

Corporate Shareholder

For the purpose of the following worked example we have assumed an Australian corporation shareholder. However, a corporation resident in any foreign jurisdiction (other than Canada) can follow the same steps as those outlined below.

In the following example, the vendor, an Australian corporate resident, is assumed to have sold 10,000 shares of RRL to HCPL at a sale price of \$2.20 AUD per share. It is also assumed that the shareholder acquired those shares at various times and prices,

The calculation of the adjusted cost base, sale proceeds and gain on sale of the RRL shares included in the sample Form T2062 are detailed in **Appendix A**.

Sample completed Form T2062

The following pages show a completed cover letter and application for the clearance certificate using the necessary Form T2062 *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*.

A shareholder that does not already have a Canadian tax identification number must also complete Form RC1 *Request for a business number and certain program accounts* to apply for a Canadian business number. A worked example of this form is included in **Appendix B**.

Copies of the required forms can be found on the CRA's website:

Form T2062 → <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2062.html>

Form RC1 → <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/rc1.html>

The entries and information required to be completed in each form are shown in **yellow highlights**. Riversdale shareholders should insert **their own details** in the relevant parts of the form in these highlighted areas.

Note that the sample cover letter would **not** be required for those vendors electing to take advantage of PwC's assistance package. Only the completed Form T2062, Form RC1 and related attachments are required.

More detailed completion instructions, including explanations of relevant information and proof materials, are detailed in the appendices which accompany and form part of this guidance pack.

April 3, 2019

Canada Revenue Agency - Section 116
PO Box 14003
Winnipeg MB R3C 0N8

Attention: Section 116 Centre of Expertise

Dear Sir or Madam:

Form T2062 – Disposition of shares of Riversdale Resources Ltd. (“the Corporation”) by Orangeville Corporation (“the Vendor”)

Please find enclosed Form T2062 – Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property with respect to the disposition of the above mentioned shares by the Vendor to Hancock Corporation Pty Ltd. (“the Buyer”), which is anticipated will close on or about April 3, 2019.

We respectfully request that a letter of comfort be issued at your earliest opportunity.

With respect to the application, we enclose the following:

- A. Form T2062 and attachments
- B. Form RC-1- Request for a business number and certain program accounts

Based on the properties owned by the Corporation, the shares of the Corporation would be considered taxable Canadian property.

The Vendor calculated the adjusted cost base (“ACB”) of the shares of the Corporation as at April 3, 2019. A copy of this calculation is attached to the Form T2062.

Should you have any questions with respect to this application, please contact Gordon King at PricewaterhouseCoopers at (416)-869-2350.

Yours very truly,



Encl.



Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property Supporting Document List

When you send us your completed Form T2062, you must attach supporting documents so we can process your request. To help you, we have provided the following reference list. You can tick (x) the boxes that apply to you.

Transactions

Sale of land or buildings

If you sell land or buildings, include copies of:

- the offer to purchase (proposed disposition);
- the sales agreement (actual disposition);
- the purchase agreement (when property was acquired); and
- the registered deeds on purchase and sale.

Principal residence

If the property is your principal residence, also include:

- Form T2091(IND), Designation of a Property as a Principal Residence by an Individual (Other than a Personal Trust); and
- Form T2091(IND)-WS, Principal Residence Worksheet.

Personal use property

If you sell other personal use property, include a copy of:

- a letter describing the use of the property for the ownership period; and
- a list of adjustments to the adjusted cost base with supporting documentation.

Rental property

If you sell rental property, include:

- the capital cost allowance (CCA) schedules for all years;
- a list of adjustments to the adjusted cost base with supporting documentation;
- documents to support the allocation of the proceeds of disposition between land and building;
- documents to support subsection 21(1) and (3) elections regarding capitalization of interest; and
- a completed Form T2062A, Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Canadian Resource or Timber Resource Property, Canadian Real Property (other than Capital Property), or Depreciable Taxable Canadian Property.

