Nortel – FAQ regarding 2014 Tax Slips

1. I received a T4 slip from Nortel. What is this for?

The Monitor recently sent T4 slips for distributions made from the Health and Welfare Trust (HWT) to Pensioners on account of Pensioner Life in late March 2014. The distribution was made pursuant to an order of Superior Court of Justice (Commercial List) on November 19, 2013.

LTD Beneficiaries and Survivors should have received T4 slips in 2014 as the distribution to these beneficiaries was made from the HWT in December 2013.

Further information regarding the distribution is available on Koskie Minsky's website at the following link:

http://www.kmlaw.ca/Case-Central/Overview/Page/?rid=107&cpid=14

2. **I can't find proof that I received and cashed the distribution cheque**.

Cheques were sent to Pensioners at the end of March 2014.If your bank records do not show an amount deposited that matches the amount provided for on the T4 slip you recently received please contact the Monitor, Ernst & Young, at 1-866-942-7177.

Please ensure that the Monitor and Koskie Minsky LLP always have your correct address on file. To change your address, please fill out the Change of Address form available on both the website of Koskie Minsky and the Monitor. If you are not able to access the form, please call Koskie Minsky at 1-866-777-6344 and a form will be mailed to you.

3. Why did I receive a T4 slip in 2014 and aT4A slip in 2011 for the same type of payment?

The change in reporting slips is as a result of changes that were made to reporting requirements. The change, however, does not change the way this amount is treated for tax purposes. Both the amounts previously reported in box 28 of your T4A and the amount currently reported in box 67 of the T4 are normally reported on your individual tax return on line 130 as taxable income.

The reporting changes were made as a result of changes to reporting requirements in Quebec. The last payment received by Pensioners was in 2011, when a T4A slip was provided, reported the income on a T4A slip in box 28 as "other income". As a result of the changes in reporting requirements in Quebec, the distribution is now reported in box 67 (Non-Eligible Retiring Allowances) of a T4 slip. The Monitor made changes to all T4 slips to ensure consistency in reporting and for administrative efficiency.

Despite this change in reporting, please note that this amount is not a retiring allowance. The payment has been classified as a retiring allowance for reporting and administrative purposes only.

4. **Can I report the income on line 104 on my tax return to get the employment tax credit?**

   Income reported in box 28 of the T4A slip or box 67 of the T4 slip is normally reported on line 130 of your tax return. Most tax filing software programs and accounting firms do not permit income in box 28 of your T4A or box 67 on your T4 to be included in line 104 of the tax return. Only income reported on line 104 of your return is eligible for the small tax credit of 15% of the income to a maximum of $1,127. This tax credit will not currently be available for the HWT distribution unless you manually complete and file your tax return and include the box 67 amount on line 104; however, this may be challenged by the CRA. You may want to discuss this with your own accountant or tax advisor. Individuals should feel free to file their income tax according to the rules used by their software package or accountant recommendations. Our hope is that the Tax Court will rule in our favour and as a result the amounts received from the HWT will not be taxed in any event.

5. **When do I file my Notice of Objection for the taxes I paid for the 2014 pensioner life distribution?**

   An objection can only be filed once a tax return has been assessed by the CRA. As a result, you will need to complete your taxes for 2014 by the April 30, 2015 deadline (subject to any variances to your deadline as a result of the death of the beneficiary, etc.) and report the amounts on the T4 slip. Once you receive your Notice of Assessment, you will be able to file an objection to this assessment. Depending on your personal tax deadline (i.e. deadlines for Estates, etc. are different), you have until April 30, 2016 to file a Notice of Objection.

   We will keep you informed regarding whether and when you will need to file a Notice of Objection with respect to the 2014 distribution.

6. **I still have more questions. Who can I contact?**

   If you are not able to confirm that you received and cashed the cheque, please contact the Monitor at: 1-866-777-7177 or by email at nortel.monitor@ca.ey.com.

   For all other questions, including regarding the tax appeal, please contact Koskie Minsky LLP at 1-866-777-6344 or by email at nortel@kmlaw.ca.