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Tax-Free Savings Account (TFSA), Guide for Individuals

Is this guide for you?

This guide is for individuals who have opened or who are considering opening a tax-free savings account (TFSA). It gives general information on this investment opportunity including who is eligible to open a TFSA, what the contribution limits are, possible tax situations, non-resident implications, transfers on marriage or relationship breakdown, what happens when a TFSA holder dies, and various other topics. For more information on the TFSA, go to canada.ca/tfsa.

This guide does not deal with every tax situation. It is not intended to cover all possible situations or to replace professional financial, tax, or estate planning services.

As with other important investment decisions, you should speak with your financial advisor or a representative at your financial institution to be sure you are aware of any conditions, limitations, or administrative fees that can apply.

We have included definitions of some of the terms used in this guide in the “Definitions” section starting on page 5. You may want to read this before you start.

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 Guide du compte d'épargne libre d'impôt (CELI) pour les particuliers.

Unless otherwise stated, all legislative references are to the Income Tax Act or, where appropriate, the Income Tax Regulations.

What's new?

TFSA dollar limit

The annual TFSA dollar limit for 2022 is **\$6,000**. The annual dollar limit is indexed to inflation.

Table of contents

	Page		Page
Definitions	5	Refund of taxes paid on non-qualified or prohibited investments	23
What is a TFSA?	7	How to claim a refund	23
Types of TFSAs	7	Obligations of the TFSA issuer	23
Who can open a TFSA?	7	Tax payable on an advantage	23
How to open a TFSA	8	TFSA payment of taxes.....	23
Self-directed TFSA	8	Excess TFSA amount correspondence explained.....	23
Contributions	8	Excess TFSA amount letter.....	24
TFSA contribution room	8	The proposed TFSA return package	24
Where can I find my TFSA contribution room information?	9	Responding to the proposed return package	24
How to authorize a representative.....	9	Waiver or cancellation of the TFSA taxes	24
How to know your TFSA contribution room	9	What should you do if you disagree with your assessment?	24
How do we receive your TFSA information?	10	Digital services	25
Types of permitted investments	10	Digital services for individuals	25
Losses incurred within a TFSA investment	10	My Account.....	25
Foreign funds	10	MyCRA mobile web app.....	25
“In kind” contributions.....	10	Receiving your CRA mail online	25
Transfers from your RRSP	11	My Payment.....	25
Withdrawals from a TFSA.....	11	Related Forms and Publications	26
Making withdrawals	11	Forms	26
Replacing withdrawals	11	Information circulars and Income Tax Folios.....	26
Non-residents of Canada.....	12	Pamphlet	26
Impact on your government benefits and credits	12	For more information	27
Qualifying transfers.....	13	What if you need help?.....	27
Transfers between your own TFSAs	13	Direct deposit.....	27
Transfers upon breakdown of marriage or common-law partnership.....	13	Forms and publications	27
Death of a TFSA holder.....	15	Electronic mailing lists	27
Types of beneficiaries.....	15	Tax Information Phone Service (TIPS)	27
Successor holder	15	Teletypewriter (TTY) users	27
Excess TFSA amount at the time of death	16	CRA Service Feedback Program	27
Designated beneficiaries	16	Service complaints.....	27
General rules – Deposit or annuity contract.....	17	Formal disputes (objections and appeals).....	27
General rules – Arrangement in trust	17	Reprisal complaints.....	27
Designation of an exempt contribution by a survivor	17	Due dates.....	27
Donation to a qualified donee.....	18	Cancel or waive penalties or interest.....	27
Management fees	18		
Tax payable on TFSAs.....	18		
Tax payable on excess TFSA amount.....	18		
Tax payable on non-resident contributions	21		
Tax payable on prohibited investments	22		
Tax payable on non-qualified investments	22		

Definitions

Advantage – an advantage is any benefit or debt that is conditional on the existence of the TFSA, 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 TFSA 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 TFSA
- 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 TFSA within 90 days of the holder receiving a notice from CRA requiring removal

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

- a prohibited investment
- a deliberate over-contribution to a TFSA

For more information on advantages, see Income Tax Folio S3-F10-C3, Advantages – RRSPs, RESPs, RRIFFs, 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.

Common-law partner – a person who is **not your spouse**, with whom you are living in a conjugal relationship, and to whom at least **one** of the following situations applies. The person:

- has been living with you in a conjugal relationship and this current relationship has lasted at least 12 continuous months

Note

In this definition, "12 continuous months" includes any period that you were separated for less than 90 days because of a breakdown in the relationship.

- is the parent of your child by birth or adoption
- has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support

Deliberate over-contribution – a contribution that an individual makes to the TFSA that results in, or increases, an excess TFSA amount, unless it is reasonable to conclude that the individual neither knew nor ought to have known that the contribution could result in liability for a penalty or tax. Income that is reasonably attributable, directly or indirectly, to a deliberate over-contribution is an advantage subject to the special tax on advantages.

Excess TFSA amount – the total of all contributions made by the holder to all their TFSAs at or before a particular time in the calendar year, **excluding** a qualifying transfer or an exempt contribution.

Minus all of the following amounts:

- the holder's unused TFSA contribution room at the end of the preceding calendar year
- the total of all withdrawals from the holder's TFSA in the preceding calendar year, other than a qualifying transfer or a specified distribution
- for a resident of Canada at any time in the year, the TFSA dollar limit for the calendar year; for any other case, nil
- the total of all withdrawals made in the calendar year from all of the holder's TFSAs, other than a qualifying transfer or a specified distribution, or the portion of the withdrawal that is more than the excess TFSA amount determined at that time

For more information, see the definition "Qualifying portion of a withdrawal" on page 6.

Exempt contribution – a contribution made during the rollover period and designated as exempt by the survivor on prescribed Form RC240, Designation of an Exempt Contribution – Tax-Free Savings Account (TFSA), in connection with a payment received from the deceased holder's TFSA.

Exempt period – period that begins when the holder dies and that ends at the end of the first calendar year that begins after the holder's death, or when the trust ceases to exist, if earlier.

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 information on the valuation of securities of closely held corporations, see Information Circular IC89-3, Policy Statement on Business Equity Valuations.

Holder – the individual who entered into the TFSA arrangement and, after the death of the holder, the individual’s spouse or common-law partner (the survivor) if designated as the successor holder of the TFSA. The surviving spouse or common-law partner can designate a subsequent survivor as their successor holder.

Issuer – a trust company, a licensed annuities provider, a person who is, or is eligible to become, a member of the Canadian Payments Association, or a credit union with which an individual has a qualifying arrangement.

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.”

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

Non-qualified investment – any property that is not a qualified investment for the 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 TFSA holder is closely connected. It includes any of the following:

- 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 which 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 donee – the Income Tax Act permits qualified donees to issue tax receipts for donations they receive from individuals or corporations. Some examples of qualified donees are registered charities, Canadian municipalities, registered Canadian amateur athletic associations, the United Nations or one of their agencies, or universities outside Canada that accept Canadian students.

Qualified investment – an investment in properties, (except real property) including money, guaranteed investment certificates, government and corporate bonds, mutual funds, and securities listed on a designated stock exchange. The types of investments that qualify for TFSAs are generally similar to those that qualify for registered retirement savings plans. For more information, see Income Tax Folio S3-F10-C1, Qualified Investments – RRSPs, RESPs, RRIFs, RDSPs and TFSAs.

Qualifying arrangement – an arrangement that is entered into after 2008 between an issuer and an individual (other than a trust) who is at least 18 years of age that is any of the following:

- an arrangement in trust with an issuer that is authorized in Canada to offer to the public its services as a trustee
- an annuity contract with an issuer that is a licensed annuities provider
- a deposit with an issuer that is a person who is a member, or is eligible to be a member, of the Canadian Payments Association, or a credit union that is a shareholder or member of a “central” for the purposes of the Canadian Payments Act

Qualifying portion of a withdrawal – the portion of a withdrawal from the TFSA (excluding a qualifying transfer or a specified distribution), made in the year, that was required to reduce or eliminate a previously determined excess TFSA amount.

Qualifying transfer – a direct transfer between a holder’s TFSAs, or a direct transfer between a holder’s TFSA and the TFSA of their current or former spouse or common-law partner if the transfer relates to payments under a decree, order, or judgment of a court, or under a written agreement relating to a division of property in settlement of rights arising from the breakdown of their relationship and they are living separate and apart at the time of the transfer.

Rollover period – the period that begins when the TFSA holder dies and ends at the end of the calendar year that follows the year of death.

Self-directed TFSA – a vehicle that allows you to build and manage your own investment portfolio by buying and selling various types of investments.

Specified distribution – a distribution from the TFSA to the extent that it is, or is reasonably attributable to, an amount that is any of the following:

- an advantage
- specified non-qualified investment income
- income that is taxable in the TFSA trust
- income earned on excess contributions or non-resident contributions

A specified distribution does not create or increase unused TFSA contribution room in the following year, nor does it reduce or eliminate an excess TFSA amount.

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 TFSA of the holder (for example, subsequent generation income earned on non-qualified investment income or on income from a business carried on by the TFSA).

Spouse – a person to whom you are legally married.