Leases

If you grant an interest in property, or dispose of an interest in property, include copies of:

- the right-of-way agreement;
- the surface lease agreement; or
- the leasehold interest agreement.

Vendor takes back mortgage

If the vendor takes back the mortgage include:

- a copy of the mortgage agreement.

Mortgage foreclosures and power of sale

If the transaction is a result of a mortgage foreclosure or power of sale, include copies of:

- the power of sale or court order; and
- the mortgage agreement.

Sale of business assets

If you sell business assets including but not limited to accounts receivables and prepaid expenses, include copies of:

- the sale agreement (actual disposition);
- the most recent financial statements;
- if the proceeds are included in a bundled payment, ensure that the proper value has been attributed to assets; and
- the offer to purchase (proposed dispositions).

Sale of depreciable property (other than rental property)

For this type of transaction, include copies of:

- the sales agreement;
- the CCA schedules for all years;
- documentation to support the cost amount; and
- a completed Form T2062A.

Sale of shares

If you sell shares, please provide:

- documentation supporting the adjusted cost base of the shares;
- documentation supporting the proceeds of disposition; and
- the most recent financial statements of the corporation, and if they were not prepared on a consolidated basis, the most recent financial statements of any subsidiary corporations (if applicable).

Sale of partnership property

If you sell partnership property, include copies of:

- the sale agreement (actual disposition);
- the listing of partners (including their names, addresses, Canadian identification number, percentage ownership and each partner's portion of payment);
- the partnership agreement; and
- the offer to purchase (proposed disposition).

Partnership interest

If the property is a partnership interest, include a copy of:

- the calculation of the adjusted cost base (ACB);
- the partnership capital account balance; and
- the purchase agreement (if interest was originally acquired from another partnership).

Partnership residual interest

If the property is a partnership residual interest, include a copy of:

- a calculation of the ACB.

Partnership continuing income right

If the property is a continuing income right, include:

- a calculation of the ACB; and
- documents to support the partner's share of income.

Interest in a Trust

If you are disposing of interest in a trust, include:

- the name and account number of the trust;
- Sale documents if interest was sold;
- FMV of any property received from the trust in settlement of the capital including any evaluations; and
- A calculation of proceeds and adjusted cost base.

Tax Treaty Exemptions

If you are claiming an exemption under a tax treaty, you have to give us proof of residency.

The vendor has to provide sufficient information to establish that they met the requirement of the treaty and that they are eligible for tax treaty benefits under the treaty. In this regard, the vendor should complete and submit Form 301, Declaration of eligibility for benefits under a tax treaty for a non-resident taxpayer, Form 302, Declaration of eligibility for benefits under a tax treaty for a partnership with non-resident partners, Form 303, Declaration of eligibility for benefits under a tax treaty under a hybrid entity, or equivalent information.

For partnerships and hybrid entities, each partner or member in respect of whom treaty benefits are claimed must provide a summary declaration to the CRA as indicated below.

Individuals should include:

- copies of their most recent income tax returns from the treaty country; and
- a letter from the tax authority in the treaty country confirming their residency status.

Corporations should include:

- a copy of their charter;
- a letter from the tax authority in the treaty country confirming their residency status; and
- copies of their most recent income tax returns from the treaty country.

Hybrid entities should include:

- Complete and submit NR303, Declaration of eligibility for benefits under a tax treaty for hybrid entity, and Worksheet B or equivalent information;
- or proof of the election to be taxed as a corporation.

Note: A treaty exemption can only be claimed on the portion of income derived by residents of the United States who are entitled to treaty benefits under paragraph 6 of Article IV of the Canada – United States tax treaty and to whom paragraph 7 of the same article does not apply. These persons must also meet the limitation on benefits provision of Article XXIX A.

Partnerships should include:

- Complete and submit NR302, Declaration of eligibility for benefits under a tax treaty for a partnership with non-resident persons; or
- proof of the election to be taxed as a corporation.

