

- the TFSA trust disposes of the property in question before the end of the calendar year following the calendar year in which the tax arose; or
- the property ceases to be a non-qualified or prohibited investment before the end of the calendar year following the calendar year in which the tax arose.

However, no refund will be issued if it is reasonable to expect that the holder knew, or should have known, at the time the property was acquired by the TFSA trust, that the property was, or would become, a non-qualified or a prohibited investment, or the property is not disposed of by the trust before the end of the calendar year following the calendar year in which the tax arose.

#### Note

In order to claim a refund, you must:

- attach a letter explaining why you are requesting a refund; and
- attach the appropriate documents detailing the information relating to the acquisition and disposition of the non-qualified or prohibited property. The documents must contain:
  - the name and description of the property;
  - the number of shares or units;
  - the date the property was acquired or became non-qualified or prohibited property; and
  - the date of the disposition or the date that the property became qualified or ceased to be prohibited.

If you disposed of a non-qualified or a prohibited investment reported in Parts C and D in the same calendar (taxation) year that the non-qualified or a prohibited investment was acquired then remittance of the tax is not required. However, remittance of the tax is required if it is reasonable to expect that the holder knew, or should have known, at the time the property was acquired by the TFSA trust, that the property was, or would become, a non-qualified or a prohibited investment or, the property is not disposed of by the trust before the end of the calendar year following the calendar year in which the tax arose.

For more information on TFSAs, go to [www.cra.gc.ca/tfsa](http://www.cra.gc.ca/tfsa), see Guide RC4466, *Tax-Free Savings Account (TFSA), Guide for Individuals* or call **1-800-959-8281**. To get our forms or publications, go to [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or call **1-800-959-2221**.

### Mailing address

Send this return to: TFSA Processing Unit  
Post Office Box 9768, Station T  
Ottawa ON K1G 3X9

## Definitions

**Advantage** – an advantage is any benefit, loan or debt that depends on the existence of the TFSA other than: TFSA distributions, administrative or investment services in connection with a TFSA, loans on arm's length terms, and payments or allocations to the TFSA by the issuer, including bonus interest and other reasonable payments to the TFSA by the issuer.

An advantage also includes any benefit that is an increase in the fair market value (FMV) of the TFSA that can reasonably be considered attributable, directly or indirectly, to one of the following:

- a transaction or event (or a series of transactions or events) that would not have occurred in an open market between arm's length parties acting prudently, knowledgeably and willingly, one of the **main purposes** of which is to enable the holder (or another person or partnership) to benefit from the tax-exempt status of the TFSA;
- a payment received in substitution for either:
  - a payment for services rendered by the holder or a person not at arm's length with the holder; or
  - a payment of a return on investment or proceeds of disposition for property held outside of the TFSA by the holder or a person not dealing at arm's length with the holder;
- a **swap transaction** (see definition below); or
- **specified non-qualified investment income** (see definition below) that has not been distributed from the TFSA within 90 days of the holder of the TFSA receiving a notice from us requiring them to remove the amount from the TFSA.

An advantage also includes any benefit that is income (including a capital gain) that is reasonably attributable, directly or indirectly, to one of the following:

- deliberate over-contribution to the TFSA; or
- a **prohibited investment** (see definition below) for any TFSA of the holder.

### Note

If the advantage is extended by the issuer of the TFSA, or by a person with whom the issuer is not dealing at arm's length, the issuer, and not the holder of the TFSA, is liable to pay the tax resulting from the advantage.

**Arm's length** – at arm's length is a concept describing a relationship in which the parties are acting independently of each other. The opposite, **not dealing at arm's length**, includes individuals:

- related to each other by blood, marriage, adoption, or common-law relationships; or
- who act in concert without separate interests, such as those with close business ties.

An individual is not at arm's length with their TFSA.

**Deliberate over-contribution** – a contribution that an individual makes under a TFSA that results in, or increases, an excess TFSA amount, unless it is reasonable to conclude that the individual neither knew nor ought to have known that the contribution could result in liability for a penalty or tax. Income that is reasonably attributable, directly or indirectly, to a deliberate over-contribution constitutes an advantage subject to the special tax on advantages.

**Full description of investment** – the full description of investment includes the type, the name, the class of the investment and the face value and maturity date of debt obligations.

**Non-qualified investment** – any property that is not a qualified investment for the trust. See the definition of "Qualified investment" below.

**Prohibited investment** – this is an investment to which the TFSA holder is closely connected. It includes:

- a debt of the holder;
- a debt or equity investment in an entity in which the holder has a significant interest (generally a 10% or greater interest); and
- a debt or equity investment in an entity with which the holder, or an entity described in the previous bullet, does not deal at arm's length.

A prohibited investment does not include a mortgage loan that is insured by the Canada Mortgage and Housing Corporation (CMHC) or by an approved private insurer.

**Qualified investment** – an investment in properties including money, guaranteed investment certificates (GICs), government and corporate bonds, mutual funds, and securities listed on a designated stock exchange. The types of investments that qualify for TFSA are generally similar to those that qualify for registered retirement savings plans (RRSPs).

**Specified non-qualified investment income** – income (including a capital gain) that is reasonably attributable, directly or indirectly, to an amount that is taxable for any TFSA of the holder (for example, subsequent generation income earned on non-qualified investment income or on income from a business carried on by a TFSA).

**Swap transaction** – a transfer of property (other than a contribution or distribution) that occurs between the trust and the holder of the TFSA or a person not dealing at arm's length with the holder.