Canada Revenue Agency | Agence du revenu du Canada

Registered Disability Savings Plan

RC4460(E) Rev. 19

Canada

Is this guide for you?

Use this guide if you want information about registered disability savings plans (RDSPs). This guide has information which is not in the General Income Tax and Benefit package, and which you may need to fill out your Income Tax and Benefit Return.

Our publications and personalized correspondence are available in braille, large print, e-text, or MP3 for those who have a visual impairment. For more information go to **canada.ca/cra-multiple-formats** or call **1-800-959-8281**.

La version française de ce guide est intitulée Régime enregistré d'épargne-invalidité (REEI)

Unless otherwise stated, all legislative references are to the Income Tax Act and the Income Tax Regulations.

What’s new?

Cessation of eligibility for the Disability Tax Credit

Under proposed changes, after March 18, 2019 and before 2021, RDSP issuer will not be required to close an registered disability savings plan (RDSP) solely because the RDSP beneficiary ceases to be eligible for the DTC or a previous election to allow an RDSP holder to keep an RDSP open ceases to be valid. The budget also proposes to eliminate the requirement for a licensed medical doctor or nurse practitioner to certify in writing that the beneficiary is likely to become DTC-eligible in future for the plan to remain open. For more information, see “What happens if the beneficiary is no longer eligible for the DTC?,” on page 12.

Rollover of proceeds

Under proposed changes, effective March 19, 2019, rollover of proceeds from a deceased individual’s registered retirement saving’s plan (RRSP), registered retirement income fund (RRIF), pooled registered pension plan (PRPP), specified pension plans (SPPs) or registered pension plan (RPP) to the RDSP of a financially dependant infirm child or grandchild that is not DTC-eligible provided the rollover occurs by the end of the fourth calendar year following the full year throughout which the beneficiary is ineligible for the DTC, will also be permitted. For more information, see “Rollovers,” on page 11.

Bankruptcy

Amounts held in RDSPs are not exempt from seizure in bankruptcy. Under proposed changes, to level the playing field, RDSPs will be exempted from seizure in bankruptcy, with the exception of contributions made in the 12 months before filing bankruptcy. This measure will come into force when it receives Royal Assent.

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Definitions

This section provides a general definition of the technical terms that we use in this guide.

Adjusted family net income – this is your family net income **minus** any Universal child care benefit (UCCB), Canada child benefit and Registered disability savings plan (RDSP) income received **plus** any UCCB, Canada child benefit and RDSP amounts repaid.

Advantage – an advantage is any benefit or debt that is conditional on the existence of the RDSP, 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 RDSP 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 RDSP
- a payment received in substitution for a payment for services rendered by the holder (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 RDSP within 90 days of the holder receiving a notice from CRA requiring removal

An advantage also includes a registered plan strip, 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 the RDSP

For more information on advantages, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Arm's length – refers to a relationship or a transaction between persons who act in their separate interests. An arm's length transaction is generally a transaction that reflects ordinary commercial dealings between parties acting in their separate interests.

For more information, see Income Tax Folio S1-F5-C1, Related Persons and Dealing at Arm's Length.

Fair market value (FMV) – is generally considered to mean the highest price expressed in terms of money that can be obtained in an open and unrestricted market between informed and prudent parties, who are dealing at arm's length and under no compulsion to buy or sell. For more information on the valuation of securities of closely held corporations, see Information Circular IC89-3, Policy Statement on Business Equity Valuations.

Non-arm's length – generally refers to a relationship or transaction between persons who are related to each other. However, a non-arm's length relationship might also exist between unrelated individuals, partnerships or corporations, depending on the circumstances. For more information, see the definition of "Arm's length," and Income Tax Folio S1-F5-C1, Related Persons and Dealing at Arm's Length.

Non-qualified investment – any property that is not a qualified investment for the RDSP trust. For more information, see Income Tax Folio S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Prohibited investment – this is property to which the RDSP holder is closely connected. It includes:

- a debt of the holder
- a debt or share of, or an interest in, a corporation, trust or partnership in which the holder 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 holder 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 that reflect a low risk of self-dealing. For more information, see Income Tax Folio S3-F10-C2, Prohibited Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Qualified investment – an acceptable investment for an RDSP, including money, guaranteed investment certificates, government and corporate bonds, mutual funds, and securities listed on a designated stock exchange. For more information, see Income Tax Folio S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs, and TFSAs.

RDSP holder – the plan **holder** is the person who opens the RDSP and makes or authorizes contributions on behalf of the beneficiary.

Registered plan strip – the amount of a reduction in the FMV of property of the RDSP, 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 holder (or non-arm's length person) to obtain a benefit in respect of the property of the RDSP 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 RDSP of the holder (for example, subsequent generation income earned on non-qualified investment income or on income from a business carried on by an RDSP).

Swap transaction – this is any transfer of property between the RDSP and its holder (or non-arm's length person). Exceptions are provided for contributions to and distributions from the RDSP, purchase and sale transactions between the RDSP and another RDSP of the holder, and transactions relating to insured mortgages. For more information on swap transactions and applicable transitional rules, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Chapter 1 – What is a registered disability savings plan?

A registered disability savings plan (RDSP) is a savings plan intended to help parents and others save for the long-term financial security of a person who is eligible for the disability tax credit (DTC).

Contributions to an RDSP are not tax deductible and can be made until the end of the year in which the beneficiary turns 59. Contributions that are withdrawn are not included as income to the beneficiary when paid out of an RDSP. However, the Canada disability savings grant (grant), the Canada disability savings bond (bond), investment income earned in the plan, and the proceeds from rollovers are included in the beneficiary's income for tax purposes when paid out of the RDSP. For more information on RDSPs, go to **canada.ca/registered-plans-administrators**.

What is a Canada disability savings grant?

The grant is an amount that the Government of Canada pays into an RDSP. The government will pay a matching grant of 300%, 200%, or 100%, depending on the beneficiary's adjusted family net income and the amount contributed. The beneficiary's adjusted family net income is calculated as follows:

- from birth to December 31 of the year the beneficiary turns 18, the beneficiary's adjusted family net income is based on the income information used to determine the Canada child benefit (CCB) for that beneficiary
- beginning the year the beneficiary turns 19 until the RDSP is closed, the beneficiary's adjusted family net income is based on their income **plus** their spouse's, or common-law partner's income
- if the beneficiary is under the care of a department, agency, or institution for at least one month in the year, the adjusted family net income is based on the allowance payable to the department, agency, or institution under the Children's Special Allowances Act

An RDSP can get a maximum of $3,500 in matching grants in one year and up to $70,000 over the beneficiary's lifetime. A beneficiary's RDSP can receive a grant on contributions made until December 31 of the year in which the beneficiary turns 49.

