Revenue Canada
Customs, Excise and Taxation

Revenu Canada
Accise, Douanes et Impôt

Home Buyers' Plan

- RRSP withdrawals
- Annual repayment of withdrawals
- Important dates
- Income inclusion for contributions
- Information for RRSP issuers

P150(E)

Canada

Cette brochure est également offerte en français sous le titre «*Régime d'accession à la propriété*».

This pamphlet contains information about the proposed rules for the Home Buyers' Plan. If you need more information after reading this pamphlet, contact the General Enquiries service at your taxation office. You will find the address and telephone numbers listed on the back cover of this pamphlet.

For information on how to complete your income tax return, see your tax guide and return package. You may receive this package by mail, or you can pick one up at any post office or taxation office.

Your opinion counts!

If you have any comments or suggestions that would help us improve the explanations this pamphlet contains, we would like to hear from you.

Please send your comments to:

Tax Forms Directorate
~~875 Heron Road~~
~~Ottawa, Ontario~~
~~K1A 0L8~~

Table of Contents

Home Buyers' Plan summary

The Home Buyers' Plan (the plan) allows you to withdraw up to $20,000 from your RRSPs to buy or build a "qualifying home."

Under the plan, you will have to repay these withdrawals within a 15-year period. If, in any year, you do not repay the full amount required for that year, the amount you do not repay will be included in your income for that year and will be taxable.

Each year we will send you a statement indicating the amounts already repaid, and the amount you will have to repay the next year.

When conditions under the plan are met, you do not have to include the withdrawn amounts in your income and the issuer will not withhold tax.

When this plan was put in place on February 25, 1992, it was scheduled to end on March 1, 1993. However, on December 2, 1992, the Minister of Finance announced the extension of this plan until March 1, 1994. This extension adds an extra year, from March 2, 1993, to March 1, 1994, for you to participate in the plan. However, the extension only applies if neither you nor your spouse participated in the plan after February 25, 1992, but before March 2, 1993. In addition, see the comments under the headings "1992 contribution income inclusion" on page 23, and "1993 contribution income inclusion" on page 29, about certain withdrawals made under the plan in March of 1993 and March of 1994.

In the following pages, you will find information on how to participate in the plan, and the rules that apply to participants.

Participation in the plan

Who can participate?

You can participate in the plan if you are the annuitant of an RRSP that is not locked in. Your RRSP issuer can give you more information about the types of RRSPs that you have.

Under what conditions do withdrawals qualify?

To make an RRSP withdrawal under the Home Buyers' Plan, you must certify certain facts on form T1036. For example, you must certify that:

- you are a resident of Canada;
- you have entered into a written agreement to buy or build a "qualifying home" (the address of which you specify on the form);
- you or your spouse did not acquire the home more than 30 days before receiving the withdrawal under the plan; and
- you intend to occupy the home as your principal place of residence within one year after acquiring it.

A qualifying home is a home located in Canada. Both existing homes and those being constructed are eligible. Single-family homes, semi-detached homes, townhouses, mobile homes, *jointly-owned homes, condominium units, and apartments in* duplexes, triplexes, four-plexes or apartment buildings all are allowable. A share in a co-operative housing corporation that entitles the owner to possession of a housing unit located in Canada also can qualify under the plan.

You can make more than one RRSP withdrawal under the Home Buyers' Plan, as long as the total of your withdrawals is not more than $20,000. For each withdrawal, you must complete a T1036 form.

However, if you or your spouse received a withdrawal under the plan before March 2, 1993, neither of you can make a withdrawal after March 1, 1993, except under the special rules discussed below.

Special rules

Special rules apply to certain plan withdrawals received in March of 1993 and March of 1994.

- A plan withdrawal you receive in March of 1993 will be treated as if it were received on March 1, 1993, if you applied for it before March 2, 1993, and you or your spouse received a previous plan withdrawal before March 2, 1993.
- A plan withdrawal you receive in March of 1994 will be treated as if it were received on March 1, 1994, if you applied for it before March 2, 1994.

- If you receive a plan withdrawal in March of 1993 or March of 1994, certain RRSP contributions you or your spouse makes in those two months might be subjected to the income inclusion rules. These rules are described under the heading "RRSP contributions made within the duration of the plan", on page 20.

Deadline to acquire your qualifying home

There is a deadline by which you must acquire your qualifying home. This deadline will depend on the date you receive your withdrawal under the plan.

