



Deducting Income Tax on Pension and Other Income, and Filing the T4A slip and Summary

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Canada Revenue
Agency

Agence du revenu
du Canada

Canada

NOTE: In this publication, the text inserted between square brackets represents the regular print information.

Is this guide for you?

Use this guide if you are a **payer**, such as an employer, a trustee, an estate executor (or liquidator), an administrator, or a corporate director, and you pay any of the following types of income:

- pension or superannuation;
- lump-sum payments;
- self-employed commissions;
- annuities;
- patronage allocations;
- RESP accumulated income payments;
- RESP educational assistance payments;
- fees or other amounts for services; or

- other income such as research grants, certain payments under a wage-loss replacement plan, death benefits, and certain benefits paid to partnerships or shareholders.

Note

Use a T4A slip to report **retiring allowances paid in 2009 and prior years only**, for example, if you are amending a previously filed T4A slip, or filing late. See page 83 [17] of this guide for the reporting of prior year retiring allowances. **For 2010 and later years**, report retiring allowances on a **T4 slip**. For more information on retiring allowances, see Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.

You have to complete a T4A slip, STATEMENT OF PENSION, RETIREMENT, ANNUITY, AND OTHER INCOME, if you made any of the payments listed above and:

- the total of all payments in the calendar year was more than \$500;
or
- you deducted tax from any payment.

You have to prepare a T4A slip for a subscriber if any RESP accumulated income payments totalling \$50 or more are made in the calendar year. You have to prepare a T4A slip for a beneficiary if any RESP educational assistance payments totalling \$50 or more are made in the calendar year.

If you provided **group term life insurance** taxable benefits for former employees or retirees, you must report the benefit on a T4A slip using code 119 regardless of the amount. The \$500 reporting threshold for T4A slips does not apply.

If you are the administrator or trustee of a multi-employer plan and you provided taxable benefits under the plan to employees, former employees, or retirees, report the benefit on a T4A slip using code 119 if it is more than \$25.

Note

A multi-employer plan is a pension plan where no more than 95% of the active members work for one employer or group of related employers in a year.

You have to prepare a T4A slip for Tax-Free Savings Account (TFSA) taxable amounts paid to a recipient when the total amount for the year is more than \$50.

For a complete list of the other types of income covered in this guide, see "Other information" on page 81 [16].

Note

In this guide, the term **recipient** refers to the beneficiary of a payment and includes employees, former employees, retired persons, and shareholders.

Do not complete a T4A slip for:

- Payments made by a department or a Crown corporation for goods and services. Complete a T1204 slip, GOVERNMENT SERVICE CONTRACT PAYMENTS.
- Payments made by individuals, partnerships, trusts, or corporations with construction as their primary business activity to subcontractors for construction services. Complete a T5018 slip, STATEMENT OF CONTRACT PAYMENTS.

- Amounts paid or credited to a non-resident of Canada, such as interest, dividends, rental income, royalties, pension income, retiring allowances, or other similar types of passive income. Complete an NR4 slip, STATEMENT OF AMOUNTS PAID OR CREDITED TO NON-RESIDENTS OF CANADA. For information, see Guide T4061, NR4 – NON-RESIDENT TAX WITHHOLDING, REMITTING, AND REPORTING.
- Payments from a retirement compensation arrangement. Complete a T4A-RCA slip, STATEMENT OF DISTRIBUTIONS FROM A RETIREMENT COMPENSATION ARRANGEMENT (RCA). For information, see Guide T4041, RETIREMENT COMPENSATION ARRANGEMENTS, or call **1-800-959-5525**.
- Income paid from a life income fund (LIF). Complete a T4RIF slip, STATEMENT OF INCOME FROM A REGISTERED RETIREMENT INCOME FUND. However, if a life annuity is bought from the proceeds of a LIF, the annuity payments have to be reported in box 024 of a T4A slip.
- Amounts paid for management fees, director's fees, tips and gratuities, group term life insurance premiums paid for current employees, and other employment income. Complete a T4 slip, STATEMENT OF REMUNERATION PAID.

- Payments received under a supplementary unemployment benefit plan (SUBP) that **do not** qualify as a SUBP under the INCOME TAX ACT (for example, employer-paid maternity and parental top-up amounts). Complete a T4 slip, STATEMENT OF REMUNERATION PAID. For more information see Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES, and Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.
- Undistributed amounts remaining in a deceased taxpayer's Tax-Free Savings Account at the end of the trust's exempt period. For more information, see Guide RC4477, TAX-FREE SAVINGS ACCOUNT (TFSA) GUIDE FOR ISSUERS.

Throughout this guide, we refer to other guides, forms, interpretation bulletins, and information circulars. Generally, if you need any of these, go to **www.cra.gc.ca/forms**. You may want to bookmark this address for easier access to our Web site in the future.

What's new

Payroll Deduction Tables (T4032)

The Canada Revenue Agency encourages employers to take advantage of our electronic payroll deductions services. While we are always improving these self-serve options, a limited number of printed copies of Publication T4032, PAYROLL DEDUCTIONS TABLES, will continue to be available.

The electronic version of Publication T4032 is available on our Web site at www.cra.gc.ca/payroll.

Web Forms

Beginning in January 2012, you can electronically file an original or amended information return of up to 50 T4A slips in a single submission using the Canada Revenue Agency (CRA) Web Forms application.

This service will allow you to:

- Create an electronic T4A information return;
- Validate data in real time, with prompts to correct errors before filing;
- Calculate the totals for the T4A Summary;
- Print and save T4A slips; and
- Securely submit encrypted T4A information returns over the Internet.

For more information about Web Forms, go to
www.cra.gc.ca/webforms.

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

La version française de cette publication est intitulée COMMENT RETENIR L'IMPÔT SUR LES REVENUS DE PENSION OU D'AUTRES SOURCES ET ÉTABLIR LE FEUILLET T4A ET LE SOMMAIRE.

Table of contents

	Page
Chapter 1 – General information	16 [5]
What are your responsibilities?	16 [5]
Trustee in bankruptcy	17 [5]
If your business stops operating or the partner or proprietor dies.....	19 [5]
Penalties and interest	20 [5]
Failure to deduct.....	20 [5]
Failure to remit and late remittances	21 [5]
Late filing and failure to file the T4A information return	22 [6]
Interest	23 [6]
Cancelling or waiving penalties and interest.....	23 [6]

	Page
Chapter 2 – Deducting income tax.....	24 [6]
Special payments.....	24 [6]
Death benefits	24 [6]
Lump-sum payments	25 [6]
Retroactive lump-sum payments.....	28 [7]
Patronage payments	32 [8]
Registered education savings plan (RESP).....	33 [8]
Tax-Free Savings Account (TFSA).....	35 [8]
How to calculate tax deductions	38 [9]
Form TD1, Personal Tax Credits Return	40 [9]
Claim codes.....	41 [9]
Chapter 3 – How and when to remit.....	41 [9]
New remitter	42 [9]

Page

Remitter types and information 43 [10]

 Regular remitter 44 [10]

 Quarterly remitter 45 [10]

 Accelerated remitter 47 [10]

 Remittance due dates that fall on a Saturday, Sunday,
 or public holiday 50 [11]

Remittance forms 50 [11]

 Form PD7A 51 [11]

 Form PD7A(TM) 54 [12]

 Form PD7A-RB 58 [12]

 E-PD7A 59 [12]

Not making a remittance 59 [12]

 TeleReply 60 [13]

	Page
Remittance methods	63 [13]
Electronically	63 [13]
At your financial institution	63 [13]
Using an ATM (automated teller machine)	63 [13]
By mail.....	64 [13]
Missing or lost remittance forms	64 [13]
If you have more than one account	65 [13]
Notice of assessment	65 [13]
Service bureaus.....	66 [13]
Remitting error	66 [14]
Chapter 4 – T4A slips	67 [14]
Types of T4A slips	67 [14]
Slips for filing over the Internet	67 [14]

	Page
Customized T4A slips	68 [14]
Slips for filing on paper.....	68 [14]
Completing T4A slips	69 [14]
Detailed instructions.....	71 [14]
Chapter 5 – T4A Summary.....	100 [20]
Completing the T4A Summary	101 [20]
Detailed instructions	102 [20]
Chapter 6 – T4A information return	107 [21]
Filing methods.....	109 [21]
Filing over the Internet.....	110 [21]
Filing on paper.....	113 [22]
Filing on electronic media	113 [22]

	Page
How to file and distribute your T4A slips and T4A Summary	114 [22]
Chapter 7 – After you file	116 [22]
Amending, cancelling, adding, or replacing slips	117 [22]
Amending slips	117 [22]
Cancelling slips.....	119 [23]
Adding slips.....	120 [23]
Replacing slips	121 [23]
Amending, cancelling, or adding slips without a Web access code	121 [23]
Pension adjustment (PA)	122 [23]
For more information	124 [25]
What if you need help?	124 [25]

Page

Forms and publications 124 [25]

Electronic mailing lists 125 [25]

Teletypewriter (TTY) users 125 [25]

My Business Account 125 [25]

Electronic payments 126 [25]

Addresses 126 [25]

Related forms and publications 127 [25]

Our service complaint process 128 [25]

Your opinion counts 128 [25]

Chapter 1 – General information

What are your responsibilities?