Successor holder – in provinces or territories that permit the TFSA beneficiary designation, a successor holder is a spouse or common-law partner of the holder at the time of death, named by the deceased as the successor holder of the TFSA, who acquires all of the rights of the holder under the arrangement including the right to revoke any beneficiary designation. This spouse or common-law partner becomes the new account holder.

Survivor – an individual who is, immediately before the TFSA holder's death, a spouse or common-law partner of the holder.

Note

A survivor may designate a successor holder (for example, a new spouse or common-law partner of the survivor in case of remarriage of the survivor). A successor holder designation is effective only if it is recognized under applicable provincial or territorial law and the successor holder acquired all of the survivor's rights as holder, including the right to revoke any previous beneficiary designation made by the survivor in relation to the TFSA.

Survivor payment – a payment received by a survivor during the rollover period, as a consequence of the holder's death, directly or indirectly out of or under an arrangement that ceased to be a TFSA because of the holder's death.

Swap transaction – is any transfer of property between the TFSA and its holder (or non-arm's length person). Exceptions are provided for contributions to and distributions from the TFSA, purchase and sale transactions between the TFSA and another TFSA 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 FSAs.

Unused TFSA contribution room – the amount, either positive or negative, at the end of a particular calendar year after 2008, determined by the holder's unused TFSA contribution room at the end of the year preceding the particular year.

Plus:

- the total amount of all withdrawals made from the holder's TFSA in the preceding calendar year, excluding a qualifying transfer or a specified distribution.

- the TFSA dollar limit for the particular year if, at some point in that year, the individual is at least 18 years of age and a resident of Canada. In all other cases, the amount is nil.

Minus:

- the total of all TFSA contributions made by the holder in the particular year excluding a qualifying transfer or an exempt contribution.

What is a TFSA?

The TFSA program began in 2009. It is a way for individuals who are 18 years of age or older and who have a valid social insurance number (SIN) to set money aside tax-free throughout their lifetime.

Contributions to a TFSA are not deductible for income tax purposes. Any amount contributed as well as any income earned in the account (for example, investment income and capital gains) is generally tax-free, even when it is withdrawn.

Administrative or other fees in relation to a TFSA and any interest on money borrowed to contribute to a TFSA are not tax deductible

Types of FSAs

There are three types of FSAs that can be offered: a deposit, an annuity contract, and an arrangement in trust.

Banks, insurance companies, credit unions, and trust companies can all issue FSAs.

For more information about a certain type of FSA, contact a FSA issuer.

Who can open a TFSA?

Any individual that is a resident of Canada who has a valid SIN and who is 18 years of age or older is eligible to open a TFSA.

Any individual that is a non-resident of Canada who has a valid SIN and who is 18 years of age or older is also eligible to open a TFSA. However, any contributions made while a non-resident will be subject to a 1% tax for each month the contribution stays in the account. For more information, see "Non-residents of Canada" on page 12.

You cannot open a TFSA or contribute to one until you turn 18. However, when you turn 18, you will be able to contribute up to the full TFSA dollar limit for that year.

Example

Julie turns 18 on May 13, 2022. She will not be able to open and contribute to a TFSA until that date. However, from May 13, 2022, she can open a TFSA and contribute up to the full 2022 TFSA dollar limit.

Note

In certain provinces and territories, the legal age at which an individual can enter into a contract (which includes opening a TFSA) is 19. In this case, when the individual turns 19 and is able to enter into a contract in that jurisdiction, the TFSA contribution room for the year an individual turns 18 is carried over to the following year.

How to open a TFSA

You can have more than one TFSA at any given time, but the total amount you contribute to your TFSAs cannot be more than your available TFSA contribution room for that year.

To open a TFSA, you must do both of the following:

1. Contact your financial institution, credit union, or insurance company (issuer).
2. Provide the issuer with your SIN and date of birth so the issuer can register your qualifying arrangement as a TFSA. Your issuer could ask for supporting documents.

Note

If you do not provide this information or provide incorrect information to your issuer, the registration of your TFSA can be denied. If your TFSA is not registered, any income that is earned will have to be reported on your income tax and benefit return.

Self-directed TFSA

You can set up a self-directed TFSA if you prefer to build and manage your own investment portfolio by buying and selling different types of investments. For more information, contact a TFSA issuer.

Contributions

You do not need to have earned income to contribute to a TFSA. The maximum amount that you can contribute to your TFSA is limited by your **TFSA contribution room**.

All TFSA contributions made during the year, including the replacement or re-contribution of withdrawals made from a TFSA, will count against your contribution room.

Note

Qualifying transfers, exempt contributions and specified distributions are not considered in the calculation of contribution room.

At any time in the year, if you contribute more than your available TFSA contribution room you will have to pay a tax equal to 1% of the highest excess TFSA amount in the month, for each month that the excess amount stays in your account. For more information, see "Tax payable on excess TFSA amount" on page 18.

As the account holder, you are the only person who can do the following with your TFSA:

- make contributions
- make withdrawals
- determine how funds are invested

You can give your spouse or common-law partner money so that they can contribute to their own TFSA, and this amount or any earned income from that amount will not be allocated back to you. The total contributions you each make to your own TFSAs cannot be more than your TFSA contribution room. For more information, see "TFSA contribution room" on this page.

Management fees related to a TFSA trust and paid by the holder are not considered to be contributions to the TFSA. The payment of investment counsel, transfer, or other fees by a TFSA trust will not result in a distribution (withdrawal) from the TFSA trust.

TFSA contribution room

Your TFSA contribution room is the maximum amount that you can contribute to your TFSA.

Only contributions made under a valid SIN are accepted as TFSA contributions.

If you were 18 or older in 2009, your TFSA contribution room grows each year even if you do not file an income tax and benefit return or open a TFSA.

If you turned 18 after 2009, your TFSA contribution room starts in the year you turned 18 and your TFSA contribution room accumulates every year after that year.

Investment income earned by, and changes in the value of your TFSA investments will not affect your TFSA contribution room for current or future years.

The annual TFSA dollar limit for the years **2009 to 2012** was **\$5,000**.

The annual TFSA dollar limit for the years **2013 and 2014** was **\$5,500**.

The annual TFSA dollar limit for the year **2015** was **\$10,000**.

The annual TFSA dollar limit for the years **2016 to 2018** was **\$5,500**.

The annual TFSA dollar limit for the years **2019 to 2022** is **\$6,000**.

The TFSA annual room limit will be indexed to inflation and rounded to the nearest \$500.

Example

Brayden was eager to open his TFSA, but he didn't turn 18 until December 21, 2020. On January 4, 2021, he opened a TFSA and contributed \$12,000 (\$ 6,000 for 2020 plus \$6,000 for 2021 – the maximum TFSA dollar limits for those years). On the advice of his broker, he had opened a self-directed TFSA and invested in stocks that increased in value. By the end of 2021, the value in Brayden's TFSA had increased to \$12,800. Brayden was worried that for 2022, he would only be able to contribute \$5,200 (the TFSA dollar limit of \$6,000 for 2022 less the \$800 increase in value in his TFSA through 2021). Neither the earnings produced in the account nor the increase in its value will reduce the TFSA contribution room in the following years, so Brayden can contribute up to \$6,000 in 2022 to his TFSA.

Where can I find my TFSA contribution room information?

Your TFSA contribution room information can be found by using one of the following services:

- My Account at canada.ca/my-cra-account.
- MyCRA at canada.ca/cra-mobile-apps.
- Represent a Client at canada.ca/taxes-representatives if you have an authorized representative.
- Tax Information Phone Service (TIPS) at 1-800-267-6999.

In addition, if you want to receive a TFSA Room Statement, call us. You can also ask for a TFSA Transaction Summary that shows the information that we received from your TFSA issuer(s) about your contributions and withdrawals.

If the information that we have about your TFSA transactions is not complete or if you have made contributions to your TFSA this year, use Form RC343, Worksheet – TFSA contribution room, to calculate your TFSA contribution room for the current year. If we have deemed your unused TFSA contribution room to be a specific amount, do not use this form; call us for more information.

You must keep records about your TFSA transactions to make sure that your contributions do not go over your TFSA contribution room. We will keep track of an individual's contribution room and determine the available TFSA contribution room for each eligible individual based on information provided annually by the TFSA issuers.

How to authorize a representative

You can authorize a representative (such as your spouse or common-law partner, tax preparer, or accountant) to get information about your tax matters and give us information on your behalf. We will accept information from and/or provide information to your representative **only** after we are satisfied that you have authorized us to do so through My Account at canada.ca/my-cra-account, or go to canada.ca/taxes-representative-authorization.

Your authorization will stay in effect until any one of the following situations applies:

- it is cancelled by you or your representative
- it reaches the expiry date you choose
- we receive notification of your death.

You or your representative can cancel the consent you gave by telephone or in writing.

If you were the legal representative of a deceased person, see Guide T4011, Preparing Returns for Deceased Persons, to know what documents are required.

