

# THE DEPOSITORY TRUST COMPANY

# IMPORTANT

**B#:** 3184

**DATE:** February 16, 1998

**TO:** All Participants

**FROM:** Bill Salva, Director, Product Management

**ATTENTION:** Managing Partner/Officer, Cashier, Operations and Dividend Managers

**SUBJECT:** Expansion of DTC's Canadian Foreign Tax Withholding Service; Clarification of Individual Retirement Accounts (IRAs) types eligible for tax relief over DTC's Elective Dividend Service (EDS)

This notice is to clarify information provided in Important Notice B # 2387 dated December 19, 1997 (copy attached). The previous notice stated that IRAs are now eligible to use EDS to obtain exemption from Canadian withholding tax under the U.S./Canada treaty without using a registration number obtained from Revenue Canada. However, not all IRAs are currently eligible for this service.

The new types of IRAs created by The Taxpayer Relief Act of 1997, generally referred to as **“Roth” and “Education” IRAs, are not currently eligible to use EDS to obtain treaty benefits for either the favorable (15%) or exempt (0%) withholding tax rate. In addition, Medical Savings Accounts (“MSAs”), created in 1996 under DL 104-191, are not currently eligible to use EDS.** DTC is currently seeking guidance with the relevant U.S. and Canadian tax authorities to determine if these IRAs and MSAs meet the criteria set forth in the third protocol of the Canada/U.S. tax treaty, and if Participants will be eligible to use EDS to certify for either the favorable or exempt tax rate for these account types. We will keep you informed.

The following IRAs **are** eligible for tax exempt relief benefits over EDS:

- Traditional Individual Retirement Account (IRA) including spousal IRA created or organized in the U.S. in accordance with section 408(a) of the Internal Revenue Code
- SEP (Simplified Employee Pension Plan) IRA
- SARSEP (Salary Reduction Arrangement) SEP-IRA
- SIMPLE (Simplified Retirement Plan) IRA

The following are **not** currently eligible for tax relief benefits over EDS:

- Roth “IRAs”
- Education “IRAs”
- Medical Savings Accounts “MSAs”

Participants are reminded that all other U.S. retirement plans that generally qualify for exemption from Canadian withholding tax under Article XXI of the U.S./Canada income tax treaty and Article 10 of the Protocol effective January 1, 1996, are eligible to use EDS to obtain the exemption from withholding tax, **provided that** the Participant provides via EDS a registration number from Revenue Canada certifying tax-exempt status.

Eligible U.S. retirement plans generally include:

- a qualified pension, profit-sharing, or stock bonus plan under section 401(a),
- a qualified cash or deferred arrangement under section 401(k),
- a qualified annuity plan under section 403(a),
- a simplified employee pension plan under section 408(k),
- a SIMPLE retirement account under section 408(p),
- a plan established for its employees by the U.S., by a State or political subdivision, or by an agency or instrumentality of the U.S. or a State or political subdivision under section 457,
- a plan described in section 501(c)(18),
- a tax sheltered annuity under section 403(b), and
- a qualified employer plan set up by a self-employed person generally called a Keogh or HR-10 plan.

Participants are also reminded that any tax relief available under the treaty not otherwise obtained or available over EDS may be obtained by filing retrospective tax reclaims directly with the Revenue Canada on an original form NR7-R obtained from Revenue Canada (copy of form and instructions attached). Please note that reclaims on Canadian securities held through DTC must be certified by the Canadian Depository for Securities (CDS) before being filed with Revenue Canada. Please note that multiple beneficial owners may be grouped into one form for each dividend payable date if the Participant attaches a notarized list with their names and addresses. This list must include a statement declaring how many shares registered in the name of Cede & Co. on which the Participant is claiming tax benefits. Once the form is completed, it should be sent to:

The Canadian Depository for Securities Ltd.

600 Boulevard de Maisonneuve West  
Montreal, Quebec H3A3J2  
CANADA  
Attn: TEDS Department

CDS charges a \$55.00 (\$80.62 Canadian currency) fee per form. The fee should be forwarded via check payable to CDS.

Once the NR7-R is certified, CDS will forward it back to the Participant along with instructions as to where the form should be forwarded at Revenue Canada.

Questions about this notice should be directed to Matthew McLean, (212) 855-5306 of DTC's Product Management Department or Joseph Ranieri, (212) 855-4520 of DTC's Stock Dividend Department, or your Participant Services representative.

**APPLICATION FOR REFUND OF NON-RESIDENT TAX WITHHELD**

NR7-R CONTROL NUMBER

- If you are a non resident of Canada, see "Non-residents" and "Information" on the back of copy 2.
- If you are a Canadian resident, see "Canadian residents" and "Information" on the back of copy 2.

Applicant's name (print) \_\_\_\_\_  
 Mailing address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Details of payment and tax withheld**

Gross payment (income before tax) \$ \_\_\_\_\_  U.S.  
(specify if other than Canadian currency)

Amount of tax withheld (Rate) % \$ \_\_\_\_\_

Date of payment     
O M Y

Amount of tax payable (Rate) % \$ \_\_\_\_\_

Reason for Refund  
 Beneficial owner is:

the holder of a letter of exemption \_\_\_\_\_ issued under article XXI of the Canada-United States Income Tax Convention  
Identification no.

the holder of a Certificate of Exemption \_\_\_\_\_ in force on the date of payment, issued under subsection 212(14) of the *Income Tax Act*  
Number

entitled to the lower rate of \_\_\_\_\_ % as a resident of and taxable in \_\_\_\_\_  
Country's Name

other (specify) \_\_\_\_\_

Amount of refund applied for \$ \_\_\_\_\_  U.S.  
(specify if other than Canadian currency)

Type of payment non-resident tax was withheld from:

Interest paid in Canadian currency  Interest paid in foreign currency  Dividends

Other (specify) \_\_\_\_\_

Type of security (indicate, if applicable):  Bond  Debenture  Note  Mortgage  Hypothec  Similar obligation  Discount obligation  Share

Security's name \_\_\_\_\_ CUSIP No. \_\_\_\_\_  
(see explanation on back of copy 2)

Certificate number(s) \_\_\_\_\_ Date of Issue \_\_\_\_\_

Is the above security a part of a security-lending arrangement?  Yes  No If yes, please provide a copy of the lending agreement.  
 Note: We may delay processing this application, or we may reject it if you do not answer this question.