- Generally, if you receive a withdrawal under the plan before March 2, 1993, you must acquire a qualifying home before October 1, 1993.
- Generally, if you receive a withdrawal under the plan after March 1, 1993, you must acquire a qualifying home before October 1, 1994.

You are considered to have acquired a qualifying home if you acquired it jointly with one or more other individuals. You are considered to have acquired a condominium unit when you can take possession of it. This is because frequently, when it is bought, a condominium unit is occupied by tenants of the previous owner and the new owner cannot move in right away. If you are building a qualifying home, you will be considered to have acquired the home on the date it becomes habitable.

You were asking ...

Q.1 I have met all the requirements for making a withdrawal under the plan. Do I have to use these funds to make the down payment on my qualifying home?

A.1 No. If you have met all the requirements, you can use those funds for other purposes. However, you still have to acquire a qualifying home.

Q.2 After I have acquired my qualifying home and begun to use it as my principal place of residence, is there a minimum period of time that I have to live there for the residence to qualify under the plan?

A.2 No. However, the term "principal place of residence" is not defined under the law. Therefore, the determination of an individual's place of residence is a question of fact, and must be examined on a case-by-case basis.

Q.3 When my father died last year, he willed half of his house to my brother and half to me. Can I participate in the plan to purchase my brother's half of the house?

A.3 No. You already own half of the home.

Replacement property

If you do not acquire the qualifying home indicated on form T1036, you can:

- cancel your participation in the plan (for more information, see the heading "Cancelling your participation in the plan" on page 11); or
- acquire a different home, called a **replacement property**, before the deadline.

A replacement property must meet the same conditions as a qualifying home. You do not have to complete another copy of form T1036. Just send a letter to your local taxation centre, giving your name, address and social insurance number, as well as details of the replacement property. In addition, you have to certify in the letter that the residence will become your principal place of residence within one year after acquiring it.

Note

If you have already withdrawn the $20,000 maximum allowed under the plan, you cannot make any further withdrawals to acquire the replacement property.

Can the time to acquire a qualifying home or replacement property be extended?

If you do not acquire the qualifying home you indicated on form T1036 (or a replacement property) before the deadline of September 30, 1993, or September 30, 1994, depending on when you received your withdrawal, you still may be considered to have met the deadline if you meet **either** of the following conditions:

- You had a written agreement in effect at the deadline to acquire the qualifying home or replacement property and you actually acquire the property within one year after the deadline. In addition, you must be a Canadian resident until you acquire the property (see Example 1).
- You are building your home and you have already paid the contractors or suppliers (with whom you deal at arm's length) for the materials for the home being built or towards its construction, an amount at least equal to the total of all withdrawals under the plan (see Example 2).

Example 1

On February 10, 1993, Ivan, a Canadian resident, entered into an agreement to buy a duplex, the ground floor of which he would occupy as his principal place of residence. Because of an existing lease, the contract had a closing date of May 4, 1994, and stated that he would take possession on September 15, 1994.

On February 20, 1993, Ivan withdrew $15,000 under the Home Buyers' Plan. On September 15, 1994, he takes possession of the duplex and moves in as intended.

Since Ivan withdrew his funds before March 2, 1993, his deadline is September 30, 1993. Because he entered into the agreement to buy the home before then, and was a Canadian resident until he acquired the qualifying home, he is considered to have acquired his home at the deadline and to have met the conditions of the plan.

Even if he had not been able to live in the duplex before October 1, 1994, the home would still have qualified, because he had intended to make it his principal place of residence by that date.

Example 2

In January of 1993, Clare withdrew $10,000 from her RRSP under the Home Buyers' Plan. In the same month, she finalized a contract to have her home built, and paid $2,000 to the contractor. Construction started in April of 1993, so she paid $5,000 at that time and a further $6,000 in August, for a total of $13,000.

The construction of the home was not completed by September 30, 1993, because of delays in receiving the necessary building materials.

Since Clare withdrew her funds before March 2, 1993, her deadline is September 30, 1993. Because the $13,000 she paid towards its construction before the completion deadline of September 30, 1993, is more than the total amount of her withdrawals, and because she was dealing at arm's length with the contractor, she is considered to have acquired her home at the deadline.