Trusts and estates should include:

- a copy of the trust agreement, indenture or will; and
- a letter from the tax authority in the treaty country confirming the trust's residency status; or
- copies of the most recent income tax returns from the treaty country.

Fresh start rule

If you are claiming an exemption under the *Canada-US Tax Convention*, Article XIII paragraph 9 (Fresh Start Rule), include:

- proof that you were a continuous resident of the United States from September 26, 1980, to the date of sale;
- the value of the property on December 31, 1971 (for property acquired before January 1, 1972);
- the calculation of the exempt portion of the gain accrued to December 31, 1984; or
- an appraisal report for the fair market value of the property on December 31, 1984.

Non arm's length transactions

If the transaction is between non arm's length parties, include:

- an appraisal report determining the fair-market value of the property at the time of disposition; or
- a letter of opinion from an appraiser.

Gift of property

If the transaction is a gift of property, include:

- a copy of the transfer deed.

Section 85 elections (rollovers)

If a section 85 election is made on the transaction, include a copy of:

- Form T2057, Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation; or
- Form T2058, Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation; and
- all supporting documents including variations, appraisals, and calculations showing how the agreed amounts were determined.

Corporate reorganization

If the transaction is a result of a corporate reorganization, include:

- copies of documents explaining the reorganization;
- a list of steps involved in the reorganization; and
- a corporate organization chart.

Deemed dividends – section 212.1 or subsection 84(3)

If a section 212.1 or subsection 84(3) deemed dividend results from the transaction, include the calculation of the:

- deemed dividend or paid-up capital reduction;
- tax paid-up capital; and
- non-resident tax account number.

Trusts and estates

If the vendor is a trust or estate, include the following information as well as documents related to the transaction:

- name and address of the trustee, executor, administrator, or other representative of the trust or estate;
- proof of residency of the trustee, executor, administrator, or other representative of the trust or estate;
- list of beneficiaries and their residences;
- the trust or estate's country of residence; and
- disclosure that a trust is a party to the transaction.

Charities and non-profit organizations

If the vendor is a charity or non-profit organization, include the following information as well as specific documents related to the transaction:

- proof that the organization is registered as a charity for tax purposes in the country of residence.

Joint tenancy, tenancy in common, or co-ownership

If the vendor is a member of a joint tenancy, tenancy in common, or co-ownership, include the following information as well as specific documents related to the transaction:

- a list of names and addresses of all members; and
- the percentage of ownership of each member.

Elections

If you previously made an election on the property, include a copy of the election form such as:

- Form T2061A, Election by an Emigrant to Report Deemed Dispositions of Taxable Canadian Property and Any Resulting Capital Gain or Loss.
- Electing under subsection 45(2), deems the change in use from personal to income producing not to have occurred.
- Electing under subsection 45(3), deems the change in use from income producing to personal not to have occurred.

Note: If there was a change in use and no election was made provide the fair market value of the property at the time the change occurred.

Payment of tax or security

If you are making a payment of tax, include:

- the trust cheque, certified cheque, bank draft, or money order;
- the bank guarantee; or
- proof that acceptable security has been provided to the Minister.

Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property

Note: The information you provide on this form is collected under the authority of the Income Tax Act (ITA) and is protected by the provisions of the Privacy Act. It is used to process requests for certificates of compliance under Section 116 of the ITA and is retained in information bank number CRA-OPPU 111.