As a payer, you must do the following:

- Deduct income tax from certain amounts you pay to recipients.
- Hold these amounts in trust for the Receiver General. You have to keep these amounts separate from the operating funds of your business. Make sure these amounts **are not part** of an estate in liquidation, assignment, receivership, or bankruptcy.
- Remit these deductions to the Canada Revenue Agency (CRA).
- Report the payments and deductions on the T4A information return to the CRA. To do this, complete T4A slips, STATEMENT OF PENSION, RETIREMENT, ANNUITY AND OTHER INCOME, and the related T4A Summary, SUMMARY OF PENSION, RETIREMENT, ANNUITY, AND OTHER INCOME. Detailed instructions on how to complete a T4A slip begin on page 71 [14], and on page 102 [20] for a T4A Summary.
- File the T4A Summary, together with the related T4A slips, on or before the last day of February following the calendar year to which

the slips apply. See page 109 [21] for information about the filing methods you can use.

- Give recipients their T4A slips on or before the last day of February following the calendar year to which the information return applies. See page 107 [21].
- Keep your paper and electronic records for at least six years after the year to which they relate. If you want to destroy them before the six year period is over, complete Form T137, REQUEST FOR DESTRUCTION OF RECORDS. Go to www.cra.gc.ca/records or see Guide RC4409, KEEPING RECORDS.

Note

If you fail to deduct, remit, or report income tax as required, you may be subject to penalties and interest.

Trustee in bankruptcy

Under the CANADA PENSION PLAN and the EMPLOYMENT INSURANCE ACT, the trustee in bankruptcy is the agent of the bankrupt employer in the event of an employer's liquidation, assignment, or bankruptcy.

If a bankrupt employer has deducted Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, or income tax from amounts employees received before the bankruptcy and the employer has not remitted these amounts to us, the trustee must hold the amounts in trust. These amounts are not part of the estate in bankruptcy and should be kept separate.

If a trustee carries on the bankrupt employer's business, a new Business Number (BN) is required. The trustee has to continue to deduct and remit the necessary CPP contributions, EI premiums, and income tax according to the bankrupt employer's remittance schedule. T4 slips should be prepared and filed in the usual way.

Amounts paid by a trustee to employees of a bankrupt corporation to settle claims for wages that the bankrupt employer did not pay are taxable income but are not subject to payroll deductions (Canada Pension Plan/Quebec Pension Plan contributions, Employment Insurance premiums, provincial parental insurance plan premiums, and income tax). These payments are to be reported in the "Other information" area of the T4A slip using code 156. See page 97 [19].

If your business stops operating or the partner or proprietor dies

Remit all amounts you withheld for the recipients to your tax centre **within seven calendar days** of the day your business ends.

Calculate the **pension adjustment (PA)** that applies to your former employees who accrued benefits for the year under your **registered pension plan (RPP)** or **deferred profit sharing plan (DPSP)**. For information on how to calculate pension adjustments, see Guide T4084, PENSION ADJUSTMENT GUIDE.

Complete and file the T4A slips and T4A Summary using electronic methods or on paper, and send them to the Ottawa Technology Centre (see the address on page 126 [at the back] of this guide) **within 30 days** of the day your business ends (or 90 days from the date a partner or the sole proprietor dies). Give copies of the T4A slips to your former employees. If you file more than 50 slips for a calendar year, you **must** file your return over the Internet, as explained on page 110 [21].

Close the Business Number (BN) and all CRA business accounts after all the final returns and all the amounts owing have been processed.

To close your payroll account, you can use the "Request to close payroll account" service in My Business Account at www.cra.gc.ca/mybusinessaccount. An authorized representative can use this service through "Represent a Client" at www.cra.gc.ca/representatives.

Penalties and interest

Failure to deduct

We can assess a penalty of **10%** of the amount you fail to deduct. Generally, we only apply the 10% penalty to the part of the amount you failed to deduct that is more than \$500. However, in certain circumstances, we may apply the penalty to the total amount.

If you fail to deduct the required amount of income tax more than once in a calendar year, we **may** apply a **20%** penalty to the second or later failures if they were made knowingly or under circumstances of gross negligence.

Failure to remit and late remittances

We can assess a penalty on the amount you failed to remit when:

- you deduct the amounts, but do not remit them; or
- we receive the amounts you deducted after the due date.

If the remittance due date is a Saturday, Sunday, or public holiday, your remittance is due on the next business day.

The penalty for **remitting late** is:

- 3% if the amount is one to three days late;
- 5% if it is four or five days late;
- 7% if it is six or seven days late; and
- 10% if it is more than seven days late or if no amount is remitted.

Generally, we only apply this penalty to the part of the amount you failed to remit that is more than \$500. However, in certain circumstances, we may apply the penalty to the total amount.

If you are subject to this penalty more than once in a calendar year, we may assess a 20% penalty on the second or later failures if they were made knowingly or under circumstances of gross negligence.

Note

We consider a non-sufficient funds (NSF) cheque to be a failure to remit and will automatically apply a penalty, as well as an administrative charge.

Late filing and failure to file the T4A information return

You have to file the T4A information return and give the T4A slips to the recipients each year, on or before the **last day of February following the calendar year to which the information return applies**. If the last day of February is a Saturday or Sunday, or a public holiday, your information return is due the next business day. We consider your return to be filed on time if we receive it or if it is postmarked on or before the due date.

The minimum penalty for late filing the T4A information return is \$100 and the maximum penalty is \$7,500. For the complete penalty structure, go to **www.cra.gc.ca/penaltyinformationreturns**.

Interest

If you fail to pay an amount, we may apply interest from the day your payment was due. The interest rate we use is determined every three months, based on prescribed interest rates. Interest is compounded daily. We also apply interest to unpaid penalties. For the prescribed interest rates, go to **www.cra.gc.ca/interestrates**.

Cancelling or waiving penalties and interest

The taxpayer relief provisions of the INCOME TAX ACT (the Act) give us some discretion to cancel or waive all or part of any penalties and interest charges. This flexibility allows us to consider extraordinary circumstances that may have prevented you from fulfilling your obligations under the Act. For details, go to **www.cra.gc.ca/fairness** or see Information Circular IC07-1, TAXPAYER RELIEF PROVISIONS.

Chapter 2 – Deducting income tax

Special payments

The following payments are not pensionable or insurable. Do not deduct Canada Pension Plan/Quebec Pension Plan contributions or Employment Insurance premiums or provincial parental insurance plan (PPIP) premiums.

Death benefits

A death benefit is the gross amount of any payment (including a payment to a surviving spouse or common-law partner, heir, or estate) on or after the death of an employee to recognize the employee's service in an office or employment. Wages and employment income earned up to and including the date of death are payments that are reported on a T4 slip, **not** a T4A slip. See Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.

If you pay a death benefit to a surviving spouse, common-law partner, or heir, part of this payment may be exempt from tax (to a maximum of \$10,000) when he or she files an income tax and benefit return.

Do not deduct income tax from this part of the payment. For more information, see Interpretation Bulletin IT-508, DEATH BENEFITS.

Use the withholding rates for lump-sum payments shown on page 27 [the next page] to deduct income tax from the remainder of the taxable amount of the death benefit. The T4A slip should be issued in the name of the recipient, not in the name of the deceased.

Lump-sum payments

Retiring allowances are treated as lump-sum payments. You have to deduct income tax from a retiring allowance **unless** it is transferred directly into a registered retirement savings plan (RRSP) or a registered pension plan (RPP). Please note that retiring allowances must be taxed even if a recipient's total earnings received or receivable during the calendar year, including the lump sum payment, are less than the total claim amount on his or her Form TD1, PERSONAL TAX CREDITS RETURN.

Do not report eligible and non-eligible retiring allowance amounts (including those amounts paid to Indians) on a T4A slip. Instead, report these types of income on a T4 slip. For more information on

retiring allowances, see Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.

Note

The T4A slip is still used to report eligible and non-eligible retiring allowance amounts (including those amounts paid to Indians) paid in 2009 and prior years if you are filing amended T4A slips or are filing late.

You have to deduct income tax from lump-sum payments that are:

- from a registered retirement savings plan (RRSP) or a plan referred to in subsection 146(12) of the INCOME TAX ACT as an amended plan;
- from a registered pension plan (RPP);
- from a deferred profit sharing plan (DPSP);
- more than the minimum amount you have to pay to an annuitant under a registered retirement income fund (RRIF); or
- from a retirement compensation arrangement. Report these payments in box 16, "Distributions," on a T4A-RCA slip, STATEMENT

OF DISTRIBUTIONS FROM A RETIREMENT COMPENSATION ARRANGEMENT (RCA).

If you pay a lump-sum payment (such as a refund of premiums) to a deceased annuitant's spouse or common-law partner, do not deduct income tax.

Withholding rates for lump-sum payments

Combine all lump-sum payments that have been or are expected to be paid in the calendar year when determining the composite rate to use. Use these federal and provincial or territorial composite rates:

- 10% (5% for Quebec) on amounts up to and including \$5,000;
- 20% (10% for Quebec) on amounts over \$5,000 up to and including \$15,000; and
- 30% (15% for Quebec) on amounts over \$15,000.

