Canada Revenue Agency | Agence du revenu du Canada

Tax-Free Savings Account (TFSA) Return

Protected B when completed

Enter the TFSA tax year ____________ **Year**

Identification

First name and initial(s)	Last name	
Mailing address: Apt no. – Street no. – Street name		
PO Box	RR	
City	Prov./Terr. or State	Postal or zip code
Country		

Information about you

Enter your social insurance number: | | | | | | | | |

Enter your date of birth: Y Y Y Y M M D D

Your language of correspondence:
Votre langue de correspondance : English ☐ Français ☐

If this **return** is for a **deceased person**, enter the date of death: Y Y Y Y M M D D

If you **became** or **ceased** to be a **resident of Canada**, enter the date of:

entry Y Y Y Y M M D D or **departure** Y Y Y Y M M D D

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 send the documentation to support all transactions.

Section 1 – Tax calculations

Part A – Tax on excess TFSA amounts

If, at any time during the calendar year, there were excess contributions (other than a qualifying transfer or an exempt contribution) in your TFSA, complete Form RC243-SCH-A, Schedule A – Excess TFSA Amounts, to determine the total excess TFSA amounts and then enter the total on line 1 below.

Total from line 13 of Section 2 from Schedule A $ ______ 1

Rate × **1%** 2

Multiply line 1 by line 2.
Tax on excess TFSA amounts (**report this amount on line A of Section 2**). = $ ______ 3

Part B – Tax on non-resident contributions

If, at any time during the calendar year, your TFSA contained contributions (other than a qualifying transfer or an exempt contribution) you made while a non-resident of Canada, complete Form RC243-SCH-B, Schedule B – Non-Resident Contributions to a Tax-Free Savings Account (TFSA), and enter the total amount subject to the 1% tax on line 1 below. This tax will continue to apply until the earlier time at which either the contributions are withdrawn in full or you become a resident of Canada.

Total from line 5 of Section 2 from Schedule B $ ______ 1

Rate × **1%** 2

Multiply line 1 by line 2.
Tax on non-resident contributions (**report this amount on line B of Section 2**). = $ ______ 3

Part C – Tax on non-qualified investments

Complete this part if, at any time in the calendar year, your TFSA trust acquired a non-qualified investment or a previously acquired qualified investment became non-qualified. If the investment is both a non-qualified investment and a prohibited investment, complete part D only.

Date non-qualified investment was acquired or when a previously acquired qualified investment became non-qualified	Number of shares or units	Full description of investment	Fair market value (FMV) at time of acquisition or when it became non-qualified
			+
			+

Total FMV of the non-qualified investments = $ ______ 1

Rate × **50%** 2

Multiply line 1 by line 2.
Tax on non-qualified investments (**report this amount on line C of Section 2**). = $ ______ 3

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

Canada

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 of shares or units	Full description of investment	Fair market value (FMV) at time of acquisition or when it became prohibited
			+

Total FMV of the prohibited investments	= $		1
Rate	×	50%	2
Multiply line 1 by line 2. Tax on prohibited investments (**report this amount on line D of Section 2**).	= $		3

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	= $		1

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			
Add lines 2 and 3 (line 4 cannot be greater than line 1 of Part E)	=		4	▶	–	4
Line 1 minus line 4 (**report this amount on line E of Section 2**)					= $	5

Section 2 – Summary of taxes due

A. Tax on excess TFSA amounts from Part A of Section 1	▶		A
B. Tax on non-resident contributions from Part B of Section 1	▶	+	B
C. Tax on non-qualified investments from Part C of Section 1	▶	+	C
D. Tax on prohibited investments from Part D of Section 1	▶	+	D
E. Tax on an advantage from Part E of Section 1	▶	+	E
Add lines A to E **Subtotal**		=	
Minus: allowable refund of tax on non-qualified and/or prohibited investments		–	
Total tax payable		=	

Attach a **cheque** or **money order** payable to the Receiver General.
Generally, we do not charge a difference of $2 or less.

Amount enclosed $

I certify that the information given on this return and in any attached documents is correct and complete.

Sign here ______________________
Signature of individual, trustee, or authorized representative

It is a serious offence to make a false return.

Telephone ______________ Date ______________

For professional tax preparers only

Name:

Address:

Telephone:

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 054 on Info Source at **canada.ca/cra-info-source**.

Important information

Filing due date

If you are subject to TFSA tax at any time during the year, you have to file this 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
- 6 months after the date of death

My Payment

My Payment is a self-service option that allows individuals and businesses to make payments online from an account at a participating Canadian financial institution. For more information, go to **canada.ca/cra-my-payment**.

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 has to pay tax on an advantage related to the same contributions 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 refund 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
- 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 do all of the following:

- send a letter explaining why you are requesting a refund
- include the documents detailing the information relating to the acquisition and disposition of the non-qualified or prohibited property.
  The documents must contain all of the following:
  - 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
  - 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.

