



Individual Return for Certain Taxes for RRSPs, RRIFs, RESPs or RDSPs

Identification

Identification. First name and initial(s) _____ Last name _____

Mailing address: Apt No – Street number Street name _____

PO Box _____ RR _____

City _____ Prov./Terr _____ Postal code _____

Enter the tax year for this return _____ Year

Information about you

Enter your social insurance number (SIN): _____

Enter your date of birth: _____ Year _____ Month _____ Day _____

Fill out this return to calculate taxes payable on non-qualified investments, prohibited investments, or advantages due by an annuitant of a registered retirement savings plan (RRSP) or a registered retirement income fund (RRIF), a subscriber of a registered education savings plan (RESP), or a holder of a registered disability savings plan (RDSP). Before filling out this form, read the "Important information" and "Definitions" sections on pages 3 to 5. Fill out all the sections that apply to you. Report all amounts in Canadian dollars. This return is not used to report excess contributions made to an RRSP, a PRPP, an SPP or an RESP. To report excess contributions made to an RRSP, a PRPP or an SPP, use form T1-OVP, 2019 Individual Tax Return for RRSP, PRPP, and SPP Excess Contributions. To report excess contributions made to an RESP, use form T1E-OVP, Individual Tax Return for RESP Excess Contributions.

Section 1 – Tax calculations

Part A – Tax payable on non-qualified investments

Fill out this part if your registered plan at any time during the year, acquired a non-qualified investment or a previously acquired property became non-qualified. If the investment is both a non-qualified investment and a prohibited investment, fill out Part B only.

Date non-qualified investment was acquired or the date previously acquired qualified investment became non-qualified	Plan account number and name of issuer, carrier or promoter	Full description of investment (including number of securities)	Fair market value (FMV) at time of acquisition or when it became non-qualified
			+
			+
			+
			+
			+
Total FMV of the non-qualified investments			=
Rate			x
Multiply the amount on line 1 by 50%.			=
Tax payable on non-qualified investments (report this amount on line A of Section 2)			=

Part B – Tax payable on prohibited investments

Fill out this part if your registered plan at any time during the year, acquired a property that was either a prohibited investment at the time it was acquired or became a prohibited investment after it was acquired.

Date prohibited investment was acquired or the date previously acquired property became a prohibited investment	Plan account number and name of issuer, carrier or promoter	Full description of investment (including number of securities)	Fair market value (FMV) at time of acquisition or when it became prohibited
			+
			+
			+
			+
Total FMV of the prohibited investments			=
			Rate
Multiply the amount on line 1 by 50%.			x
Tax payable on prohibited investments (report this amount on line B of Section 2)			=

Part C – Tax payable on an advantage

Before you fill out this part, see the definition of advantage on page 5. Fill out this part if, at any time during the year, you or a person not dealing at arm's length with you (including your registered plan) were provided with an advantage in relation to the registered plan.

Specify the advantage provided	Account number and name of payer (issuer, carrier or promoter)	Date advantage provided	Fair market value (FMV) of the benefit or amount of loan or the amount of registered plan strip
			+
			+
			+
			+
Total of all amounts			=
Total of FMV from line 1			\$
Tax payable on an advantage (report this amount on line C of Section 2)			=

Section 2 – Summary of taxes due

Tax payable on non-qualified investments from Part A of Section 1	▶	_____		_____	A
Tax payable on prohibited investments from Part B of Section 1	▶	+ _____		_____	B
Tax payable on an advantage from Part C of Section 1	▶	+ _____		_____	C
Add lines A, B and C	▶	= _____		_____	D
Minus allowable refund of tax on non-qualified and/or prohibited investments (see page 4)	▶	- _____		_____	E
Line D minus line E				= _____	
		Total tax payable		_____	
				↓	
		Balance owing		\$ _____	

For more information on all payment options, go to canada.ca/payments. Generally, we do not charge a difference of \$2 or less.