Recipients may have to pay additional tax on these amounts when they file their returns. To avoid this situation, if a recipient requests it, you can:

- calculate the annual tax to deduct from the recipient's yearly remuneration, **including** the lump-sum payment (www.cra.gc.ca/pdoc);
- calculate the annual tax to deduct from the recipient's yearly remuneration, **not including** the lump-sum payment; and
- **subtract** the second amount from the first amount.

The result is the amount you deduct from the lump-sum payment if the recipient requests it.

Do not deduct income tax from a lump-sum payment if a recipient's total earnings received or receivable during the calendar year, including the lump-sum payment, are less than the "claim amount" on their Form TD1, PERSONAL TAX CREDITS RETURN. This does not apply to lump-sum payments paid to non-residents, or retiring allowances, as noted on page 25 [the previous page].

Retroactive lump-sum payments

Certain retroactive lump-sum payments totalling \$3,000 or more (**not including interest**) are eligible for a special tax calculation when an

individual files his or her income tax and benefits return, regardless of the amount of tax you withhold from the payment.

Eligible sources of income are:

- benefits from Unemployment Insurance or Employment Insurance;
- benefits from a superannuation or pension plan (other than non-periodic benefits such as lump-sum withdrawals); and
- spousal, common-law partner, or child support payments.

To qualify for a special tax calculation, the payments described on Form T1198, STATEMENT OF QUALIFYING RETROACTIVE LUMP-SUM PAYMENT, must have been paid to the individual after 1994 for one or more years after 1977 throughout which the individual was a resident of Canada.

Note

If you pay a retroactive pay increase, see Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES.

You have to provide the following information in writing to the recipient:

- the year in which the lump-sum payment was made to the recipient;
- a complete description of the lump-sum payment and the circumstances that required it to be paid;
- the total amount of the lump-sum payment, including a breakdown between the principal and the interest element, if any, of the payment; and
- the principal amount of the lump-sum payment that relates to the current year and each of the preceding years covered by the payment.

You can provide all the information indicated above to the recipient by using Form T1198, STATEMENT OF QUALIFYING RETROACTIVE LUMP-SUM PAYMENT. The recipient has to send Form T1198 to their tax service office and request the special tax calculation in his or her income tax and benefit return.

Transfer of funds

A lump-sum payment may be directly transferred, within income tax limits (as explained below), from an RPP or a DPSP to an RPP, an RRSP, or a RRIF. A DPSP may also be transferred to another DPSP. Do not deduct tax on an amount that you transfer **directly** (not paid to the recipient) to an RPP, an RRSP, a DPSP, or a RRIF.

Trustees and administrators may use Form T2151, DIRECT TRANSFER OF A SINGLE AMOUNT UNDER SUBSECTION 147(19) OR SECTION 147.3, to transfer the lump-sum payment directly on a recipient's behalf. The receiving carrier should not issue receipts. The transferring carrier has to keep the necessary documents to support the transfer.

The INCOME TAX ACT sometimes limits how much of an RPP lump-sum payment you can transfer directly to such registered plans. If the amount you transfer is more than these limits, the recipient has to include the excess transfer in his or her income and you have to deduct income tax on the amount you did not directly transfer. You cannot transfer this amount to another RPP, RRSP, or DPSP.

Amounts from RRSPs and RRIFs may also be transferred on a tax-deferred basis in accordance with various provisions of the INCOME TAX ACT.

For more information about transferring funds between plans, see Interpretation Bulletin IT-528, TRANSFERS OF FUNDS BETWEEN REGISTERED PLANS.

Patronage payments

Patronage payments include:

- certificates of indebtedness;
- amounts credited towards the balance a recipient may owe the payer of the patronage; and
- shares of a corporation that an individual receives because of a patronage payment.

You have to apply a withholding tax of 15% on the value of patronage payments that Canadian residents receive in a year. This withholding tax applies to the payment or to the total of several payments of more than \$100 you made during the year.

Example

You give Colin a \$250 patronage payment. The amount on which you apply the 15% withholding tax is \$150 ($\$250 - \100). The withholding tax is \$22.50 ($\$150 \times 15\%$).

Complete the remittance voucher at the bottom of Form PD7A, STATEMENT OF ACCOUNT FOR CURRENT SOURCE DEDUCTIONS, and include it with the deducted amount you are sending to the Receiver General.

The withholding tax does not apply to Canadian residents who are exempt under section 149 of the INCOME TAX ACT.

For more information, see Interpretation Bulletin IT-362, PATRONAGE DIVIDENDS.

Registered education savings plan (RESP)

Investment earnings in an RESP can be paid to the subscriber or, in some circumstances, to a person other than the subscriber. These payments are called accumulated income payments (AIPs).

An AIP is subject to two different taxes: the regular income tax under Part I of the INCOME TAX ACT, and an additional tax of 20% (12% for residents of Quebec) under Part X.5 of the INCOME TAX ACT.

The amount subject to withholding taxes may be reduced if both of the following conditions are met:

- the recipient of the AIPs is the original subscriber (or, after the death of the original subscriber, his or her spouse or common-law partner if there is no other subscriber); and
- the recipient has completed Form T1171, TAX WITHHOLDING WAIVER ON ACCUMULATED INCOME PAYMENTS FROM RESPs, and asks that you transfer the payment directly to the subscriber's registered retirement savings plan (RRSP) or spousal or common-law partner RRSP.

If you are satisfied that these conditions and those explained on Form T1171 are met and you can reasonably believe that the recipient of the AIPs will deduct that amount as an RRSP contribution for the year you paid it, you do not have to withhold any taxes on the amount transferred.

The amount subject to withholding tax is the AIP **minus** the reduction determined on Form T1171.

Report all payments from an RESP on a T4A slip.

For more information, see Information Sheet RC4092, REGISTERED EDUCATION SAVINGS PLANS.

Tax-Free Savings Account (TFSA)

Generally, income earned in a TFSA is tax-free, even when it is withdrawn. However, special rules apply if the arrangement ceases to be a TFSA for any of the following reasons:

- the TFSA ceases to be a "qualifying arrangement";
- the conditions set out in subsection 146.2(2) of the INCOME TAX ACT are not satisfied; or
- the last TFSA holder dies.

The following comments refer to the death of the last TFSA holder. However, with the exception of the exempt period rule, which only

applies on the death of the last holder under a trustee arrangement, similar rules apply under the other scenarios.

When the holder of a deposit or an annuity contract that is a TFSA dies, the holder is considered to have disposed of the deposit or the annuity and each person who has an interest in the deposit or annuity is considered to have acquired that interest at the time of the holder's death at a cost equal to the fair market value (FMV) of the deposit or annuity as valued immediately before death. After the holder's death, a deposit or annuity contract is no longer considered to be a TFSA and is subject to the normal reporting, withholding and income inclusion rules that apply to deposits and annuities.

Where the holder of a TFSA that is a trustee arrangement dies, the trust will, in general, cease to be a TFSA at the date of death. However, the trust will, for certain purposes, continue to be treated as a TFSA from the date of death until the end of the calendar year following the year of death, or when the trust ceases to exist, if earlier (the exempt period). During the exempt period, property held in the TFSA can be distributed to the beneficiaries of the TFSA on a tax-free basis, provided the total amount distributed does not exceed the FMV of the property held in the trust immediately before the holder's death.

Any amounts paid to a beneficiary in excess of this limit must be included in the beneficiary's income in the year the amounts are paid and must be reported as income to the beneficiaries on a T4A slip (if the amounts exceed \$50). You do not have to deduct income tax on these amounts.

For example, a TFSA could be valued at \$10,000 at the date of death, but by the time it is distributed to the beneficiary, the account could be worth \$11,000. The extra \$1,000 is taxable income in the hands of the beneficiary if paid out within the exempt period, and a T4A must be prepared by the issuer reporting that amount.

If the trust continues to exist after the exempt period ends, the trust will be subject to taxation and will be required to include in its income any income earned afterwards. In addition, for its first taxation year that begins after the end of the exempt period, the trust must also include in its income the amount by which the FMV of all the property it holds at the end of the exempt period exceeds the FMV of the property held by the trust immediately before the holder's death, to the extent that this amount has not been distributed to beneficiaries during the exempt period. The trust would be subject to tax on these income inclusions unless they are payable in the year to the

beneficiaries of the trust, based on trust rules as described in Guide T4013, T3 TRUST GUIDE.

For more information, see Guide RC4477, TAX-FREE SAVINGS ACCOUNT (TFSA) GUIDE FOR ISSUERS, and Guide RC4466, TAX-FREE SAVINGS ACCOUNT (TFSA), GUIDE FOR INDIVIDUALS.

How to calculate tax deductions

The payroll deductions tables help you calculate CPP contributions, EI premiums, and the amount of federal, provincial (except Quebec), and territorial income tax that you have to deduct from amounts you pay. Use the provincial or territorial tables for the province or territory in which the recipient resides, **unless you will be applying lump-sum withholding rates.**

You can use any of the following versions of the payroll deductions tables:

- **Payroll Deductions Online Calculator (PDOC)** – You can use this application to calculate your payroll deductions. It calculates payroll deductions for any pay period, province (except Quebec)

and territory. The calculation is based on exact salary figures. For more information, go to www.cra.gc.ca/pdoc.