The amount of the grant is based on the beneficiary's adjusted family net income as follows:

Beneficiary's adjusted family net income	Grant	Maximum
$95,259* or less		
on the first $500	$3 for every $1 contributed	$1,500
on the next $1,000	$2 for every $1 contributed	$2,000
more than $95,259*		
on the first $1,000	$1 for every $1 contributed	$1,000
*The beneficiary adjusted family net income thresholds are indexed each year to inflation. The income thresholds shown are for 2019.		

What is a Canada disability savings bond?

The bond is an amount paid by the Government of Canada directly into an RDSP. The government will pay a bond of up to $1,000 a year to low-income Canadians with disabilities. No contributions have to be made to get the bond. The lifetime bond limit is $20,000. A bond can be paid into an RDSP until the year in which the beneficiary turns 49.

The amount of the bond is based on the beneficiary's adjusted family net income as follows:

Beneficiary's adjusted family net income	Bond
$31,120* or less (or if the holder is a public institution)	**$1,000**
Between **$31,120*** and **$47,630***	Part of the **$1,000** based on the formula in the **Canada Disability Savings Act**
more than $47,630*	No bond is paid
*The beneficiary adjusted family net income thresholds are indexed each year to inflation. The income thresholds shown are for 2019.	

To qualify for the bond or to earn a grant, the beneficiary must file Income Tax and Benefit Returns for the past two years and all future taxation years when they have an RDSP.

Carry forward of unused grant and bond

Before the end of the year you turn 49 years of age, you can carry forward up to 10 years of unused grant and bond entitlements to future years, as long as you met the eligibility requirements during the carry-forward years (for example, if you were eligible for the disability tax credit and you were a Canadian resident). RDSPs became available in 2008. If an RDSP was opened:

- in 2019, the carry forward period would be from 2009 to 2019
- in 2021, the carry forward period would be from 2011 to 2021

The grant and bond will be paid on unused entitlements up to an annual maximum of $10,500 for the grant and $11,000 for the bond.

Employment and Social Development Canada (ESDC) administers the grant and the bond programs. ESDC bases the amount of the grant and bond that are available for any particular year on the beneficiary's family income, as well as on matching rates.

Example
Let us take Roger for example:

- he is a person with a disability
- his income has been less than $15,000 each year since 2008
- he has been eligible for the disability tax credit (DTC) each year since 2008
- he is not, and has never been, a holder or beneficiary of an RDSP
- he has reached the age of majority and is contractually competent to enter into a plan

In August 2018, Roger opens an RDSP. Although opened in 2018, Roger's plan has accumulated grant and bond entitlements over the past 10 years, going back to 2008 when RDSPs became available.

The following is a breakdown of Roger's accumulated grant and bond entitlements:

- $1,500 in grant entitlements per year at the 300% matching rate ($1,500 × 10 years for a total of $15,000)
- $2,000 in grant entitlements per year at the 200% rate ($2,000 × 10 years for a total of $20,000)
- $1,000 in bond entitlements per year ($1,000 × 10 years for a total of $10,000)

Upon application for his bond, his RDSP will receive $10,000 in accumulated bond entitlements.

After the RDSP is opened, with Roger's written consent, his family contributes $800 to his RDSP in October 2018, for which his RDSP receives $2,400 ($800 × 300%) as a grant.

Roger carries forward $12,600 ($15,000 – $2,400) in unused grant entitlement at the 300% rate and still carries $20,000 in unused grant entitlement at the 200% rate.

Who can become a beneficiary of an RDSP?

You can designate an individual as beneficiary if the individual meets all of the following criteria:

- Is eligible for the DTC.
- Has a valid social insurance number (SIN).
- Is a resident of Canada when the plan is entered into.
- Is under the age of 60 (a plan can be opened for an individual until the end of the year in which they turn 59). The age limit does not apply when a beneficiary's RDSP is opened as a result of a transfer from the beneficiary's former RDSP.

A beneficiary can **only have one RDSP** at any given time, although this RDSP can have **several plan holders** throughout its existence, and it can have **more than one plan holder** at any given time.

Notes
A person is eligible for the DTC only if a medical practitioner (which includes a nurse practitioner) certifies on Form T2201, Disability Tax Credit Certificate, that the individual has a severe and prolonged impairment in physical or mental functions. This form must also be approved by the CRA and the person must be deemed to be eligible for the DTC. To get Form T2201, go to **canada.ca/disability-tax-credit** or call **1-800-959-8281**.

The holder does not have to be a resident of Canada. However, the beneficiary must be a resident of Canada when the plan is opened and when each contribution is made to the plan. RDSP payments can only be made to the beneficiary (or to the beneficiary's estate after the beneficiary's death). Contributors will not be entitled to a refund of their contributions.

For more information, go to **canada.ca/disability-tax-credit** or see Guide RC4064, Disability – Related Information.

How do you open an RDSP?

To open an RDSP, a person who qualifies to be a holder of the plan must contact a participating financial institution that offers RDSPs. These financial institutions are known as RDSP **issuers**.

Note
The plan **holder** is the person who opens the RDSP and makes or authorizes contributions on behalf of the beneficiary. As long as conditions are met, there can be more than one plan holder at any time.

Who can open an RDSP?

The beneficiary is under the age of majority

If the beneficiary is under the age of majority, a qualifying person can open an RDSP for the beneficiary and become a holder if that person is any of the following:

- a legal parent of the beneficiary

- a guardian, tutor, or curator of the beneficiary, or another individual who is legally authorized to act for the beneficiary
- a public department, agency, or institution that is legally authorized to act for the beneficiary

The beneficiary has reached the age of majority and is contractually competent to enter into a plan

If the beneficiary has reached the age of majority and is contractually competent to enter into a plan the beneficiary can open an RDSP for themselves.

If the legal parent(s), at the time the plan is established, are holders of a pre-existing RDSP for the adult beneficiary, the legal parent(s) could remain holder(s) of the new plan. The adult beneficiary could also be added as a joint holder along their parents.

The beneficiary has reached the age of majority but their contractual competency to enter into a plan is in doubt

The ability for a "qualifying family member" (QFM) to open a plan under these rules applies as of June 29, 2012 and ends on **December 31, 2023**.

A QFM includes a spouse, common-law partner, or parent of an individual.

> **Note**
> The spouse or common-law partner is not eligible for this measure if they are living apart from the beneficiary due to a breakdown in their marriage or partnership.

The QFM measure cannot be used if the beneficiary is currently the beneficiary of an existing RDSP or if a qualifying person is authorized to act on behalf of the beneficiary.

A QFM can open an RDSP for the individual and become a holder if, after reasonable inquiry, it is the opinion of the RDSP issuer, that an adult individual's contractual competency to enter into a plan is in doubt.