Vendor (non-resident)				
<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Individual				
Business number		Trust account number		Social insurance, individual tax, or subsidiary ledger number
Last name (print) Orangeville Corporation		First name and initial (print)		Date of Birth YYYY MM DD
Date of departure from Canada (if applicable) YYYY MM DD		Telephone number		
Present address 1234 Apple Street Perth, Western Australia 6009				Fax number
Country of residence (see the instructions in the Help) Australia				Telephone number (416) 869-2350
Representative name Gordon King, PricewaterhouseCoopers LLP				Fax number (416) 814-3200
Representative address PwC Tower 18 York Street, Suite 2600 Toronto ON M5J 0B2				
Check the box where correspondence is to be sent (if no box is ticked, correspondence will be sent to vendor) <input type="checkbox"/> Vendor <input checked="" type="checkbox"/> Representative				
Purchaser				
Last name (print) Hancock Corporation Pty Ltd.		First name and initial (print)		Telephone number (618) 942-9822 2
Present address 28-42 Ventnor Avenue West Perth, Western Australia 6005		Fax number (618) 942-9826 6		
Representative's name Gordon King, PricewaterhouseCoopers LLP		Telephone number (416) 869-2350		
Representative address PwC Tower 18 York Street, Suite 2600 Toronto ON M5J 0B2		Fax number (416) 814-3200		
Check the box where correspondence is to be sent (if no box is ticked, correspondence will be sent to purchaser) <input type="checkbox"/> Purchaser <input checked="" type="checkbox"/> Representative				
Details of property (see the instructions in the Help for more information)				
<input type="checkbox"/> Real property <input type="checkbox"/> Business property <input checked="" type="checkbox"/> Shares <input type="checkbox"/> Partnership property <input type="checkbox"/> Trusts <input type="checkbox"/> Designated insurance property				
Date or proposed or completed disposition		Vendor's acquisition date		
Property jurisdiction		Province/territory		Postal code
Property description 10,000 Shares of Riversdale Resources Ltd.				
Gross proceeds of disposition. Tick the box that applies to you <input type="checkbox"/> Proposed disposition <input checked="" type="checkbox"/> Completed disposition				
(1) Proceeds of Disposition	(2) Adjusted cost base	(3) Gain or (loss) Column (1) less column (2)	(4) Exemptions	(5) Net gain or (loss) Column (3) less column (4)
\$ 20,869.20	\$ 17,062.08	\$ 3,807.12	\$	\$ 3,807.12
Payment of tax. Enter 25% of net gain.				\$ 951.78

1. Is the disposition subject to an election under section 85 (transfer of property to a company)? Yes No

2. Did you rent or lease the property during the period of ownership?
 If **yes**, complete the following: Yes No

Non-resident tax was withheld. Provide name and address of person who withheld the tax. ▶

Non-resident tax was not withheld. State the period during which income was received from the property (attach statements that show the amount of gross income).

From: YYYY MM DD	To: YYYY MM DD
---------------------	-------------------

If **no**, state the use of the property during the period of ownership. ▶ N/A

3. If you have outstanding balances for taxes, including income or excise taxes, custom duties, or the goods and services tax/harmonized sales tax (GST/HST), provide the identification or account number(s) for the outstanding balances. ▶

4. Indicate the last tax year for which you filed a Canadian income tax return, if applicable. ▶

5. Is the disposition of property to a person with whom you are not dealing with at arm's length, or a gift inter-vivos? Yes No
 If **yes**, to either or both, and the disposition is at less than fair market value, enter the vendor's share of the fair market value at the time of the disposition in the vendor's share of gross proceeds of disposition column (1) above.

Certification

Please check the box(es) that apply if you are authorizing the CRA to deal with your representative concerning:

T2062, Request by a Non-Resident for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property

T1261, Application for a CRA Individual Tax Number (ITN) for Non-Residents

I, John Smith, certify that the information given on this form is, to the best of my knowledge, correct and complete.

Name

John Smith

2019-04-09 Date (Authorized person's signature) CFO (Position or office)

Other information you will need to provide

You will need to attach to your completed **T2062** the following:

1. Documentation supporting the adjusted cost base of the shares. Please see the *Calculating Adjusted Cost Base, Proceeds and Gain on Sale* for an example of what to provide. Please also see **Appendix E**.
2. Documentation supporting the proceeds of disposition. These could include:
 - Share transfer documentation and a copy of the letter of offer from HCPL (as included in **Appendix C**), or;
 - Proof of consideration received
3. The most recent financial statements of RRL. These are included in **Appendix D**.