Learn more about representatives by going to "Authorizing a representative" at canada.ca/taxes-representative-authorization

How to find your online mail

Some Tax Free Savings Account letters are available for online mail. Once you are registered for online mail, the CRA will send you an email notification when you have new mail to view in your secure online account. Correspondence available through online mail will no longer be printed and mailed through Canada Post. To learn more, go to canada.ca/taxes-online-mail.

How to know your TFSA contribution room

The TFSA contribution room is the total amount of all of the following:

- the TFSA dollar limit of the current year
- any unused TFSA contribution room from previous years
- any withdrawals made from the TFSA in the previous year

Note

Qualifying transfers, exempt contributions and specified distributions are not considered in the calculation of contribution room.

Example

From 2014 until the end of 2020, Josh contributed the maximum TFSA dollar limit each year. As a result of his \$6,000 contribution in 2020, his unused TFSA contribution room at the end of 2020 was zero.

His TFSA contribution room at the beginning of 2021 was \$6,000 (the 2021 TFSA dollar limit).

On June 15, 2021, Josh made a contribution of \$500. On October 26, 2021, he withdrew \$4,000.

His unused TFSA contribution room at the end of 2021 was \$5,500 (\$6,000-\$500).

Josh calculated his TFSA contribution room for the beginning of 2022 as follows:

TFSA contribution room at the beginning of 2022	
TFSA contribution room at the beginning of 2021	\$ 6,000
Minus: Contributions made in 2021	- \$ 500
Unused TFSA contribution room at the end of 2021	\$ 5,500
Plus: Total withdrawals made in 2021	+ \$ 4,000
Plus: 2022 TFSA dollar limit	+ \$ 6,000
TFSA contribution room at the beginning of 2022	<u>\$15,500</u>

The TFSA contribution room will not accumulate for any year during which the individual is a non-resident of Canada throughout the entire year.

The TFSA dollar limit is not prorated in the year when an individual meets any one of the following conditions:

- turns 18 years of age
- dies
- becomes a resident or a non-resident of Canada

How do we receive your TFSA information?

By the last day of February of the following year, all issuers are required to electronically send a TFSA record to us for each individual who has a TFSA.

If you disagree with any of the information on your TFSA Room Statement, or TFSA Transaction Summary, including dates or amounts of contributions or withdrawals which your TFSA issuer has provided to us, contact your TFSA issuer. If any information initially provided by the issuer about your account is incorrect, the issuer must send us a revised record so that we can update our records.

You can view your TFSA Transaction Summary online. Go to **My Account** at canada.ca/my-cra-account to see all the contributions and withdrawals made to your TFSA.

Types of permitted investments

Generally, the types of investments that are permitted in a TFSA are the same as those permitted in a registered retirement savings plan (RRSP). These would include the following types:

- cash
- mutual funds
- securities listed on a designated stock exchange
- guaranteed investment certificates
- bonds
- certain shares of small business corporations

Losses incurred within a TFSA investment

Depending on the type of investment held in your TFSA, you could incur a loss in your original investment. Any investment losses within a TFSA are not considered a withdrawal and therefore are not part of your TFSA contribution room.

Example

Amanda opened a TFSA on March 20, 2022, and invested \$5,000 in stocks. During the year the value of her stocks decreased and on December 31, 2022, the fair market value of these stocks was reduced to \$1,000. As a result, Amanda decided to withdraw the \$1,000 left in her investment and close her TFSA.

The \$4,000 loss that Amanda incurred during the year is not considered a “withdrawal.” The only amount that would be part of her TFSA room calculation is the \$1,000 that was withdrawn when she closed her TFSA.

Foreign funds

You can contribute foreign funds to a TFSA. However, your issuer will convert the funds to Canadian dollars (using the exchange rate on the date of the transaction), when reporting this information to us. The total amount of your contribution, in Canadian dollars, **cannot be more than** your TFSA contribution room.

If dividend income from a foreign country is paid to a TFSA, the dividend income could be subject to foreign withholding tax.

“In kind” contributions

You can also make “in kind” contributions (for example, securities you hold in a non-registered account) to your TFSA, as long as the property is a qualified investment.

You will be considered to have disposed of the property at its fair market value (FMV) at the time of the contribution. If the FMV is more than the cost of the property, you will have to report the capital gain on your income tax and benefit return. However, if the cost of the property is more than its FMV, you cannot claim the resulting capital loss. The amount of the contribution to your TFSA will be equal to the FMV of the property.

Transfers from your RRSP

If you transfer an investment from your RRSP to your TFSA, you will be considered to have withdrawn the investment from the RRSP at its FMV. That amount will be reported as an RRSP withdrawal and must be included in your income in that year. You can claim the tax withheld on the withdrawal at line 43700 of your income tax and benefit return. If the transfer into your TFSA takes place immediately, the same value will be used as the amount of the contribution to the TFSA. If the contribution to the TFSA is deferred, the amount of the contribution will be the FMV of the investment at the time of that contribution.

Except in certain circumstances, you cannot exchange securities for cash, or other securities of equal value, between your accounts, either between two registered accounts or between a registered and a non-registered account (swap).

Withdrawals from a TFSA

A qualifying transfer from one TFSA to another is not considered to be a withdrawal.

Making withdrawals

Depending on the type of investment held in your TFSA, you can generally withdraw any amount from the TFSA at any time. Withdrawing funds from your TFSA does not reduce the total amount of contributions you have already made for the year.

Withdrawals, excluding qualifying transfers and specified distributions, made from your TFSA in the year will only be added back to your TFSA contribution room at the beginning of the following year.

Example

From 2012 until the end of 2018, Cedric contributed the maximum TFSA dollar amount each year to his TFSA. In 2019, the TFSA dollar limit is \$6,000 and Cedric contributes \$2,000 for that year. He now has an unused TFSA contribution room of \$4,000 calculated as below:

2019 TFSA dollar limit		\$6,000
2019 contributions	-	\$2,000
Unused TFSA contribution room available for future years	=	\$4,000

In 2020 and 2021, Cedric does not contribute to his TFSA, but he makes a \$1,000 withdrawal from his account in 2020. Even though he makes this withdrawal in 2020, it will not be added to his TFSA contribution room until 2021.

The calculation below shows his TFSA contribution room for 2020, 2021, and 2022:

2019 unused TFSA contribution room		\$4,000
2020 TFSA dollar limit	+	\$6,000
2020 unused TFSA contribution room available for future years	=	\$10,000

Cedric's TFSA contribution room for 2021

2020 unused TFSA contribution room		\$10,000
2020 withdrawal	+	\$1,000
2021 TFSA dollar limit	+	\$6,000
TFSA contribution room at the beginning of 2021	=	\$17,000

Cedric's TFSA contribution room for 2022

2021 unused TFSA contribution room		\$17,000
2022 TFSA dollar limit	+	\$6,000
TFSA contribution room at the beginning of 2022	=	\$23,000

Replacing withdrawals

If you decide to replace or re-contribute all or a part of your withdrawals into your TFSA **in the same year**, you can only do so if you have available TFSA contribution room. If you re-contribute but do not have contribution room, you will have over-contributed to your TFSA in the year. You will be subject to a tax equal to 1% of the highest excess TFSA amount in the month, for each month that the excess amount stays in your account. For more information on withdrawing amounts from your TFSA, contact your TFSA issuer.

Example

Since opening her TFSA in 2009, Jenny has contributed the maximum TFSA dollar limit each year. At the end of 2021, she has no TFSA contribution room left. In 2022, Jenny makes a \$6,000 contribution, the TFSA dollar limit for 2022. Later that year, she withdraws \$3,000 for a trip. Unfortunately, her plans change and she cannot go. There are choices Jenny could make regarding her TFSA withdrawal as described on page 12.

If Jenny wishes to re-contribute part or all of the \$3,000 she withdrew, she will have to wait until the beginning of 2023 to do so. The \$3,000 will be added to her TFSA contribution room at the beginning of 2023.

If she re-contributes any of the withdrawn amount before 2023, she will have an excess amount in her TFSA and will be charged a tax equal to 1% of the highest excess TFSA amount for each month that the excess stays in her account.

Non-residents of Canada

You could be considered a non-resident for tax purposes if you meet any of the following conditions:

- you normally, customarily, or routinely live in another country and are not considered a resident of Canada
- you do not have residential ties in Canada, **and either one** of the following situations applies:
 - you live outside Canada throughout the tax year
 - you stay in Canada for less than 183 days in the tax year

Even if you no longer live in Canada, you could have residential ties in Canada that are enough for you to be considered a factual or deemed resident of Canada. In these cases, the regular rules for opening a TFSA still apply.

Residential ties include:

- a home in Canada
- a spouse or common-law partner or dependants in Canada
- personal property in Canada, such as a car or furniture
- social ties in Canada

Other ties that can be relevant include:

- Canadian driver's license
- Canadian bank accounts or credit cards
- hospitalization and medical insurance coverage from a province or territory of Canada

For more information on residential ties, see Income Tax Folio S5-F1-C1, Determining an Individual's Residence Status, or call the International Enquiries for Individuals and Trusts at one of the following numbers:

- **1-800-959-8281** (from anywhere in Canada and the United States)
- **613-940-8495** (from outside Canada and the United States).

We accept collect calls by automated response. You may hear a beep and experience a normal connection delay.

