



This information is provided for general information purposes only and is not intended to be, nor should it be construed to be legal, business or tax advice. Inter Pipeline Ltd. ("Inter Pipeline") recommends shareholders consult with a qualified tax advisor in their country of residence to obtain guidance with respect to their particular income tax situation.

## **Tax Information: Canadian Residents**

### Eligible dividends for Canadian tax purposes

Inter Pipeline advises shareholders that all dividends declared and paid on its common shares will be designated as "eligible dividends" for Canadian income tax purposes. The first such dividend was paid on or about October 15, 2013 to shareholders of record on September 23, 2013. This designation will continue to apply to all future dividends, as declared by the Board of Directors, until notification of a change is posted on this website.

## **Tax Information: Non-Residents of Canada**

### Canadian Withholding Tax

Dividends payable by Inter Pipeline to shareholders who are non-resident of Canada for Canadian income tax purposes ("Non-Residents") are generally subject to a 25% Canadian withholding tax unless the rate has been reduced pursuant to a tax treaty between Canada and the Non-Resident's jurisdiction of residence. For example, an individual US resident shareholder who is entitled to the benefit of the US-Canada tax treaty may have their rate of withholding reduced to 15% based on their particular facts and circumstances.

Non-Residents are advised that they should obtain their own personal tax advice with respect to Canadian withholding tax and whether or not they are eligible to recover all or a portion of the tax withheld in Canada.

### Tax Information for US Residents

Inter Pipeline anticipates its common shares should be classified as equity in a qualifying foreign corporation and that dividends paid to its individual US resident holders should be treated as qualified dividends. Inter Pipeline does not anticipate that any portion of dividends paid during the year are treated as a non-taxable return of capital.

Inter Pipeline is not required to prepare or issue a Form 1099 DIV. US resident shareholders may receive a Form 1099 DIV from their broker or intermediary and should consult their brokers or tax advisors to ensure their information is accurately reflected on their tax returns.

As stated above, Canadian withholding tax applies on dividends to US resident holders. The rate of withholding tax depends on the treatment of the US resident shareholder as a qualified person under the US-Canada treaty based on the particular holder's status. Canadian withholding tax should not apply to dividends paid on common shares held in a qualified retirement plan such as an IRA.

Holders or potential holders of Inter Pipeline shares should consult their own tax advisors regarding the particular treatment of holding Inter Pipeline shares.