



Canada Revenue
Agency

Agence du revenu
du Canada

T5007 Guide – Return of Benefits

Is this guide for you?

Sections 232 and 233 of the *Income Tax Regulations* require every person who pays an amount for workers' compensation benefits or social assistance to file an information return to report those payments. This is done using the T5007 information return. It consists of a T5007 Summary and all related T5007 slips. You can use these to report income payments of either type.

This guide is designed to help workers' compensation boards and social services agencies determine:

- what types of benefits or assistance to report; and
- when and where to file the T5007 information return.

This guide also explains how to complete the T5007 Summary and the related T5007 slips.

The T5007 slips make it easier for recipients of these benefits or assistance payments to determine the amounts they received during the year. The income shown on the T5007 slip is not taxable, but people who receive it have to include the amounts in their net income. They need this information if they want to claim the guaranteed income supplement and certain tax credits and payments to which they may be entitled. These include the Canada Child Tax Benefit, the goods and services tax/harmonized sales tax credit, some provincial or territorial tax credits and benefits, and some non-refundable tax credits such as the age amount, the spouse or common-law partner amount, and medical expenses.

If you have a visual impairment, you can get our publications in braille, large print, or etext (CD or diskette), or MP3. For more information, visit our Web site at www.cra.gc.ca/alternate or call 1-800-959-2221.

Confidentiality of information

Under the *Privacy Act*, the information you provide on the T5007 information return and related forms can be used only for the purposes authorized by law.

Income Tax Act references

In this guide, all legislative references are to the *Income Tax Act* and *Income Tax Regulations*.

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What's new?

Internet File Transfer

If you use payroll, commercial, or in-house developed software to manage your business, you can file up to 20 MB (approximately 20,000 slips). For more information, visit our Web site at www.cra.gc.ca/file-xml.

Amended T5007 Slips

Effective January 2009 we will be able to accept amended T5007 slips in electronic format for the 2008 and subsequent tax years. See page 11 for details.

Filer Identification Number (FIN) change

Starting in January 2010, the Canada Revenue Agency (CRA) will be processing information returns using the Business Number (BN) in order to simplify filing and processing.

In the future, the FIN will be converted to the BN. If you are required to file either the T5, T5007, T5008, T5013 or the RRSP contribution receipts, you will be asked to file your returns and receipts using the BN instead of the FIN.

We will be notifying all filers of their new converted BN by letter. If you have not received your BN by December 2009, please call **1-800-959-5525** (English) or **1-800-959-7775** (French) or write to your local tax centre at the address shown on page 14.

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General information

This guide does not deal with every tax situation. For a list of publications that explain certain situations in greater detail see "References" on page 14.

If you are filing your T5007 information return electronically, see "Filing electronically" on page 6.

T5007 slip

Use T5007 slips to identify recipients of workers' compensation benefits and social assistance payments, and to report the amount of benefits and assistance paid to them.

Three individual T5007 slips are printed on each page or sheet. These can be used with laser or ink jet printers or the information can be typed or filled out by hand.

T5007 Summary

The T5007 Summary is a one-part form you use to total all the amounts you are reporting on the T5007 slips. You do not need to send us a paper copy of the T5007 Summary if you file your information return electronically.

Due date

You have to file your T5007 information return on or before the last day of February following the calendar year to which the information return applies. For example, if you are filing a T5007 information return for 2008, it has to be filed on or before the last day of February, 2009.

If you end your business or activity, you have to file a return for the year or part-year no later than 30 days after the date the business or activity ended.

You can send recipients an electronic copy of their T5007 slips. The recipient must have consented in writing or by email to receive the slips electronically.

Send the recipients' copies of the T5007 slips to their last known address or deliver them in person. You have to do this on or before the day you have to file the T5007 information return.

Electronic mailing lists

We can notify you immediately about new information on payroll, electronic filing for businesses and more. To subscribe, free of charge, visit our Web site at www.cra.gc.ca/lists.

Who has to file a T5007 information return?

The following agencies or bodies have to file a T5007 information return:

- any provincial, territorial, or municipal agency or similar body that makes social assistance payments based on a means, needs, or income test; and

- any provincial or territorial workers' compensation board or similar body that pays an amount or determines a claim for compensation under a federal, provincial, or territorial employees' or workers' compensation law for injury, disability, or death.

Only these organizations should file T5007 information returns. Employers who continue to pay an employee's salary before and after a workers' compensation board claim is decided do not have to file the T5007 information return. For more information, see "Box 10 – Workers' compensation benefits" on page 8.