If you become a non-resident of Canada, or are considered to be a non-resident for income tax purposes:

- you will be allowed to keep your TFSA and you will not be taxed **in Canada** on any earnings in the account or on withdrawals from it
- no TFSA contribution room will accrue for any year throughout which you are a non-resident of Canada
- any withdrawals made during the period that you were a non-resident will be added back to your TFSA contribution room in the following year, but will only be available if you re-establish your Canadian residency status for tax purposes

You can contribute to a TFSA up to the date that you become a non resident of Canada. The annual TFSA dollar limit is not prorated in the year of emigration or immigration.

If you make a contribution, except for a qualifying transfer or an exempt contribution, while you are a non resident, you will be subject to a 1% tax for each month the contribution stays in the account. You can also be liable for other taxes. For more information, see "Tax payable on non resident contributions" on page 20.

Impact on your government benefits and credits

Your federal income tested benefits and credits such as Old Age Security (OAS) benefits, the Guaranteed Income Supplement (GIS), or Employment Insurance (EI) benefits will not be reduced as a result of the income you earn in your TFSA or the amount you withdraw from your TFSA.

The income earned in the account or amounts withdrawn from a TFSA will also not affect your eligibility for federal credits, including the Canada child benefit (CCB), the Canada workers benefit (CWB), the goods and services tax/harmonized sales tax (GST/HST) credit, or the age amount. You can withdraw money from the TFSA at any time, for any reason, with no tax consequences, and without affecting your eligibility for federal income-tested benefits and credits.

You can use My Account or the MyBenefits CRA mobile app to securely access your benefit information. To learn more, go to canada.ca/my-cra-account or canada.ca/cra-mobile-apps.

Example

Denis is retired. In addition to his pension, he receives OAS and Canada Pension Plan (CPP) benefits. He earns \$500 a year in interest income from his TFSA savings. Neither this income nor any TFSA withdrawals will affect any federal income-tested benefits or credits he receives as they do not have to be included on his income tax and benefit return. If he had earned \$500 in a regular savings account instead, it would have to be included on his income tax and benefits return and he would have to pay more tax and could have to repay some of his social benefits.

Denis' income	Funds in a TFSA	Funds outside a TFSA
Total pension income	\$48,250	\$48,250
Total CPP benefits	\$12,017	\$12,017
Total OAS benefits	\$5,933	\$5,933
Interest income to be reported on the income tax return	\$0	\$500
Total income	\$66,200	\$66,700
Fictitious base amount for social benefits repayments	\$66,250	\$66,250
Amount over base amount	\$0	\$450
Multiplied by 15%	× 15%	× 15%
Amount to be included as a social benefit repayment	\$0	\$67.50

Qualifying transfers

Transfers between your own TFSAs and those completed upon the breakdown of a marriage or common-law partnership are considered qualifying transfers. **All** qualifying transfers **must** be completed by a financial institution.

Transfers between your own TFSAs

If you want to transfer funds from one TFSA to another or from one issuer to another, there will be no tax consequences if your issuer completes a **direct transfer** on your behalf. For more information, contact your issuer.

Notes

If you withdraw the funds yourself and contribute the same funds to another TFSA, this transaction would not be considered a direct transfer and could have tax consequences.

In this situation, the funds will be treated as a regular contribution which will reduce your TFSA contribution room for the year. If you do not have sufficient contribution room, you will have over-contributed to your TFSA and will be subject to a 1% tax on the highest excess TFSA amount in the month, for each month that the excess stays in the account.

Example

On May 5, 2022, Michel contributed \$6,000 to his TFSA in Bank "A" leaving him with a remaining TFSA contribution room of zero.

In July, he received his TFSA statement from Bank "A" which showed there was only a minimal growth (\$25) from his investment. Michel decided to talk to other financial institutions to see if they could offer a better rate of return for his TFSA investment. Michel found a better rate offered at another financial institution and decided to transfer the funds from his TFSA account to Bank "B."

For Michel's TFSA contributions to be considered a qualifying transfer, with no tax consequences, Bank "A" **must** complete a direct transfer of funds to Bank "B." If, instead, Michel went into Bank "A" in July, and withdrew the amount in his TFSA and walked into Bank "B" to open a new TFSA with a contribution of \$6,025, the contribution would be treated as an ordinary contribution and because his unused TFSA contribution room was already zero, he would have an excess TFSA amount of \$6,025 and would have to pay a 1% per month tax on the excess TFSA amount for as long as the excess TFSA amount remained in his account. The withdrawal from Bank "A" would be added back to his contribution room at the beginning of 2023.

In addition, if Michel left his contribution to Bank "B" in his TFSA for the rest of the year, his tax would be calculated as follows:

- highest excess TFSA amount per month from July to December was \$6,025
- tax of 1% per month on the highest excess TFSA amount is \$361.50 ($\$6,025 \times 1\% \times 6$ months)

Transfers upon breakdown of marriage or common-law partnership

When there is a breakdown in a marriage or common-law partnership, an amount can be transferred directly from one individual's TFSA to the other's TFSA without affecting either individual's contribution room. The transfer must be completed **directly** between the TFSAs by the issuer.

If you are in this situation, you must meet both of the following conditions:

- you and your current or former spouse or common-law partner were living separate and apart at the time of the transfer
- you are entitled to receive, or required to pay, the amount under a decree, order, or judgment of a court, or under a written separation agreement to settle rights arising out of your relationship on or after the breakdown of your relationship

When these conditions are met, the transfer is a qualifying transfer and will not reduce the recipient's eligible TFSA contribution room. Since this transfer is not considered a withdrawal, the transferred amount will not be added back to the transferor's contribution room at the beginning of the following year.

Also, the transfer will not remove any excess TFSA amount, **if applicable**, in the payer's TFSA.

Note

If, instead of choosing to have the amount directly transferred, an individual chooses to receive the settlement amount before deciding to contribute part or all of it to their own TFSA, then any such contribution is considered as a regular contribution that reduces the balance of their TFSA contribution room.

Death of a TFSA holder

After the holder of a TFSA dies, possible tax implications can vary depending on one or more of the following factors:

- the type of TFSA
- the type of beneficiary(ies)
- whether any income was earned after the date of death
- how long, after the date of death, before amounts are distributed to beneficiaries

Depending on the factors that apply, the following can be affected:

- whether the deceased's TFSA continues to exist or is considered to have ceased
- how income earned after the date of death can be reported and taxed
- whether a beneficiary can contribute amounts received to their own TFSA, within certain limits, and whether such a contribution would affect their unused TFSA contribution room

Types of beneficiaries

The types of beneficiaries for TFSA purposes are:

- a survivor who has been designated as a successor holder
- designated beneficiaries (for example, a survivor who has not been named as a successor holder), former spouses or common-law partners, children, and qualified donees

Determining the type of beneficiary is the first important step. The types of beneficiary can be affected by:

- designations which could have been made in the deceased holder's TFSA contract
- the terms of the deceased holder's will, if there is one
- provincial or territorial succession legislation

Note

If you want to change a prior beneficiary designation, contact your TFSA issuer.

Successor holder

In provinces or territories that recognize a TFSA beneficiary designation, the survivor can be designated as a successor holder in the TFSA contract or in the deceased holder's will.

A survivor can be named in the deceased holder's will as a successor holder to a TFSA if the terms of the will state that the successor holder receives all of the holder's rights including the unconditional right to revoke any beneficiary designation, or similar direction imposed by the deceased holder under the arrangement or relating to property held in connection with the arrangement.

If named as the successor holder, the survivor will become the new holder of the TFSA immediately upon the death of the original holder.

Example

Ginette and her husband Paul lived in a province that recognizes a TFSA beneficiary designation. Ginette was the holder of a TFSA and designated Paul as the successor holder. Ginette died on February 15, 2022. The value of her TFSA on that date was \$10,000. There was no excess TFSA amount in her account. Her estate was finally settled on September 1, 2022. By that time, an additional \$200 of income had been earned.

Since Paul met all the conditions, he became the successor holder of Ginette's TFSA as of the date of her death.

The FMV of \$10,000 as of the date of death is not taxable to Paul. The \$200 of income earned after the date of death (and any subsequent income earned) is also not taxable to Paul. No T4A slip would be issued and Form RC240, Designation of an Exempt Contribution – Tax-Free Savings Account (TFSA), is not required in this situation.

This is because Ginette was a resident, at the time of her death, in a province that recognizes TFSA beneficiary designations.

This rule applies for all three types of TFSAs: deposit, annuity contract, and trust arrangement.

The deceased holder is not considered to have received an amount from the TFSA at the time of death if the holder named his or her survivor as the successor holder of the TFSA. In this situation, the TFSA continues to exist and the successor holder assumes ownership of the TFSA contract and all of its contents. However, where the TFSA contract is a trust arrangement, the trust continues to be the legal owner of the property held in the TFSA.

The TFSA continues to exist and both its value, at the date of the original holder's death, and any income earned after that date continue to be sheltered from tax under the new successor holder.

Except in cases where an excess TFSA amount remained in the deceased holder's TFSA at the time of their death, the successor holder's unused TFSA contribution room is unaffected by their having assumed ownership of the deceased holder's account.