Registered owner's name at date of record \_\_\_\_\_

Beneficial owner's name \_\_\_\_\_

Mailing address \_\_\_\_\_

Note: • Attach a sworn statement giving the name of the beneficial owner if, on the date of payment, the security was registered in a name other than that of the exempt non-resident owner or other person entitled to the refund.  
 • If the owner of the security held a certificate that was in force on the date of payment, attach a photocopy of the Certificate of Exemption.

Name of payer or agent who withheld non-resident tax \_\_\_\_\_

**Certification**

I certify that the information given above and in any documents attached is correct and complete.

Authorized person's name (print) \_\_\_\_\_ Position or office \_\_\_\_\_ Area code and telephone number \_\_\_\_\_  
 Authorized person's signature \_\_\_\_\_ Date \_\_\_\_\_

**Certificate of tax withheld**

Name and address of payer or disbursing agent \_\_\_\_\_

I certify that the non-resident tax in the sum of \$ \_\_\_\_\_  U.S.  
(specify if other than Canadian currency) was withheld from \_\_\_\_\_

Registered owner's name \_\_\_\_\_

and remitted under account number \_\_\_\_\_

and included in \$ \_\_\_\_\_  U.S.  
(Remittance amount (specify if other than Canadian currency)) remitted on \_\_\_\_\_  
Remittance date

for \_\_\_\_\_ Type of payment \_\_\_\_\_ Security's name \_\_\_\_\_

Authorized person's name (print) \_\_\_\_\_ Position or office \_\_\_\_\_ Area code and telephone number \_\_\_\_\_  
 Authorized person's signature \_\_\_\_\_ Date \_\_\_\_\_

Attachment:  
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## Instructions

Follow the instructions below that apply to you as a non-resident of Canada or as a Canadian resident. Include with your completed form a copy of any documents you have to support your refund claim, e.g., a certificate or a contract.

A CUSIP number identifies a publicly traded security. If your claim involves such a security enter the CUSIP number provided in the space provided on the front of this form.

### Non-residents

If you received an NR4 Supplementary slip from a payer, complete this form to the end of the "Certification" area and attach a copy of your NR4 Supplementary slip.

If you have not received an NR4 Supplementary slip complete this form to the end of the "Certification" area and send it to the payer or disbursing agent who will complete the "Certificate of tax withheld" section.

You may be the beneficial owner of securities registered in the name of a nominee and you may have received an NR4 Supplementary slip from a payer. If so, in the name of the nominee, you should do the following:

- complete this form to the end of the "Certification" area;
- complete an affidavit regarding the beneficial ownership of the securities (complete a separate affidavit each time the income flows through more than one nominee); and
- attach a copy of the NR4 Supplementary slip and affidavit to this form.

Keep copy 2 of this form for your records.

Send copy 1 of this form to us at Revenue Canada no later than two years after the end of the calendar year in which the tax was remitted.

Our address is: International Tax Services Office  
2204 Walkley Road  
Ottawa ON  
Canada  
K1A 1A8

### Canadian residents

A payer may have withheld non-resident tax from you and, as a result, you received an NR4 Supplementary slip. If so,

- attach a copy of the supplementary slip to your *Individual Income Tax Return, Corporation Income Tax Return, or Estate Trust Return*, as applicable. Claim a credit for the non-resident tax against the tax payable in the return.

A payer may have withheld non-resident tax but you did not receive an NR4 Supplementary slip. If so,

- complete this form to the end of the "Certification" area;
- forward the form to the payer or disbursing agent for completion of the "Certificate of tax withheld" section; and
- attach copy 1 of this form to your *Individual Income Tax Return, Corporation Income Tax Return or Estate Trust Return*, as applicable. Claim a credit for the non-resident tax against the tax payable in the return.

Send your return to the nearest Revenue Canada tax centre.

### Information

- A securities lending arrangement is an arrangement where the owner of a security transfers or lends a security to an arm's-length person with the expectation that, at or after a specified time, the borrower will transfer or return to the lender a security identical to that originally transferred or lent.
- We will issue refunds in a foreign currency only if the tax was remitted in that currency. We use the exchange rate that applies on the date we issue the refund cheque. As a result, the amount refunded may be different from the amount requested.
- The control number printed on the front of this form appears on the refund cheque.
- We do not refund amounts of less than \$2.
- If we approve your application, we will send your refund cheque to the address indicated in the "Applicant's name" area of this form.
- If you need help, please contact the International Tax Services Office at 1-800-267-3395 (within Canada and United States) or 1-613-952-2344 (outside Canada). We accept collect calls.

Attachment:  
B: #3184

### Note

You are responsible for having a payer or disbursing agent completed the "Certificate of tax withheld" area. If there is missing or incomplete information, we may delay processing the application, and we may return it to you unprocessed.

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