



TaxNewsFlash

Canada

Investment Plans & Investors — Don't Miss Upcoming Deadlines

September 25, 2026

No. 2026-43

Distributed investment plans and their investors face upcoming deadlines under the GST/HST and QST information sharing rules. Distributed investment plans, which include mutual fund trusts and investment limited partnerships, must prepare to send to their investors their annual requests for specific details by October 15, 2026. Distributed investment plans must make these annual requests under the GST/HST and QST rules and collect specific details from their investors in order to properly calculate their tax costs. Investors and securities dealers must also meet their own specific obligations under these rules. In particular, investors that received a request from a distributed investment plan are required to provide specific details to the plan, which can vary based on the type of investor. Similar rules apply to securities dealers. Additionally, certain types of investors must provide details to distributed investment plans even if they don't receive such a request.

Plans that fail to make these requests and collect the required details within specific timelines face higher GST/HST and QST costs, which may affect their overall annual performance. The GST/HST and QST regimes also provide penalties for investors and securities dealers that do not meet these tax obligations.

Background

Distributed investment plans that are selected listed financial institutions (SLFIs) under the GST/HST and QST rules must annually request specific details in writing from certain investors who are legally required to provide this information under the same rules.

Note that Finance proposed changes to the GST/HST rules in 2022, 2023, 2024 and 2025. Some of these new rules and proposals may affect permanent establishments, SLFI status and/or the investor percentages of certain investors, among other changes. Distributed investment plans and investors should carefully review these new rules and proposals to determine how they may affect their tax obligations and tax calculations.

Distributed investment plans — Request details from investors

Each year, distributed Investment plans that are SLFIs must request in writing specific details from their investors by October 15 and collect these details by December 31, in order to help manage their GST/HST and QST costs. Distributed investment plans used these details to calculate their annual provincial attribution percentages, which are then used to calculate tax adjustments in their GST/HST and QST returns.

Many types of investment vehicles qualify as distributed investment plans, including:

- Mutual fund trusts
- Mutual fund corporations
- Investment corporations
- Mortgage investment corporations
- Unit trusts
- Certain pension entities
- Segregated funds of insurers
- Investment limited partnerships.

KPMG observations

Affected distributed investment plans should ensure that they request the required details from their investors by October 15, 2026. Where investors' details are not collected and/or are missing, the affected plans will essentially see, in their annual tax adjustment calculations, some of these investors reallocated to the highest-rate HST-participating provinces, which may increase their overall indirect tax costs. For example, some investors from non-HST participating provinces may be reallocated for tax adjustment purposes to provinces with a 15% tax rate (i.e., the highest HST rate), instead of a 5% tax rate (i.e., the GST rate in non-HST participating provinces).

Investors and securities dealers — Provide details to distributed investment plans

Investors and securities dealers are required to provide specific details each year to distributed investment plans under the GST/HST and QST information sharing rules. The specific information that must be provided varies based on the type of investor. Under these rules, there are essentially three types of investors:

- Qualifying investors
- Selected investors
- Other investors

Although the following sections discuss the GST/HST measures, similar rules apply for QST purposes.

Qualifying investors

Investors that meet the definition of "qualifying investors" are required to provide specific details to distributed investment plans annually, even if they do not receive a written request from these plans. This determination must consider outstanding legislative proposals that introduce the newly defined term "qualifying private investment plan", among other changes.

Under these proposals, which have yet to be enacted, a qualifying investor in a distributed investment plan generally includes an investment plan (e.g., pension entities of registered pension plans) that is a "selected investor" (i.e., generally means an investment plan that is not a distributed investment plan, and holds units of a total value of less than \$10 million in the distributed investment plan, see section "Selected investors" below), and that meets one of the following criteria:

- The investment plan cannot be a "qualifying small investment plan" or a "qualifying private investment plan" on September 30, 2026
- The investment plan is a SLFI
- The investment plan is a member of an affiliated group, and the members hold units with a total value of \$10 million or more of the particular distributed investment plan, or at least one member of the affiliated group is a SLFI.

Under these criteria, an investment plan that is a qualifying small investment plan or a qualifying private investment plan may not be considered a qualifying investor. However, where such a plan is also a SLFI, the plan would qualify as a qualifying investor (as the plan meets one of the above criteria under the definition of "qualifying investor"). In addition, under the proposals, a qualifying small investment plan or a qualifying private investment plan may elect to be a SLFI in certain circumstances. A plan that makes this

election would qualify as a “qualifying investor” and therefore would be required to provide specific details to a distributed investment plan as a “qualifying investor”.

A qualifying investor that holds units of a distributed investment plan must generally provide the following details to the plan by November 15, 2026, regardless of whether the investor has received a request from the distributed investment plan:

- A notice that the investment plan is a "qualifying investor" for 2026
- The number of units (or number of units in each series) held in the investment plan on September 30, 2026
- Its "investor percentage" for each HST-participating province as of September 30, 2026.

KPMG observations

Note that, under certain circumstances, some investors may be considered qualifying investors for GST/HST purposes but not for QST purposes, or vice versa. Investors should carefully determine whether they must provide information as a qualifying investor to ensure they meet their related GST/HST and QST obligations.

Selected investors

A “selected investor” is generally a person, other than an individual and a distributed investment plan, who is resident in Canada and holds units of a total value of less than \$10 million in the distributed investment plan as of September 30, 2026. Based on the definition of “person” for GST/HST purposes, selected investors can include various types of entities, such as corporations, partnerships, pension plans, and other investment plans (other than distributed investment plans). Note that special rules apply to determine the total value where the distributed investment plan is a stratified investment plan (i.e., whose units are issued in two or more series).

A selected investor that receives a written request from a distributed investment plan must generally provide:

- Its address in the province in which the investor is a resident as of September 30, 2026 (as determined under the GST/HST rules)
- The number of units (or the number of units in each series) held by the investor on September 30, 2026.

Selected investors must provide these details by November 15, 2026 or 45 days after the day they receive the request (whichever is later).

Other investors

Other investors, who are not “selected investors” or individuals, may also be subject to the GST/HST information sharing rules and receive a request for details in writing from a distributed investment plan. For example, this type of investor may include distributed investment plans that have invested in the particular distributed investment plan. It may also include other types of investors that hold units of a total value of \$10 million or more in the plan (e.g., corporations or partnerships). Such investors that receive a written request from a distributed investment plan must generally provide:

- Their “investor percentages” for each HST-participating province as of September 30, 2026 (as determined under the GST/HST rules)
- The number of units (or number of units in each series) they held on September 30, 2026.

Similar to selected investors, these other investors that receive a request from a distributed investment plan must provide the required details by November 15, 2026 or 45 days after the day they receive the request (whichever is later).

KPMG observations

Some investors, such as corporations who are not financial institutions, may not be familiar with the concept of “investor percentages” and must apply specific GST/HST rules to determine these percentages.

Securities dealers

A securities dealer that receives a written request from a distributed investment plan must also provide specific details about the units, or units of each series, of the investment plan held by their clients. These securities dealers must generally provide the details by November 15, 2026, or 45 days after the day they receive the request (whichever is later).

Penalties for failure to provide details

Investors and securities dealers that fail to meet their obligations under the GST/HST and QST information sharing rules by the relevant deadlines face a penalty for each failure equal to the lesser of \$10,000 or 0.01% of the total value of the units for which the investors and securities dealers are required to provide details to the distributed investment plan.

We can help

KPMG can help managers of distributed investment plans determine the information that they are required to request from investors on the plan's behalf. We can also help investors determine their GST/HST and QST obligations and the specific details that they must provide to distributed investment plans.

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