



NO.: 78-14R4

DATE: July 1, 2006

SUBJECT: **Guidelines for trust companies and other persons responsible for filing T3GR, T3D, T3P, T3S, T3RI, and T3F returns**

**This version is only available electronically.**

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## Application

This circular cancels and replaces Information Circular 78-14R3 dated April 2, 2001.

## General information

### Part I – T3GR, *Group Income Tax and Information Return for RRSP, RRIF, or RESP Trusts*

1. Paragraph 150(1)(c), subsections 146.1(13.1) and 207.2(1) of the *Income Tax Act*, and section 204 of the *Income Tax Regulations* require that a prescribed return be filed annually for every trust governed by a registered retirement savings plan (RRSP), registered retirement income fund (RRIF), or registered education savings plan (RESP). The prescribed return is the T3GR return and the trustee of the RRSP, RRIF, or RESP trust is responsible for filing it. The T3GR return replaces the T3IND, T3G, T3R-IND, and T3RIF-IND returns.

2. You have to file the T3GR return for an RRSP trust, a RRIF trust, or an RESP trust if the trustee transacted any business or permitted any situation to exist that created a tax liability of \$2 or more, as explained in paragraphs 3 to 5 below. You can use Form T3GR for a group of RRSP, RRIF, or RESP trusts that are governed by and conform to a particular specimen plan or fund that we have approved, including all amendments that we have approved. If a specimen plan has been amended and some plans differ from the original approved specimen plan, you have to file two separate T3GR returns. Separate branches of a trust company should not file T3GR returns for single approved specimen plan trusts they administer. The trust company should file only one T3GR return for all plans that conform to a particular specimen. When requesting a reassessment for a T3GR return, include the specimen plan number and T account number.

3. An RRSP trust or a RRIF trust may be liable for tax if any of the following applies:

- (a) the trust held investments in the year that were qualified investments when acquired, but non-qualified investments at any month-end in the year;
- (b) the trust borrowed money during the year (other than money used in carrying on a business);
- (c) the trust borrowed money (other than money used in carrying on a business) in a previous year that it did not repay before the beginning of the year;
- (d) the trust carried on a business in the year;
- (e) the last annuitant under the plan died in the second preceding year; or
- (f) the trust entered into an agreement described in subsection 207.1(5) of the *Income Tax Act* to acquire shares of the capital stock of a corporation (from someone other than the corporation) at a price that differed from the fair market value of the shares when acquired.

4. A RRIF trust is also liable for tax if it received a gift of property and paragraph 146.3(3)(b) of the *Income Tax Act* applies.

5. An RESP trust is liable for tax if it held investments in the year that were non-qualified investments at any month-end in the year.

## **Part II – T3D, *Income Tax Return for Deferred Profit Sharing Plan (DPSP) or Revoked DPSP***

6. Paragraph 150(1)(c) and subsections 202(1) and 207.2(1) of the *Income Tax Act* require that a tax return be filed annually for every trust governed during all or part of the year by a deferred profit sharing plan (DPSP) or a revoked DPSP. The tax return is the T3D return and the trustee of the DPSP trust or the revoked DPSP is responsible for filing it.

7. A DPSP trust is liable for tax if any of the following applies:

- (a) its property was used as security for a loan;
- (b) it disposed of property for inadequate or no consideration;
- (c) it acquired property for a consideration greater than its fair market value;
- (d) it had an excess amount at the end of any month;
- (e) it made an agreement described in subsection 207.1(5) of the *Income Tax Act* to acquire a share of the capital stock of a corporation (from someone other than the corporation) at a price other than its fair market value;
- (f) it acquired non-qualified investments in the year, even if they were disposed of during the year;
- (g) it held investments in the year that were qualified investments when acquired, but that became non-qualified investments while the trust held them; or
- (h) the plan was a revoked plan at any time during the year.

## **Part III – T3P, *Employees' Pension Plan Income Tax Return***

8. Paragraph 150(1)(c) of the *Income Tax Act* and subsection 204(1) of the *Income Tax Regulations* require that a tax return be filed annually for every trust governed during all or part of the year by an employees' pension fund or plan, or by a corporate pension society that administers an employees' pension fund or plan. The tax return is the T3P and the trustee of the pension fund or the corporate pension society that administers it is responsible for filing the return.

