

This guide summarizes the tax information you may receive from RBC Dominion Securities and also describes the information that we are required to report to the Canada Revenue Agency/ Revenu Québec. We hope you will find it useful when preparing your 2006 tax return.

WHAT DO WE REPORT TO THE CANADA REVENUE AGENCY (CRA)?

1. Income:

The CRA receives a copy of any T3, T5, T5013, T4RSP, T4RIF and T4A that RBC Dominion Securities issues.

2. Dispositions of Securities:

The CRA requires us to report all dispositions of securities from your account. To do this, we electronically file form T5008 that includes sales of shares and sales, redemptions, and maturities of debt instruments, options and futures contracts. All information relating to dispositions (with the exception of Book Value information) that is filed with the CRA is included on your monthly statements and the Summary of Security Dispositions.

REVENUE QUÉBEC SUPPLEMENTARY STATEMENTS

The following table has been prepared for taxpayers in Québec to outline the equivalent reporting process when filing their provincial tax returns.

CRA	Revenu Québec
T3	Relevé 16
T4A	Relevé 1
T4RSP/T4RIF	Relevé 2
T5	Relevé 3
T5008	Relevé 18
T5013	Relevé 15
No Federal Equivalent	Relevé 7

Relevé forms will be mailed with their corresponding Federal equivalent form to clients who reside in Québec.

U.S. TAX REPORTING FOR U.S. PERSONS

RBC Dominion Securities will be issuing U.S.-based tax reporting slips to U.S. non-exempt and U.S. suspect recipients to report certain amounts received, paid, credited or cancelled during the year.

U.S. forms will be issued to U.S. non-exempt and U.S. suspect recipients in addition to the regular Canadian tax reporting slips that they receive. U.S. non-exempt or U.S. suspect recipients include U.S. citizens, U.S. residents and U.S. green card holders; effectively most account holders who have provided a Form W-9.

As the same income could be reported on both the U.S. and Canadian tax slips, it is very important to ensure that:

- All taxable income is properly reported on the appropriate income tax returns;
- Income is not double reported on any one of the tax returns; and
- Appropriate foreign tax credits are claimed to eliminate the potential of double taxation.

Due to the complexity of the steps required to ensure all of the above points are met, it is strongly suggested that any taxpayer who receives both U.S. and Canadian tax slips discuss these issues with a qualified tax advisor knowledgeable in both U.S. and Canadian tax issues.

AVERAGE EXCHANGE RATES (PER BANK OF CANADA)

	2002	2003	2004	2005	2006
US Dollar	1.5704	1.4015	1.3015	1.2116	1.1341
British Pound	2.3582	2.2883	2.3842	2.2067	2.0886
Japanese Yen	0.0126	0.0121	0.0120	0.0110	0.0098
Swiss Franc	1.0112	1.0418	1.0473	0.9746	0.9050
Australian Dollar	0.8535	0.9105	0.9582	0.9243	0.8543
Hong Kong Dollar	0.2013	0.1800	0.1671	0.1558	0.1460
Euro	1.4832	1.5826	1.6196	1.5090	1.4237

All amounts are expressed in the number of Canadian dollars it would cost on average for the year to purchase one unit of the foreign currency.



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CLIENT GUIDE TO 2006 TAX REPORTING

For clients of RBC Dominion Securities



TAX DOCUMENTS YOU MAY RECEIVE

Depending on the type of assets you held in your account during the year, you may receive one or more of the following tax slips.