The issuer will notify us of this change in ownership.

The successor holder, after taking over ownership of the deceased holder's TFSA, can make tax-free withdrawals from that account. The successor holder can also make new contributions to that account, depending on their own unused TFSA contribution room.

If the successor holder already had their own TFSA, then they would be considered as the holder of two separate accounts. If they wish, they can **directly transfer** part or all of the value from one to the other (for example, to consolidate accounts). This would be considered as a qualifying transfer and would not affect available TFSA contribution room.

In certain cases, a survivor, designated as the successor holder of a TFSA, could not have a valid Canadian social insurance number (SIN), which is one of the eligibility requirements for opening a TFSA. If the survivor is a Canadian resident, they should apply to Service Canada to get a valid Canadian SIN.

If the survivor is a non-resident, they should ask for an individual tax number from the CRA by completing Form T1261, Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents.

Excess TFSA amount at the time of death

If, at the time of death, there is an excess TFSA amount in the deceased holder's TFSA, a tax of 1% per month applies to the deceased holder on the highest excess TFSA amount for each month in which the excess stays in the TFSA, up to and including the month of death. The legal representative must file Form RC243, Tax-Free Savings Account (TFSA) Return, and Form RC243-SCH-A, Schedule A – Excess TFSA Amounts, for that period.

Also, the successor holder is deemed to have made, at the beginning of the month following the date of death, a contribution to their TFSA equal to the amount by which the excess TFSA amount is more than the total FMV, at the date of the holder's death, of all property under any arrangements that ceased to be a TFSA because of the holder's death. If that contribution creates an excess TFSA amount in the successor holder's TFSA, they will be subject to a tax of 1% per month on the highest amount for each month they have an excess contribution.

Example 1

Miriam and Pauline were a married couple. Each had available TFSA contribution room of \$6,000 at the beginning of 2022. Miriam initially contributed \$6,000 to her TFSA, and Pauline contributed \$1,500 to hers. On June 12, 2022, Miriam contributed an additional \$2,000 to her TFSA, bringing her total contributions for 2022 to \$8,000.

As Miriam only had contribution room of \$6,000 for 2022, she had an excess TFSA amount of \$2,000. Miriam passed away on September 18, 2022, and the value of her TFSA on that date was \$8,000. Miriam had named Pauline as the successor holder of her TFSA if she dies. As Pauline meets all the conditions to be considered a successor holder, she becomes the holder of the TFSA from September 18, 2022.

Since an excess TFSA amount remained in Miriam's TFSA at the time of her death, Pauline is deemed to have made, on October 1, 2022, a \$2,000 contribution to her TFSA (which is the excess amount in Miriam's TFSA). As Pauline had only previously contributed \$1,500 to her own TFSA, she still had unused TFSA contribution room for 2022 of \$4,500. As a result, the \$2,000 deemed contribution does not create an excess TFSA amount in her account.

Therefore, there are no tax consequences to Pauline based on this deemed contribution. Her unused contribution room for the rest of 2022 is \$2,500. However, the legal representative of Miriam's estate must file Form RC243, Tax-Free Savings Account (TFSA) Return, and Form RC243-SCH-A, Schedule A – Excess TFSA Amounts, for the 2022 tax year reporting the excess in Miriam's TFSA for the period from June up to and including September 2022.

Example 2

From the situation above, if Pauline had initially contributed \$6,000 to her own TFSA on May 10, 2022, instead of the \$1,500 previously noted, the \$2,000 deemed contribution on October 1, 2022, would have resulted in total contributions to her TFSA in 2022 of \$8,000.

Pauline's TFSA contribution room at the beginning of 2022 was \$6,000. As a result of the deemed contribution, she would be considered to have an excess TFSA amount of \$2,000 (\$8,000-\$6,000). In this situation, Pauline would be subject to a tax of 1% per month on this excess TFSA amount for as long as it remained in her account.

Designated beneficiaries

Designated beneficiaries can include a survivor who has not been named as a successor holder, former spouses or common-law partners, children, a designated subsequent survivor holder who is the new spouse or common-law partner of the successor holder, and qualified donees.

A designated beneficiary will not have to pay tax on payments made out of the TFSA, as long as the total payments do not exceed the FMV of all the property held in the TFSA at the time of the holder's death.

Beneficiaries (other than a survivor) can contribute any of the amounts they receive to their own TFSA as long as they have unused TFSA contribution room available.

A survivor who is a beneficiary has the option to contribute and designate all or a portion of a survivor payment as an exempt contribution to their own TFSA. As long as they meet certain conditions and limits, this transaction will not affect their own unused TFSA contribution room. For more information, see "Designation of an exempt contribution by a survivor" on page 17.

If, at the time of death, there was an excess TFSA amount in the deceased holder's TFSA, a tax of 1% per month is payable on the highest excess amount for each month the excess stayed, up to and including the month of death. The legal representative must file Form RC243, Tax-Free Savings Account (TFSA) Return, and Form RC243-SCH-A, Schedule A – Excess TFSA Amounts.

If no successor holder or beneficiary is designated in the TFSA contract or will, the TFSA property is directed to the deceased holder's estate and distributed in accordance with the terms of the deceased holder's will.

General rules – Deposit or annuity contract

If there is no successor holder, the TFSA ceases to exist when the holder of a deposit or an annuity contract under a TFSA dies. The holder is considered to have disposed of the contract or the deposit immediately before the time that the TFSA ceased to exist for an amount equal to the FMV of all the property held in the TFSA at the time of death.

After the holder's death, the deposit or annuity contract is considered to be a separate contract and is no longer considered as a TFSA. All earnings that grow after the holder's death will be taxable to the beneficiary.

The normal rules apply for reporting income or gains accrued after the date of death, depending on the specific characteristics of the deposit or annuity contract. For example, interest earned would be reported on a T5, Statement of Investment Income.

General rules – Arrangement in trust

If there is no successor holder, a TFSA that is an arrangement in trust is deemed to continue and it stays a non-taxable trust until the end of the exempt period.

All income earned during the exempt period and paid to the beneficiaries, will be included in their income, while earnings that accrued before death remain exempt. In other words, any amount up to the FMV of the deceased holder's TFSA as of the date of death can be paid to beneficiaries, without them having to report any amount as income.

Any amount paid to beneficiaries that represents an increase in the FMV after the date of death is taxable to the beneficiaries and has to be reported by them as income. Such payments will appear in box 134, "Tax-Free Savings Account (TFSA) taxable amount" in the "Other information" section of a T4A, Statement of Pension, Retirement, Annuity, and Other Income.

The trust has the exempt period within which to distribute both the taxable and non-taxable amounts. The trustee will assign the part of each payment that represents non-taxable FMV at the date of death with the rest being taxable.

Payments of amounts earned above the FMV made by the trust to a non-resident beneficiary, including a non-resident survivor, from a deceased holder's TFSA during the exempt period are reported on an NR4 slip, Statement of Amounts Paid or Credited to Non-Residents of Canada. These payments are subject to non-resident withholding tax.

If the trust continues to exist beyond the end of the exempt period (for example, not all amounts from the deceased's TFSA have been paid to beneficiaries), it will be taxable from that point forward. It becomes a taxable inter-vivos trust with a tax year beginning January 1 of the following calendar year. The trust will be treated as having disposed of and immediately reacquired its property for its FMV at that time. For as long as it continues to exist, the trust would itself be taxable on any undistributed income (including, for its first tax year, any undistributed income or gains during the exempt period) and required to annually file a T3RET, T3 Trust Income Tax and Information Return. The trust will also be required to prepare a T3, Statement of Trust Income Allocations and Designations, in that year or later years for any distributions of taxable amounts to beneficiaries.

Example

Martin's mother, who lived in a province that recognizes a TFSA beneficiary designation, passed away on January 9, 2022. The value of her TFSA on that date was \$11,000. There was no excess TFSA amount in her account. In her TFSA contract, she had named Martin as the sole beneficiary. Her estate was settled on June 7, 2022. By that time, \$200 in additional income had been earned, and the full amount of \$11,200 was paid to Martin.

The value of Martin's late mother's TFSA, as of the date of her death—\$11,000, is not taxable. The income earned after the date of her death, \$200, is taxable to Martin. He will receive a T4A slip showing this amount in box 134 "Tax-Free Savings Account (TFSA) taxable amount" in the "Other information" section. Martin can contribute any of the amounts he receives to his own TFSA as long as he has unused TFSA contribution room available.

Designation of an exempt contribution by a survivor

If designated as a beneficiary, the survivor has the option to contribute and designate all or a portion of a survivor payment as an exempt contribution to their own TFSA, without affecting their own unused TFSA contribution room, subject to certain conditions and limits.

Beneficiaries (other than the survivor) who receive a payment from the deceased holder's TFSA cannot contribute and designate any amount as an exempt contribution.

For the survivor to designate an exempt contribution, the amount must be received and contributed to their TFSA during the rollover period. Also, the survivor must designate their survivor payments as an exempt contribution on Form RC240, Designation of an Exempt Contribution – Tax-Free Savings Account (TFSA), and send the designation within 30 days after the day the contribution is made or at a later time as permitted by the Minister of National Revenue.