Benefits and assistance you have to report

Paragraphs 56(1)(u) and 56(1)(v) of the *Income Tax Act* describe social assistance payments and workers' compensation benefits that the recipient has to include in income. The following list describes the most common types of workers' compensation benefits and social assistance payments. Although the list is not complete, it can help you determine what types of payments you should report.

Workers' compensation benefits

Workers' compensation benefits include the following types:

Injury

This is compensation paid under a federal, provincial, or territorial employees' or workers' compensation law for an injury. These amounts include benefits that are a wage-loss replacement for time lost from employment due to a compensable injury or condition.

Disability

This is compensation paid under a federal, provincial, or territorial employees' or workers' compensation law for a disability. These amounts include:

- wage-loss replacement income paid to an injured worker who suffered a partial, total, temporary, or permanent disability as a result of a work-related accident; and
- compensation for future loss of earnings made to an injured worker who suffers from an injury resulting in permanent impairment or temporary disability.

Death

This is compensation paid under a federal, provincial, or territorial employees' or workers' compensation law as a result of death. These amounts include:

- survivor benefits that are periodic payments to a dependent spouse or common-law partner, dependent children, or orphans; and
- wage-loss replacement income periodically paid to a surviving spouse or common-law partner to replace the income that a worker who died in a work-related

accident or as a result of an industrial accident would have earned.

Social assistance payments

Social assistance payments are payments made to beneficiaries or third parties based on a means, needs, or income test. They include payments for food, clothing, and shelter requirements to:

- individuals;
- impaired individuals in nursing homes or similar accommodations; and
- elderly individuals (generally over 64 years of age) whether or not they live in nursing homes or similar accommodations.

These amounts can also include actual rental or mortgage amounts paid for accommodation.

Benefits and assistance you do not have to report

Workers' compensation benefits

Do not report a payment or an award for:

- medical expenses incurred by or for the employee;
- funeral expenses for the employee;
- legal expenses for the employee;
- job training or counselling for the employee that is not paid as part of, or in lieu of, wage replacement benefits; or
- the death of the employee, other than periodic payments made after the death of the employee.

Note

Do not include the interest part of retroactive workers' compensation payments in the benefit amount you report on the T5007 slip. This interest, which accumulates to the date the award is made, is not included in income. Do not issue a T5007 slip or a T5 slip for these interest payments.

Social assistance payments

Do not report a payment:

- that is made in a year as part of a series of payments totalling \$500 or less in the tax year;
- that is not part of a series of payments;
- for medical expenses (other than amounts paid for shelter in a nursing home) incurred by or for the payee;
- for child-care expenses that include baby-sitting services, day-nursery services, or services provided at a boarding school or camp, if the cost for these services would otherwise qualify for a deduction under section 63 of the *Income Tax Act*;
- for funeral expenses for a person related to the payee;

- for legal expenses incurred by or for the payee or a person related to the payee; or
- for job training or counselling for the payee or a person related to the payee.

Note

Do not prepare a T5007 slip for social assistance payments for amounts (often called **bed reservation fees**) paid to individuals to keep their residences available for use by a foster person.

Filing methods

If you file from **1 to 500** information slips, we encourage you to file in eXtensible Markup Language (XML) format by Internet file transfer. You will get immediate confirmation that we received your information return.

Filing electronically

If you file **more than 500** various information slips (for example T5007, T5, T5008, T4, T4A), you **must** file the return electronically in eXtensible Markup Language (XML) format.

For **501 to approximately 20,000** slips, file by Internet file transfer or on electronic media.

For **more than 20,000** slips, file on electronic media.

If you fail to file electronically when required, we may apply a penalty. See "Failure to file an information return in electronic format" on page 7.

Internet file transfer

Internet file transfer (XML) allows you to transmit a return with **1 to approximately 20,000 slips (up to 20 MB)**.

To use this Internet filing service, you need a Web access code (WAC). The returns must be in the mandatory eXtensible Markup Language (XML) format and must conform to our specifications found at www.cra.gc.ca/file-xml.

For filers who filed information returns using Internet file transfer or electronic media last year, we will send you a letter in December with your account number and associated WAC. If you did not file electronically last year or if you did not get your letter, call us after January 5, 2009, at **1-877-322-7849** to get a WAC.

For more detailed instructions visit our Web site at www.cra.gc.ca/file-xml.

Note

When using Internet File Transfer (XML), the information is automatically encrypted before it is submitted to the CRA.

Electronic media

You **have to** file your information return on DVD or CD using eXtensible Markup Language (XML) format if you (or a representative) file **more than 20,000 various** information slips for the calendar year.

If you are filing 20,000 slips or less, see “Internet file transfer” on page 6.