FORM	APPROXIMATE MAILING DATE	INFORMATION REPORTED
T5	Mid-February	<p>Clients who received income of \$50 or more from stocks, bonds or interest on credit balances during the year will receive a T5 and a Summary of Investment Income and Expenses.</p> <p>We are required to include on the T5:</p> <ul style="list-style-type: none"> › Dividends paid, including the value of stock dividends; › Interest paid on bonds and cash balances; › Accrued interest earned during the year (but not yet received) on compound instruments such as GICs and compound savings bonds; › Foreign income and foreign withholding taxes paid. <p>The Summary of Investment Income and Expenses summarizes income received as well as charges to your account for dividends owed, interest paid on debit balances and accrued interest paid on the purchase of bonds. The amount in the “Paid to You” column supports the figures reported on the T5. The amounts in the “Paid by You” column may qualify as an investment expense on your tax return.</p> <p>The Summary of Security Dispositions summarizes the proceeds of any sale or maturity that took place through your account during the year. This report, together with your trade confirmations or month-end statements, will assist you in calculating your capital gains/losses.</p> <p>For income from Treasury Bills and other Discount Instruments, this report also summarizes the cost of the securities purchased and the maturity proceeds. The difference between the cost and maturity proceeds is income that must be included on your tax return less any interest reported in previous years.</p> <p>The Summary of Security Dispositions features:</p> <ul style="list-style-type: none"> › Cost information to accompany disposition information, where applicable. › Daily exchange rate information for dispositions in foreign currencies (to assist you in converting foreign currencies to Canadian funds for your tax return). › A section for Short Sales (Short sales may have different tax implications from conventional security dispositions).
T5 MUTUAL FUNDS	Mid-February	Income from Mutual Fund Corporations: Clients who invest in mutual fund corporations will receive a T5 directly from each mutual fund management company.
T3 MUTUAL FUNDS	Throughout March	Income from Mutual Fund Trusts: Clients who invest in mutual fund trusts will receive a T3 directly from each mutual fund management company.
T3 SOVEREIGN POOLS	Throughout March	Income from Sovereign: Clients who participate in the Sovereign Investment Program will receive a T3 and Summary of Trust Income directly from Frank Russell Canada.
T3 TRUSTS	Throughout March	Income from Canadian Based Real Estate Investment Trusts(REITs), Income Trusts and Royalty Trusts: Clients who invest in these securities will receive a T3 and Summary of Trust Income which summarizes all distributions received from such securities during the year.
T5013 LIMITED PARTNERSHIPS	Throughout March	Partnership Income: Clients who invested in Limited Partnership Units will receive a T5013 for each Partnership.
T4RSP/T4RIF	Mid-February	All payments from RSP, RIF, LIF, LRIF and PRIF accounts must be included in your income. Clients who withdrew funds from their RSP will receive a T4RSP, while clients who withdrew funds from their RIF, LIF, LRIF and PRIF plans will receive a T4RIF.
RSP CONTRIBUTION RECEIPT	Various	RBC Dominion Securities will issue Contribution Receipts to report the value of cash or securities (“in kind”) contributed to RSP accounts during the calendar year. Receipts are issued as follows: Receipts will be issued in early January covering contributions made during the last ten months of 2006, one receipt will be issued in early February 2007 covering contributions made in January 2007, one receipt will be issued in mid-February 2007 covering contributions made in the first two weeks of February 2007, and receipts will be issued on a daily basis for contributions made in the last two weeks of February 2007 and March 1, 2007.
RELEVÉ 7	Mid-February	If there is a qualified transaction in your Québec Stock Savings Plan account, you will receive a Relevé 7.
T4A	Mid-February	Registered Education Savings Plans (RESPs): T4As will be issued to (i) beneficiaries of these plans who received Educational Assistance Payments in the 2006 calendar year, and (ii) Subscribers who received Accumulated Income Payments in 2006.
RIF/LIF/LRIF/PRIF EVALUATION LETTER	Late January	RIF/LIF/LRIF/PRIF Evaluation Letters: Shows: (i) the value of the client's assets at December 31, 2006, (ii) the minimum amount that must be withdrawn, and (iii) the maximum amount that can be withdrawn if client has a LIF or LRIF and (iv) the client's desired payment amounts and frequency.
T3 LIFEPOINTS	Late February	Income From LifePoints Program: Clients who participate in the LifePoints Program will receive a T3 and Summary of Trust Income directly from Frank Russell Canada. Please refer to the Sovereign description above and use for LifePoints.
NR4	Mid February	Income Paid to Non-Residents of Canada: Clients who are non-residents of Canada that receive investment income. Both the gross amount of the income received and any Canadian non-resident taxes withheld are reported.