Cancelling your participation in the plan

If you do not acquire a qualifying home, you may cancel your participation in the plan. However, if you become a non-resident before acquiring a qualifying home or a replacement property, you should cancel your participation in the plan.

If you cancel your participation, either you can repay to your RRSP the funds withdrawn under the plan or you can include them in your income for the year of withdrawal.

To cancel your participation, you have to complete Part IV of the copy of the form T1036 you used initially to withdraw the funds, and give it to the RRSP issuer who paid them to you. The deadline for repaying the funds depends on when they were withdrawn.

- If you received a withdrawal before March 2, 1993, you have to repay it before 1994, to the RRSP issuer who paid it to you.
- If you received a withdrawal after March 1, 1993, you have to repay it before 1995, to the RRSP issuer who paid it to you.

You can have the repaid funds put into any RRSP that you have with that issuer. The issuer will notify us that you have cancelled your participation in the Home Buyer's Plan by sending us the copy of form T1036 with Part IV completed. If you repay the funds before the repayment deadline, you will not have to include any amount in your income.

If you do not repay the funds by the repayment deadline, you will have to include the amount you have not repaid in your income for the year of withdrawal. If we have already assessed your return for that year, we will have to reassess it to include this amount.

Important dates for plan participation

Withdrawal to acquire a qualifying home	Received after February 25, 1992, but before March 2, 1993	Received after March 1, 1993, but before March 2, 1994
The deadline to acquire a qualifying home or a replacement property is		
- the earliest	30 days before a withdrawal	30 days before a withdrawal
- the latest	September 30, 1993	September 30, 1994
Repayment to cancel (before acquisition)	December 31, 1993	December 31, 1994
Extension of time to acquire	September 30, 1994	September 30, 1995
Cancellation repayment	December 31, 1994	December 31, 1995

Annual repayments of plan withdrawals

Over a period of no more than 15 years, all plan participants have to repay the amounts withdrawn under the Home Buyers' Plan. The first annual repayment is due by the end of 1995. This represents a one-year delay for those who have already made withdrawals under the plan. Therefore, you have until the end of 2009 to repay your RRSP completely. The annual repayment required must be made no later than December 31 of each year, but it can be made in more than one instalment.

When you make a required repayment under the plan, you have to let the RRSP issuer know that the amount is not a regular RRSP contribution. You have to complete and submit to your RRSP issuer a copy of Form T1037, *Home Buyers' Plan - RRSP Repayment*, with the repayment. The annual repayments you are required to make can be paid to any RRSP issuer and put into any of your plans.

You do not have to attach a copy of form T1037 to your return for the year. The RRSP issuer will tell us the amount you have repaid. Because the repayment is not an RRSP contribution and does not reduce your RRSP contribution limit, the issuer will not give you an official RRSP receipt and you will not be able to deduct it on your return for the year.

You were asking ...

Q.4 I withdrew funds under the Home Buyers' Plan from my RRSP to which my spouse contributes. Do I have to repay the funds to such a spousal plan?

A.4 No. There is nothing that requires you to repay the funds to the same type of plan as the one from which you withdrew, in this case a spousal plan, as long as it is one of your RRSPs.

Repayment statement

Beginning in 1994, we will send you an annual repayment statement that will tell you:

- the amounts already repaid;
- the balance to be repaid; and
- the repayment required for the next year.

You do not have to begin making repayments until 1995. However, any repayments you make before then will reduce the repayment required for 1995.

If your repayment differs from the required repayment

When you repay the amount required for the year, according to the repayment statement, you will not have to add anything to your income for the year, nor will you have anything to deduct. If you repay less than the required amount, you will have to include in your income for the year the difference between the amount repaid and the amount required to be repaid. Alternatively, if you repay more than the required amount, the balance remaining to be repaid will be reduced, and the annual repayments from then on will be reduced as well.

Example 3
In June of 1993, Paul withdrew $20,000 from his RRSP to buy a new home. In 1995, he received an inheritance and decided to repay $6,000 of his Home Buyers' Plan withdrawal. He completed form T1037 and gave it to his RRSP issuer with the repayment. He did not receive an official RRSP receipt because the repayment is not considered an RRSP contribution.

The repayment statement Paul receives in late 1995 shows the following amounts:

Amounts repaid	$6,000
Balance to repay ($20,000 - $6,000)	$14,000
1996 repayment required ($14,000 ÷ 14 years)	$1,000

Paul has three different repayment possibilities for 1996: either equal to, less than, or greater than the amount required. The following cases show the effect of the repayment possibilities on his 1996 income inclusion, as well as on his 1996 and 1997 repayment amounts.