If you file your information return on electronic media, **do not** send us the paper copy of the forms that make up the return.

For more information about this method of filing, visit our Web site at www.cra.gc.ca/electronicmedia or call 1-800-665-5164.

If you prefer, you can write to:

Electronic Media Processing Unit
Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

Note

You may need to correct information you originally filed on electronic format or on paper. If so, make these corrections in electronic format or on paper. For more information, see “After you file” on page 11.

Filing on paper

You can file on paper if you file, for the calendar year, **1 to 500 various** information slips.

You have to file a completed T5007 Summary with one copy of the related T5007 slips on or before the last day of February following the calendar year to which the information return applies.

Send the completed T5007 information return to:

Ottawa Technology Centre
Canada Revenue Agency
P.O. Box 9633, Station T
Ottawa ON K1G 6H3

Penalties and use of the social insurance number (SIN)

Late-filing penalty

If you file your T5007 information return late, or do not distribute the related slips to the recipients by the due date, you are liable to a penalty. This penalty is \$25 a day for each day they are late, from a minimum of \$100 to a maximum of \$2,500.

Failure to file an information return

If you are convicted of not filing a return or slip as required, you are liable to a fine of \$1,000 to \$25,000, or to a fine and imprisonment for a period of up to 12 months.

Failure to file an information return in electronic format

If you are filing more than 500 slips in a calendar year, you must file them electronically. If you do not, you may be guilty of an offence and liable to a fine of up to \$2,500.

Failure to provide information on a return

Anyone who prepares an information return has to make a reasonable effort to get the necessary information, including the social insurance numbers from the individuals that will receive the slips. If you do not do this, you may be liable to a \$100 penalty for each failure to comply with this requirement.

Failure to provide a social insurance number (SIN) on a return

Make sure the social insurance number (SIN) and name you enter on the T5007 slip for each recipient are the same as on his or her SIN card.

If the individual does not give you his or her SIN, you should be able to show that you made a reasonable effort to get it. For example, if you contact a recipient by mail to ask for his or her SIN, record the date of your request and keep a copy of any correspondence that relates to it. If you do not make a reasonable effort to get a SIN, you may be subject to a penalty of \$100 for each failure. If you cannot obtain a SIN from the recipient, file your information return, without the SIN, no later than the last day of February. If you do not, you may be subject to a penalty.

For more information, see Information Circular IC82-2, *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*, or visit the Service Canada Web site at www.servicecanada.gc.ca.

Interest on penalties

We charge interest, compounded daily at a prescribed rate, on the total amount of penalties and interest outstanding. Interest and penalties are payable to the Receiver General.

Cancelling or waiving penalties and interest

We may cancel or waive all or part of the penalties and interest if they were a result of circumstances beyond your control. For more information, visit our Web site at www.cra.gc.ca/fairness or see Information Circular IC07-1, *Taxpayer Relief Provisions*.

Failure to provide a social insurance number

Individuals have to give their social insurance number (SIN) on request to anyone who has to prepare an information slip for them. A person who does not comply with this requirement is liable to a \$100 penalty for each failure.

An individual who does not have a SIN has 15 days from the date of an information request to apply for one at any Service Canada Centre office. Application forms and instructions are available on their Web site at www.servicecanada.gc.ca. After receiving the SIN, the individual has 15 days to provide it to the person who is preparing an information return.

For more information about SIN reporting requirements, see Information Circular IC82-2, *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*.

Using the social insurance number

If you have to prepare an information return, or if you are an officer, employee, or agent of someone who does, you cannot **knowingly** use or communicate a social insurance number, or allow it to be communicated, without the written consent of the individual, other than as required or authorized by law or for the purpose for which it was provided.

If you use a social insurance number for unauthorized purposes, you may be guilty of an offence. If convicted, you are liable to a maximum fine of \$5,000, or imprisonment of up to 12 months, or both.

Notice of assessment

We will issue a notice of assessment for the T5007 information return only if we apply a penalty.

Completing the T5007 slip

General information

Before you complete the T5007 slips, read the information under “Filing electronically” on page 6 and “Filing on paper” on page 7.

Box 10 – Workers’ compensation benefits

There are three methods of payment:

- **direct payment** to a claimant;
- **full-salaried employee award**, when the workers’ compensation board repays the awarded amount to the employer who has advanced the money to the employee in anticipation of the award; and
- **self-insured employee award**, when the workers’ compensation board determines the eligibility of the claim and the amount of the award, but full responsibility for payment rests with the employer, or with an insurance company.

Direct payment to claimant – Enter in box 10 the total amount (dollars and cents) of workers’ compensation benefits paid to the recipient in the year.

