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CHANGE DE TON GRADUELLEMENT ET UNIFORMEMENT.

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REDUCING TAX AT SOURCE

Tax refunds: why less is *more*

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Looking forward to an income tax refund?

If you're like most people, you probably are. And who can blame you. It's free money, right? Well, not exactly. The money that comes off your paycheque and goes to the taxman could be considered an interest-free loan to the government, which puts it to use all year long until you come calling every spring.

Why not keep that money and put it to work for you? That's right. Instead of giving it to the taxman every payday, you could keep and invest it bringing you one step closer to your investment goals.

Receive less of a tax refund, so you can achieve more when it comes to your long-term goals – that’s what this brochure is all about. It will show you how to reduce the tax taken off your paycheque, how much you may expect to receive by doing so and most importantly, why taxpayers should consider such a strategy.

The benefits

Rewarding. Reducing the income tax withheld on your employment income will increase your cash flow during the year. If you take it one step further by redirecting that money into your investment account, it could have a significant impact on your savings strategy.

Easy. You don’t have to make more money to take advantage of this strategy. By completing the necessary tax and investment-related forms, you simply reduce your tax at source and redirect your tax savings to your investment portfolio. The process of moving money from your paycheque to your investment account is seamless.

Income tax refund: The result of an overpayment of tax typically from various deductions or tax credits, such as registered retirement savings plan (RRSP) contributions, that you’ve claimed on your tax return to reduce your tax payable.

Reduce tax at source: Reduce the amount of income tax withheld on employment income during the year.

Investing your tax refund earns you more

If you received a tax refund, you can still make it work for you by investing it. Put it in the right place and your refund could earn you more money. For example, the table on the right shows what you would end up with in the next 10, 20 or 30 years if you invested your tax refund at a 7% average annual rate of return.

Remember the best strategy is simply to plan not to get a refund at all.

Tax refund amount	Growth ¹ of tax refund after		
	10 years	20 years	30 years
\$1,500	\$2,951	\$5,805	\$11,418
2,000	3,934	7,739	15,225
2,500	4,918	9,674	19,031
3,500	6,885	13,544	26,643

¹ Pretax values assuming one-time investment today, earning an average annual compounding rate of return of 7%.

Get more money with each paycheque

Here's an example of the positive effect of reducing tax at source, based on an annual gross salary of \$69,000, or monthly gross income of \$5,750. If all tax deductions and credits during the month (e.g., non-payroll RRSP contributions, child-care expenses and investment loan carrying charges) are taken into account, taxable income is lowered to \$5,000. Federal and provincial taxes are applied to the lower taxable income amount, resulting in an increase of cash flow/tax savings of \$250 every month.

	Without reduction of tax at source	With reduction of tax at source
Gross income per pay period (monthly) ^(A)	\$5,750	\$5,750
Less: Non-payroll RRSP contribution		(450)
Child care expenses		(200)
Investment loan carrying charges		(100)
Monthly taxable income	5,750	5,000
Federal tax and provincial tax ² ^(B)	1,350	1,100
Monthly net income (A - B)	\$4,400	\$4,650
Amount of additional cash flow (monthly)		\$250