The total exempt contributions designated during the rollover period cannot exceed the FMV of the deceased holder's TFSA at the time of death.

Generally, if the TFSA of the deceased holder includes an excess TFSA amount at the time of death, if payments are being received by more than one survivor, or if the survivor payment and/or the contribution is made after the rollover period, no amount of the survivor payment can be designated as an exempt contribution. If any of these circumstances are present, call us to find out whether a designation can still be made.

Example

Brian died on February 2, 2022. He was living with his common-law partner, Fred, in Ontario. The value of his trustee TFSA on that date was \$9,000. There was no excess TFSA amount in his account. In Brian's TFSA contract, he had not filled out the part about a successor holder, but he named Fred as the beneficiary. His estate was settled on August 15, 2022. By that time, an additional \$150 of income had been earned, and the full amount of \$9,150 was paid to Fred.

The value of Brian's TFSA as of the date of his death, \$9,000, is not taxable. The additional income earned after the date of death, \$150, is taxable to Fred. His T4A slip will show an amount in box 134 "Tax-Free Savings Account (TFSA) taxable amount" in the "Other information" section.

The amount paid to Fred, as the surviving common-law partner, is considered a survivor payment. Since the survivor payment was made during the rollover period, Fred can rollover up to \$9,000 (the value of the TFSA as of the date of death) to his own TFSA, as an exempt contribution.

An exempt contribution does not affect Fred's unused TFSA contribution room. For the contribution of a survivor payment to be considered an exempt contribution during the rollover period, Fred must designate it on Form RC240, Designation of an Exempt Contribution – Tax-Free Savings Account (TFSA), within 30 days after the contribution is made or at a later time as permitted by the Minister of National Revenue.

Donation to a qualified donee

If a qualified donee was named as a beneficiary of the deceased holder's TFSA, the transfer of funds to the qualified donee must generally occur within the 36-month period after the holder's death. If necessary, once the donation has been completed, it is possible to ask to have the deceased's income tax and benefit return for the year of death changed to claim the charitable donation tax credit.

Management fees

Management fees related to a TFSA trust and paid by the holder are not considered to be contributions to the TFSA. The payment of investment counsel, transfer, or other fees by a TFSA trust will not result in a distribution (withdrawal) from the TFSA trust.

Tax payable on TFSAs

Generally, interest, dividends, or capital gains earned on investments in a TFSA are not taxable — either while held in the account or when withdrawn.

There are, however, certain circumstances under which one or more taxes could be payable with respect to a TFSA. The following sections provide information and examples of when and how these taxes are payable, and by whom.

Normally, in most TFSA situations, there is no tax payable, and therefore, a TFSA return is not required; however, where one or more of TFSA taxes are payable, a TFSA return must be filled out and sent by **June 30** of the year following the calendar year in which the tax arose.

Tax payable on excess TFSA amount

You have an excess TFSA amount at any time in a year as soon as the total of all TFSA contributions you made in the year (other than a qualifying transfer or an exempt contribution) exceeds the total of your TFSA contribution room at the beginning of the year, plus any qualifying portion of a withdrawal made in the year up to that time.

The qualifying portion of the withdrawal is the amount of the withdrawal or the previously determined excess TFSA amount, whichever is less.

For more information, see the definition "Qualifying portion of a withdrawal" on page 6.

Any portion of a withdrawal that does not reduce or remove a previously determined excess TFSA amount is not a qualifying portion of the withdrawal and cannot be used to reduce or remove any future excess TFSA amount that can be created. For more information, see examples 1, 2 and 3 that follows.

If, at any time in a month, you have an excess TFSA amount, you are liable to a tax of 1% on your highest excess TFSA amount in that month. For more information, see example 4 on page 19.

Note

If an excess TFSA amount exists in the account as of the date of death of a TFSA holder and there is a successor holder, see “Successor holder” on page 15.

Example 1

In 2022, Joelle begins the year with a TFSA contribution room of \$6,000.

Joelle’s contributions and withdrawals for 2022 are the following amounts:

- contribution on April 25 \$2,000
- contribution on May 16 \$4,000
- withdrawal on June 15 \$2,000
- contribution on August 23 \$2,000
- withdrawal on September 8 \$1,500

Joelle’s first two contributions, in April and May, reduced her TFSA contribution room to zero. Since her June withdrawal does not get added back to her contribution room until the following year, her August contribution caused an excess TFSA amount of \$2,000 in that month. Her September withdrawal of \$1,500 would be considered a **qualifying portion of the withdrawal** in computing her highest excess TFSA amount for the following month, October. An excess TFSA amount of \$500 stays until the end of the year and she will have to pay a 1% tax for the months of August to December.

Joelle’s tax would be calculated as follows:

- highest excess TFSA amount per month for August and September was \$2,000. Tax of 1% per month on the highest excess amount is \$40 ($\$2,000 \times 1\% \times 2$ months).
- highest excess TFSA amount per month for October to December was \$500. Tax of 1% per month on the highest excess amount is \$15 ($\$500 \times 1\% \times 3$ months).

Joelle’s withdrawals from her TFSA will be added to her TFSA room at the beginning of 2023.

Example 2

Since opening his TFSA in 2013, Gilles, who is 21 years of age and a Canadian resident, contributed the maximum amount he could contribute to his TFSA each year. On March 3, 2022, he contributed an additional \$8,000. Since Gilles’ TFSA contribution room at the beginning of 2022 was only \$6,000 (the TFSA dollar limit for 2022), his contribution of \$8,000 on March 3rd resulted in an excess TFSA amount of \$2,000.

On May 17, 2022, Gilles withdrew \$3,200 from his TFSA. The qualifying portion of this withdrawal was \$2,000, since this was the maximum amount that eliminated the excess TFSA amount in his account.

No part of the \$1,200 portion of his withdrawal (the full amount of \$3,200 less the qualifying portion of \$2,000) could have been used in the year to reduce any later excess TFSA amount. In other words, if Gilles had made a new contribution of \$1,000 on July 6, 2022, it would still have resulted in an excess TFSA amount of \$1,000, as of that date, even though Gilles previously withdrew \$1,200 more than his excess TFSA amount on May 17, 2022.

Example 3

From the situation above, if Gilles had withdrawn \$900 on May 17, 2022 (instead of withdrawing \$3,200), the qualifying portion of the withdrawal would have been the full \$900, since the entire amount would have reduced (but not fully remove) his previously determined excess TFSA amount of \$2,000.

In this case, an excess TFSA amount of \$1,100 would remain in his account as of the May 17, 2022 withdrawal (the previously determined excess TFSA amount of \$2,000 minus the \$900 qualifying portion of the withdrawal). If, in this scenario, Gilles had made a new contribution of \$1,000 on July 6, 2022, it would result in an excess TFSA amount, as of that date, of \$2,100 ($\$1,100 + \$1,000$).

If, at any time in a month, you have an excess TFSA amount, you are subject to a tax of 1% on your highest excess TFSA amount in that month.

Example 4

Jamal is 43 years of age and a Canadian resident. He opened his TFSA in 2009 and made the maximum contributions in each year. In 2021, Jamal made the following transactions during the year:

- contribution on January 6 \$5,000
- contribution on March 10 \$1,000
- contribution on June 3 \$2,700
- withdrawal on October 2 \$800

Jamal’s contribution room for 2021 was \$6,000. The first contribution that created the excess TFSA amount was the \$2,700 contribution on June 3rd. As of that date, his total contributions in 2021 were \$8,700 ($\$5,000 + \$1,000 + \$2,700$). This means that as of June 3, he had an excess amount in his TFSA of \$2,700 ($\$8,700$ of total contributions minus \$6,000 of contribution room).

Jamal had to pay a tax on his excess contributions. This tax was 1% of the highest excess TFSA amount in each month and applies until Jamal either withdraws the entire excess amount or until he becomes entitled to enough unused TFSA contribution room to absorb the excess.

In this example, Jamal's tax was \$173 for 2021, calculated as follows:

- highest excess TFSA amount per month for January to May was \$0. No tax is payable for those months.
- highest excess TFSA amount per month for June to October was \$2,700. Tax of 1% per month on the highest excess amount was \$135 ($\$2,700 \times 1\% \times 5$ months).
- highest excess TFSA amount per month for November and December was \$1,900. Tax of 1% per month on the excess amount was \$38 ($\$1,900 \times 1\% \times 2$ months).

Although Jamal withdrew \$800 in October, the tax was calculated based on the highest excess TFSA amount in each month. The highest excess TFSA amount in October was still \$2,700.

For the months of November and December, Jamal still had an excess TFSA amount, but because of the withdrawal he made, his remaining excess TFSA amount for those last two months was \$1,900 (the prior excess amount of \$2,700 less the withdrawal of \$800).

Therefore, in total for 2021, his tax was \$173 (\$135 for June to October + \$38 for November to December).