A QFM is no longer qualified to be a holder if any of the following apply:

- in the issuer's opinion, after reasonable inquiry, the beneficiary's contractual competence to enter into a plan is no longer in doubt and the beneficiary notifies the issuer that they choose to become the plan holder
- the beneficiary is determined to be contractually competent by a competent tribunal or other authority under provincial law and the beneficiary chooses to replace the QFM as the plan holder
- a legal representative is later named in respect of the beneficiary, the legal representative will then replace the QFM as the plan holder

The RDSP issuer will be required to notify the individual if the individual becomes a beneficiary under an RDSP opened according to these rules.

The beneficiary has reached the age of majority but is not contractually competent to enter into a plan

An individual who is eligible to be a beneficiary of an RDSP, (but for whom a plan has not yet been opened) may have reached the age of majority but may not be contractually competent to enter into a plan.

A qualifying person, who is legally authorized to act for the beneficiary, under the provincial legislation, can open an RDSP for the individual and become a holder.

Can the holder of an RDSP be changed?

When a plan is opened by a beneficiary's legal parent(s), the legal parent(s) can continue as the holder(s) of the plan after the beneficiary reaches the age of majority. When the beneficiary reaches the age of majority and is contractually competent to enter into a plan, the beneficiary can be added to the RDSP as a joint holder.

The beneficiary is the only one who can be a holder of the plan once they have reached the age of majority and is contractually competent to enter into a plan. If a plan is opened by somebody other than the beneficiary or the beneficiary's legal parent(s), that person or body must be removed as a holder of the plan when the beneficiary reaches the age of majority.

A holder who is not the beneficiary of the plan does not have to be a resident of Canada, but must have a valid SIN **or** a business number (for public institutions, departments, and agencies) to open the plan.

If the guardian, tutor, public department, or any other qualifying person or body (with the exception of a qualifying family member) is no longer qualified to be a holder (for example they are no longer the legal guardian or have died), they must be removed from the plan as holder. In such a case, the following can be added to the plan as a holder's successor or assignee:

- the beneficiary (provided that the beneficiary has reached the age of majority and is contractually competent)
- the beneficiary's estate
- any other person or body who is already a holder (for example, two legal parents enter into an RDSP plan together and one parent passes away; the other parent would receive the deceased parent's rights and become the sole holder of the plan)
- a legal parent of the beneficiary and was previously a holder of the plan
- a qualifying person at the time the rights are acquired

Who can contribute to an RDSP?

Anyone can contribute to an RDSP with the written permission of the plan holder. For more information, see "Who can open an RDSP?" on the previous page.

What is the contribution limit for RDSPs?

There is no annual limit on amounts that can be contributed to an RDSP of a particular beneficiary in a given year. However, the overall lifetime limit for a particular beneficiary is $200,000 (all previous contributions and rollovers that have been made to an RDSP of a particular beneficiary will reduce this amount). Contributions are permitted until the end of the year in which the beneficiary turns 59.

> **Note**
> Amounts directly transferred from one beneficiary's RDSP to another RDSP for the same beneficiary do not count toward the $200,000 overall contribution limit.

What types of payments are made from an RDSP?

There are three types of payments made from an RDSP:

- disability assistance payments (DAPs) (these include lifetime disability assistance payments (LDAPs)
- direct transfers to another RDSP for the same beneficiary (for more information, see "Transfers" on page 11)
- repayments under the Canada Disability Savings Act (CDSA) or a designated provincial program

A **DAP** is any payment from an RDSP to the beneficiary or to their estate after their death. It is a singular payment that can be requested at any time and may consist of contributions, grant, bond, proceeds from rollovers and income earned in the account.

Only the beneficiary or the beneficiary's estate will be permitted to receive DAPs from the RDSP.

> **Note**
> A DAP is not permitted if, after the payment, the FMV of the property held by the RDSP would be less than the assistance holdback amount for the RDSP. For more information, see "Repayments under the CDSA" on this page.

The RDSP issuer may allow the RDSP holder to request DAPs to be made to a beneficiary that are separate from LDAPs, as described below. Contact a participating issuer to determine if it offers plans that allow an RDSP holder to request these types of payments from a plan.

If the RDSP is a **specified disability savings plan** (SDSP), as described on the next page, withdrawals can be made from the plan in the year of certification and each subsequent year without triggering the repayment of the assistance holdback amount.

LDAPs are disability assistance payments (DAPs) that, once started, must be paid at least annually until either the plan is terminated or the beneficiary has died. These payments must begin by the end of the year in which the beneficiary turns 60 and, unless the year is a specified year (as described below), are subject to an annual withdrawal limit determined by the formula described on this page.

> **Note**
> If an RDSP is a SDSP, payments must start being paid from the plan before the end of the calendar year following the year in which the plan last became an SDSP.

A **specified year** is the calendar year in which a licensed medical doctor or a nurse practitioner certifies in writing that the beneficiary will not live longer than five years, and includes each of the five calendar years following the year of certification. A year will not qualify as a specified year unless the medical certificate has been provided to the issuer in or before the year in question. For example, if a doctor makes such a certification in 2018, but the issuer is not provided with the certification until 2019, only the years from 2019 to 2023 are specified years for the RDSP.

If the RDSP is an SDSP, the specified year includes each following calendar year.

Repayments under the CDSA

Under the CDSA, the assistance holdback amount is generally required to be repaid to ESDC if any DAP is paid from the RDSP.

The **assistance holdback amount** is defined in the Canada Disability Savings Regulations. In general terms, it is the total amount of bond and grant paid into the RDSP within the last 10-year period, less any part of that amount that has been repaid to ESDC.

As of January 1, 2014, an amount that is three times the amount of the DAP, up to a maximum of the assistance holdback amount, is required to be repaid to ESDC if any DAP is paid from the RDSP.

> **Note**
> Under proposed changes, the assistance holdback amount will be modified.

LDAP formula

There is no limit on the amount of DAPs or LDAPs payable to the beneficiary in a specified year (if the plan is **not** an SDSP). However, in all cases a DAP is not permitted if, after the payment, the FMV of the property held by the RDSP would be less than the assistance holdback amount for the RDSP.