A – Repayment of $1,000, which equals the $1,000 required

Amount to include in 1996 income $1,000 - $1,000	**$0**
Amount repaid (or included in income) by the end of 1996 $6,000 + $1,000	**$7,000**
Balance to be repaid after 1996 $20,000 - $7,000	**$13,000**
Repayment required for 1997 $13,000 ÷ 13 years	**$1,000**

B – Repayment of $350, which is less than the $1,000 required

Amount to include in 1996 income $1,000 - $350	**$650**
Amount repaid (or included in income) by the end of 1996 $6,000 + $350 + $650	**$7,000**
Balance to be repaid after 1996 $20,000 - $7,000	**$13,000**
Repayment required for 1997 $13,000 ÷ 13 years	**$1,000**

C – Repayment of $6,200, which is greater than the $1,000 required

Amount to include in 1996 income $1,000 - $6,200	**$0**
Amount repaid (or included in income) by the end of 1996 $6,000 + $6,200	**$12,200**
Balance to be repaid after 1996 $20,000 - $12,200	**$7,800**
Repayment required for 1997 $7,800 ÷ 13 years	**$600**

Requirement to repay in less than 15 years

Special repayment rules apply for plan participants who:

- die;
- become non-resident; or
- reach 71 years of age.

If a plan participant dies

If a plan participant dies, the legal representative has to include, in the deceased's income for the year of death, the total of all amounts that remain to be repaid.

However, if at the time of the participant's death, he or she had a surviving spouse who was a resident of Canada, the surviving spouse can elect jointly with the deceased's legal representative to have this rule not apply. In that case, a letter containing the necessary information should be attached to the deceased's final return for the year of death. The amount that remains to be repaid then would be treated as if it were an amount withdrawn under the plan by the surviving spouse. If the surviving spouse is also a plan participant, the amount would be added to the surviving spouse's unrepaid balance. A spouse who is not a plan participant would continue to make the repayments as if he or she were the original participant.

Example 4
Florence is Jimmy's wife. In 1993, they each withdrew $20,000 from their respective RRSPs to participate in the plan. On December 7, 1998, Florence died. At that point, she still had $12,000 of her total withdrawal left to repay. She had already made her required repayment for 1998.

Jimmy, who is the legal representative of the estate, decides not to include the $12,000 in Florence's income for 1998. He attaches a note to her return to indicate that he does not want the income inclusion rules to apply, and that he will repay the $12,000 himself.

When Florence died, Jimmy had made his required RRSP repayment for 1998 already. His balance to be repaid is $10,000. Florence's unrepaid balance of $12,000 will be added to his $10,000, and he will have to repay $22,000 over the course of the next 11 years (1999 to 2009, inclusive). In 1999, he has to repay $2,000, determined as ($10,000 + $12,000) ÷ 11 years.

If a plan participant becomes a non-resident

A plan participant who ceases to be a resident of Canada after having acquired a qualifying home has to repay the balance of the funds withdrawn under the plan before the earlier of the date the participant files his or her return for the year, and 90 days after ceasing to be a Canadian resident. If the repayment is not made within that time, the amount that has not been repaid has to be included in the participant's income for the year that he or she became a non-resident.

Example 5
In 1993, Jeannie withdrew $10,000 under the plan to buy her house. On November 10, 1997, she left Canada to live in France. At that time, the balance that remained to be repaid was $4,000.

Jeannie has 90 days after becoming a non-resident, that is until February 8, 1998, to repay the balance. She repays $1,500 on December 2, 1997, and $1,000 on January 7, 1998, for a total repayment of $2,500.

Because she has not repaid the full amount, Jeannie will have to include $1,500 in her 1997 income, calculated as $4,000 - ($1,500 + $1,000) = $1,500.

If a plan participant reaches 71 years of age

After the year in which a person turns 71, he or she cannot have an RRSP. Therefore, the year after he or she turns 71, a plan participant will not have an RRSP to which he or she can make the repayments. In that case, the participant can choose to repay the outstanding balance in the year that he or she turns 71. Otherwise, the participant has to include in his or her income, for each subsequent year as it becomes due, the amount that would have been his or her annual repayment.