Full-salaried employee award and self-insured employee award – Enter in box 10 the total amount (dollars and cents) of the workers’ compensation award for the calendar year. The total payment must be reported in the year in which it is paid.

Example 1

When the claim and the benefit payments occur in different calendar years – An employee is injured and files a claim in year A. The board accepts the claim and reimburses the employer in year B. In this case, the board

has to file a T5007 slip for year B for the full amount of the award.

Example 2

When reimbursements of wage-loss replacement plan benefits are deductible – An employee received \$5,000 as wage-loss replacement plan benefits in year A. This amount is included in income in year A. In year B, the employee receives another \$5,000 in wage-loss replacement plan benefits and workers’ compensation benefits of \$15,000. It is later determined that he is required to reimburse \$8,000 of the wage-loss replacement plan benefits. For year B, he would include both the \$5,000 wage-loss replacement and the \$15,000 workers’ compensation benefits in his income. Assuming these are his only sources of income, his total income would be \$20,000. He is entitled to an \$8,000 deduction representing the reimbursement of the wage-loss replacement plan benefits as other employment expenses (repayment of salary or wages). He can also deduct the \$15,000 of workers’ compensation benefits which he added to his income. After deducting these amounts from net income, he has a non-capital loss of \$3,000. This can be carried back 3 years and forward 10 years and deducted from income from all sources. If it is carried back to the previous tax years, the employee should send to his tax centre a completed Form T1A, *Request for Loss Carryback*, or a signed letter providing the details of the request.

Example 3

When an insurance company pays the immediate benefits – A worker is injured or sick and files a claim. The insurance company pays \$500 to the worker, and the worker assigns workers’ compensation board rights to the insurance company. The board awards \$400 to the worker and pays that amount to the insurance company. The insurance company issues a T4A slip to the worker for \$100, which is the amount of unrecovered benefit payments to the worker. The board should issue a T5007 slip to the worker for the full \$400 benefit awarded.

Note

Employers who continue to pay an employee’s salary before and after a workers’ compensation board claim is decided have to withhold amounts for income tax, Canada Pension Plan, and Employment Insurance. The employees have to report their salary on their individual income tax and benefit returns in the year they received it. For more information, see RC4120, *Employers’ Guide - Filing the T4 Slip and Summary*.

Interim assistance from a social services agency

Individuals could face financial difficulties while waiting for the workers’ compensation board to accept their claims. During this waiting period, they may rely on a social services agency for financial support. In this case, they might be required to assign their rights to income receivable from the workers’ compensation board to a social services agency in exchange for interim financial support. The assignment could cover the entire amount of income or part of it.

Assignment of benefits – The amount the workers’ compensation board has to report in box 10 is the total

workers' compensation benefits paid in the calendar year. In addition, the social services agency has to issue a T5007 slip for the amount of social assistance paid, less the workers' compensation benefits assigned to the agency.

Note

A T5007 slip should never show a negative amount.

Box 11 – Social assistance payments or provincial or territorial supplements

Enter the total amount (dollars and cents) of assistance paid to the recipient in the calendar year.

When there is a legal transfer of certain income amounts –

In some circumstances, individuals can formally assign their rights to receive certain income, or a province or territory can transfer their rights to receive such income (for example, child support and alimony payments). Once an individual transfers his or her rights to support payments to a provincial or territorial authority, the province or territory then has the legal right to collect these payments. In this case, report in box 11 the total social assistance payments paid to the recipient in a calendar year, minus the money recovered through a formal assignment or transfer.

When certain income amounts are assigned to repay assistance – Individuals could face financial difficulties while waiting for certain income amounts (for example, workers' compensation benefits, Employment Insurance benefits, and Canada Pension Plan payments). During these waiting periods, they may rely on a social services agency for financial support. In such situations, they could sign agreements to repay any assistance they receive. In these agreements, they could assign their rights to all or part of any income amounts to the social services agency.

In such a situation, you have to issue a T5007 slip for the amount of social assistance advanced to the individual less any amounts recovered by assignments. The income that is received from the other agencies in repayment for the social assistance advances keeps its identity, and those agencies will issue the applicable information slip to the individual for whom the payments were made.

Child support payments paid under an order or agreement made or varied after April 1997 are neither included in the recipient's income nor deductible by the payer.

Box 12 – Social insurance number

Enter the individual's social insurance number (SIN). You **have to** make a reasonable effort to get the SIN from each recipient. If the individual does not have a SIN, he or she has to apply for one.