- **Payroll Deductions Tables (T4032) and Payroll Deductions Supplementary Tables (T4008)** – You can use these tables to calculate payroll deductions. They are available at www.cra.gc.ca/payroll.
- **Guide T4127, Payroll Deductions Formulas for Computer Programs** – You may want to use these formulas instead of the tables to calculate your recipients' payroll deductions. This publication contains formulas to calculate CPP contributions, EI premiums, and federal, provincial (except Quebec), and territorial income tax.

If the **computer formulas** you want to use are different from ours, you have to submit them to any tax services office or tax centre for approval.

All the payroll deductions tables are available for each province and territory (except Quebec) and also for employees working in Canada beyond the limits of any province, or outside Canada.

If you fail to deduct the required amounts, we may apply a failure to deduct penalty. See "Penalties and interest" on page 20 [5].

Form TD1, Personal Tax Credits Return

Individuals who will receive salary, wages, commissions, employment insurance benefits, pensions, or other remuneration **must** complete a federal Form TD1 **and**, if more than the basic personal amount is claimed, a provincial or territorial Form TD1.

These TD1 forms outline the credits that recipients can claim when filing their income tax and benefit returns. They should complete new TD1 forms within seven days of any changes to a situation that will affect their income tax and benefit returns. Individuals who do not complete new forms may be subject to a penalty of \$25 for each day the form is late. The minimum penalty is \$100, which increases by \$25 per day to the maximum of \$2,500.

Individuals do not have to complete new TD1 forms if their personal tax credit amounts have not changed for the year.

It is a serious offence to knowingly accept a Form TD1 that contains false or deceptive statements. If you think a Form TD1 contains incorrect information, call **1-800-959-5525**.

Keep a completed Form TD1 on file for each individual. We may ask to see it.

Claim codes

The total amount an employee claims on Form TD1 will determine which claim code to use. An explanation of the claim codes is listed in Publication T4032, PAYROLL DEDUCTIONS TABLES, which you can find online at **www.cra.gc.ca/payroll**. In some cases you will have to use one claim code for the federal Form TD1 and another claim code for the provincial or territorial form.

Chapter 3 – How and when to remit

There are several methods to choose from when remitting your deductions.

New remitter

If you have never remitted Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, or income tax deductions before, you must apply for a business number (BN) and register for a payroll account with us, if you don't already have one. Go to **www.cra.gc.ca/bro** to register, or call us at **1-800-959-5525**. We will give you a Payroll Account Number and tell you how to remit your deductions. New employers and payers are considered regular remitters for remitting frequencies.

When you make your first remittance, you can make it electronically or send a cheque or money order to your tax centre. If you make your remittance by cheque or money order, make it payable to the Receiver General and print your BN on the back. Include a letter stating:

- that you are a new remitter;
- the period your remittance covers;
- your complete payer name, address, and business telephone number; and
- your Account Number.

We will send you a remittance form in the mail after you register and after each subsequent remittance. If you do not receive a form in time for your next remittance, send in the remittance as described on page 42 [above]. In your letter, be sure to indicate that you did not receive your remittance form.

Remitter types and information

We determine the type of remitter you are by adding up all the CPP contributions, EI premiums, and income tax deductions you had to send us for your payroll accounts two calendar years ago.

We divide the total by the number of months (maximum 12) that you had to make payments in that year. For example, if you made two monthly remittances totalling \$120,000 in 2010, your **average monthly withholding amount (AMWA)** for 2012 would be \$60,000 (\$120,000 divided by 2).

If your remitter type changes based on our calculations, we will advise you in writing, usually in December, of when we have to receive your remittances for the following year.

You can view your remitting requirements online by using the "View remitting requirements" service in My Business Account at **www.cra.gc.ca/representatives**, if you are an authorized employee or representative, or at **www.cra.gc.ca/mybusinessaccount** if you are the business owner.

Regular remitter

If your AMWA two years ago was less than \$15,000, you are a regular remitter and have to remit your deductions so we receive them on or before the 15th day of the month following the month you made the deductions.

Note

We consider a remittance that was due on January 15 of the current year (for deductions you made in December of the previous year) to be late if it is paid with the previous year's T4 or T4A information return, and this return is filed after January 15.

Quarterly remitter

Quarterly remitting gives payers the option of remitting source deductions once every three months.

To qualify for quarterly remitting, a payer has to:

- have an AMWA of less than \$3,000 in either the first or the second preceding calendar year; and
- have a perfect compliance history.

Note

We consider a payer to have a **perfect compliance** history when, over a 12-month period, all deductions and remittances of CPP contributions, EI premiums, and income tax were made on time, GST/HST has been paid on time, and T4 and T4A type information returns and GST/HST returns have also been filed on time.

You do not have to apply to remit quarterly. If you are a new eligible payer, we will notify you by mail that you have the option to remit quarterly, and we will provide more information on quarterly remitting.

Payers who remain eligible to remit quarterly from one year to the next will not be re-notified by letter. If you are currently an eligible quarterly remitter, and you have not been notified to the contrary, you may continue to remit quarterly.

The quarters are January to March, April to June, July to September, and October to December. Remittances are due the 15th day of the month immediately following the end of each quarter. The due dates are April 15, July 15, October 15, and January 15.

Notes

We conduct an annual review to identify payers who qualify to be quarterly remitters. However, if at any time after 12 months of business a payer believes they have met the conditions mentioned on page 45 [above], they can call **1-800-959-5525** and apply to remit quarterly.

A payer who fails to comply with all the required conditions loses the quarterly remitting privilege. To regain the privilege, the payer has to re-establish a 12-month history of perfect compliance. Also, a payer with multiple payroll accounts must meet the compliance

requirements for all accounts. If one payroll account is ineligible, the payer loses the quarterly remitting privilege for all accounts.

Accelerated remitter

There are two groups (also called thresholds) of accelerated remitters.

Threshold 1

This group includes payers, including those with associated corporations, who had a total average monthly withholding amount (AMWA) of \$15,000 to \$49,999.99 two calendar years ago.

Amounts you withhold from remuneration paid in the first 15 days of the month are due by the 25th of the same month. Amounts you withhold from the 16th to the end of the month are due by the 10th day of the following month.

Threshold 1 payers can make remittances at their Canadian financial institution, tax services office or any tax centre.

Threshold 2

This group includes payers, including those with associated corporations, who had a total AMWA of \$50,000 or more two calendar years ago.

Amounts you withhold from remuneration you pay any time during the month are due by the third working day (not counting Saturdays, Sundays, or public holidays) after the end of the following periods:

- from the 1st through the 7th day of the month;
- from the 8th through the 14th day of the month;
- from the 15th through the 21st day of the month; and
- from the 22nd through the last day of the month.

Threshold 1 and Threshold 2 accelerated remitters are considered to be monthly accelerated remitters if they have a payroll frequency of only once a month.

Note

Threshold 2 remitters **have to** remit their payroll deductions electronically or in person at their Canadian financial institution.

We consider all payments made to the CRA at least **one full day** before the due date to have been made at a financial institution and a penalty will not be charged.

Payments made **on** the due date but not at a financial institution, are subject to a penalty of 3% of the amount due.

All payments made **after** the due date are subject to the graduated penalty rates. For details, see page 21 [5].

Associated corporations

If a corporation is associated with one or more corporations in the current year, and the total average monthly withholding amount (AMWA) of all the associated corporations was \$15,000 or more, two calendar years ago, we consider **all** the associated corporations to be accelerated remitters. The term ASSOCIATED CORPORATIONS is defined in the INCOME TAX ACT.

Remittance frequency

Under the INCOME TAX ACT, accelerated remitter payers have the option of changing their remitting frequency based on their AMWA in the immediate preceding calendar year. If you want to use this option, call us at **1-800-959-5525**. We will review your account and let you know in writing when we have to receive your deductions.

Remittance due dates that fall on a Saturday, Sunday, or public holiday

If your due date is a Saturday, Sunday, or public holiday, your remittance is due on the next business day. For a list of public holidays, go to **www.cra.gc.ca/duedates**.

Remittance forms

To make your remittance, you must use one of the following forms:

- Form PD7A, STATEMENT OF ACCOUNT FOR CURRENT SOURCE DEDUCTIONS, for regular, quarterly, and monthly accelerated remitters; or

- Form PD7A(TM), STATEMENT OF ACCOUNT FOR CURRENT SOURCE DEDUCTIONS, or Form PD7A-RB, REMITTANCE VOUCHER FOR CURRENT SOURCE DEDUCTIONS, for accelerated remitters (other than monthly accelerated remitters who use Form PD7A).

Complete your remittance voucher (the bottom part of the remittance form) correctly so we can apply your remittance to your account.

Form PD7A

We will send Form PD7A to each eligible regular, quarterly, and monthly accelerated remitter to remit deductions.

Form PD7A has three parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number;
- your business name;

- balances on your last statement:
 - **amounts paid for (year indicated)**, which are remittances we received for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for (year indicated)**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and
- an explanation of changes.

Bottom part – This part is your remittance form for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- Your name, address, and account number.