The total amount of the LDAP paid in the year cannot be more than the amount calculated using the following formula:

$A \div (B + 3 - C) + D$

where:

A = the FMV of the property held in the plan at the beginning of the year, (excluding the value of locked-in annuity contracts held by the plan trust)

B = the greater of 80 and the age of the beneficiary at the beginning of the calendar year

C = the actual age of the beneficiary at the beginning of the calendar year

D = the total of all periodic payments paid, or deemed to have been paid, under certain locked-in annuity contracts, to the plan trust in the calendar year, if applicable

Non-taxable portion of a DAP

The **non-taxable portion** of a DAP made to a beneficiary from an RDSP is the lesser of:

- the DAP
- the amount determined by the formula:

$A \times B \div C + D$

where:

A = the amount of the DAP

B = the amount by which the total contributions made to any RDSP of the beneficiary exceeds the total non-taxable portion of all DAPs previously made from any RDSP of the beneficiary (if this formula were read without reference to variable D below)

C = the amount by which the FMV of the property held by the RDSP before the DAP is greater than the assistance holdback amount for the plan

D = the amount in respect of which a holder of the plan pays the tax payable on an advantage described on page 16, unless this tax is waived, cancelled or refunded or has previously been included in the non-taxable portion of a DAP made to the beneficiary

Example
Linda earned more than $95,259 in 2019 and is the sole provider for her spouse Paul, who is 40 years old. She starts contributing to his RDSP in 2019 and Linda contributes $10,000 annually to Paul's RDSP for 20 years. The contributions made are eligible for the grant at a rate of 100% of the contributions made in the particular year, up to a maximum of $1,000 annually (see the chart on page 6). Paul is **not** eligible for the bond.

After 20 years, the FMV of the RDSP is $261,448. Since Paul will be 60 years old in 2039, the grant can be paid on the contributions from 2019 to 2028 (until he turns 49). Contributions can be made to the plan up until the end of the year in which Paul turns 59. No DAPs were paid from the RDSP since the RDSP was set up.

Therefore, in 2039, the amount that Paul can receive is $10,893.67 calculated by the LDAP formula, which is $\mathbf{A \div (B + 3 - C) + D}$:

$\$261,448 \div (80 + 3 - 59) + \$0$
$\$261,448 \div 24$
$\$10,893.67$

The non-taxable portion of the LDAP is $8,333.33 and is calculated by the second formula described on this page:

$\$10,893.67 \times \$200,000 \div \$261,448 + \$0$

Variable B is $200,000 because no DAPs were made before 2039.

Variable C is $261,448 because no assistance holdback amount exists since the last grant was paid into the RDSP more than 10 years ago.

What is a specified disability savings plan (SDSP)?

A **specified disability savings plan (SDSP)** is a measure to provide beneficiaries who have **shortened** life expectancy with greater flexibility to access their savings from an RDSP. Withdrawals from an SDSP **will not** trigger a repayment of the assistance holdback amount as long as the sum of the taxable portions of all withdrawals made in the year does not exceed $10,000 (unless the LDAP formula result requires a greater amount to be paid). However, once the election is made, no more contributions can be made to the plan and the plan will not be entitled to any new grant or bond. Furthermore, beneficiaries **will not** be entitled to carry forward any grant or bond for those years under this plan.

When does an RDSP become an SDSP?

The RDSP becomes an SDSP when:

- a licensed medical doctor or a nurse practitioner certifies in writing that the beneficiary of an RDSP is, in their professional opinion, unlikely to survive more than five years
- the holder of the RDSP elects in prescribed form and provides the election, along with the medical certification, to the issuer of the RDSP and
- ESDC receives notification of the election from the issuer

When does a plan stop being an SDSP?

A plan stops being an SDSP if any of the following occur:

- ESDC receives notification from the issuer of the plan that the holder elects to have the plan stop being an SDSP.
- The total of the taxable portion of the DAPs made from the plan in the year while it was an SDSP exceeded $10,000 (unless the LDAP formula result requires a greater amount to be paid). For more information, see the last bullet of this section).
- A contribution, bond, or grant is paid into the plan.
- An amount is paid into the plan from a designated provincial program.
- The plan is terminated.
- The plan stops being an RDSP.
- It is the beginning of the first calendar year throughout which the beneficiary under the plan is no longer eligible for the DTC.
- Payments have not begun to be paid before the end of the particular calendar year following the year in which the plan last became an SDSP.

- An RESP rollover is made.
- The total amount of DAPs made from the plan to the beneficiary in the calendar year is less than the amount determined by the LDAP formula or an amount equal to the FMV of the property in the plan, whichever is the lesser.

  Note
  The holder must wait 24 months after the plan stopped being an SDSP before making a new election.

Additional rules if the RDSP is a primarily government-assisted plan (PGAP) in the year

An RDSP becomes a PGAP in a year when the total of all government grant and bond payments made into any of the beneficiary's RDSPs in the previous years is more than the total of all private contributions made to any of the beneficiary's RDSPs in the previous years.

Generally, in a PGAP year (other than a specified year), the DAPs (including LDAPs) must not exceed the greater of the LDAP formula and 10% of the FMV of the plan assets at the beginning of the year. Certain DAPs made following, and as a consequence of, a transfer of property from another RDSP of the beneficiary do not count toward this limit on DAPs.

In any year where the beneficiary is over the age of 59, the LDAP will not be more than the LDAP **formula**. In a PGAP year, the combination of LDAPs and DAPs must not exceed the greater of the LDAP formula and 10% of the FMV of the plan assets at the beginning of the year.

When the beneficiary turns 28 (or any later age up to, and including, the age of 58) during the calendar year, the beneficiary has the right to direct that DAPs be paid to him or her at any time in that year if, after payment, the FMV of the property in the RDSP is not less than the assistance holdback amount for the RDSP. The DAP that can be paid under these circumstances cannot be more than the calculated allowable amount. With the exception of plans where the beneficiary is over the age of 59, a DAP made in any other year may require that the assistance holdback amount be repaid to ESDC.

How are payments from an RDSP reported?

Proceeds from rollover amounts as well as the grant, bond and investment income earned in the plan are included in the beneficiary's income for tax purposes when they are paid out of the RDSP. RDSP issuers report the taxable portions of the payments from the plan in box 131, located in the "Other information" area of a T4A slip and send two copies of the slip to the beneficiary or the beneficiary's legal representative. The beneficiary has to include this amount as income on line 12500 of their Income Tax and Benefit Return for the year in which they receive it.

For more information on the taxable portion of the payments see "Tax payable on DAPs" on page 14.

Transfers

An amount can be transferred from one RDSP to another RDSP **only** under the following conditions:

- the transfer must be made directly from a beneficiary's current RDSP to a new RDSP for the same beneficiary
- a transfer can only be made if all holders of the current RDSP agree to the transfer
- all funds must be transferred from the current RDSP to the new RDSP
- the current RDSP must be terminated immediately following the transfer
- where the beneficiary has attained 59 years of age before the year in which the transfer takes place, the issuer of the new plan agrees to pay any DAPs required to be made under the plan

Rollovers

Rolling over retirement savings property on a tax-deferred basis to an RDSP

The maximum rollover amount into an RDSP is $200,000. All contributions and rollover amounts made to any RDSP of a beneficiary will reduce this amount. A grant will not be paid into the RDSP on amounts that are rolled over.