If you have not received the SIN by the time you prepare the T5007 slip, do not delay completing the T5007 information return beyond the required filing date. Instead, leave this box blank and file the return on time. If an individual gives you his or her SIN after you have sent the T5007 information return to us, the individual does not need to receive an amended T5007 slip with the correct SIN but a copy should be sent to the CRA. For more details, see "After you file" on page 11.

For information about SIN reporting requirements and the related penalties, see "Penalties and use of the social insurance number (SIN)" on page 7. For more information, see Information Circular IC82-2, *Social Insurance Number Legislation that Relates to the Preparation of Information Slips*.

Box 13 – Report code

Enter on each slip one of the following codes to indicate whether the slip is:

- "O" original;
- "A" amended (changing the financial data or identification information); or
- "C" cancelled.

When using code "A" or "C," enter a description at the top of the slip (for example, "AMENDED" or "CANCELLED") and include a written explanation of the reason for filing the slip. For more details, see "After you file" on page 11.

Recipient's name and address

Enter the last name of the individual first, in capital letters, followed by the first name and initials. Enter the recipient's full mailing address.

Payer's name and address

Enter on each T5007 slip the complete name and address of the workers' compensation board, the social services agency, or similar body that paid the benefits or assistance, or determined an award to the recipient.

Distributing the T5007 slips

You can now send recipients an electronic copy of their T5007 slips. The recipient must have consented in writing or by email that they want to receive the slips electronically.

If you file paper copies, distribute the copies of the T5007 slip as follows:

- Send one copy with the T5007 Summary to the office listed on the back of the T5007 Summary.
- Send two copies to the recipient's last known address, or deliver them by hand.
- Keep one copy for your records.

If you file on electronic media, you only have to distribute two copies to the recipient, as shown above.

Completing the T5007 Summary

General information

Before you complete the T5007 Summary, read the instructions under "Filing electronically" on page 6 and "Filing on paper" on page 7.

You can get a blank T5007 Summary from our Web site at www.cra.gc.ca/forms or order one by calling 1-800-959-2221.

If you file your T5007 information return on electronic media

If you file your T5007 information return on electronic media, do not send us a paper copy of the T5007 Summary.

Filer identification number

The filer identification number is a unique number that applies to information returns (including the T5007 information return). It has two alphabetic and seven numeric characters (for example, HA1234567). **Do not enter your Business Number in this area.**

It is important that you make every effort to get a filer identification number before filing your T5007 return. However, do not delay filing your return, even if you have not received your filer identification number before the due date. File your return on time and attach a note to it explaining why you have not entered the number.

Note

If you are filing for the first time and do not yet have a filer identification number, we will send you a confirmation letter once we receive your first information return. This letter will contain your new filer identification number.

Information return for the year ending December 31

Enter the four digits of the calendar year covered by this information return, if not already preprinted.

If this is an additional T5007 Summary

Enter an "X" to show that you are filing an additional T5007 information return.

Name and address of payer

Enter the name and complete address of the workers' compensation board, social services agency, or similar body filing this information return.

Business Number

It is important that you make every effort to provide us with your Business Number (BN) when filing your T5007 return.

Enter the 15 digits of your BN in this area.

Language

Enter an "X" to show your preferred language for correspondence.

T5007 slip totals

Box 10 – Workers' compensation benefits

Enter the total amount (dollars and cents) of workers' compensation benefits paid or awards determined. This amount corresponds to the total of all the amounts reported in box 10 of all the T5007 slips you are submitting with this summary.

Box 11 – Social assistance payments or provincial or territorial supplements

Enter the total amount (dollars and cents) of social assistance payments or provincial or territorial supplements paid. This amount corresponds to the total of all the amounts reported in box 11 of all the T5007 slips you are submitting with this summary.

Box 31 – Total number of T5007 slips attached

Enter the total number of T5007 slips you are submitting with this summary.

Person to contact about this information return

Print the name (in capital letters) and telephone number of the person who will be able to answer any questions we may have about this information return.

Certification

Name of authorized person

Print the name (in capital letters) of the officer who has signing authority.

Signature of authorized person and date

A person with signing authority has to sign and date the information return.

Position or title

Enter the position or title of the officer who has signing authority.

Filing the T5007 Summary

You can file the T5007 Summary by Internet file transfer or electronic media. For more information, see "Filing methods" on page 6.

If you filed on paper, send the completed T5007 Summary, along with the related T5007 slips to:

Ottawa Technology Centre
Canada Revenue Agency
P.O. Box 9633, Station T
Ottawa ON K1G 6H3

You must send these on or before the last day of February following the calendar year to which the T5007 information return relates.

When a business or activity ends, you have to send the T5007 Summary and the related slips no later than 30 days after the date the business or activity ended.

You may want to keep a working copy of the T5007 Summary for your records.