- The gross payroll for the remitting period (rounded to the nearest dollar). This represents all remuneration that you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the total of all amounts that would appear in box 14, "Employment income," on your employees' T4 slips. (For quarterly remitters, it is the total of these amounts for the last month of the quarter.)
- The number of employees in the last pay period. This includes any employee for whom you will prepare a T4 or a T4A slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 or a T4A slip. Do not include those who you did not pay in the last pay period in the month or quarter, such as employees on unpaid leave.
- The end of the remitting period for which deductions were withheld. Enter the year and month for which you are remitting (for regular remitters) or the last year and month of the quarter for which you are remitting (for quarterly remitters).
- The amount paid. This is the total income tax you are remitting.

Back of the form – This part can be used if you will not be making a remittance during the month or quarter. It also provides information on our TeleReply service.

If you mail your cheque or money order payable to the Receiver General, keep the top part as a record of your remittance and send the bottom part of Form PD7A to the following address:

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

If you need more information about Form PD7A, call us at **1-800-959-5525**.

Form PD7A(TM)

Each month, we send Form PD7A(TM) to all accelerated remitters, except monthly accelerated remitters (who receive Form PD7A).

Form PD7A(TM) has two parts:

Top part – This part is a statement of account from us. It shows:

- the date of your statement of account;
- your account number;
- your business name;
- balances on your last statement:
 - **amounts paid for (year indicated)**, which are remittances we received for the year indicated; and
 - **assessed amount owing**, which is the amount you had to pay on assessments of deductions, including penalties and interest;
- current balances:
 - **amounts paid for (year indicated)**, which are the amounts you paid for your deductions for the year indicated; and
 - **assessed amount owing**, which is your balance owing on assessments of deductions, including penalties and interest; and

- an explanation of changes.

Bottom part – This part is your remittance form for current remittances.

When you complete the bottom part, ensure that the following information is correct:

- Your name, address, and account number.
- The gross payroll for the remitting period (rounded to the nearest dollar). This represents all remuneration that you pay before you make any deductions, such as income tax. It includes regular wages, commissions, overtime pay, paid leave, taxable benefits and allowances, piecework payments, and special payments. It is the same as the total of all amounts for the remitting period that would appear in box 14, "Employment income," on your employees' T4 slips.
- The number of employees in the last pay period. This includes any employee for whom you will prepare a T4 or T4A slip, such as part-time and temporary employees, and employees absent with pay. Do not include people for whom you will not complete a T4 or

T4A slip. Do not include those you did not pay in the last pay period of the remitting period, such as employees on unpaid leave. If you have various pay groups (for example, executive, hourly, and salaried), include all employees paid in each group's last pay period, but do not count any person twice.

- The end of remitting period (YY MM DD). Threshold 1 accelerated remitters have two remitting periods per month. Therefore, they should enter either "15th" or "month-end" as their "end of remitting period" on the remittance form. Threshold 2 accelerated remitters have four remitting periods per month. Therefore, they should enter either "7th," "14th," "21st," or "month-end," as their "end of remitting period."
- The amount paid. This is the total income tax you are remitting.

When you make your remittance at your financial institution or tax centre, complete the top and the bottom parts of Form PD7A(TM) and present them with your remittance. The recipient will date-stamp the bottom part and return the top part to you as a receipt.

Note

Threshold 2 remitters and certain payroll service companies **must** remit through their **financial institution**.

Form PD7A-RB

Each December, we provide accelerated remitters (except monthly accelerated remitters who receive Form PD7A) a booklet of PD7A-RB forms (either 27 or 54 forms) to use to remit deductions. These booklets are printed once a year. If you require additional forms, call **1-800-959-5525**.

Form PD7A-RB has two parts:

Top part – This part is a receipt.

Bottom part – This part is your remittance voucher when making your payment. To complete this part, see "Bottom part" under the heading "Form PD7A(TM)" on page 56 [this page].

E-PD7A

E-PD7A is an electronic service that lets you receive and view your STATEMENT OF ACCOUNT FOR CURRENT SOURCE DEDUCTIONS. The E-PD7A replaces the paper version of the PD7A and the PD7A(TM). For more information and to find out if you can register, go to **www.cra.gc.ca/epd7a**.

My Business Account services

You can view financial transactions that would be displayed on a PD7A form by using the "Account balance and activities" service and selecting "Account transactions at **www.cra.gc.ca/representatives**, if you are an authorized representative or employee, or at **www.cra.gc.ca/mybusinessaccount**, if you are the business owner.

Not making a remittance

If you are not making a remittance for the month or quarter, you may notify us by:

- using the "Provide a nil remittance" service at **www.cra.gc.ca/representatives**, if you are an authorized employee

or representative, or at www.cra.gc.ca/mybusinessaccount if you are the business owner;

- using our TeleReply service; or
- by mail.

If you prefer not to use My Business Account or TeleReply, complete the remittance form and mail it to us. See "Back of the form" on page 54 [the previous page]. Be sure to indicate when you expect to have employees subject to deductions.

TeleReply

You can use TeleReply if you currently have no employees, are submitting nil remittance information for your payroll account, and the account number printed on your remittance voucher is correct.

If you use TeleReply, do not mail your remittance voucher to us, but fill it out and keep it for your records.

Hours of operation

You can use TeleReply during the following times (local time):

- Monday to Friday 8:00 a.m. to 7:30 p.m.
- Saturday 8:00 a.m. to 4:30 p.m.

You cannot use TeleReply on Sundays or public holidays.

Before you call TeleReply

Before you call TeleReply, you should complete the back of your remittance form. Make sure the account number and address printed on your remittance form are correct, and have this information with you when you call TeleReply.

For best results, and to ensure your privacy, do not use a cordless or cellular telephone or one with the keypad in the handset. Also, if at any time during the call we tell you that you cannot use TeleReply, you will have to mail your remittance form.

How to use TeleReply

1. Call TeleReply at **1-800-959-2256**.
2. Follow the step-by-step instructions to enter your information.
3. At the end of the call, we will ask you to confirm the information you entered.
4. Write down the confirmation number we will give you and keep it and your payroll remittance voucher with your records.

If we cannot process your information, we will not give you a confirmation number. You will have to call TeleReply again or mail your completed remittance voucher to us. For more information, see **www.cra.gc.ca/telereply** or call **1-800-959-5525**.

Remittance methods

Electronically

You may be able to remit your deductions online using the CRA's My Payment option at www.cra.gc.ca/mypayment, or through your financial institution's telephone banking or Internet banking services.

Go to www.cra.gc.ca/electronicpayments or contact your financial institution for more information.

At your financial institution

You can make your remittance at your Canadian financial institution. Complete the remittance form and present it with your payment. The financial institution will date stamp the bottom part and return the top part to you as a receipt.

Using an ATM (automated teller machine)

If you use an ATM to send us a remittance, allow time for the financial institution to process the transaction. The institution will debit your account when you use the ATM. However, you should allow time for us

to receive the remittance. An ATM receipt **is not** proof of payment by the due date.

By mail

You can mail a cheque or money order payable to the Receiver General to the address listed in your remittance form booklet or on the back of your remittance form. Write your account number on the back of your cheque or money order. Complete and include the bottom part of your remittance form with your payment. Allow sufficient mailing time to ensure that we receive your remittance by the due date. We accept cheques that are post-dated to the due date. **Do not send cash in the mail.**

Missing or lost remittance forms

If you are a **regular** or **quarterly** remitter and do not receive your remittance form for the month or quarter, or if you lose one, send your cheque or money order to your tax centre, made payable to the Receiver General. Include a short note that states your account number and the month or quarter for which you withheld the deductions.

If you are an **accelerated** remitter and you did not receive your remittance forms or you lost them, call **1-800-959-5525**.

Note

Even if you do not have a remittance form, you still have to send us your remittance so that we receive it by the due date.

If you have more than one account

If you remit deductions for more than one account, make sure you provide your account numbers and give a breakdown of the amounts intended for each account. This allows us to credit the proper amounts to the correct accounts.

Notice of assessment

If you receive a notice of assessment, use only the remittance voucher attached to the notice to make your payment.

Use only Forms PD7A, PD7A(TM), and PD7A-RB for current remittances.

Service bureaus

Service bureaus or similar institutions that take care of payroll deductions for clients can remit a lump-sum payment for the amounts they deduct for their clients.

They have to provide the following information for each client:

- Payroll account number;
- amount remitted;
- gross payroll; and
- number of employees in the last pay period.

If you use a service bureau or similar institution to remit your deductions, you are still responsible for making sure that the institution withholds your deductions and sends them to us on time.

Remitting error

If you discover that you made an error in remitting your source deductions, you should remit any shortage as soon as possible by

using My Payment, another remittance form, or by writing a short letter giving your account number and the pay period for which it applies.

If you have over-remitted, reduce your next remittance by the amount of the overpayment.

If your remittance is late, we may apply a late-remitting penalty. See "Penalties and interest" on page 20 [5].

Chapter 4 – T4A slips

Types of T4A slips

Slips for filing over the Internet

For information about completing and filing T4A slips over the Internet, go to www.cra.gc.ca/iref. You can also read the information on page 110 [21].

Customized T4A slips

For those who complete a large numbers of slips, we accept certain slips other than our own. In order to ensure accuracy, follow the guidelines for the production of customized forms at **www.cra.gc.ca/customized** or see Information Circular IC97-2R, CUSTOMIZED FORMS.