For deaths occurring after March 3, 2010, the RDSP rules allow for a rollover of a deceased individual's registered retirement savings plan (RRSP) proceeds to an RDSP of the deceased individual's financially dependent child or grandchild with an impairment in physical or mental functions. For more information, see "Eligible individual" on the next page.

These rollover rules also apply to:

- registered retirement income fund (RRIF) proceeds
- certain lump-sum amounts paid from registered pension plans (RPPs) and specified pension plans (SPPs)
- pooled registered pension plans (PRPPs) proceeds

RDSP rollover reporting

The retirement savings rollover transaction must be documented using Form RC4625, Rollover to a Registered Disability Savings Plan (RDSP) Under Paragraph 60(m) or the form provided by the RDSP issuer. A tax slip will be issued (for example, T4A, T4RSP, or T4RIF). The amount of the retirement savings rollover is reported and deducted on the eligible individual's Income Tax and Benefit Return. In some cases, the amount may also need to be reported and deducted in the deceased individual's final return.

For more information on how rollovers should be reported, see "Transfers to registered disability savings plans" in Guide T4040, RRSP and Other Registered Plans for Retirement.

Notes
These rules apply to retirement savings rollovers only. Education savings rollovers are recorded on Form RC435, Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan or

another form provided by the RESP promoter. Tax slips are not issued for education savings rollovers.

RDSP issuers may produce and use their own method of documentation for education savings rollovers.

The retirement savings rollover to an RDSP:

- will be considered a private contribution for the purpose of determining whether the RDSP is a PGAP, but will not be eligible for grants
- will be included in the taxable portions of RDSP withdrawals made to the beneficiary
- may not exceed, and will reduce the RDSP contribution lifetime limit

Eligible individual

An eligible individual is a child or grandchild of a deceased annuitant under an RRSP or RRIF, or of a deceased member of an RPP or SPP or PRPP, who was financially dependent on the deceased for support, at the time of the deceased's death, by reason of an impairment in physical or mental functions. The eligible individual must also be the beneficiary under the RDSP into which the eligible proceeds will be paid.

Rolling over RESP property on a tax-deferred basis to an RDSP

Rollovers can be made from an RESP to an RDSP. In general terms, a subscriber of an RESP that allows accumulated income payments and a holder of an RDSP may jointly elect to rollover an accumulated income payment under the RESP to the RDSP if, at the time of the election, the RESP beneficiary is also the beneficiary under the RDSP.

To qualify for an RESP rollover, the beneficiary must meet the existing age and residency requirements in relation to RDSP contributions. As well, **one** of the following conditions must be met:

- the beneficiary is, or will be, unable to pursue post-secondary education because they have a severe and prolonged mental impairment or
- the RESP has been in existence for more than 35 years
- the RESP has been in existence for at least 10 years, each beneficiary under the RESP has reached 21 years of age and is not eligible to receive educational assistance payments

An RESP rollover over to an RDSP will not be subject to regular income tax or the additional 20% tax, for more information, see Form T1172, Additional Tax on Accumulated Income Payments from RESPs. The RESP promoter must send Form RC435, Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan to the RDSP issuer and keep a copy of it on file. This will satisfy the RESP promoter's requirement to file the election with CRA.

When an RESP rollover occurs, contributions in the RESP will be returned to the subscriber on a tax-free basis. As well, Canada education savings grants (CESGs) and Canada learning bonds (CLBs) in the RESP will be required to be repaid to ESDC and the RESP terminated by the end of February of the year after the year during which the rollover is made.

The RESP rollover to an RDSP:

- will be considered a private contribution for the purpose of determining whether the RDSP is a PGAP, but will not be eligible for grants
- will be included in the taxable portions of RDSP withdrawals made to the beneficiary
- may not exceed, and will reduce the RDSP contribution lifetime limit

An RESP rollover cannot be made if any of the following conditions applies:

- is not eligible for the DTC
- has died
- is over 59 years of age in the year of the contribution or
- is not a resident of Canada

An RESP rollover cannot be made if ny of the following conditions applies:

- it will cause the $200,000 contribution limit to be exceeded
- the RDSP holder has not provided their consent to the rollover

What happens if the beneficiary is no longer eligible for the DTC?

Unless an election is filed with the issuer, the RDSP must be terminated and all amounts paid out of the plan by December 31 of the year following the first calendar year throughout which the beneficiary is no longer considered to have a severe or prolonged impairment in physical or mental functions that made him or her eligible for the DTC.

Any funds remaining in the RDSP after any required repayments of government grant and bond will be paid to the beneficiary. The taxable portions of the DAP will be included in the income of the beneficiary in the year the payment is made to the beneficiary.

A beneficiary who stops being eligible for the DTC, might, due to the nature of their medical condition, be eligible again for the DTC for some later year.

Since January 1, 2014, subject to Election conditions discussed below, an election may be made if the RDSP holder wishes to postpone closing the plan. In these circumstances, contribution room and repaid grants and bonds are not restored.

Under proposed changes, for 2021 and subsequent tax years, the existing time limitation on the period that an RDSP may remain open after a beneficiary becomes ineligible for the disability tax credit (DTC) will be removed. The requirement for a licensed medical doctor or nurse practitioner to certify in writing that the beneficiary is likely to become DTC-eligible in future in order for the plan to remain open will also be eliminated.

Election

The RDSP plan holder will be required to:

- have a licensed medical doctor or a nurse practitioner certify in writing that the beneficiary will likely become eligible for the DTC at some point in the future
- make an election to keep the plan open by providing the medical certificate to the issuer

The RDSP issuer will then be required to notify ESDC that the election has been made. The election must be made on or before December 31st of the year following the first year for which the beneficiary is no longer eligible for the DTC.

An election will generally be valid until the end of the fourth calendar year following the first full calendar year for which a beneficiary is no longer eligible for the DTC.

The RDSP must be terminated by:

- the end of the year following the first year for which there is no longer a valid election or
- the end of the year following the 5th year where there is no longer a continuous eligibility for the DTC

If a beneficiary becomes eligible for the DTC while an election is valid, the usual RDSP rules will apply commencing with the year for which the beneficiary becomes eligible.

Results of an election when the beneficiary is no longer eligible for the DTC

Where an election is made, the following rules will apply commencing with the first year for which the beneficiary is DTC-ineligible:

- no contributions to the RDSP will be permitted, including the rollover of RESP investment income; however, a rollover of proceeds from a deceased individual's RRSP or RRIF to the RDSP of a financially dependent infirm child or grandchild will still be permitted
- no new grant, bond, or designated provincial payments will be paid into the RDSP
- no new entitlements will be generated for the purpose of the carry forward of grants and bonds
- withdrawals from the RDSP will be permitted and will be subject to the proportional repayment rule and the maximum and minimum withdrawal rules
- if a beneficiary dies after an election has been made, the former 10-year repayment rule will apply

  Note
  The assistance holdback amount will be equal to the amount of the assistance holdback amount immediately preceding the moment the beneficiary is no longer eligible for the DTC less any subsequent repayments.