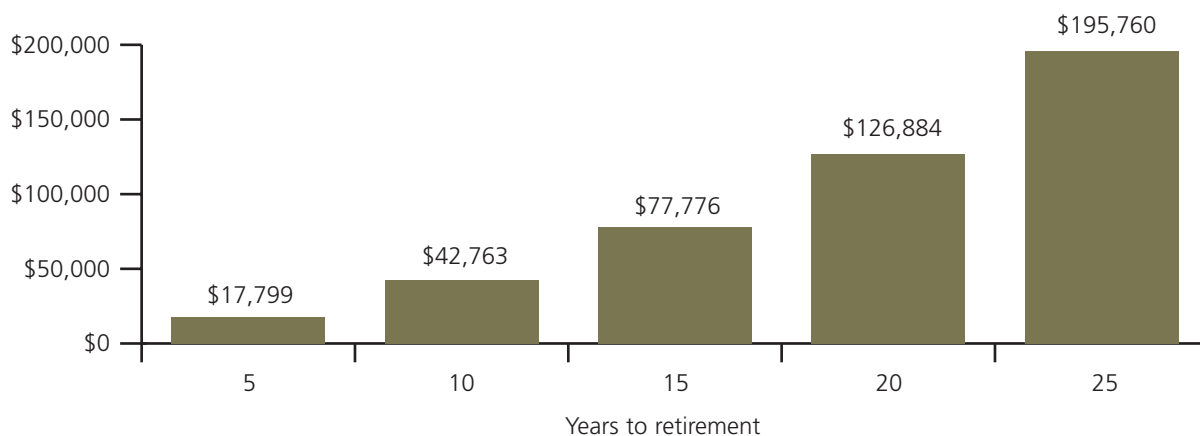
The above table is for illustrative purposes only.

²Based on 2004 Ontario tax rates.

Achieve higher returns on your investment

The graph below shows how the systematic monthly investment of \$250 in additional cash flow, resulting from reducing taxes at source, can significantly grow over the next 25 years.

Future value of increased cash flow of \$250 invested monthly³



³ Monthly investments are assumed to earn an average effective annual compounding rate of return of 7%.

How do I get started?

It's not difficult. Just follow these three simple steps.

1 Complete the Canada Revenue Agency⁴ (CRA) form

Complete the accompanying CRA T1213 form entitled “Request to Reduce Tax Deductions at Source for Year(s)_____.”

You can also visit their website at www.cra.gc.ca to download and print a copy of the form.

● Provide standard identification information

● Check the “Salary” box to reduce taxes on your annual salary

● List the amounts for each tax deduction or credit you are eligible for – remember to submit any necessary documents and details required with the form

● Provide a total of all your tax deductions

● Total each source of income other than your salary, subtract that amount from the previous line and you’ll end up with the amount that is eligible for a tax waiver

⁴ Formerly Canada Customs and Revenue Agency

2 Send the form to your local tax office

You can find the location closest to you by visiting the CRA website at www.cra.gc.ca or calling 1.800.959.8281. After reviewing and approving your request, the CRA will send you a letter of authority, which must be given to your employer. Your employer will then start deducting less tax from your paycheques.

Remember to file the T1213 form each year to have your employer continue reducing the tax withheld on each of your paycheques.

3 Start a pre-authorized chequing (PAC) plan

Whatever amount you gain every pay period by reducing your tax at source can be automatically transferred to your investment portfolio through a PAC plan. Since your contribution is deducted directly from your account at your financial institution, the transition is seamless.

Residents of Quebec must complete and send the TP-1016 form entitled "Application for a Reduction in Source Deductions of Income Tax" to the Quebec Ministère du Revenu in addition to the request sent to the CRA. This will ensure Quebec taxpayers obtain both provincial and federal withholdings relief.

The less you get back at tax time, the more you'll end up with in the end

You should now have a new plan to manage your tax dollars more effectively – a tactic that does not require you to make more money, but which will get you closer to your investment goals. As with anything though, it requires planning. If you need help with the forms, have questions about your investments or would simply like more information, please contact your advisor.

AIM Trimark Investments is one of Canada's largest mutual fund companies with over \$38 billion** in assets under management. A subsidiary of U.K.-based AMVESCAP PLC, one of the world's largest independent investment managers, AIM Trimark employs more than 900 people in its Calgary, Montreal, Toronto and Vancouver offices.

AMVESCAP is dedicated to helping people worldwide build their financial security, offering a broad array of investment solutions and services to individuals and institutional investors in 100 countries. Its securities trade on the London, New York, Paris and Toronto stock exchanges. AIM Trimark and its associated companies under the AMVESCAP umbrella draw on the talents and expertise of more than 650 investment professionals in 20 countries to manage over \$480 billion** in assets worldwide.

** As at December 31, 2003

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