Slips for filing on paper

You can get **single-page slips** that have two slips per page and are intended for laser or ink jet printers, for typing, or to be filled out by hand. They are available at **www.cra.gc.ca/forms** or by calling **1-800-959-2221**.

From our Web site, you can print PDF copies of T4A slips that you complete by hand.

You can use fillable T4A slips on our Web site. After completing them, you can print them on plain white paper. For more information, go to **www.cra.gc.ca/fillable**.

Completing T4A slips

Make sure the social insurance number (SIN) and name you enter on the T4A 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 an individual 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, on or before the last day of February following the calendar year to which the information return applies.

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.

Follow these guidelines to complete your T4A slips:

- Complete the slips clearly and in alphabetical order.

- Report, in dollars and cents, all amounts you paid during the year except for pension adjustment amounts, which are reported in dollars only.
- Report all amounts in Canadian dollars, even if they were paid in another currency.
- Do not show hyphens or dashes between numbers or names.
- Do not enter the dollar sign (\$).
- Do not put negative dollar amounts on slips. To make changes to previous years, send us an amended slip for the year in question. See page 117 [22].
- If you do not have to enter an amount in a box – leave the box blank.
- Do not change the headings of any of the boxes.

Detailed instructions

Recipient's name and address

Enter the last name of the person to whom you made the payment, followed by the first name and initials. Directly below the name, enter the person's address, including the province, territory, or U.S. state, Canadian postal code or U.S. zip code, and country.

Payer's name

Enter your operating or trading name in the space provided on each slip.

Year

Enter the four digits of the calendar year in which you made the payment to the recipient.

Box 012 – Social insurance number

Enter the recipient's social insurance number (SIN) as it appears on the recipient's SIN card. If you do not have the SIN, enter nine zeros.

See "Completing T4A slips" on page 69 [the previous page] for information on your obligation to provide a valid SIN.

Box 013 – Recipient's account number (15 characters)

If the recipient of the reported amount is a business (sole proprietor, partnership, or corporation), enter the recipient's account number.

Box 016 – Pension or superannuation

Enter the taxable part of annuity payments you paid to an employee, retired employee, or survivor or spouse of an employee out of, or under, a superannuation or pension fund or plan, including disability benefits paid in the form of a life annuity.

Special situations

- You may have paid superannuation or pension benefits to a Canadian resident under an **unregistered pension plan** for services that the person rendered in a period throughout which the person **did not reside in Canada**. If you paid the benefits periodically, report the amount in box **016**. These payments **cannot** be transferred to a registered pension plan (RPP) or RRSP.

- Do not include benefits from an **unregistered pension plan** in box **016**; instead include them in the "Other information" area using code **109**.
- Include **disability benefits paid as a life annuity** out of a superannuation or pension plan in box **016**. Include any **other disability benefits** paid out of a superannuation or pension plan in the "Other information" area, using code **125**.
- If you made payments out of an **Employee Benefit Plan** that are not payments of superannuation or pension benefits, these should be reported on a T4 slip. See RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY for further information.
- Do not include amounts paid out of a **retirement compensation arrangement**. Use a T4A-RCA slip, STATEMENT OF DISTRIBUTIONS FROM A RETIREMENT COMPENSATION ARRANGEMENT (RCA), for these amounts.
- **Indian (exempt income) – pension or superannuation** Pension or superannuation income is usually exempt from tax when a person receives them as a result of employment income that was exempt from tax. If a part of the employment income was exempt, then a

similar part of these amounts is also exempt. Do not include exempt income in box **016**; instead include it in the "Other information" area using code **146**.

Box 018 – Lump-sum payments

In box **018**, enter the taxable part of a **single payment** out of a pension fund or plan including any single payment resulting from a:

- withdrawal from the plan, retirement from employment, or death of an employee or former employee;
- termination of, amendment to, or modification of the plan; or
- reimbursement of any over-contributions to the plan.

Also, enter the taxable part of any **single payment** out of a deferred profit sharing plan (DPSP) including a single payment due to a withdrawal from the plan, retirement from employment, death of an employee or former employee, or reimbursement of any over-contributions to the plan.

Special situations

- **Non-registered plan** – You have to identify pension benefits you paid from a pension fund or plan that is not registered. As well as reporting the amount in box **018**, in the "Other information" area, enter code **190** and the amount of the payment.
- If you include **lump-sum payments** out of RPPs and DPSPs accrued to December 31, 1971, report the amount in box **018** and in the "Other information" area, enter code **110** and the amount of the payment.
- **Direct transfers** – Do not include direct transfers of RPP lump-sum payments to RRSPs, RRIFs, or other RPPs that are transferred according to subsections 147.3(1) to (8) of the INCOME TAX ACT (the Act). Similarly, do not report direct transfers of DPSP lump-sum payments to RPPs, RRSPs, RRIFs, or other DPSPs that are transferred according to subsection 147(19) of the Act. These amounts are not reported when they are directly transferred under these subsections, and the receiving carrier should not issue receipts. You can use Form T2151, DIRECT TRANSFER OF A SINGLE AMOUNT UNDER SUBSECTION 147(19) OR SECTION 147.3, to document these direct transfers.

- **Amounts not eligible for transfer** – Amounts transferred that are higher than the amounts allowed under subsections 147.3(1) to (8) or 147(19) of the INCOME TAX ACT are considered income in the year they are transferred. Report such amounts in box **018**. The receiving carrier should issue a receipt for these excess transfers.

If you paid a single amount out of an RPP to an individual or you transferred such an amount that we consider to be income, you must report it in the "Other information" area, using code **108**.

- **Deferred profit sharing plan (DPSP)** – Use box **018** to report the total of amounts you allocated or reallocated in the year under a DPSP or a revoked plan to a person described in paragraph 147(2)(k.2) of the INCOME TAX ACT for:
 - employer contributions made to the plan after December 1, 1982; or
 - amounts forfeited in the plan if these amounts are withdrawn from the plan during the year.

If you allocated an amount under subsection 147(10.3) of the INCOME TAX ACT in a previous year and you made the payment in

the current year, you have to report the amount of the payment. In the "Other information" area, enter code **180** and the amount of the payment.

- **Lump-sum payments – non-resident** – You may have paid superannuation or pension benefits to a Canadian resident under an unregistered pension plan for services that the person rendered in a period throughout which the person did not reside in Canada. If you paid the benefits in a lump sum, report the amount in box **018**. The recipient may be able to transfer the amount to an RPP or RRSP and deduct the amount of the transfer under paragraph 60(j) if the conditions in that provision are satisfied. However, if you made such a direct transfer, report the amount in box **018**, and in the "Other information" area, enter code **102** and the amount of the transfer.
- If you made payments out of an Employee Benefit Plan (EBP) that are not payments of superannuation or pension benefits, these should be reported on a T4 slip. See Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY for further information.
- **Lump-sum payments that you cannot transfer, that are not reported elsewhere** – If you paid an amount that is not eligible for

transfer that is not required to be reported elsewhere, report the amount in box **018** and in the "Other information" area, enter code **158** and the amount of the payment.

- **Indian (exempt income) – lump-sum payments** Lump-sum payment income is usually exempt from tax when a person receives them as a result of employment income that was exempt from tax. If a part of the employment income was exempt, then a similar part of these amounts is also exempt. Do not include the exempt income in box **018**; instead include it in the "Other information" area using code **148**.

Box 020 – Self-employed commissions

Enter the amount of commissions you paid to an independent agent. Do not include GST/HST paid to the recipient on those services.

Box 022 – Income tax deducted

Enter the **total** income tax you deducted from the recipient's remuneration during the year. This includes the federal, provincial (except Quebec), and territorial taxes that apply. Leave the box blank if you did not deduct tax.

Do not include an amount you withheld under the authority of a garnishee or a requirement to pay that applies to the employee's previously assessed tax arrears.

Box 024 – Annuities

Enter payments from an annuity that an individual bought with a refund of premiums from a deceased annuitant's RRSP. For more information, see Interpretation Bulletin IT-500, REGISTERED RETIREMENT SAVINGS PLANS – DEATH OF AN ANNUITANT.

Enter annuity payments from a life annuity purchased from the proceeds of a life income fund (LIF) or from the proceeds of a registered retirement income fund (RRIF).

If you include annuity payments under an income-averaging annuity contract (IAAC), also report the amount of the payment in the "Other information" area, using code **111**.

If you include instalment or annuity payments under a DPSP, also report the amount of the payment in the "Other information" area,

using code **115**. For details, see Information Circular IC77-1, DEFERRED PROFIT SHARING PLANS.

The taxable part of annuity payments you paid to an employee, retired employee, or survivor or spouse of an employee out of, or under, a superannuation or pension fund or plan, including disability benefits paid in the form of a life annuity should be reported in box **016** instead of box 024.

Notes

Report on a **T5 slip** the annuity payments for accrued income from a life insurance policy that you include when you calculate a person's income under the provisions of section 12.2 of the INCOME TAX ACT.

Report annuity payments to a non-resident on an **NR4 slip**.

Box 048 – Fees for services

Enter any fees or other amounts paid for services. Do not include the GST/HST paid to the recipient for these services.

Note

Until such time as the CRA undertakes a review for the purposes of clarifying the types of fees for services that are to be reported on the T4A slip, taxpayers will not be penalized for failing to complete Box 048.