For more information on how much the repayment will be, contact the issuer of your RDSP or go to ESDC at **esdc.gc.ca**.

What happens if the beneficiary dies?

The RDSP **must** be closed and all amounts remaining in the plan must be paid out to the beneficiary's estate by December 31st of the year **following** the calendar year in which the beneficiary dies. Any funds remaining in the RDSP, after any required repayment of government grants and bonds will be paid to the estate. If a DAP had been made and the beneficiary is deceased, the taxable portion of the DAP must be included in the income of the beneficiary's estate in the tax year in which the payment is made.

When do grants and bonds have to be repaid?

10-Year Repayment Rule

If any of the following events occur, all government grants and bonds paid into the plan during the preceding **10 years** before the event must be repaid to the Government of Canada. Repayments are required when any of the following conditions applies:

- the RDSP is terminated
- the plan ceases to be a RDSP
- prior to 2014, a DAP is made from the plan
- prior to 2014, the beneficiary stops being eligible for the DTC
- **since January 1, 2014**, the beneficiary stops being eligible for the DTC and an election to extend the period for which an RDSP may remain open is not filed by the plan holder
- where a valid election to keep an RDSP open expires
- the beneficiary dies

To ensure the funds in an RDSP are available to meet potential obligations under the 10-year repayment rule, RDSP issuers must set aside an "assistance holdback amount" equal to the total grant and bond paid into the RDSP in the preceding 10 years less any grant and bond already repaid in respect of that 10-year period. When one of the events described above occurs, the required repayment is equal to the amount of the assistance holdback amount immediately preceding the event.

> **Note**
> Repayments of amounts that were previously included as income **are** tax deductible and reported on line 23200 of the Income Tax and Benefit Return.

A beneficiary with a life expectancy of five years or less will be allowed annual RDSP withdrawals of up to $10,000 in taxable plan savings, as well as a pro-rated amount of plan contributions, without having to repay the grants or bonds paid into the plan in the preceding 10 years. These rules only apply when an election to be an SDSP has been filed with the RDSP issuer by the holder of the RDSP and the issuer has notified ESDC of the election.

A rule **applies** for withdrawals made from an RDSP **after 2013**. This rule replaces the 10-year repayment rule only for RDSP withdrawals. The former 10-year repayment rule will continue to apply where the RDSP is terminated or deregistered, the RDSP beneficiary stops being eligible for the DTC without filing an election or the RDSP beneficiary dies.

Proportional repayment rule

As of 2014, the proportional repayment rule applies on the event where an amount is withdrawn from the RDSP. The proportional repayment rule will require that, for each $1 withdrawn from an RDSP, $3 of any grants or bonds paid into the plan in the 10 years preceding the withdrawal be repaid, up to a maximum of the assistance holdback amount. Repayments will be attributed to the grants or bonds that make up the assistance holdback amount based on the order in which they were paid into the RDSP. For more information on how much the repayment will be, contact the issuer of your RDSP or go to ESDC at **esdc.gc.ca**.

Example
Jeff opens an RDSP in 2014 and contributes $1,500 to his plan annually, being eligible for the maximum grant ($3,500) for each year. In 2019, the assistance holdback amount for his plan equals $21,000.

In 2019, he withdraws $600 from his RDSP. Under the 10-year repayment rule, the entire assistance holdback amount of ($21,000) would have to be repaid. Under the proportional repayment rule, $1,800 of the assistance holdback amount will be repaid (approximately 9% of the repayment required under the former 10-year repayment rule). The $1,800 repayment will come from the grants paid into his RDSP in 2014 and the plan's assistance holdback amount will be reduced to $19,200.

Chapter 2 – Tax payable

Tax payable on DAPs

When a DAP is made from an RDSP, the part of the payment that includes proceeds from a rolled over amount, the grants and bonds paid into the plan, and all investment income earned in the RDSP, such as interest, is taxable.

That part of the payment is included in the income of the beneficiary for the year in which the payment is made. If the beneficiary is deceased when the payment is made, the amount is included in the income of the beneficiary's estate for the year of the payment.

Note
The taxable portion (or RDSP income) is excluded from income when calculating various income-tested benefits, such as the GST/HST credit, the Canada child benefit (CCB), and the Working income tax benefit (WITB). It is also excluded when calculating the social benefit repayment and the refundable medical expense supplement.

Tax deduction at source

RDSP issuers will have to withhold income tax at source once the taxable portion of a beneficiary's **DAPs** and **LDAPs** exceed the total of the two non-refundable tax credits (NRTCs), the basic personal amount (BPA) and the disability amount (DA).

NRTCs help to reduce a taxpayer's total income tax liability at the end of the year. There are many federal and provincial NRTCs that individuals may be eligible to claim when filing their personal Income Tax and Benefit Returns. However, only the federal BPA ($12,069 in 2019) and federal DA ($8,416 in 2019) are to be used to calculate the taxable income from which to withhold income tax at source. This is because all RDSP beneficiaries are eligible for these two NRTCs.

Using the chart on this page, with the 2019 tax year for example, a beneficiary can receive up to $20,485 (BPA of $12,069 + DA of $8,416) in taxable DAPs and LDAPs before the RDSP issuer has to withhold income tax at source. For the 2018 tax year, this amount was $20,044.

Withholding threshold

Year	2019	2018
Federal Basic Personal Amount (BPA)	$12,069	$11,809
Federal Disability Amount (DA)	$8,416	$8,235
Total	$20,485	$20,044

Once this amount is reached, income tax must be deducted from the taxable portion of all remaining payments in the year using the lump-sum tax withholding rate displayed below.

Note
NRTCs are adjusted annually to allow for inflation and other factors.

The taxable portion of a beneficiary's DAPs and LDAPs are the total of:

- the Canada disability savings grants
- the Canada disability savings bonds
- the investment income earned in the plan, such as interest
- proceeds from rollovers of other plans (RRSPs or RESPs for example)

Note
Individual or private contributions, or an amount in respect of which a holder of the plan pays the advantage tax described on page 16 (unless this tax is waived, cancelled or refunded, or has previously been included in the non-taxable portion of a DAP made to the beneficiary) are not taxable.

RDSP issuers will use the lump-sum withholding rate that corresponds to the:

- total taxable portion of all LDAPs expected to be paid in the year, or
- taxable portion of each individual DAP when requested

The lump-sum withholding rates are:

- 10% (5% for Quebec) on amounts up to and including $5,000
- 20% (10% for Quebec) on amounts over $5,000, and up to $15,000
- 30% (15% for Quebec) on amounts over $15,000

Note
The above rates are a blend of the federal and provincial rates. The Quebec rates represent only the federal rates. For more information on the provincial rates for the province of Quebec, go to **finances.gouv.qc.ca** and see section 1.3 of Information Bulletin 2015-4.