RRSP contributions made within the duration of the plan

The plan allows you to use RRSP funds to acquire a home. In order to prevent individuals from making contributions to their own or their spouse's RRSP, with the sole intention of taking them back out under the plan, income inclusion rules will apply to contributions made within the duration of the plan. Under these rules, you may be required to include in your income an amount up to the total of the contributions you have made during the time that you are a plan participant.

The following sections give you details about: the deductibility of contributions made during this period; contributions to which these rules do not apply; how to avoid these rules; and how much to include in your 1992 or 1993 income when these rules do apply.

Deduction of contributions

You can deduct the RRSP contributions that you make throughout the duration of the plan, even if you participate by withdrawing funds from your RRSPs, using form T1036. However, you may be required to include in your income for the year an amount that would eliminate or reduce the value of the deduction. As usual, the deductibility of contributions based on earned income will be limited to your annual RRSP deduction limit. In addition, they will reduce that limit.

If you decide not to contribute within the duration of the plan, you can carry forward the unused RRSP deduction limit for 1992 and 1993. You can use it to deduct future years' contributions, and you will not be subject to the income inclusion rules.

Do the income inclusion rules apply in all cases?

No, certain contributions, called **excluded contributions**, are not subject to the income inclusion rules. In addition, you can avoid the income inclusion rules by withdrawing contributions that are not excluded.

Excluded contributions

Certain contributions, called "excluded contributions", are not subject to the income inclusion rules. These are contributions that:

- you deducted on your 1991 return;
- you had transferred directly to your RRSP from a registered pension plan (RPP), deferred profit-sharing plan (DPSP), registered retirement income fund (RRIF), or another RRSP;
- are transfers to an RRSP of certain amounts, such as eligible retiring allowances or refunds of premiums, that you received in the year and deducted, or will deduct, on your income tax return for that year (either 1991, 1992, 1993 or 1994); or

- you can deduct for the year as a recontribution of an excess qualifying withdrawal that you have designated in order to have a past service pension adjustment (PSPA) approved.

Withdrawal of contributions to avoid the income inclusion rule

You can avoid having these rules apply and also protect your unused RRSP contribution room by withdrawing the contributions made:

- after February 25, 1992, but before March 2, 1993, for plan withdrawals made before March 2, 1993; or
- after December 2, 1992, but before March 2, 1994, for plan withdrawals made after March 1, 1993, but before March 2, 1994.

You can withdraw these contributions by completing Form T3012A, *Waiver of Tax Withholding on a Refund of Undeducted RRSP Contributions Made in 19___*. This puts you in the same tax position as if you had never made the contribution. While the amount of the withdrawn contribution is included in your income for the year, it is offset by a corresponding deduction.

1992 contribution income inclusion

You have to include an amount in your 1992 income if:

- you withdrew an amount under the plan before March 2, 1993, **and** you made any contributions (other than excluded contributions) to your or your spouse's RRSPs after February 25, 1992, but before March 2, 1993; or

- your spouse withdrew an amount under the plan before March 2, 1993, **and** you made any contributions (other than excluded contributions) to your spouse's RRSPs after February 25, 1992, but before March 2, 1993.

In addition, if you or your spouse receives another amount under the plan in March of 1993 because of a withdrawal request made before March 2, 1993, using form T1036, a special rule applies. In that case, contributions you make to your or your spouse's RRSP after March 1, 1993, but before you receive the later withdrawal, will be considered to be made on March 1, 1993. Therefore, these contributions will be included in the calculation of the 1992 income inclusion. You can avoid having to include an amount in your income for these contributions by withdrawing them using form T3012A, *Tax Deduction Waiver on a Refund of Undeducted RRSP Contributions Made in 19___*.

Example 6
Albert received $3,000 as a plan withdrawal in November of 1992. On January 10, 1993, he requested an additional $8,000 withdrawal, using form T1036. On March 13, 1993, he made a $2,500 contribution to his spouse's RRSP. He received his second plan withdrawal on March 20, 1993.

The $2,500 RRSP contribution that he made on March 13, 1993, will be deemed to have been made on March 1, 1993. He will have to take it into account when he calculates his 1992 income inclusion. If he had made the contribution after March 20, 1993, or withdrawn it, he would not have had to consider this contribution when calculating his 1992 income inclusion.

