

INDIVIDUAL INCOME TAX RETURN FOR RESP OVERCONTRIBUTIONS FOR 1996 AND FUTURE YEARS

Each subscriber is liable for his or her share of tax on Registered Education Savings Plan (RESP) overcontributions and has to file this return and pay the tax within 90 days after the end of the year in which the overcontributions exist. Use this form to calculate the amount that is subject to the 1%-per-month tax on RESP overcontributions for 1996 and future years. For RESP overcontributions made in 1995 and earlier years, use the T1E-OVP(93) return, *Individual Income Tax Return For Registered Education Savings Plans Over-Payments*.

Complete a separate return for each beneficiary for whom you and other subscribers made overcontributions to RESPs. As an RESP subscriber you are responsible for determining whether other plans exist for the same beneficiary.

Overcontributions to RESPs

An overcontribution exists for an RESP beneficiary when the total contributions made by **all** subscribers to **all** RESPs for that beneficiary exceed the annual or lifetime limit. As an RESP subscriber, you are liable for a 1%-per-month tax on your share of the RESP overcontributions at the end of each month for which the overcontributions are not withdrawn. The annual and lifetime contribution limits are:

Periods	Annual limits	Lifetime limits
For 1990 to 1995 *	\$1,500	\$31,500
For 1996	\$2,000	\$42,000
For 1997 and future years	\$4,000	\$42,000

* For years before 1990 there were no limits.

Note: Payments made to an RESP under the Canada Education Savings Grant program are not considered to be contributions. Do not take these payments into consideration when determining whether or not an overcontribution situation exists.

Withdrawal of overcontributions – Apply withdrawals from RESPs against a prior-year overcontribution before applying them against a current-year overcontribution.

Transferring between RESPs

If the terms of the RESP permit, you can transfer funds directly from one RESP to another. Generally (for months ending after 1996), for purposes of determining if an overcontribution situation exists for a beneficiary, the contributions made for the beneficiaries under the transferor RESP (plan the funds are transferred from), will be considered to have been made for the beneficiaries under the transferee RESP (plan that receives the funds). However, this rule does not apply where:

- a beneficiary under the transferor RESP is a beneficiary under the transferee RESP; or
- a beneficiary under the transferor RESP has a brother or sister (who is under 21 years of age) that is a beneficiary under the transferee RESP.

In both these situations, an overcontribution situation for a beneficiary under the transferee RESP cannot result from the transfer.

Changing the named beneficiary

Generally, for months ending after 1996, when a beneficiary under an RESP is replaced by another, the contributions made for the former beneficiary will be considered to have been made for the new beneficiary for purposes of the new beneficiary's annual and lifetime RESP limit. However, this rule does not apply in the following situations:

- the replacement beneficiary is a brother or sister of the former beneficiary and is under 21 years of age; or
- under proposed changes, for replacements that occur after 1997, both beneficiaries were connected by blood relationship or adoption to an original subscriber under the RESP and neither had attained 21 years of age.

In both these situations, the contributions for the former beneficiary will not be taken into account in determining the annual and lifetime RESP limits for the new beneficiary. Therefore, a RESP overcontribution for the new beneficiary cannot result from the replacement.

For more information on RESPs, get the information sheet called *Registered Education Savings Plans (RESPs)*, which is available from your tax services office.

Area 1 – Identification (Subscriber completing this return and the beneficiary of the RESPs)

Last name of subscriber		First name and initials	Social insurance number			
Address		Tax year you are filing this return for				

Last name of beneficiary		First name and initials	Social insurance number			
Address						

Area 2 – List of all RESPs and their subscribers for this beneficiary (Attach a separate sheet if necessary)

1	Name of the RESP	Contract number	Subscriber's name			
	Subscriber's address			Social insurance number		
2	Name of the RESP	Contract number	Subscriber's name			
	Subscriber's address			Social insurance number		
3	Name of the RESP	Contract number	Subscriber's name			
	Subscriber's address			Social insurance number		

Before completing areas 3 and 4, complete parts 1 and 2 on the back of this return (and part 3 if it applies).