Example (LDAP)
Joey received an LDAP of $3,500 per month from his RDSP in 2019 or $42,000 ($3,500 × 12) for the year. The taxable portion of each monthly LDAP was $2,000 for a yearly total of $24,000 ($2,000 × 12). The lump-sum withholding rate on $24,000 is 30%.

Joey's RDSP issuer reduced the total BPA and DA ($20,485) by the taxable part of each LDAP as it was paid and by the end of September, $18,000 ($2,000 × 9) of the $20,485 had been used.

In October, his RDSP issuer reduced the remaining BPA and DA of $2,485 ($20,485 – $18,000) by the taxable portion of his LDAP of $2,000, leaving $485 of BPA and DA remaining to be used in November. No income tax was deducted for October.

Joey had $454.50 in income tax deducted from his November LDAP, calculated as [($2,000 – $485.00) × 30%)]. The amount of income tax deducted in December is $600 ($2000 × 30%).

In summary, in 2019, Joey received $42,000 in LDAPs and had $1,054.50 in income tax deducted (no income tax deducted in October, $454.50 for November and $600 in December).

Example (DAP)
Using the previous example, Joey received a DAP of $10,000 at the end of July. The taxable portion of that DAP was $6,000. The lump-sum withholding rate on $6,000 is 20%.

Remember that Joey's RDSP issuer reduced the total BPA and DA ($20,485) by the taxable portion of each LDAP when they were paid.

For July, the BPA and DA remaining is $8,485 of which $2,000 is used for the LDAP and $6,000 is used for the DAP. After paying Joey his July LDAP, $20,000 [($2,000 × 7) + $6,000)] of the $20,485 had been used.

Since Joey's remaining BPA and DA in July is $485 ($20,485 – $20,000), his RDSP issuer deducted no income tax.

Joey had $454.50 [($2,000 – $485) × 30%] in income tax deducted from his August LDAP. From September to December, the income tax deducted from his LDAPs is $600 each month.

In summary, in 2019, Joey received $42,000 in LDAPs and had $2,854.50 in income tax deducted. He also received a DAP of $10,000 with no income tax deducted.

Chapter 3 – Anti-Avoidance Rules for RDSP

The anti-avoidance rules provide for a special tax on certain advantages that unduly exploit the tax attributes of an RDSP, as well as special taxes on prohibited investments and on non-qualified investments.

Each person who is a holder of an RDSP is jointly liable for the taxes on prohibited investments, non-qualified investments and advantages described below. Where two or more holders of an RDSP are jointly liable to pay such a tax only one form needs to be filed on behalf of all the holders that are liable for the tax.

Tax payable on prohibited investments

If the RDSP trust acquires a prohibited investment or if previously acquired property becomes prohibited, the investment will be subject to a special tax equal to 50% of the fair market value (FMV) of the investment, and the holder must file Form RC339, Individual Return for Certain Taxes for RRSPS, RRIFs, RESPs or RDSPs.

The tax is refundable in certain circumstances. For more information, see "Refund of taxes paid on non-qualified or prohibited investments" on page 16.

If the prohibited investment ceases to be a prohibited investment while it is held by the RDSP trust, the RDSP trust is considered to have disposed of and immediately re-acquired the property at its FMV.

The holder is also liable for the 100% advantage tax on income earned and capital gains realized on prohibited investments.

The 100% advantage tax applies to income earned, and the portion of any realized capital gain that accrued, **after March 22, 2017**, regardless of when the prohibited investment generating the income or gain was acquired.

Note
If an investment is both a non-qualified investment and a prohibited investment, it is treated as a prohibited investment only.

For more information, see Income Tax Folio S3–F10–C2, Prohibited Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Tax payable on non-qualified investments

If the RDSP trust acquired a non-qualified investment, or if a previously acquired property becomes a non-qualified investment, the investment will be subject to a special tax. The tax is equal to 50% of the FMV of the property at the time that it was acquired or that it became non-qualified, and the holder must file Form RC339, Individual Return for Certain Taxes for RRSPs, RRIFs, RESPs or RDSPs.

If the RDSP holder is liable for taxes on non-qualified investments for transactions occurring **on or before March 22, 2017**, the holder must file Form RC4532, Individual Tax Return for Registered Disability Savings Plan (RDSP), with a payment for any balance no later than 90 days following the end of the calendar year.

The tax is refundable in certain circumstances. For more information, see “Refund of taxes paid on non-qualified or prohibited investments” on this page.

The holder is also liable for the 100% advantage tax on specified non-qualified investment income if this income is not withdrawn promptly.

Note
Income earned and capital gains realized by an RDSP trust on non-qualified investments will continue to be taxable to the trust, regardless of when the investment was acquired. If an investment is both a non-qualified investment and a prohibited investment, it is treated as a prohibited investment only and the trust is not subject to tax on the investment earnings.

For more information, see Income Tax Folio S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

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 holder 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 (you can attach it to Form RC339)
- attach the appropriate documents detailing the information relating to the acquisition and disposition of the non-qualified or prohibited property (you can attach the written request and supporting documents to Form RC339)

The documents must contain the following:

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

Obligations of the RDSP issuer

The issuer of an RDSP must exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that a trust governed by the plan holds a non-qualified investment.

If the issuer fails to comply with this obligation, the issuer is liable to a penalty under the Income Tax Act.

The issuer is also required to notify the holder of the RDSP, in prescribed form and manner before March of a calendar year, if at any time in the preceding year the RDSP trust acquired or disposed of a non-qualified investment, or if an investment became or ceased to be a non-qualified investment.

Tax payable on an advantage

If the holder or a person not dealing at arm’s length with the holder (including the RDSP itself) was provided with an advantage in relation to their RDSP during the year, a 100% tax is payable, which is:

- in the case of a benefit, the FMV of the benefit
- in the case of a loan or a debt, the amount of the loan or debt
- in the case of a registered plan strip, the amount of the registered plan strip

For taxes payable on an advantage **before March 23, 2017**, you must file using Form RC4532, Individual Tax Return for Registered Disability Savings Plan (RDSP).

For taxes payable on an advantage **after March 22, 2017**, you must file using Form RC339, Individual Return for Certain Taxes for RRSPs, RRIFs, RESPs or RDSPs.

Note
When an advantage is extended by the issuer of an RDSP, the issuer, and not the holder, is liable for the tax. If the RDSP issuer is liable for this tax **before March 23, 2017**, the issuer must file Form T3GR, Group Income Tax and Information Return for RRSP, RRIF, RESP, or RDSP Trusts. **After March 22, 2017**, the issuer must file Form RC298, Advantage Tax Return for RRSP, TFSA, or RDSP Issuers, RESP Promoters or RRIF Carriers.