Certification

I, _____ certify that the information given on this return and in any attached documents is correct and complete.
(Signature of the annuitant, subscriber or holder)

Telephone: _____ Date: _____

**For
professional
tax preparers
only**

Name: _____

Address: _____

Telephone _____

Personal information (including the SIN) is collected for the purposes of the administration or enforcement of the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 005 on Info Source at canada.ca/cra-info-source.

Important return filing information

Filing due date

You have to file this return with a payment for any balance due no later than June 30 of the year following the end of the calendar year.

Supporting documents

Keep all your documents in case we ask to see them at a later date.

Penalties

If you file your return after the due date, we will charge you a late-filing penalty. The penalty is 5% of the balance owing plus 1% of the balance owing for each full month that the return is late, to a maximum of 12 months. Your late-filing penalty may be higher if you were charged a late-filing penalty on a return for any of the three previous years.

Interest

If you have a balance owing, you will be charged compound daily interest starting July 1 of the year following the end of the calendar year. This includes any balance owing if we reassess your return. In addition, you will be charged interest on the penalties defined above, starting the day after your return is due.

Tax liability

Each person who is a holder of an RDSP or a subscriber of an RESP is jointly liable with any other holders or subscribers of those plans, respectively, for the taxes on prohibited investments, non-qualified investments, and advantages. Where two or more holders or subscribers are jointly liable to pay such tax only one form needs to be filed on behalf of all the holders or subscribers liable for the tax.

Transitional rules

If you must report taxes on non-qualified investments, advantages or inadequate consideration for RDSP transactions before March 23, 2017, complete the RC4532, Individual Tax Return for Registered Disability Savings Plan (RDSP).

This form applies to RRSFs and RRFs after March 22, 2011 and to RESPs and RDSPs after March 22, 2017, that acquired a non-qualified or prohibited investment after those dates, held an investment that became non-qualified or prohibited after those dates, or to which an advantage was provided after those dates.

(continued on next page)

Important return filing information (continued)

Refund of taxes paid on non-qualified or prohibited investments

You may be entitled to a refund of the 50% tax on non-qualified or prohibited investments if the investment was disposed of, or ceased to be a non-qualified or prohibited investment, before the end of the calendar year after the year in which the tax arose (or such later time as is permitted by the Minister of National Revenue).

However, no refund will be issued if it is reasonable to expect that the you knew, or should have known, that the investment was or would become a non-qualified or a prohibited investment.

The refund applies to the 50% tax on non-qualified or prohibited investments but not to the 100% tax on advantages.

Note

If the 50% tax on non-qualified or prohibited investments, and the entitlement to the refund of that tax, arose in the same calendar year then a remittance of the tax is not required. For example, no remittance of tax would be required if an RDSP trust acquired and disposed of a non-qualified investment in the same calendar year.

How to claim a refund

To claim a refund, you must send your request in writing and attach the appropriate documents detailing the information relating to the acquisition and disposition of the non-qualified or prohibited property (you can attach the letter and supporting documents to the present form.)

The documents must contain all the following:

- the name and description of the property
- the number of shares or units
- the date the property was acquired or became non-qualified or prohibited property
- the date of disposition or the date that the property became qualified or ceased to be prohibited

Waiver of liability

We may waive or cancel all or part of the taxes if we determine it is fair to do so after reviewing all factors, including whether:

- the tax arose because of a reasonable error
- the extent to which the transaction or series of transactions that gave rise to the tax also gave rise to another tax under the Income Tax Act
- the extent to which payments have been made from the person's registered plan

Note

The waiver is limited to tax paid under the anti-avoidance rules and not taxes paid under any other part of the Income Tax Act.

To consider your request, we require a letter from you explaining why the tax liability arose, and why it would be fair to cancel or waive all or part of the tax.