After you file

When we receive your information return, we check it to see if you have prepared it correctly. After an initial review, we enter your return into our processing system, which captures the information and performs various validity and balancing checks. If there are any problems, we may contact you.

Amending, cancelling, adding, or replacing slips

Amending slips

After you file your information return, you may notice that you made an error when preparing the T5007 slips. If so, you will have to prepare amended slips to correct the information.

Amending slips electronically

You can now send amended T5007 slips using Internet file transfer (XML). For more information, visit our Web site at www.cra.gc.ca/file-xml.

No matter how you originally filed, the method for filing an amended return (cancelling or amending slips) is based on the number of amended slips.

For more information on how to amend slips electronically, see www.cra.gc.ca/file-xml and select the “Amending returns” option.

Amending paper slips

Clearly identify the new slips as amended slips by writing “AMENDED” at the top. When you amend a slip, make sure you complete all the necessary boxes, including the information that was correct on the original slip. Send two copies of the amended slips to the recipient in the same way you sent the originals.

Send one copy of the amended slips to any tax centre with a letter explaining the reason for the amendment. The addresses of our tax centres are listed on page 14 of this guide.

Note

Do not file an amended summary when you send in amended slips.

Cancelling slips

Cancelling slips electronically

A cancelled slip is considered to be an amended slip. See “Amending slips electronically” on this page.

Cancelling paper slips

Send us a copy of the original clearly marked “CANCELLED.” The addresses of our tax centres are listed on page 14. Do not file a cancelled summary. Send two copies of the cancelled slip to the recipient in the same way you sent the originals.

Note

If you notice errors on the slips **before** you file them with us, you can correct them by preparing new slips and **removing** any incorrect copies from the information return. If you do not prepare a new slip, initial any changes you make on the slip. Ensure you also correct the summary.

Adding slips

After you file your T5007 information return, you may discover that you need to send us additional T5007 slips. If you have original slips that were not filed with your return, file them in a separate original return.

Adding slips electronically

We accept additional original T5007 slips in electronic format. See www.cra.gc.ca/file-xml.

Adding slips on paper

When submitting additional slips on paper, clearly identify the new slips by writing “ADDITIONAL” at the top. Send a copy of the slips to any tax centre. The addresses of our tax centres are listed on page 14. Do not file an additional summary.

Replacing slips

If you issue slips to replace copies that are lost or destroyed, do not send us copies of these slips. Clearly identify them as “DUPLICATE” copies, and keep them with your records.

Recovery of benefit and assistance overpayments

The following guidelines address recoveries of overpayments of benefits or assistance made to an individual by mistake. We do not consider an amount paid in error as assistance or a benefit for the individual receiving it. Therefore, you should not include it in the individual’s income for the year he or she received it. If the individual has to repay it in the same or another year, we do not allow a deduction from income for the repayments made (whether by deduction from the individual’s benefits or assistance, or in some other manner). The following guidelines apply if the individual has repaid amounts you have reported on a T5007 slip for a previous year.

Note

A T5007 slip should never show a negative amount.

Workers’ compensation benefits

Self-insured employee award

You should issue an amended T5007 slip for the year the overpayment was paid, not the year the workers’ compensation board discovered or recovered the overpayment.

Example

A worker receives in year A a total of \$1,000 in wages, consisting of \$600 in benefits and \$400 in salary. A T5007 slip was issued for \$600, as well as a T4 slip reporting the \$400 salary and \$600 (the amount of benefit reimbursed to the employer) in the "Other information" area with a code 77. This allows the employee to claim the other employment expense deduction. In the following year (year B), the board discovers that the worker should have received \$550 in benefits and \$450 in salary for year A. Consequently, year A benefits were overpaid by \$50. You should reflect this change by issuing an amended T5007 slip for year A in the amount of \$550.

To calculate the individual's refundable tax credits and benefits (for example, goods and services tax/harmonized sales tax credit, Canada Child Tax Benefit, and provincial or territorial tax credits or benefits), the individual's **net income** stays at \$1,000. The increase in salary is offset by the \$50 reduction in benefits. However, you have to amend the T5007 slip because there is an increase in the individual's **taxable income**, equivalent to the increase in salary of \$50.

For more information, see T4001, *Employers' Guide – Payroll Deductions and Remittances* or call 1-800-959-5525.

Direct payment to claimant

Example 1

Using the previous example in which the individual only received benefits in year A, you should amend the T5007 slip for year A to report \$550 in paid benefits.