Area 3 – Calculating the 1% per month tax on RESP overcontributions

Your share of the overcontributions subject to tax for the previous year: Enter, if applicable, the total of the amounts indicated on line 3 in Part 3 on the back of this return.	\$ _____	1
Your share of the overcontributions subject to tax for the current year: Enter the total of the amounts indicated on line 14 in Part 3 on the back of this return.	+ _____	2
Total of your share of the overcontributions: Line 1 plus line 2.	= _____	3
Rate of tax on RESP overcontributions.	x _____ 1%	4
Tax payable on RESPs overcontributions for the year: Line 3 multiplied by line 4.	= \$ _____	5

Your payment is due within 90 days after the end of the year for which you are filing this return. Arrears interest, at the prescribed rate, will be charged on any unpaid amount not received by the due date. Attach a cheque or money order made payable to the Receiver General. Do not mail cash.	Amount enclosed \$ _____
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Area 4 – Certification

I certify that the information given on this T1E OVP return is, to the best of my knowledge, correct and complete. It is a serious offence to make a false return.		
Subscriber's signature _____	Date _____ () _____	Phone number _____

Part 1 – Record of all contributions made to RESPs for this beneficiary

Provide the information requested on contributions to a RESP. Include all the contributions made for the beneficiary covered by this return. Also include the contributions transferred from another RESP or another beneficiary for the beneficiary covered by this return. Do not record excluded contributions described under the heading "Transferring between RESPs" and "Changing the named beneficiary" on the front of this form. Attach a separate sheet if necessary.

Section A – Enter all contributions, including the current year, made according to RESPs entered into before February 21, 1990 that require periodic contributions of specified amounts where at least one payment was made before February 21, 1990.

Date of contributions YY/MM/DD	RESP contract number	Name of the subscriber	Contributions
Total contributions			\$ _____

Section B – Contributions to all other RESPs

Date of contributions YY/MM/DD	RESP contract number	Name of the subscriber	Contributions
Total contributions			\$ _____

Part 2 – Contribution limit for the beneficiary for whom you are filing this return

Maximum lifetime limit. \$ 42,000 **1**

Total of all contributions to all RESPs established before February 21, 1990: Enter the total contributions from Part 1, Section A (if this amount exceeds \$42,000, enter \$42,000). \$ _____ **2**

Total of all contributions made by you and all other subscribers to all RESPs established after February 20, 1990, and before the beginning of the tax year you are filing this return for (for the 1990 tax year enter "0"). + _____ **3**

Line 2 **plus** line 3. = \$ _____ **4**

Balance of lifetime limit available at beginning of the year: Line 1 **minus** line 4. = \$ _____ **5**

Annual limit: If you are filing this return for 1996, enter \$2,000 (for 1997 and later years, enter \$4,000). \$ _____ **6**

Maximum allowable contributions for the year: Line 5 or line 6, **whichever is less**. \$ _____ **7**

Total of all contributions made for this tax year: Enter the total contributions from Part 1, Section B. – _____ **8**

Line 7 **minus** line 8. If the result is negative, you have to complete Part 3 to calculate the amount that is subject to tax. If the result is positive, you do not have RESP overcontributions for this year and, provided there was no RESP overcontributions for the previous year, you do not have complete Part 3. = \$ _____ **9**

Part 3 – Calculating the amount that is subject to tax (Complete this chart month by month)

Previous year overcontribution		January	February	March	April	May	June	July	August	September	October	November	December
1. Overcontribution at the end of December of the preceding year. If you are filing this return for 1996, for January, enter the overcontribution indicated on line 12 of the T1E-OVP for 1995. If you are filing this return for 1997 or a future year, for January, enter the amount from line 3 in Area 3 of the previous year return. For all other months, indicate the amount from line 3 for the preceding month.	1.												
2. Amounts you withdrew during the month up to the amount on line 1	2.												
3. Amount subject to tax for the month: Line 1 minus line 2. This result cannot be negative.	3.												
Current year overcontribution													
4. Contributions you made during the month.	4.												
5. Contributions all other subscribers made during the month.	5.												
6. Total of all contributions made during the month: line 4 plus line 5.	6.												
7. Total of all amounts from line 6 to the end of this month.	7.												
8. Maximum allowable contributions: For each month, enter the amount from line 7 in Part 2 above.	8.												
9. Overcontribution: Line 7 minus line 8. If positive, continue the calculation. If negative or 0, there is no overcontribution and you do not have to complete the following lines for this month. Go to line 4 for the next month.	9.												
10. Total of all amounts from line 4 to the end of this month.	10.												
11. Line 10 divided by line 7.	11.												
12. Your share of the overcontributions: Line 11 multiplied by line 9.	12.												
13. Amounts you withdrew up to the end of this month. Do not include the amounts you entered on line 2.	13.												
14. Your share of the overcontributions at the end of the month: Line 12 minus line 13.	14.												