Waiver of TFSA taxes

We may waive or cancel all or part of the taxes if we determine it is fair to do so after reviewing all factors, including whether:

- the tax arose because of a reasonable error
- the extent to which the transaction or series of transactions that gave rise to the tax also gave rise to another tax under the Income Tax Act
- the extent to which payments have been made from the person's TFSA

To consider your request, we need a letter that explains why the tax liability arose, and why it would be fair to cancel or waive all or part of the tax.

Need information?

You can view your TFSA contribution room by using the MyCRA mobile app at **canada.ca/cra-mobile-apps** or for a list of all contributions and withdrawals made to your TFSA go to My Account at **canada.ca/my-cra-account**. For more information on TFSAs, go to **canada.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 **canada.ca/cra-forms** or call **1-800-959-8281**.

Mailing address

Send this return to:		or	
	Canada Revenue Agency TFSA Processing Unit Sudbury Tax Centre PO Box 20000, Station A Sudbury ON P3A 5C1	or	**Canada Revenue Agency TFSA Processing Unit Winnipeg Tax Centre PO Box 14000, Station Main Winnipeg MB R3C 3M2**

Definitions

Advantage – an advantage is any benefit or debt that is conditional on the existence of the TFSA, subject to certain exceptions for normal investment activities and conventional incentive programs.

An advantage also includes any benefit that is an increase in the total fair market value (FMV) of the property of the TFSA that is reasonably attributable to any one of the following:

- a transaction or event (or series) that would not have occurred in a normal commercial or investment context between arm's length parties acting prudently, knowledgeably, and willingly, and one of the main purposes of which is to benefit from the tax-exempt status of the TFSA
- a payment received in substitution for a payment for services rendered by the controlling individual (or non arm's-length person) or for a return on investment on non-registered property
- a swap transaction
- specified non-qualified investment income that has not been paid from the TFSA within 90 days of the controlling individual receiving a notice from CRA requiring removal

An advantage also includes a registered plan strip, or any benefit that is income or a capital gain that is reasonably attributable to one of the following:

- a prohibited investment
- a deliberate over-contribution to a TFSA

For more information on advantages, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Arm's length – generally refers to a relationship or a transaction between persons acting in their separate interests. An arm's length transaction is generally a transaction that reflects ordinary commercial dealings between parties acting in their own interests.

"Related persons" are not considered to deal with each other at arm's length. For example, individuals connected by blood relationship, marriage, or common-law partnership, or adoption, are related persons. A corporation and another person or two corporations may also be related persons. For more information and examples of related persons, see Income Tax Folio S1-F5-C1, Related persons and dealing at arm's length.

"Unrelated persons" may not be dealing with each other at arm's length at a particular time. Each case will depend upon its own facts. The following factors are useful criteria that will be considered in determining whether parties are not dealing at arm's length:

- the existence of a common mind which directs the bargaining for both parties to a transaction
- the parties to a transaction are "acting in concert" without separate interests; "acting in concert" means, for example, a group acting with considerable interdependence in transactions involving a common purpose
- the existence of control of one party by the other by way of, for example, advantage, authority or influence

Deliberate over-contribution – a contribution that an individual makes to 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 is 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.

Prohibited investment – this is property to which the TFSA holder is closely connected, it includes:

- a debt of the holder
- a debt or share of, or an interest in, a corporation, trust or partnership in which the holder has a significant interest (generally a 10% or greater interest, taking into account non-arm's length holdings)
- a debt or share of, or an interest in, a corporation, trust or partnership with which the holder 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 or by an approved private insurer. It also does not include certain investment funds and certain widely held investments which reflect a low risk of self-dealing. For more information, see Income Tax Folio S3-F10-C2, Prohibited Investments - RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Qualified investment – an investment in properties including money, guaranteed investment certificates, government and corporate bonds, mutual funds, and securities listed on a designated stock exchange. The types of investments that qualify for TFSAs are generally similar to those that qualify for registered retirement savings plans. For more information, see Income Folio S3-F10-C1, Qualified Investments - RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Specified non-qualified investment income – income (excluding the dividend gross-up) or 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 – this is any transfer of property between the TFSA and the holder (or a person not at arm's length with the holder) occurring after June 2011, subject to certain exceptions.

The following are **not** considered to be "swap transactions":

- contributions, distributions, and transfers between TFSAs of the holder
- transactions related to insured mortgage loans

An exception is also provided to allow individuals to "swap-out" a non-qualified or prohibited investment provided that the conditions for a refund of the 50% tax on such investment are met. To qualify under this exception, the individual must be entitled to a refund of the tax on disposition of the investment (generally inadvertent cases that are promptly resolved).