Example 2

When an individual is still receiving benefits in year B, and his or her benefits for that year are reduced to recover the overpayment, or if he or she directly repays the

overpayment, you should only report the net amount on the T5007 slip for year B. Once year B's benefits have been reduced to nil, you can reduce year A's benefits by any amount of the recovery that is more than year B's benefits. In this case, you should also prepare an amended T5007 slip for year A.

Note

When an identified overpayment has not been recovered, do not amend any T5007 slips.

Social assistance payments

Example 1

In year A, an individual receives \$3,000 in assistance. In the following year (year B), it is discovered that the individual should have received only \$2,500 in total payments. The individual is not receiving assistance in year B, but the agency recovers the overpayment of \$500 in assistance in year B. In this case, you should amend the T5007 slip for year A to report \$2,500 in paid assistance.

Example 2

When an individual is still receiving assistance in year B, and his or her assistance payments for that year are reduced to recover the overpayment, or he or she directly repays the overpayment, you should only report the net amount on the T5007 slip for year B. Once year B's assistance has been reduced to nil, you can reduce year A's assistance by any amount of recovery that is more than year B's assistance. In this case, you should also prepare an amended T5007 slip for year A.

Note

When an identified overpayment has not been recovered, do not amend any T5007 slips.

Distributing your copies

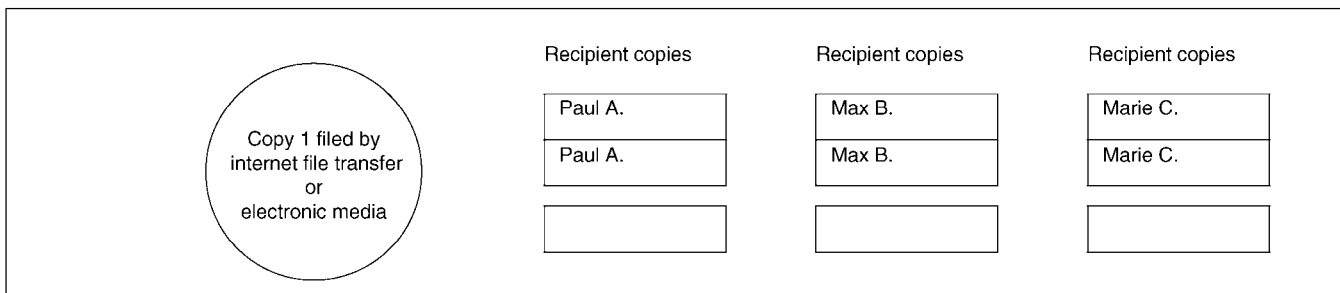
How to prepare, distribute and file your T5007 slips with your T5007 Summary

You can use this form whether you file your information return by electronic media or paper. For more information on how to complete the T5007 slip and the T5007 Summary, see "Completing the T5007 slip" on page 8 and "Completing the T5007 Summary" on page 9 respectively.

When filing by internet file transfer: Follow the instructions and technical specifications on our Web site at www.cra.gc.ca/file-xml to file your information return. Produce two paper copies for the recipient and one copy (optional) for your records.

When filing by electronic media: Follow the instructions and technical specifications on our Web site at [www.cra.gc.ca/electronic media](http://www.cra.gc.ca/electronic-media) to produce the electronic media copy to send us. Produce two paper copies for the recipient and one copy (optional) for your records.

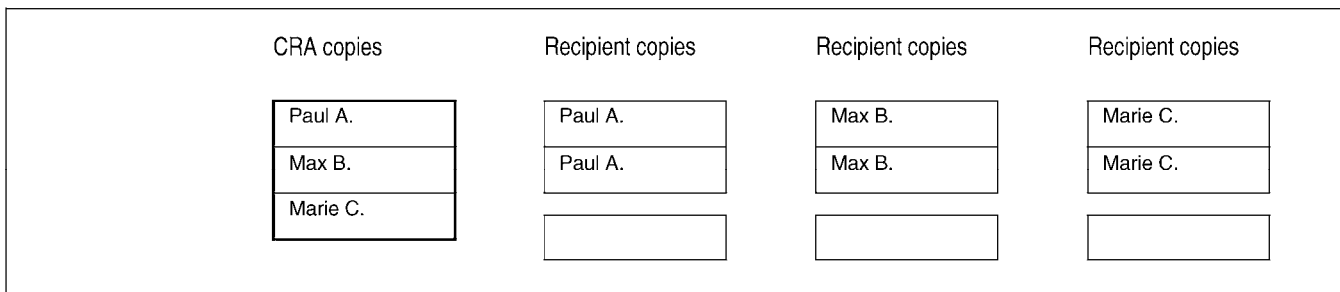
Example



When filing on paper:

- Use one sheet for three different recipients for the copy you are sending to the CRA. Do not separate the slips when you send them with your T5007 Summary.
- Use a separate sheet for the two copies you are giving to the recipient and the copy you are keeping in your records.