Box 061 – Payer's account number

Enter the 15-character account number you use to send us your recipients' deductions. This number appears in the top left corner of the statement of account that we send to you each month, and consists of three parts – the nine-digit business number (BN), a two-letter program identifier, and a four-digit reference number.

Your account number should not appear on the copies of the T4A slips that you give to the recipients.

Other information

The "Other information" area at the bottom of the T4A slip has boxes for you to enter codes and amounts that relate to other types of payments, if they apply.

The boxes are not pre-numbered as they are in the top part of the slip. Enter the codes that apply to the recipient. Income types previously reported under "Box **28** – Other income" and identified with footnote codes have, in most cases, been replaced by specific box numbers.

Example

Box	Amount	
109	2400	98

Note

If more than 12 codes apply to the same recipient, use an additional T4A slip. Do not repeat all the data on the additional slip. Enter only the payer's name, and the recipient's SIN and name, and complete the required boxes in the "Other information" area.

Code **014** – Recipient's number

If you wish, you can enter a retiree number, an employee number, or a payroll number. In the "Other information" area, enter code **014** and the recipient's number. If you prefer, you can enter the recipient's

number in the "Recipient's name" area of the T4A slip. The recipient address area cannot be used for this purpose.

Code 026 – Eligible retiring allowances (for 2009 and prior years only)

Enter the amount of retiring allowances (also called severance pay) that was paid in 2009 or prior years and is eligible for transfer to an RPP or RRSP, even if not transferred. Retiring allowances paid in 2010 or later are reported on a T4 slip. For information on how to calculate the eligible portion of a retiring allowance, see Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.

Code 027 – Non-eligible retiring allowances (for 2009 and prior years only)

Enter the amount of retiring allowances (also called severance pay) that was paid in 2009 or prior years and is **not** eligible for transfer to an RPP or RRSP. Retiring allowances paid in 2010 or later are reported on a T4 slip.

Code 028 – Other income

Enter any other amount which you do not have to report elsewhere on a T4A slip or other information slip if the amount is more than \$500 or if you deducted income tax. In most cases, identified amounts are assigned a separate area for reporting.

Code 030 – Patronage allocations

Report all allocations you gave to customers for their patronage. This includes payments you made in cash or in kind, by certificate of indebtedness, issue of shares, set-off, assignment, or any other way. Your allocations should be in proportion to the patronage.

Code 032 – Registered pension plan contributions (past service)

Enter the contributions a former employee made to buy past service. The plan administrator usually completes the T4A slip when an employer-employee relationship no longer exists. Include any instalment interest paid for past service contributions. Instalment interest is the portion of contributions that represents the amount charged to buy past service over time. In the "Other information" area, enter code **032** and the amount of the payment.

For **pre-1990** past service registered pension plan contributions, include the amount twice, using both code **032** and code **126**.

Code 034 – Pension adjustment

If you are the plan administrator for a multi-employer plan (MEP), you should enter, in dollars only, the amount of pension adjustment (PA) an employee has under an RPP during a period of leave or reduced services. For details, see Guide T4084, PENSION ADJUSTMENT GUIDE. For periods of leave or reduced services not under a MEP, report the PA on a T4 slip.

Code 036 – Plan registration number

Enter the registration number we issued for the RPP or DPSP in which an employee participates, and which gave rise to the PA you are reporting. You have to report the plan number even if your plan requires only employer contributions. If you made contributions to more than one plan for the employee, enter only the number of the plan under which the employee has the largest PA.

Enter registration numbers (not more than three) for any additional plans on lines 071, 072, and 073 of the T4A Summary.

Code 040 – RESP accumulated income payments

If you are the promoter of a registered education savings plan (RESP) and you paid RESP accumulated income payments (other than a refund of contributions, an educational assistance payment, an amount transferred to another RESP, or a payment made to a designated educational institution in Canada generally providing courses at a post-secondary level) to a subscriber of the plan, report this amount in the "Other information" area using code **040**.

If the subscriber and the subscriber's spouse or common-law partner are deceased and you pay the RESP accumulated income payments to someone else, in the "Other information" area enter code **122** and the amount of the payment.

Note

Accumulated income payments may be subject to the regular tax on lump-sum payments **and** an additional tax of 20% (12% for Quebec).

Code 042 – RESP educational assistance payments

If you are the promoter of a registered education savings plan (RESP), and you paid RESP educational assistance payments (amounts other than a refund of contributions) to or for an individual to help further his or her education at a post-secondary school level, report this amount in the "Other information" area using code **042**. For more information on these payments, see Information Sheet RC4092, REGISTERED EDUCATION SAVINGS PLANS.

Code 046 – Charitable donations

Enter the amount you deducted from the recipients' earnings for donations to registered charities in Canada in the "Other information" area using code **046**.

Code 102 – Lump-sum payments – non-resident services transferred under paragraph 60(j)

See "Lump-sum payments – non-resident" under "Box 018 – Lump-sum payments" on page 74 [15].

Code 104 – Research grants

Enter the amount of the research grants you paid to the recipient.

Code 105 – Scholarships, bursaries, fellowships, artists' project grants, and prizes

For more information, see Interpretation Bulletin IT-75, SCHOLARSHIPS, FELLOWSHIPS, BURSARIES, PRIZES, RESEARCH GRANTS AND FINANCIAL ASSISTANCE.

Code 106 – Death benefits

Enter the gross amount of any payment (including a payment to a surviving spouse, common-law partner, heir, or estate) on or after the death of an employee to recognize the employee's service in an office or employment.

Code 107 – Payments from a wage-loss replacement plan

Enter certain payments made under a wage-loss replacement plan, except for some payments you made under an insured wage-loss replacement plan, even if you made a contribution to the plan.

To determine the types of payments you should report, see Interpretation Bulletin IT-428, WAGE LOSS REPLACEMENT PLANS.

Code 108 – Lump-sum payments from a registered pension plan (RPP) that you cannot transfer

See "Amounts not eligible for transfer" under "Box 018 – Lump-sum payments," on page 74 [15].

Code 109 – Periodic payments from an unregistered pension plan

Enter pension benefits you paid from a pension fund or plan that is not registered.

Code 110 – Lump-sum payments accrued to December 31, 1971

See the Special situations listed under "Box 018 – Lump-sum payments" on page 74 [15].

Code 111 – Income averaging annuity contracts (IAAC)

See "Box 024 – Annuities" on page 79 [16].

Code 115 – Disability benefits paid out of a superannuation or pension plan

See "Box 024 – Annuities" on page 79 [16].

Code 116 – Medical travel assistance

See "Benefits from a third party" on page 98 [19].

Code 117 – Loan benefits

Enter the benefits of a loan that a person or partnership received as a shareholder or related to a shareholder.

Code 118 – Medical premium benefits

Enter the premiums you pay as a contribution to a provincial or territorial health services insurance plan for a retired employee. See "Premiums under provincial hospitalization, medical care insurance and certain Government of Canada plans" in Guide T4130, EMPLOYERS' GUIDE – TAXABLE BENEFITS AND ALLOWANCES.

Code 119 – Premiums paid to a group term life insurance plan

If you provided group term life insurance taxable benefits for former employees or retirees, you must report the benefit in the "Other information" area using code **119** regardless of the amount. The \$500 reporting threshold for T4A slips does not apply.

If you are the administrator or trustee of a multi-employer plan and you provided taxable benefits under the plan to employees, former employees, or retirees, report this amount in the "Other information" area using code **119** if it is more than \$25.

Code 122 – RESP accumulated income payments paid to other

See "Code 040 – RESP accumulated income payments" on page 86 [17].

Code 123 – Payments from a revoked DPSP

Enter any payments made from a revoked DPSP.

Code 124 – Board and lodging at special work sites

See "Benefits from a third party" on page 98 [19].

Code 125 – Disability benefits paid out of a superannuation or pension plan.

Enter any disability benefits paid out of a superannuation or pension plan. These payments are not subject to payroll deductions (CPP/QPP, EI, PPIP, and income tax).

Code 126 – Pre-1990 RPP past service contributions

See "Code 032 – Registered pension plan contributions (past service)" on page 84 [17].

Code 127 – Veterans' benefits

Enter amounts received in the year on account of an earnings loss benefit, supplementary retirement benefit or permanent impairment allowance payable to the taxpayer under Part 2 of the CANADIAN FORCES MEMBERS AND VETERANS RE-ESTABLISHMENT AND COMPENSATION ACT.

Code 129 – Tax deferred cooperative share

Enter all tax deferred cooperative shares issued by an agricultural cooperative in the year.

Code 130 – Apprenticeship incentive grant or Apprenticeship completion grant

Enter apprenticeship incentive grants paid to registered apprentices who have successfully completed their first or second year/level (or equivalent) of an apprenticeship program in a Red Seal trade.

Enter apprenticeship completion grants paid to registered apprentices who have completed their apprenticeship training in a Red Seal trade.

Code 131 – Registered disability savings plan (RDSP)

Enter payments paid to an RDSP plan beneficiary.

Code 132 – Wage Earner Protection Program (WEPP)

Enter payments paid to workers due to employer bankruptcy or insolvency.

Code 133 – Variable pension benefits

Enter variable pension benefits paid out of a money purchase RPP.