Mailing address:

Send your request to one of the following addresses:

<p>If your residential address is in Ontario, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories, and in the following Quebec cities; Montreal, Quebec, Laval, Sherbrooke, Gatineau and Longueuil.</p> <p>Send the return to:</p> <p>Canada Revenue Agency Sudbury Tax Centre Pension Workflow Team Post Office Box 20000 Station A Sudbury ON P3A 5C1</p>	<p>If your residential address is in Manitoba, Alberta, Saskatchewan, British Columbia, Nova Scotia, New Brunswick, and the remainder of the province of Quebec not listed under the Sudbury tax centre (left column).</p> <p>Send the return to:</p> <p>Canada Revenue Agency Winnipeg Tax Centre Pension Workflow Team Post Office Box 14000 Station Main Winnipeg MB R3C 3M2</p>
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For more information on registered plans, see:

- the following guides:
 - T4040, RRSPs and Other Registered Plans for Retirement
 - RC4460, Registered Disability Savings Plans
 - RC4092, Registered Educational Savings Plans
- the following Income Tax Folios:
 - S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs
 - S3-F10-C2, Prohibited Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs
 - S3-F10-C3 Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs

(definitions on the next page)

Definitions

Advantage – an advantage is any benefit, or debt that is conditional on the existence of the registered plan, subject to certain exceptions for normal investment activities and conventional incentive programs.

An advantage also includes any benefit that is an increase in the total fair market value (FMV) of the property of the registered plan that is reasonably attributable to any one of the following:

- a transaction or event (or series) that would not have occurred in a normal commercial or investment context between arm's length parties acting prudently, knowledgeably, and willingly, and one of the main purposes of which is to benefit from the tax-exempt status of the plan
- a payment received in substitution for a payment for services rendered by the controlling individual (or non-arm's length person) or for a return on investment on non-registered property
- a swap transaction
- specified non-qualified investment income that has not been paid from the registered plan within 90 days of the controlling individual receiving a notice from CRA requiring removal

An advantage also includes a registered plan strip or any benefit that is income, or any benefit that is income or a capital gain that is reasonably attributable to one of the following:

- a prohibited investment
- an artificial diversion of an amount away from a registered plan

Note

If the advantage is extended by the issuer, carrier or promoter of a registered plan, (or a non-arm's length person), the issuer, carrier or promoter and not the controlling individual of the plan, is liable to pay the tax resulting from the advantage. They must file Form RC298, Advantage Tax Return for RRSP, TFSA or RDSP Issuers, RESP Promoters, or RRIF Carriers.

Controlling individual – of a registered plan, for the purpose of this form, means:

- a holder of an RDSP
- a subscriber of a RESP
- the annuitant of a RRIF or RRSP

Prohibited investment – this is property to which the controlling individual of the registered plan is closely connected, it includes:

- a debt of the controlling individual
- debt or share of, or an interest in, a corporation, trust, or partnership in which the controlling individual has a significant interest (generally a 10% or greater interest, taking into account non-arm's length holdings)
- a debt or share of, or an interest in, a corporation, trust, or partnership with which the controlling individual, does not deal at arm's length

A prohibited investment does not include a mortgage loan that is insured by the Canada Mortgage and Housing Corporation or by an approved private insurer. It also does not include certain investment funds and certain widely held investments which reflect a low risk of self-dealing.

Registered plan – means an RDSP, RESP, RRIF or RRSP.

Registered plan strip – the amount of a reduction in the FMV of property of the registered plan, if the value is reduced as part of a transaction or event (or series) for which one of the main purposes is to enable the controlling individual (or non-arm's length person) to obtain a benefit in respect of the property of the registered plan or to obtain a benefit as a result of the reduction. Exceptions are provided for plan distributions that are included in income, or specifically excluded from income (such as a tax-deferred transfer between plans). For more information on a registered plan strip, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Specified non-qualified investment income – income (excluding the dividend gross-up), or a capital gain that is reasonably attributable, directly or indirectly, to an amount that is taxable for any registered plan of a controlling individual (for example, subsequent generation income earned on non-qualified investment income or on income from a business carried on by a registered plan).