Example



References

The following publications relate to topics in this guide and are available from our Web site at www.cra.gc.ca/forms, or by calling 1-800-959-2221.

Interpretation Bulletins

IT-202 *Employees' or Workers' Compensation*
 IT-428 *Wage Loss Replacement Plans*

Information Circulars

IC07-1 *Taxpayer Relief Provisions*
 IC82-2 *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*
 IC97-2 *Customized Forms* (available in electronic format only)

Addresses of tax centres

Filers served by a tax services office on the left side of the following list should communicate with the corresponding office on the right.

Bathurst, Nova Scotia, Kingston, Moncton, Newfoundland and Labrador, Peterborough, Saint John, St. Catharines, and Sydney	St. John's Tax Centre 290 Empire Avenue St. John's NL A1B 3Z1
Chicoutimi, Montérégie-Rive-Sud, Outaouais, Québec, Rimouski, and Trois-Rivières	Jonquière Tax Centre 2251 René-Lévesque Boulevard Jonquière QC G7S 5J1
Laval, Montréal, Ottawa, Rouyn-Noranda, Sherbrooke, and Sudbury (Northeastern Ontario* only)	Shawinigan-Sud Tax Centre 4695 – 12th Avenue Shawinigan-Sud QC G9N 7S6
Belleville, Charlottetown, Hamilton, and Kitchener/Waterloo	Summerside Tax Centre 275 Pope Road Summerside PE C1N 6A2
Toronto Centre, Toronto East, Toronto North, Toronto West, and Sudbury (Sudbury/Nickel Belt** only)	Sudbury Tax Services Office 1050 Notre-Dame Avenue Sudbury ON P3A 5C1
Calgary, Edmonton, Lethbridge, London, Red Deer, Saskatoon, Thunder Bay, Windsor, and Winnipeg	Winnipeg Tax Centre 66 Stapon Road Winnipeg MB R3C 3M2
Burnaby-Fraser, Northern B.C. and Yukon, Regina, Southern Interior B.C., Vancouver, and Vancouver Island	Surrey Tax Centre 9755 King George Highway Surrey BC V3T 5E1

* Northeastern Ontario includes all areas outside Sudbury/Nickel Belt that are served by the Sudbury Tax Services Office.

** The Sudbury/Nickel Belt area includes all postal codes beginning with P3A, P3B, P3C, P3E, P3G, P3L, P3N, P3P, and P3Y, as well as postal codes beginning with P0M and ending with 1A0, 1B0, 1C0, 1E0, 1H0, 1J0, 1K0, 1L0, 1M0, 1N0, 1P0, 1R0, 1S0, 1T0, 1V0, 1W0, 1Y0, 2C0, 2E0, 2M0, 2R0, 2S0, 2X0, 2Y0, 3A0, 3B0, 3C0, 3E0, and 3H0

For more information

If you need more help after reading this guide, visit our Web site at www.cra.gc.ca or call 1-800-959-5525. To get any forms and publications you may need, visit our Web site at www.cra.gc.ca/forms or call 1-800-959-2221. For help with using the CRA electronic filing options, call the e-service Helpdesk at 1-800-322-7849.

Our service complaint process

Step 1 – Talk to us

If you are not satisfied with the **service** you have received from us, you have the right to make a formal complaint. Before you make a complaint, we recommend that you try to resolve the matter with the CRA employee you have been dealing with (or phone the number you have been given).

If you still disagree with the way your concerns are being addressed, ask to discuss the matter with the employee's supervisor. The employee will provide you with the supervisor's name and telephone number.

Step 2 – Contact CRA – Service Complaints

This service is available to individual and business taxpayers and benefit recipients who have dealings with us. It is meant to provide you with an extra level of review if you are not satisfied with **step 1** of our complaint process. In general, service-related complaints refer to the quality and timeliness of the work we performed.

If you choose to bring your complaint to the attention of CRA – Service Complaints, complete Form RC193, *Service-Related Complaint*, which you can get by visiting our Web site at www.cra.gc.ca/complaints or by calling 1-800-959-2221.

Step 3 – Contact the office of the Taxpayers' Ombudsman

If, after following **steps 1 and 2**, you are still not satisfied with the way that the CRA has handled your complaint, you can file a complaint with the Taxpayers' Ombudsman.

For more information on the Taxpayers' Ombudsman and on how to file a complaint, visit their Web site at www.taxpayersrights.gc.ca.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



Taxpayer Services Directorate
Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5