At the beginning of 2022, Jamal's TFSA contribution room was \$4,100 which is calculated as follows:

- Jamal's 2021 and 2022 TFSA limits ($\$6,000 + \$6,000$)
- less Jamal's contributions in 2021 ($\$8,700$)
- plus Jamal's withdrawals from the TFSA in 2021 ($\$800$)

The tax of 1% per month will continue to apply for each month that the excess TFSA amount stays in the TFSA. It will continue to apply until whichever of the following happens first:

- the entire excess TFSA amount is withdrawn for eligible individuals
- the entire excess TFSA amount is absorbed by additions to their unused TFSA contribution room in the following years

Example 5

Francine is 39 years of age and a Canadian resident. She opened a TFSA in 2009 and contributed the maximum amount allowable for years 2009 to 2019. At the beginning of January 2020, she contributed \$6,000. On June 18, 2020, she received a \$7,500 bonus from work and decided to contribute the entire amount on June 25, 2020.

Assuming Francine makes no further contributions or withdrawals, she has an excess TFSA amount of \$7,500 in 2020 and \$1,500 in 2021.

At the beginning of 2022, there will no longer be an excess contribution in her TFSA. The amount of tax payable for each of those years was calculated as follows:

2020

After making \$7,500 contribution on June 25, 2020, Francine had an excess TFSA amount of \$7,500. The highest excess TFSA amount that remained in her account was \$7,500 for every month from June to December. At a rate of 1%, this means she had to pay \$525 in tax on her excess for the seven months the excess remains ($\$7,500 \times 1\% \times 7$ months).

2021

Francine's unused TFSA contribution room at the end of 2020 was negative (-) \$7,500. On January 1, 2021, she became entitled to her 2021 TFSA dollar limit of \$6,000. Although this helped to reduce the excess TFSA amount from \$7,500 to \$1,500, it did not completely absorb it. Francine continued to have an excess TFSA amount of \$1,500 in her account through all of 2021. She had to pay a tax of \$180 for the year 2021 ($\$1,500 \times 1\% \times 12$ months).

2022

Francine's unused TFSA contribution room at the end of 2021 was negative (-) \$1,500. As of January 1, 2022, she was entitled to a new TFSA dollar limit of \$6,000. This fully removed the excess TFSA amount in her account. Francine had available contribution room of \$4,500 and, as long as she does not contribute more than this amount to her TFSA through the remainder of 2022, she would not have to pay any tax on an excess TFSA amount for 2022.

For distributions (withdrawals) occurring after October 16, 2009, a distribution from a TFSA that is a specified distribution cannot reduce or eliminate an individual's excess TFSA amount.

This tax is similar to the tax of 1% per month on excess RRSP contributions except that in the case of a TFSA, there is no \$2,000 "grace" amount. The tax of 1% on an excess TFSA amount applies from the first \$1 of excess contributions.

This tax of 1% per month is based on the highest excess TFSA amount in your account for each month in which an excess remains. This means that the 1% tax applies for a particular month even if an excess TFSA amount was contributed and withdrawn later during the same month.

Example 6

Rosanna is 31 years of age and a Canadian resident. She opened a TFSA on February 6, 2009, and contributed the maximum amount she could contribute for each year from 2009 to 2021. In February 2022, she contributed \$4,500. Later in the year, she received a windfall of \$4,100. She forgot that her contribution limit for 2022 was \$6,000 and she decided to contribute the entire \$4,100 to her TFSA on October 30, 2022.

After making this contribution, Rosanna had an excess TFSA amount of \$2,600 in her account. This is because her total contributions as of October 30th were \$8,600 (\$4,500 + \$4,100) which exceeded her available contribution room of \$6,000.

Assuming Rosanna made no further TFSA contributions and no withdrawals during the remainder of 2022, she would have to pay a tax of \$78 on her excess TFSA amount. This amount was calculated as 1% of the highest excess TFSA amount per month from October to December ($\$2,600 \times 1\% \times 3 \text{ months} = \78).

If, after making her \$4,100 contribution on October 30, 2022, Rosanna had realized her mistake and had withdrawn \$2,600 on October 31st, she would still have to pay the 1% tax on the excess TFSA amount of \$2,600 but only for the month of October. Her tax payable would have been \$26 ($\$2,600 \times 1\% \times 1 \text{ month}$).

For any year in which tax is payable by the holder of a TFSA on an excess TFSA amount in their account, it is necessary to fill out and send Form RC243, Tax-Free Savings Account (TFSA) Return, and Form RC243-SCH-A, Schedule A – Excess TFSA Amounts.

For contributions made after October 16, 2009, a benefit that is income or a capital gain, that is reasonably attributable to deliberate over contributions will be considered an advantage and treated accordingly. For more information, see “Tax payable on an advantage” on page 23.

Tax payable on non-resident contributions

If, at any time during the year, your TFSA contains contributions (other than a qualifying transfer or an exempt contribution) you made while a non-resident of Canada, you will be subject to a tax of 1% per month on these contributions.

Example 1

Gemma is 41 years of age and a Canadian resident. At the start of 2020, her available TFSA contribution room was \$6,000.

In February 2020, she contributed \$5,000 into her TFSA and on September 7, 2020, she became a non-resident. On July 12, 2021, she contributed an additional \$2,500 to her TFSA. By the end of 2021, Gemma was still a non-resident of Canada, and she had not made any withdrawals from her account.

For 2021, Gemma had to pay a tax on the contribution she made while she was a non-resident and she was also subject to tax on the excess TFSA amount in her account.

Gemma’s unused TFSA contribution room at the end of 2020 was \$1,000 (the TFSA dollar limit of \$6,000 less her contribution of \$5,000). Gemma was not entitled to the TFSA dollar limit of \$6,000 for 2021 since she was a non-resident throughout that entire year. Gemma’s \$2,500 contribution on July 12, 2021, resulted in an excess TFSA amount in her account at that time of \$1,500. This is the amount by which her contribution exceeded her available room.

Gemma’s tax on non-resident contributions for 2021 was \$150 because the full amount of her \$2,500 contribution was made while she was a non-resident and it remained in her account until the end of the year. Since the tax is equal to 1% per month, the tax on her non-resident contributions was \$150 ($\$2,500 \times 1\% \times \text{the 6 months from July to December 2021}$).

Since part of Gemma’s contribution while a non-resident also created an excess TFSA amount (\$1,500, as described above) in her account, she also had to pay the 1% tax per month on this amount from July to December 2021. Her tax on her excess TFSA amounts was \$90 ($\$1,500 \times 1\% \times 6 \text{ months}$).

For 2021, Gemma had to pay a total tax of \$240 on her TFSA, made up of \$150 in tax on her non-resident contribution plus \$90 in tax on her excess TFSA amount.

Gemma will not accumulate any room in 2021 unless she re-establishes Canadian residency in that year. She will have to withdraw the entire \$2,500 she contributed while she was a non-resident to avoid an additional tax of 1% per month on the non-resident contributions as well as on the \$1,500 excess TFSA amount.

This tax, calculated on the full amount of the contribution, will apply for each month that any portion of the amount contributed while a non-resident stays in the TFSA and will continue to apply until whichever of the following happens first:

- the contributions are withdrawn in full from the account and designated as a withdrawal of non-resident contributions
- the individual becomes a resident of Canada

An individual is not subject to the tax of 1% on non-resident contributions for the month in which the full amount of the contribution is withdrawn or, if applicable, the month in which Canadian residency is resumed.

Example 2

Hassan is 25 years of age and a resident of Canada. He opened a TFSA in 2019 and contributed the maximum amount he could in 2019 and 2020. His total contributions in 2021 were \$1,000, and he made no withdrawals. Hassan became a non-resident of Canada on February 17, 2022. He contributed \$3,000 to his TFSA on August 9, 2022. He re-established his Canadian residency for tax purposes on December 8, 2022.

Hassan's unused TFSA contribution room at the end of 2021 was \$5,000 (the \$6,000 limit less the \$1,000 he contributed). Hassan also gained an additional \$6,000 TFSA dollar limit for 2022. This is because this amount is not pro-rated in the year an individual becomes a non-resident, and he was considered a Canadian resident for part of 2022. This means that as of January 1, 2022, Hassan has a total TFSA contribution room of \$11,000 (the \$5,000 carried over from the end of 2021 plus the annual limit of \$6,000 for 2022).

Even though he has unused TFSA contribution room, a tax is payable if any contributions are made while he was a non-resident. Since he contributed \$3,000 while he was a non-resident, he would have to pay a tax of 1% of this amount for each month from August to November 2022. He is not subject to tax for December as he re-established Canadian residency in that month.

Accordingly, Hassan had to pay \$120 in tax based on his non-resident contribution ($\$3,000 \times 1\% \times 4$ months).

Note

Unlike in the case of excess TFSA contributions where a partial withdrawal can reduce the tax payable, a partial withdrawal of a contribution made while a non-resident does not proportionately reduce the tax otherwise payable. It is necessary for the full amount of a non-resident contribution to be withdrawn in order for the full tax to no longer apply.

For any year in which tax is payable by the holder of a TFSA on contributions made while a non-resident, it is necessary to fill out and send Form RC243, Tax-Free Savings Account (TFSA) Return, and Form RC243-SCH-B, Schedule B – Non-Resident Contributions to a Tax-Free Savings Account (TFSA).