The amount you have to include in your income for 1992 is the **lesser** of:

- your 1992 net contribution balance; or
- the total of all amounts you withdrew under the plan before March 2, 1993, plus the **lesser** of:
  - the total of all contributions (other than excluded contributions) you made to your spouse's RRSPs after February 25, 1992, but before March 2, 1993; or
  - the total of all amounts your spouse withdrew under the plan before March 2, 1993, **minus** your spouse's 1992 net contribution balance.

Your **1992 net contribution balance** is the total of all contributions (other than excluded contributions) you made to your or your spouse's RRSPs after February 25, 1992, but before March 2, 1993, **minus** the total of all RRSP withdrawals (other than Home Buyers' Plan withdrawals) that you or your spouse made after February 25, 1992, but before 1994. This total does not include withdrawals for which your spouse could take a deduction, or withdrawals of any contributions made after March 1, 1993, other than contributions deemed paid on March 1, 1993.

Example 7
On May 15, 1992, Max withdrew $20,000 under the plan. His 1991 notice of assessment stated he had a 1992 RRSP deduction limit of $4,000. On January 3, 1993, he contributed $4,000 to his RRSP. During 1992, he also received an $18,000 retiring allowance that he transferred directly to his RRSP. Max is not married.

Amount to include in Max's 1992 income

PART I: 1992 net contribution balance				
Total contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993			$4,000	(1)
Total RRSP withdrawals (other than plan withdrawals) Max made after February 25, 1992, but before 1994, and included in his income			Nil	(2)
Line 1 minus line 2			**$4,000**	(3)
PART II				
Total amount Max withdrew under the plan			$20,000	(4)
Total amount Max's spouse withdrew under the plan	Nil	(5)		
Net contribution balance of Max's spouse	Nil	(6)		
Line 5 minus line 6	**Nil**	(7)		
Total spousal RRSP contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993	**Nil**	(8)		
The lesser of amounts on line 7 and line 8	**Nil**	▸	Nil	(9)
Line 4 plus line 9			**$20,000**	(10)
PART III				
The lesser of amounts on line 3 and line 10			**$4,000**	(11)

Therefore, Max will have to include $4,000 in his 1992 income. To avoid this, he could withdraw $4,000 from his RRSPs before 1994 by completing form T3012A. If he withdraws the funds, he will have to include that amount in income on line 129 of his return, but he will be entitled to a $4,000 deduction at line 232.

Example 8

Bob and Catherine are married. On April 2, 1992, Bob contributed $6,000 to his RRSP, and on April 10, 1992, he contributed $3,000 to a spousal RRSP for Catherine. On June 15, 1992, Bob withdrew $10,000 from his RRSP under the plan. On March 20, 1992, Catherine contributed $5,500 to her RRSP. On June 15, 1992, she withdrew $8,000 under the plan.

Amount to include in Bob's 1992 income

PART I: 1992 net contribution balance				
Total contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993			$9,000	(1)
Total RRSP withdrawals (other than plan withdrawals) Bob made after February 25, 1992, but before 1994, and included in his income			Nil	(2)
Line 1 minus line 2			**$9,000**	(3)
PART II				
Total amount Bob withdrew under the plan			$10,000	(4)
Total amount Catherine withdrew under the plan	$8,000	(5)		
Catherine's net contribution balance	$5,500	(6)		
Line 5 minus line 6	**$2,500**	(7)		
Total spousal RRSP contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993	**$3,000**	(8)		
The lesser of amounts on line 7 and line 8	**$2,500**	▸	$2,500	(9)
Line 4 plus line 9			**$12,500**	(10)
PART III				
The lesser of amounts on line 3 and line 10			**$9,000**	(11)

Amount to include in Catherine's 1992 income

PART I: 1992 net contribution balance				
Total contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993			$5,500	(1)
Total RRSP withdrawals (other than plan withdrawals) Catherine made after February 25, 1992, but before 1994, and included in her income			Nil	(2)
Line 1 minus line 2			**$5,500**	(3)
PART II				
Total amount Catherine withdrew under the plan			$8,000	(4)
Total amount Bob withdrew under the plan	$10,000	(5)		
Bob's net contribution balance	$9,000	(6)		
Line 5 minus line 6	**$1,000**	(7)		
Total spousal RRSP contributions, other than excluded contributions, made after February 25, 1992, but before March 2, 1993	**Nil**	(8)		
The lesser of amounts on line 7 and line 8	**Nil**	►	Nil	(9)
Line 4 plus line 9			**$8,000**	(10)
PART III				
The lesser of amounts on line 3 and line 10			**$5,500**	(11)

Therefore, Bob will have to include $9,000 in his 1992 income, and Catherine will have to include $5,500 in her 1992 income. In order not to have the income inclusion apply, they could withdraw these amounts from their RRSPs, by completing form T3012A. If they do so, they will have to include these amounts in income on line 129 of their returns, but they will be entitled to a deduction of an equal amount at line 232.

