



# interpipeline

## Statement of Partnership Income 2010 Income Tax Supplementary Information

*Please be advised that Inter Pipeline Fund does not prepare the T5013 or Relevé 15 forms which you receive. Rather, you receive your T5013 and Relevé 15 forms from either the entity which holds your investment (e.g. investment advisor) or Inter Pipeline Fund's transfer agent, Computershare.*

Please find attached the tax results of Inter Pipeline Fund for its 2010 operations. From a Canadian income tax perspective, a partnership is not a taxable entity and as such, the income earned by the partnership must be allocated to the members of the partnership. For 2010, Inter Pipeline Fund declared and paid cash distributions totaling \$0.905 per unit. Based on a cash distribution basis, the 2010 taxable income represents 100% (combining business income, interest from Canadian sources, and foreign dividend and interest income) of the total cash distributions declared in 2010. There was no return of capital.

It is important to note that in 2010 Inter Pipeline Fund is also allocating a capital loss to the members of the partnership. Whether a member of the partnership can claim the capital loss is dependent upon each member's personal tax situation. If a member cannot claim the capital loss, their 2010 distributions will be 100% taxable. If a member can claim the capital loss, their 2010 distributions will be approximately 99.66% taxable.

For your assistance, we have provided information regarding the amounts as reported on Form T5013 and Relevé 15.

### Limited Partnership Net Income

**T5013: Box 22**

**RL 15: Box 1**

This amount represents your share of the Inter Pipeline Fund 2010 limited partnership business income that is subject to Canadian income tax. The 2010 taxable limited partnership business income amount was 93.86740% of the total 2010 cash distributions declared in 2010.

#### Individual unitholders:

This amount should be reported in Area III "Net partnership income (loss)" of Schedule 4 of your Federal 2010 personal income tax return. The total of all limited partnership income amounts should be reported on line 122 (page 2) of your 2010 T1 General tax return.

### Unitholders At-Risk Amount

**T5013: Box 22-1**

**RL 15: Box 26**

The "at-risk" amount represents a unitholder's original cost of the Inter Pipeline Fund's interest plus or minus certain adjustments. A unitholder cannot deduct partnership losses in excess of his "at-risk" amount. Any losses that are not currently available to be deducted are reported in Box 24 of Form T5013 Supplementary and can be carried forward indefinitely and deducted when a positive "at-risk" balance is restored. Inter Pipeline Fund does not anticipate any future "at-risk" losses.

*This amount is used by Canada Revenue Agency and is not reported on your income tax return*

### Partnership's Total Gross Income

**T5013: Box 34**

**RL 15: Box 14**

This amount represents the total 2010 gross income earned by Inter Pipeline Fund and includes all the unitholders' share of earnings.

*This box is for information purposes only and is not to be reported on your return.*



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## Interest from Canadian Sources

**T5013: Box 50**

**RL 15: Box 7**

This amount represents your share of Inter Pipeline Fund's 2010 interest income that is subject to Canadian income tax. The 2010 taxable interest income amount was 0.09282% of the total 2010 cash distributions declared in 2010.

Individual unitholders:

This amount should be reported in Area II "Interest and other investment income" of Schedule 4 of your Federal 2010 personal income tax return. The total of all interest and other investment income amounts should be reported on line 121 (page 2) of your 2010 T1 General tax return.

## Foreign Dividend and Interest Income

**T5013: Box 55**

**RL 15: Box 8**

This amount represents your share of Inter Pipeline Fund's 2010 foreign dividend and interest income that is subject to Canadian income tax. The 2010 taxable foreign dividend and interest income amount was 6.03978% of the total 2010 cash distributions declared in 2010.

Individual unitholders:

This amount should be reported in Area II "Interest and other investment income" of Schedule 4 of your Federal 2010 personal income tax return. The total of all interest and other investment income amounts should be reported on line 121 (page 2) of your 2010 T1 General tax return.

## Capital Loss

**T5013: Box 70**

**RL 15: Box 12**

This represents your share of Inter Pipeline Fund's 2010 "gross" capital loss that is subject to Canadian income tax. The 2010 capital loss amount was -0.68066% of the total 2010 cash distributions declared in 2010.

Individual unitholders:

This amount should be reported on line 174 of Schedule 3 of your Federal 2010 personal income tax return. Please note that only ½ of this capital loss is taxable as indicated on line 199 of Schedule 3. Whether you are able to claim the capital loss is dependent upon your personal tax situation.

## Capital Cost Allowance

**T5013: Box 85**

**RL 15: Box 5**

This is your share of the amount of tax depreciation claimed by Inter Pipeline Fund in 2010 in arriving at the amount of income that is taxable to the unitholders.

*This box is for information purposes only and is not to be reported on your return.*

## Additional Information

Inter Pipeline Fund has permanent establishments in two provinces. The information contained in this section provides the necessary information for a unitholder to allocate their business income accordingly.

## RL 15 – For Corporate Partners only

For Corporations reporting in Quebec, boxes 24A, 24B and 24C have additional information provided relating to the Corporation's share of year end debt, year end qualified property, and year end total assets of Inter Pipeline Fund. Please consult the Tax Information found at [www.interpipelinefund.com](http://www.interpipelinefund.com) for more details.