Note

In addition to the tax of 1% per month on the contributions made while a non-resident, you could also be subject to a separate tax of 1% per month if any of the same contributions create an excess amount in your TFSA. To determine whether you have excess TFSA amounts, you will need to fill out Form RC243-SCH-A, Schedule A – Excess TFSA Amounts.

Tax payable on prohibited investments

If the TFSA 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 RC243, Tax-Free Savings Account (TFSA) Return.

The tax is refundable in certain circumstances. For more information, see "Refund of taxes paid on non-qualified or prohibited investments" on page 23.

If the prohibited investment ceases to be a prohibited investment while it is held by the TFSA trust, the TFSA 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, 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 TFSA 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 RC243, Tax-Free Savings Account (TFSA) Return.

The tax is refundable in certain circumstances. For more information, see "Refund of taxes paid on non-qualified or prohibited investments" on page 23.

Each person who is a 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 a TFSA 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 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 could 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 a TFSA 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 RC243)
- 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 RC243)

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

If the disposition took place in the same year as the acquisition, enter the refundable amount on the line in Section 2 of the TFSA return, and attach the documents to your return. If the property disposed of was acquired in a previous year, send your request and the documents to:

TFSA Processing Unit
Canada Revenue Agency
Sudbury Tax Centre
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

Or

TFSA Processing Unit
Canada Revenue Agency
Winnipeg Tax Centre
Post Office Box 14000, Station Main
Winnipeg MB R3C 3M2

Obligations of the TFSA issuer

The issuer of a TFSA must exercise the care, diligence and skill of a reasonable prudent person to minimize the possibility that a trust governed by the arrangement 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 (ITA).

The issuer is also required to notify the holder of the TFSA in prescribed Form and manner before March of a calendar year, if at any time in the preceding year the TFSA 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 TFSA itself) was provided with an advantage in relation to their TFSA 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

To calculate the taxes payable on an advantage, you must complete Form RC243, Tax-Free Savings Account (TFSA) Return.

Note

When an advantage is extended by the issuer of a TFSA, the issuer, and not the holder, is liable for the tax. 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.

TFSA payment of taxes

Most TFSA holders have no tax payable related to their TFSA investments, and no TFSA tax return has to be filed. However, when TFSA taxes are applicable for a year, Form RC243, Tax-Free Savings Account (TFSA) Return, must be filed by June 30, of the following year. Any tax owing must also be paid by that date.

Form RC243-SCH-A, Schedule A – Excess TFSA Amounts, and Form RC243-SCH-B, Schedule B – Non-Resident Contributions to a Tax-Free Savings Account (TFSA), will assist you in determining your tax liability.

If a TFSA return is required but has not been filed, we can use information provided by your issuers to calculate any tax payable by you.

You can view filed TFSA returns and schedules online by going to My Account at canada.ca/my-cra-account.

Excess TFSA amount correspondence explained

The CRA can send out a letter or a proposed TFSA return to Canadians who, under certain situations, may have over contributed to their TFSA. You can also receive a proposed

TFSA return if you made contributions to your TFSA while you were not a resident of Canada.

Excess TFSA amount letter

If you receive an excess TFSA amount letter and you have already removed the excess TFSA amount, you do not have to do anything else. If you have not removed the excess, it should be removed immediately. For information on your current year room limit, go to My Account (for your room limit as of January 1) or complete Form RC343, Worksheet – TFSA contribution room, if you have contributed to your TFSA in the current year.

The proposed TFSA return package

The proposed TFSA return package normally includes the following:

- Cover letter – It provides general information about TFSA rules and instructions regarding what you need to do to respond to the proposed return.
- RC243-P, Proposed Tax-Free Savings Account (TFSA) Return – This proposed TFSA return shows the taxes we have calculated and is based on the information we received from your issuers. The proposed TFSA return is not a formal assessment of tax.

Responding to the proposed return package

This proposed return does not represent a formal assessment of tax. Although you cannot file a notice of objection on a proposed TFSA return, the following options are available to you:

1. If you agree with the information on the TFSA return, sign, date, and include your social insurance number. You can make your payment electronically, by going to My Payment at canada.ca/cra-my-payment. We will issue an assessment based on this return.
2. If you do not agree with the TFSA return and you would like us to review your situation, send a letter to the address indicated below. Include a detailed explanation and any additional documentation you have about the excess contributions along with proof that your excess TFSA amount has been corrected.

TFSA Processing Unit
Canada Revenue Agency
Sudbury Tax Centre
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

Or

TFSA Processing Unit
Canada Revenue Agency
Winnipeg Tax Centre
Post Office Box 14000, Station Main
Winnipeg MB R3C 3M2

We will review your request and send you a letter explaining our decision. If we do not receive a response from you, we will issue an assessment based on the information on file. This assessment will include any penalties and interest that could apply.

Waiver or cancellation of the TFSA taxes

We can 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 TFSA

The waiver is limited to tax paid under Part XI.01 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, 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:

TFSA Processing Unit
Canada Revenue Agency
Sudbury Tax Centre
Post Office Box 20000, Station A
Sudbury ON P3A 5C1

Or

TFSA Processing Unit
Canada Revenue Agency
Winnipeg Tax Centre
Post Office Box 14000, Station Main
Winnipeg MB R3C 3M2

What should you do if you disagree with your assessment?

If you disagree with the assessment or reassessment of your TFSA tax payable, contact us for more information. If you still disagree, you can make a formal objection by sending a filled out Form T400A, Notice of Objection – Income Tax Act, or a signed letter to the Chief of Appeals at your tax services office or tax centre **within 90 days** of the date of the notice of assessment or notice of reassessment.

For more information, see Pamphlet P148, Resolving your Dispute: Objections and Appeal Rights under the Income Tax Act.

Digital services

Digital services for individuals

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

My Account

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

MyCRA mobile web app

The MyCRA mobile web app lets you access key portions of your tax information. 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, marital status, and information about children in your care
- register to receive email notifications for My Account and to find out when important changes are made to your account
- check your TFSA contribution room and RRSP deduction limit
- check the status of your tax return
- make a payment to the CRA online with My Payment or a pre-authorized debit (PAD) agreement, or create a Quick Response code to pay in person at Canada Post
- view uncashed cheques and request a duplicate payment

You can use My Account to:

- apply for COVID-19 support payments
- view and print your proof of income statement
- submit documents to the CRA
- submit an audit enquiry
- 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 find out when your CRA mail, like your notice of assessment, is available online.

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

My Payment

My Payment is an electronic payment service offered by the CRA that allows individuals and businesses to make payments directly to the CRA online using their bank access cards Visa Debit®, Debit MasterCard®, or Interac Online®.

Use this service to make a payment to one or more CRA accounts in one simple transaction.

For more information, go to canada.ca/cra-my-payment.

Related Forms and Publications

Forms

RC240	Designation of an Exempt Contribution – Tax-Free Savings Account (TFSA)
RC243	Tax-Free Savings Account (TFSA) Return
RC243-SCH-A	Schedule A – Excess TFSA Amounts
RC243-SCH-B	Schedule B – Non-Resident Contribution to a Tax-Free Savings Account (TFSA)
RC343	Worksheet – TFSA contribution room
T400A	Notice of Objection – Income Tax Act
T1261	Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents

Information circulars and Income Tax Folios

IC18-1	Tax – Free Savings Accounts
IC89-3	Policy Statement on Business Equity Valuations
S1-F5-C1	Related persons and dealing at arm’s length
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
S5-F1-C1	Determining an Individual’s Residence Status

Pamphlet

P148	Resolving your Dispute: Objection and appeal rights under the Income Tax Act
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For more information

What if you need help?

If you need more information after reading this guide, go to 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 more information and ways to enrol, go to canada.ca/cra-direct-deposit.

Forms and publications

If you need a paper version of the CRA's forms and publications, go to canada.ca/cra-forms-publications or call one of the following numbers:

- 1-800-959-8281, from Canada and the United States
 - 613-940-8495, from outside Canada and the United States.
- The CRA only accepts collect calls made through telephone operators. After your call is accepted by an automated response, you may hear a beep and notice a normal connection delay

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 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.

CRA Service Feedback Program

Service 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). For more information about the Taxpayer Bill of Rights go to canada.ca/taxpayer-rights.

If you are not satisfied with the service you received:

1. 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.

2. If you have not been able to resolve your service-related issue, you can ask to discuss the matter with the employee's supervisor.
3. File a service complaint by filling out Form RC193, Service Feedback. For more information and how to file a complaint, go to canada.ca/cra-service-feedback.

If you are not satisfied with how the CRA has handled your service-related complaint, you can submit a complaint to the Office of the Taxpayers' Ombudsperson.

Formal disputes (objections and appeals)

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

For more information about objections or formal disputes, and related deadlines, go to canada.ca/cra-complaints-disputes.

Reprisal complaints

If you have previously submitted a service-related complaint or requested a formal review of a CRA decision and feel 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 a due date falls on a Saturday, Sunday, or a public holiday recognized by the CRA, your return is considered on time if the CRA receives 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 2022 must relate to a penalty for a tax year or fiscal period ending in 2012 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 2022 must relate to interest that accrued in 2012 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/cancel-waive-penalties-interest.