1993 contribution income inclusion

The amount to include in 1993 income is calculated the same way as the income inclusion for 1992.

You will have to calculate an income inclusion for 1993 if:

- you withdrew an amount under the plan after March 1, 1993, **and** you made any contributions (other than excluded contributions) to your or your spouse's RRSPs after December 2, 1992, but before March 2, 1994; or

- your spouse withdrew an amount under the plan after March 1, 1993, **and** you made any contributions (other than excluded contributions) to your spouse's RRSPs after December 2, 1992, but before March 2, 1994.

In addition, if you or your spouse receives another amount under the plan in March of 1994 because of a withdrawal request made before March 2, 1994, using form T1036, a special rule applies. In that case, contributions you make to your or your spouse's RRSP after March 1, 1994, but before you receive the later withdrawal, will be considered to be made on March 1, 1994. Therefore, these contributions will be included in the calculation of the 1993 income inclusion. You can avoid having to include an amount in your income for these contributions by withdrawing them using form T3012A, *Tax Deduction Waiver on a Refund of Undeducted RRSP Contributions Made in 19___.*

The amount you have to include in your income for 1993 is the **lesser** of:

- your 1993 net contribution balance; or
- the total amounts you received under the plan after March 1, 1993, plus the **lesser** of:
  - the total of all contributions (other than excluded contributions) you made to your spouse's RRSPs after December 2, 1992, but before March 2, 1994; or
  - the total of all amounts your spouse received under the plan after March 1, 1993, **minus** your spouse's 1993 net contribution balance.

Your **1993 net contribution balance** is the total of all contributions (other than excluded contributions) you made to your or your spouse's RRSPs after December 2, 1992, but before March 2, 1994, **minus** the total of all RRSP withdrawals (other than Home Buyers' Plan withdrawals) that you or your spouse made after December 2, 1992, but before 1995. This total does not include withdrawals for which your spouse could take a deduction, or withdrawals of any contributions made after March 1, 1994, other than contributions deemed paid on March 1, 1994.

Example 9

On June 3, 1993, Ahmed received an $8,000 plan withdrawal. On February 10, 1994, he requested another withdrawal under the plan using form T1036, this time for $12,000. On March 5, 1994, he contributed $7,000 to his RRSP. On March 25, 1994, he received his second plan withdrawal. In October of 1993, he made a $3,000 withdrawal (that was not withdrawn under the Home Buyers' Plan) from his RRSP, in order to avoid some of the impact of the income inclusion rules.

Amount to include in Ahmed's income for 1993

PART I: 1993 net contribution balance				
Total contributions, other than excluded contributions, made after December 2, 1992, but before March 2, 1994			$7,000	(1)
Total RRSP withdrawals (other than plan withdrawals) Ahmed made after December 2, 1992, but before 1995, and included in his income			$3,000	(2)
Line 1 minus line 2			**$4,000**	(3)
PART II				
Total amount Ahmed withdrew under the plan			$20,000	(4)
Total amount Ahmed's spouse withdrew under the plan	Nil	(5)		
Net contribution balance of Ahmed's spouse	Nil	(6)		
Line 5 minus line 6	**Nil**	(7)		
Total spousal RRSP contributions, other than excluded contributions, made after December 2, 1992, but before March 2, 1994	**Nil**	(8)		
The lesser of amounts on line 7 and line 8	**Nil**	▸	Nil	(9)
Line 4 plus line 9			**$20,000**	(10)
PART III				
The lesser of amounts on line 3 and line 10			**$4,000**	(11)

Therefore, Ahmed will have to include $4,000 in his 1993 income. To avoid the income inclusion, he could withdraw $4,000 from his RRSPs before 1995 by completing form T3012A. If he withdraws the funds, he will have to include that amount in income on line 129 of his return, but he will be entitled to a $4,000 deduction at line 232.

