

March 26, 2015

**Andrew J. Hatnay**  
ahatnay@kmlaw.ca

**Via Regular Mail**

Dear Sir/Madam:

**Re: Hollinger Canadian Publishing Holdings Co. (“HCPH”)  
Proceedings under the *Companies’ Creditors Arrangement Act* (“CCAA”)  
Filing your 2014 income tax return and the Advance Tax Ruling  
Our File No. 09/1867**

We are writing to you as you have been identified as a retiree who received a distribution payment from the company in June, 2014 in respect of your claim for the loss of health benefits from HCPH.

We have received questions from retirees following our mass mailing dated March 4, 2015. We are writing to ensure that you have all the information you require to file your 2014 tax return or if you have already filed your 2014 tax return, to ensure that the Advance Tax Ruling (“ATR”) we obtained from CRA has been applied correctly.

***If you have not yet filed your 2014 tax return***

If you have not yet filed your 2014 tax return, you should refer to the cheque stub that was sent by HCPH with your June 2014 distribution to identify the amount of your health benefit claim. Please contact us if you do not have a copy of your stub. The amount that relates to your health benefit claim does not need to be reported on your tax return. You only need to report amounts for any other distributions (e.g. in respect of your claim for life insurance, etc.) you may have received on line 101 of your tax return. The breakdown of amounts and what types of claims you have is set out in the cheque stub.

For example, if box 14 on the T4 you received from HCPH indicates you received \$1,000 in respect of employment income and your June 2014 stub indicates that \$600 of this amount relates to your health benefit claim and \$400 relates to other claims, you should only report \$400 on line 101 of your tax return but not the \$600. All other claims other than the health benefit claim are taxable and should be reported.

The tax withheld by HCPH as shown on your T4 slip should be included on line 437 of the tax return, and the Employment Insurance (EI) premiums should be reported on line 312. These amounts will be credited towards your other 2014 tax payable. If the amount of tax withheld and EI contributions are greater than the amount of tax and EI you were required to pay for 2014, you will be entitled to receive a refund from CRA.

It is important that you provide CRA with a copy of the ATR. As we advised in our past correspondence, please instruct your tax preparer to enclose the ATR with your tax return when it is filed, or if you prepare your tax return yourself, please ensure that you enclose the entire ATR document that we previously sent to you with your return.

If you file your tax return online, we recommend that you also mail the ATR to your local tax office of the CRA with a cover letter making clear that the ATR should be considered along with your tax return. The tax services office address can be found on the CRA website: <http://www.cra-arc.gc.ca/cntct/tso-bsf-eng.html>.

The ATR only applies to amounts withheld by HCPH on its distribution payment to you which the company then paid to CRA. If you are filing a return to Revenu Quebec you will not receive a refund for the amounts withheld by HCPH and paid to Revenu Quebec under the *Taxation Act* (Quebec). If you have any questions about this please let us know.

***If you have already filed your 2014 tax return***

If you have already filed your tax return, please review the Notice of Assessment that you receive from CRA. If the Notice of Assessment includes the amount of your health benefit distribution in the calculation of your income, then that is an error. Please contact us at [hcph@kmlaw.ca](mailto:hcph@kmlaw.ca) or by telephone at 1-866-545-9917 immediately, and we can assist contacting CRA within 90 days of the date of the Notice of Assessment to object to the Notice of Assessment on your behalf.

***Medical Expense Tax Credit***

There is no requirement to report the distribution you received in respect of health and dental benefits (the "Payments") on your federal T1 General Income Tax and Benefit Return. However, you should not claim the medical expense tax credit for 2014 and following years until such time as your cumulative medical expenses since the receipt of the Payments exceed the Payments received.

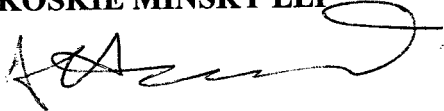
For example, Mr. X receives payments of \$2,500 in 2014 and \$5,000 in 2015. Mr. X incurred expenses eligible for the medical expense tax credit of \$2,000 in each of 2014, 2015, 2016 and 2017. Mr. X should not report the Payments on his 2014 or 2015 T1 returns. Mr. X should not claim the medical expense tax credit until his expenses exceed the amount of the Payments of \$7,500. Consequently, he will not claim the medical expense tax credit in 2014, 2015 or 2016 and will claim a \$500 medical expense tax credit in 2017.

The above does not apply for Quebec tax purposes. Individual residents in Quebec are required to report the Payments on form TP-1.D-V, and the Payments do not affect the claim medical expense tax credits on form TP-1.D-V for Quebec income tax purposes.

We hope this letter is of assistance. If you have any questions with respect to filing your 2014 tax return and the ATR, please do not hesitate to contact our toll-free hotline at 1-866-545-9917 or email us at [hcph@kmlaw.ca](mailto:hcph@kmlaw.ca) and we can assist you further.

Yours truly,

**KOSKIE MINSKY LLP**



Andrew J. Hatnay

AJH/vdl

cc. HCPH Client Committee (Gordon Bullock, John Craig, Fraser Kean, Bill Mann, Ross Morrison and Fred Granville)  
Barbara Walancik, Natercia McLellan (Manager, Client Communications), *Koskie Minsky LLP*

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