9. A trust or corporate pension society for an employees' pension fund or plan is liable for tax if any of the following applies:

- (a) the trust or corporate pension society made an agreement described in subsection 207.1(5) of the *Income Tax Act* to acquire a share of the capital stock of a corporation (from someone other than the corporation) at a price other than its fair market value; or
- (b) the fund or plan was not registered under the *Income Tax Act* throughout its period of operation or existence during the tax year.

## **Part IV – T3S, *Supplementary Unemployment Benefit Plan Income Tax Return***

10. Paragraph 150(1)(c) of the *Income Tax Act* and subsection 204(1) of the *Income Tax Regulations* require that a tax return be filed annually for each tax year for every trust governed during all or part of the year by a supplementary unemployment benefit plan (SUBP). The tax return is the T3S and the trustee of the SUBP is responsible for filing it.

11. An SUBP trust is liable for tax if either of the following applies:

- (a) it made an agreement described in subsection 207.1(5) of the *Income Tax Act* to acquire a share of the capital stock of a corporation (from someone other than the corporation) at a price other than its fair market value; or
- (b) the plan was not registered under the *Income Tax Act* throughout its period of operation or existence during the tax year.

## **Part V – T3RI, *Registered Investment Income Tax Return***

12. A registered investment is a mutual fund trust, a mutual fund corporation, an investment corporation, or a pooled fund trust (or a "quasi" of such a trust or corporation) that has been accepted for registration under Part X.2 of the *Income Tax Act* as a qualified investment for one or more RRSPs, RRIFs, or DPSPs. Registration of the investments means that the trust or corporation rather than the trust governed by the RRSP, RRIF, or DPSP is liable to pay the penalty taxes for inappropriate investments.

13. Pooled fund trusts, quasi pooled fund trusts, quasi mutual fund trusts, quasi mutual fund corporations, and quasi investment corporations (as defined in paragraphs 204.4(2)(a), (b), (d), and (f) of the *Income Tax Act*) are not qualified investments unless they are registered investments or conform with the requirements of paragraph 4900(1)(k) of the *Income Tax Regulations*. A "quasi" can hold only prescribed investments. A prescribed investment of a fund or plan is a qualified investment that is a registered investment or a qualified investment for which the fund or plan is seeking registration.

14. You do not have to file a T3F return if you file a T3RI return. However, if a T3RI return is filed, the trust or corporation must still file a T3 *Trust Income Tax and Information Return* or a T2 *Corporation Income Tax Return*.

15. Each year a list of all investments registered as of December 31 of the preceding year will be published in the *Canada Gazette*.

**16.** A registered investment is liable for tax if any of the following applies:

- (a) it held investments that were not prescribed investments;
- (b) it held excess securities; or
- (c) it held excess real property.

**Part VI – T3F, Investments Prescribed to be Qualified Information Return**

**17.** Under section 221 of the *Income Tax Regulations*, a return in prescribed form has to be filed within 90 days of the end of the tax year by a corporation or trustee of a trust if the corporation claims that a share of its capital stock, or if the trustee claims that an interest as a beneficiary under the trust, is a qualified investment for a trust governed by an RRSP, a RRIF, an RESP, or a DPSP for the purposes of sections 146, 146.1, 146.3, and 204 of the *Income Tax Act*.

**18.** If a trust or corporation is not a registered investment, the prescribed return is the T3F. The corporations and trusts for which the return should be filed are listed in Schedule I, page 2 of that return.

**19.** The T3F return is used to get information about investment funds in which RRSP, RRIF, and RESP trusts have invested and for which trusts have filed T3GR returns, and to get certification from the corporation or trustee that shares or units of the investment funds are qualified investments where applicable. An interest in, or share of, a trust or corporation listed in Schedule I is a qualified investment for a deferred income plan only if it is prescribed in paragraph 4900(1)(b), (d) or (k) of the *Income Tax Regulations*.

**Part VII – Filing instructions**

**20.** Send all returns discussed in this information circular to the address specified on the return no later than 90 days after the end of the tax year.

**21.** To make changes to a previously filed return, do not file an amended return. Instead, send the new information to the address where it was filed, clearly identifying the return to be changed.