Form T1048

If the income inclusion rules apply to you for 1992, to calculate the amount that you have to include in your income, you can complete Form T1048, *Home Buyers' Plan — 1992 Income Inclusion for Certain RRSP Contributions*, and attach it to your return. This form is available at your local taxation office.

If the income inclusion rules apply to you for 1993, use the 1993 version of Form T1048, *Home Buyers' Plan — 1993 Income Inclusion for Certain RRSP Contributions.*

You were asking ...

Q.5 On March 15, 1992, I withdrew an amount from my RRSPs under the plan and purchased a qualifying home. On April 30, 1992, I made a contribution to my RRSP. Before the end of 1992, I used form T1037 to repay more than I contributed. Do the income inclusion rules still apply to me?

A.5 Yes. The income inclusion rules apply as soon as you make a plan withdrawal and an RRSP contribution in the same period.

Q.6 My spouse made a withdrawal under the plan. I made a contribution to a spousal RRSP for her in 1991. Because of this withdrawal, will I have to calculate an amount to include in my income, using Form T2205, *Calculation of amount from a spousal RRSP or RRIF to be included in 1992 income*?

A.6 If all of the requirements of the Home Buyers' Plan are met, the withdrawal is an excluded withdrawal and you do not have to include an amount in your income for it. However, if the requirements are not met, the withdrawal will be treated as a withdrawal from a spousal RRSP, and you may have to include an amount in your income because of it.

Q.7 I made contributions to my RRSP. Later in the year, I withdrew all the funds from my RRSP under the Home Buyers' Plan participant. I cannot withdraw the contributions that I made because there are no funds left in my RRSPs. Do I still have to include an amount in my income for the contribution?

A.7 Yes.

Information for RRSP issuers

When an individual withdraws RRSP funds under this plan by providing you with a completed copy of form T1036 (withdrawal application), you must neither withhold tax from this amount, nor complete a T4RSP slip. If the individual repays a withdrawn amount, by providing you with a completed copy of either form T1037 (RRSP repayment), or Part IV of form T1036, you must not produce an official contribution receipt, because it is not considered an RRSP contribution.

You must submit to us, no later than 15 days after the end of each quarter, a copy of all completed forms T1036 and T1037 that you receive.

Do you have any questions?

If you need help, contact the General Enquiries service of your taxation office. You can find the address and telephone numbers on the back cover of this pamphlet.

For general and personal income tax information, call our automated telephone service called Tax Information Phone Service (T.I.P.S.) using a push button, tone signalling phone. You can find the T.I.P.S. telephone number in the Government of Canada listings in your telephone directory under Revenue Canada, Taxation.

The Community Volunteer Program

The Community Volunteer Program trains volunteers who help people complete their tax returns. We offer special training sessions to representatives of community organizations and other volunteers to teach them how to complete a basic tax return. These volunteers offer assistance, free of charge, through their community organizations.

If you would like to use this service, please call the Public Affairs staff of your taxation office, who will put you in touch with one of our trained volunteers. You can find the Public Affairs telephone number in the Government of Canada listings in your telephone directory under Revenue Canada, Taxation.

Help for individuals who are hearing-impaired

If you are hearing-impaired and have access to a Telecommunication Device for the Deaf (TDD), you can get tax information by calling our bilingual enquiry service. The toll-free, bilingual TDD enquiry service is available at ~~1-800-665-0354~~.

A TDD is a special device that allows the user to transmit a written message over the telephone. You cannot access our TDD line using a regular telephone.

The bilingual TDD service is offered all year. For callers residing in the western provinces, the line operates between 8:15 a.m. and 5:00 p.m. Central Time. For callers in Newfoundland, the line operates between 8:15 a.m. and 5:00 p.m. Atlantic Time. For all other callers, the line operates between 8:15 a.m. and 5:00 p.m. local time. During the filing season, we also provide evening service.

Other Pamphlets in this Series

The following is a list of the other pamphlets in this series. They may help to answer specific questions. You can get copies of these pamphlets from your taxation office.

- *Are You Moving?*
- *Are You Separated or Divorced?*
- *Gifts in Kind*
- *How to Calculate Your RRSP Contribution Limit*
- *Paying Your Tax by Instalments*
- *Students and Income Tax*
- *Tax Information for People with Disabilities*
- *Using Your Home for Day Care*
- *When You Retire*