



ADDITIONAL TAX ON ACCUMULATED INCOME PAYMENTS FROM RESPs

Use this form to calculate the amount of additional tax you have to pay on accumulated income payments (AIPs) you received in 1999 and later years from registered education savings plans (RESPs).

What are accumulated income payments? – These payments are distributions from an RESP other than a refund of contributions, an educational assistance payment, a payment to a designated educational institution in Canada, a transfer to another RESP or a repayment of any amounts under a Canada Education Savings Program or any Provincial Program. An RESP contract may (after 1997) allow for AIPs if the following conditions are met:

- the payment is made to, or for, a subscriber under the plan who is a resident of Canada;
- the payment is made to, or for, only one subscriber; and

Any one of the following three conditions must also apply:

- the plan has existed for 10 years and each individual (other than a deceased individual) who is or was a beneficiary has reached 21 years of age and is not currently eligible to receive an educational assistance payment;
- the plan has existed for 26 years, unless the plan is a specified plan (in general a non-family plan where the beneficiary is entitled to the disability tax credit for the beneficiary's tax year ending in the 22nd year of existence of the plan) in which case the plan has existed for 31 years; or
- all beneficiaries under the plan are deceased.

AIPs are reported in box 40 of the T4A slips issued in the name of the recipient. The recipient has to include the total of all AIPs on line 130 of his or her return for the year the payments are received and pay the regular tax. These payments are also subject to an additional tax. However, if you receive an AIP, the amount subject to the additional tax may be reduced or eliminated if **all** the following conditions are met:

Identification

Last name (please print)	First name and initials	Social insurance number
Address		

- you are the subscriber of the RESP (this excludes a person who becomes a subscriber because of the death of the original subscriber) or the surviving spouse or common-law partner of a deceased original subscriber under an RESP for which there is no subscriber;
- you contribute an amount equivalent to, or the promoter transfers, all or part of the AIPs to your RRSP or your spouse or common-law partner's RRSP in the year the AIPs are received or in the first 60 days of the following year; and
- you deduct the amount contributed as an RRSP contribution in the year the payments were received (and your RRSP deduction limit is sufficient to allow you to do so).

Do you have to complete this form? – If you receive AIPs in 1999 or later years, you have to complete this form to calculate the additional tax. Complete either Part A or Part B (whichever applies) and Part C if you are a resident of Quebec.

Attach a copy of this form to your return for the year you received the payments. The additional tax on RESP income is due on the balance due date for that year. In most cases that means April 30 of the year that follows the year in which the payments are received. Where the recipient is a trust, the balance due date is 90 days after the end of the taxation year of the trust in which the payments are received. For information about the balance due date in the case of a deceased person, get the guide called *Preparing Returns for Deceased Persons*, which is available on our Web site at www.cra.gc.ca, or by calling us at **1-800-959-2221**.

Additional information – For more information about AIPs and RESPs, get the information sheet RC4092, *Registered Education Savings Plans (RESPs)*. You can get our forms and publications by visiting our Web site at www.cra.gc.ca, or by calling **1-800-959-2221**.

Calculating the additional tax on accumulated income payments (AIPs) received during the year

Part A – Complete this part if you are a subscriber under an RESP (this excludes a person who becomes a subscriber because of the death of the original subscriber) or the surviving spouse or common-law partner of a deceased original subscriber under an RESP for which there is no longer a subscriber.

1. Total of all AIPs you received or had transferred by the promoter to an RRSP on your behalf, during the year. This amount is shown in box 40 of all the T4A slips issued to you for the year the payments were received.	6827	\$		1
2. Total amounts you or your promoter contributed on your behalf to your own or your spouse or common-law partner's RRSP, in the year you received the AIPs or the first 60 days of the following year, that you deducted on line 208 of your return for the year you received the AIPs. This amount cannot be more than your RRSP deduction limit for that year.		\$		2
3. Amount from line 1 or 2, whichever is less		\$		3
4. Maximum lifetime RRSP contribution limit that can be used to reduce or eliminate the amount of AIPs subject to the additional tax.		\$	50,000	4
5. Total of all amounts used to reduce the amount of additional tax payable on AIPs received in previous years (if applicable). This amount is the total of the amount entered at line 5 of all your T1172 forms for 1998 and at line 7 of all your T1172 forms for 1999 and later years.		\$		5
6. Line 4 minus line 5		\$		6
7. Amount from line 3 or 6, whichever is less		\$		7
8. Amount of AIPs subject to the additional tax: Line 1 minus line 7.		\$		8
9. Rate of the additional tax on AIPs.			20%	9
10. Additional tax on AIPs: Line 8 multiplied by line 9. If you were a resident of Quebec on December 31 of the year you received the AIPs, complete Part C below. Otherwise, enter this amount on line 418 of your return for the year you received the AIPs.		\$		10

Part B – Complete this part only if Part A does not apply to you.

11. Total of all AIPs you received from RESPs during the year. This amount appears in box 40 of all T4A slips issued to you, for the year the payments were received, that have code 22 in box 38.	6828	\$		11
12. Rate of additional tax on AIPs.			20%	12
13. Additional tax on AIPs: Line 11 multiplied by line 12. If you were a resident of Quebec on December 31 of the year you received the AIPs, complete Part C below. Otherwise, enter this amount on line 418 of your return for the year you received the AIPs.		\$		13

Part C – Complete this part **only if you were a resident of Quebec** on December 31 of the year you received the AIPs.

14. Enter the amount from line 10 or 13, whichever applies.		\$		14
15. Adjustment for residents of Quebec.			60%	15
16. Additional tax on AIPs: Line 14 multiplied by line 15. Enter this amount on line 418 of your return for the year you received the AIPs.		\$		16

Certification area

I certify that the information given on this form is, to the best of my knowledge, correct and complete.

Signature
Date