

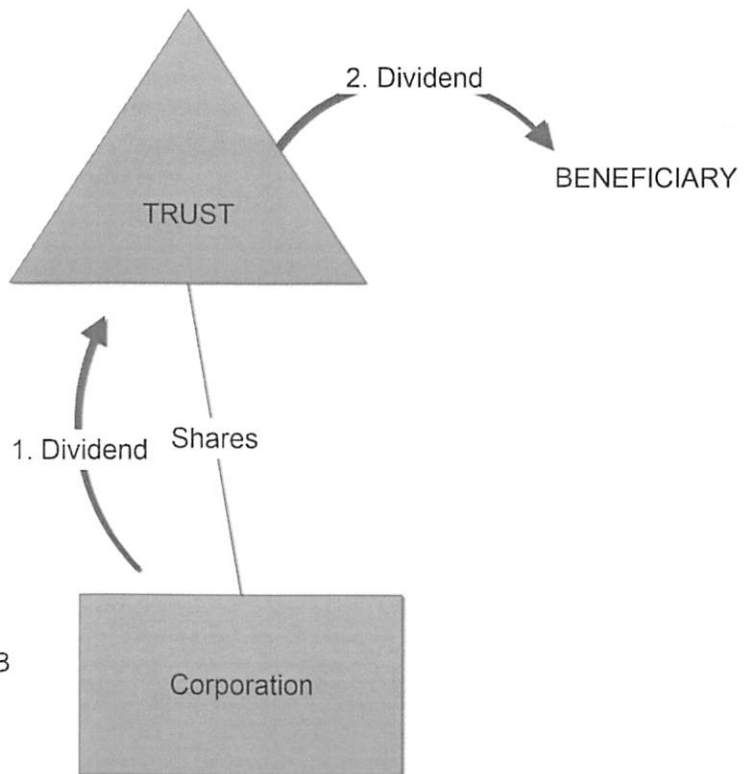
**FLOW OF DIVIDENDS FROM A CORPORATION THROUGH A TRUST TO A BENEFICIARY
(not for use with capital dividend)**

Step 1: Corporation declares dividend
- requires directors resolution
- date on or before December 31
- payable in cash or demand promissory note

STEP 2: Trust pays dividend
- requires trust resolution
- on or before Dec 31
- payable with demand promissory note

STEP 3. T slips
Corp files and delivers T5 to trust by Feb 28
- Trust files and delivers T3 slip to beneficiaries by Feb 28

STEP 4. Trust Tax tax return
T3 return must be filed by March 31 (March 30 in a leap year)



Note: eligible dividends require a designation as an eligible dividend