For more information, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFs, RDSPs and TFSAs, Income Tax.

Waiver of liability or cancellation

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 RDSP

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 need a letter that explains why the tax liability arose, why this is a reasonable error, and why it would be fair to cancel or waive all or part of the tax. Send your letter to one of the following addresses:

If your residential address is based in:

Ontario, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut, Northwest Territories, as well as the following cities in the province of Quebec (Montreal, Quebec City, Laval, Sherbrooke, Gatineau, and Longueuil).

Send your request to:

Canada Revenue Agency
Sudbury Tax Centre
Pension Workflow Team
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

If your residential address is based in:

Manitoba, Saskatchewan, Alberta, British Columbia, Nova Scotia, New Brunswick, and the remaining areas in the province of Quebec not listed under the Sudbury Tax Centre.

Send your request to:

Canada Revenue Agency
Winnipeg Tax Centre
Pension Workflow Team
Post Office Box 14000, Station Main
Winnipeg MB R3C 3M2

Online services

Online services for individuals

The CRA's online services are fast, easy, and secure!

My Account

My Account lets you view your personal income tax and benefit information and manage your tax affairs online. Find out how to register at **canada.ca/my-cra-account**.

MyCRA mobile web app

The MyCRA mobile web app lets you access and view key portions of your tax information. You can use the app to make a payment to the CRA online with My Payment or a pre-authorized debit agreement, or create a QR code to pay in person at Canada Post. Access the app at **canada.ca/cra-mobile-apps**.

Use My Account or MyCRA to:

- view your benefit and credit information
- view your notice of assessment
- change your address, direct deposit information, information about marital status, and information about children in your care
- register to receive email notifications when you have mail to view in My Account and when important changes are made on your account
- check your TFSA contribution room and RRSP deduction limit
- check the status of your income tax return

In addition, you can use My Account to:

- view and print your proof of income statement (option 'C' print)
- send documents to the CRA
- send an enquiry about your audit
- link between your CRA My Account and Employment and Social Development Canada (ESDC) My Service Canada Account

Receiving your CRA mail online

Sign up for email notifications to get most of your CRA mail, like your notice of assessment, online.

For more information, go to **canada.ca/cra-email-notifications**.

Electronic payments

Make your payment using:

- your financial institution's online or telephone banking services
- the CRA's My Payment service at **canada.ca/cra-my-payment**
- your credit card through one of the CRA's third–party service providers
- PayPal through one of the CRA's third–party service providers
- pre-authorized debit at **canada.ca/my-cra-account**

For more information on all payment options, go to **canada.ca/payments**.

Related forms and publications

Forms

5000-G	Income Tax and Benefit Return
RC193	Service-Related Complaint
RC298	Advantage Tax Return for RRSP, TFSA or RDSP Issuers, RESP Promoters or RRIF Carriers
RC339	Individual Return for Certain Taxes for RRSPs, RRIFs, RESPs or RDSPs
RC435	Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan
RC459	Reprisal Complaint
RC4532	Individual Tax Return for Registered Disability Savings Plan (RDSP)
RC4625	Rollover to a Registered Disability Savings Plan (RDSP) under Paragraph 60(m)
T1172	Additional Tax on Accumulated Income Payments from RESPs
T2201	Disability Tax Credit Certificate
T3GR	Group Income Tax and Information Return for RRSP, RRIF, RESP, or RDSP Trusts

Publications

IC89-3	Policy Statement on Business Equity Valuations
IC99-1R	Registered Disability Savings Plan
RC4064	Disability – Related Information

Income Tax Folios

S1-F1-C2	Disability Tax Credit
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

For more information

What if you need help?

If you need more information after reading this guide, visit **canada.ca/taxes** or call **1-800-959-8281**.

Direct deposit

Direct deposit is a fast, convenient, and secure way to get your CRA payments directly into your account at a financial institution in Canada. For ways to enrol for direct deposit or more information, go to **canada.ca/cra-direct-deposit**.

Forms and publications

To get our forms and publications, go to **canada.ca/cra-forms-publications** or call **1-800-959-8281**.

Electronic mailing lists

The CRA can notify you by email when new information on a subject of interest to you is available on the website. To subscribe to the electronic mailing lists, go to **canada.ca/cra-email-lists**.

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling **1-800-267-6999**.

Teletypewriter (TTY) users

If you have a hearing or speech impairment and use a TTY, call **1-800-665-0354**.

If you use an **operator-assisted relay service**, call our regular telephone numbers instead of the TTY number.

Complaints and disputes

Service-related complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA); see the Taxpayer Bill of Rights.

If you are not satisfied with the service you received, try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to **canada.ca/cra-contact**.

If you still disagree with the way your concerns were addressed, you can ask to discuss the matter with the employee's supervisor.

If you are still not satisfied, you can file a service complaint by filling out Form RC193, Service-Related Complaint. For more information and how to file a complaint, go to **canada.ca/cra-service-complaints**.

If the CRA has not resolved your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsman.

Formal disputes (objections and appeals)

If you disagree with an assessment, determination or decision, you have the right to register a formal dispute.

Reprisal complaints

If you have previously submitted a service-related complaint or requested a formal review of a CRA decision and feel that, as a result, you were not treated impartially by a CRA employee, you can submit a reprisal complaint by filling out Form RC459, Reprisal Complaint.

For more information about complaints and disputes, go to **canada.ca/cra-complaints-disputes**.

Due dates

When the due date falls on a Saturday, a Sunday, or a public holiday recognized by the CRA, we consider your payment to be on time if we receive it on the next business day. Your return is considered on time if we receive it or if it is postmarked on or before the next business day.

For more information, go to **canada.ca/taxes-dates-individuals**.

Cancel or waive penalties or interest

The CRA administers legislation, commonly called taxpayer relief provisions, that allows the CRA discretion to cancel or waive penalties or interest when taxpayers cannot meet their tax obligations due to circumstances beyond their control.

The CRA's discretion to grant relief is limited to any period that ended within 10 calendar years before the year in which a request is made.

For penalties, the CRA will consider your request only if it relates to a tax year or fiscal period ending in any of the 10 calendar years before the year in which you make your request. For example, your request made in 2018 must relate to a penalty for a tax year or fiscal period ending in 2008 or later.

For interest on a balance owing for any tax year or fiscal period, the CRA will consider only the amounts that accrued during the 10 calendar years before the year in which you make your request. For example, your request made in 2018 must relate to interest that accrued in 2008 or later.

To make a request, fill out Form RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest. For more information about relief from penalties or interest and how to submit your request, go to **canada.ca/taxpayer-relief**.