Code 134 – Tax-Free Savings Account (TFSA) taxable amount

Enter amounts paid during the exempt period to a beneficiary who is a resident of Canada. For more information, see Guide RC4477, TAX-FREE SAVINGS ACCOUNT (TFSA) GUIDE FOR ISSUERS.

Code 135 – Recipient-paid premiums for private health services plans

A recipient can claim, as a qualifying medical expense, premiums he or she paid to a private health services plan. The use of code **135** is optional; however, if you do not use this code, we may ask the recipient to provide supporting documents.

Code 142 – Indian (exempt income) – Eligible retiring allowances (for 2009 and prior years only)

Enter the amount of retiring allowances (also called severance pay) that was paid to an Indian in 2009 or prior years and is eligible for

transfer to an RPP or RRSP, even if not transferred. Retiring allowances paid in 2010 or later are reported on a T4 slip. For information on how to calculate the eligible portion of a retiring allowance, see Guide RC4120, EMPLOYERS' GUIDE – FILING THE T4 SLIP AND SUMMARY.

Code 143 – Indian (exempt income) – Non-eligible retiring allowances (for 2009 and prior years only)

Enter the amount of retiring allowances (also called severance pay) that was paid to an Indian in 2009 or prior years and is **not** eligible for transfer to an RPP or RRSP. Retiring allowances paid in 2010 or later are reported on a T4 slip.

Code 144 – Indian (exempt income) – Other income

Enter all amounts that are exempt income for Indians and are not reported elsewhere on the T4A slip.

Code 146 – Indian (exempt income) – Pension or superannuation

Pension or superannuation income is usually exempt from tax when a person receives them as a result of employment income that was

exempt from tax. If a part of the employment income was exempt, then a similar part of these amounts is also exempt. Report the exempt income using code **146**. Do not report this amount in box **016**.

Code 148 – Indian (exempt income) – Lump-sum payments

Lump-sum payment income is usually exempt from tax when a person receives them as a result of employment income that was exempt from tax. If a part of the employment income was exempt, then a similar part of these amounts is also exempt. Report this amount using code **148**. Do not report this amount in box **018**.

Code 150 – Labour Adjustment Benefits Act and Appropriation Acts

Enter payments under the LABOUR ADJUSTMENT BENEFITS ACT or a benefit payable under the APPROPRIATION ACTS to compensate for loss of office or employment, such as in the textile and leather-tanning industries.

Code 152 – SUBP qualified under the Income Tax Act

Enter payments received under a supplementary unemployment benefit plan (SUBP) that **does qualify** as a SUBP under the INCOME TAX ACT (not including maternity/parental top ups which are included on a T4 slip).

Code 154 – Cash award or prize from payer

Enter a cash award or prize paid directly from a manufacturer to the employee of a dealer or other sales organization. For more details, see Interpretation Bulletin IT-470, EMPLOYEES' FRINGE BENEFITS.

Code 156 – Bankruptcy settlement

Enter amounts paid by a trustee in bankruptcy to employees of a bankrupt corporation in settlement of claims filed for wages that the bankrupt employer did not pay.

Code 158 – Lump-sum payments that you cannot transfer, that are not reported elsewhere

See the Special situations listed under "Box 018 – Lump-sum payments" on page 74 [15].

Code 180 – Lump-sum payments from a deferred profit-sharing plan (DPSP) that you cannot transfer

See "Deferred profit sharing plan (DPSP)" under "Box 018 – Lump-sum payments" on page 74 [15].

Code 190 – Lump-sum payments from an unregistered plan

See "Non-registered plan" under "Box 018 – Lump-sum payments" on page 74 [15].

Benefits from a third party

A third party (such as a prime contractor or another subcontractor) may provide board and lodging, or transportation to employees of subcontractors. For example, all workers on a site may share common quarters.

The person who provides the benefits (a third-party payer) has to report them on a T4A slip, unless the benefits are non-taxable allowances for working at a special work site or remote work location. The reporting of medical travel assistance and board and lodging at special work sites is explained below.

Code 116 – Medical travel assistance

If an employee usually lives in a prescribed zone and works at a special work site in a prescribed zone, report any non-business travel assistance (including medical travel assistance) in the "Other information" area using code **028**. Separate the medical travel from the other non-business travel and also enter the medical travel amount in the "Other information" area using code **116**.

Code 124 – Board and lodging at special work sites

If an employee does not usually live in a prescribed zone but works at a special work site in a prescribed zone and meets the residency requirements for the northern residents' deductions, do not include in box **028** the exempt portion for board and lodging benefits the employee receives while working at the special work site which is

within 30 kilometres from the nearest urban area having a population of at least 40,000 persons. Report that amount in the "Other information" area using code **124**.

Note

Include any GST/HST that applies to the related benefits. For more information, see the T4130, EMPLOYERS' GUIDE – TAXABLE BENEFITS AND ALLOWANCES, or Interpretation Bulletin IT-91, EMPLOYMENT AT SPECIAL WORK SITES OR REMOTE WORK LOCATIONS.

Filing T4A slips

For a description of the filing methods available, see "Chapter 6 – T4A information return" starting on page 107 [21], or go to www.cra.gc.ca/iref.

Chapter 5 – T4A Summary

If you are filing electronically, **do not** send us a paper copy of the slips or summary. For more information about filing methods, see

"Filing methods" starting on page 109 [21], go to www.cra.gc.ca/iref or www.cra.gc.ca/electronicmedia.

If you are filing on paper, use the T4A Summary, SUMMARY OF PENSION, RETIREMENT, ANNUITY, AND OTHER INCOME, to report the totals of the amounts that you reported on the T4A slips. Send the original T4A Summary and the related slips to the Ottawa Technology Centre. You can find the address on page 126 [at the back] of this guide. You can get a T4A Summary from our Web site at www.cra.gc.ca/forms or by calling **1-800-959-2221**.

If the total number of T4A slips you file is more than 50 slips for the same calendar year, you have to file them over the Internet.

Completing the T4A Summary

Report amounts in **Canadian** dollars and cents, even if they were paid in another currency. To get the average exchange rates, go to www.cra.gc.ca/exchangerates.

Complete a separate T4A summary for each of your payroll accounts. **The totals you report on your T4A Summary have to agree with the**

totals you report on your T4A slips. Errors or omissions can cause unnecessary processing delays.

Detailed instructions

Identification

Enter your 15-character account number, your operating or trading name, and your address in the relevant boxes at the top of the blank summary.

Year

Enter the last two digits of the calendar year for which you are filing the summary.

Line 088 – Number of T4A slips filed

Enter the total number of T4A slips that you are including with the T4A Summary.

Lines 016 to 048

Enter the total from all T4A slips for each box.

Line 101 – Other information

Enter the total from all T4A slips of any financial amounts not already included elsewhere on the T4A Summary.

Line 022 – Income tax deducted

Enter the total of box 022 from all T4A slips.

Line 082 – Minus: remittances

Enter the total amount you remitted for the year for the account number indicated in the identification area of the summary.

Difference

Subtract line 082 from line 022. Enter the difference in the space provided. If there is no difference between the total deductions you reported and the amount you remitted for the year, leave lines 084

and 086 blank. Generally, we do not charge or refund a difference of \$2 or less.

Line 084 – Overpayment

If the amount on line 082 is more than the amount on line 022 (and you do not have to file another type of return for this account), enter the difference on line 084. Attach a note indicating the reason for the overpayment and whether you want us to transfer this amount to another account or another year, or refund the overpayment to you.

Line 086 – Balance due

If the amount on line 022 is more than the amount on line 082, enter the difference on line 086.

Amount enclosed

Whether you file electronically or file a paper return, you can make your payment in several different ways:

- My Payment is a payment option that allows you to make payments online, using the CRA's Web site, from an account at a participating

Canadian financial institution. For more information, go to **www.cra.gc.ca/mypayment**.

- You may be able to pay electronically using your financial institution's Internet banking, telephone banking, or automated bank machines. Contact your financial institution for more information.
- You can make your payment at your Canadian financial institution. Complete your remittance form and present it with your payment. The financial institution will date stamp the bottom part and return the top part to you as a receipt.
- You can also send a cheque or money order payable to the Receiver General to any tax centre, with a letter that gives the tax year to which the payment applies, the amount covering your outstanding balance, and your Account Number. The addresses of our tax centres are listed on page 127 [at the back] of this guide.
- You can also enclose with your T4A return a cheque or money order payable to the Receiver General for the balance owing.

Notes

Regardless of the filing method, Threshold 2 remitters must remit any balance due electronically or in person at their Canadian financial institution.

Threshold 2 remittances that are received by the CRA at least **one full day** before the due date will be considered to be received by a financial institution and a penalty will not be charged. See Guide T4001, EMPLOYERS' GUIDE – PAYROLL DEDUCTIONS AND REMITTANCES, for more information about Threshold 2 remitting requirements.

If you remit your payment late, any balance owing may be subject to penalties and interest at the prescribed rate. For more information, see "Penalties and interest" on page 20 [5].

Lines 071, 072, and 073 – Registration number(s) for RPP or DPSP

Enter the seven-digit registration number(s) that we gave you (up to a maximum of three) for your registered pension plans or deferred profit sharing plans.

Lines 074 and 075 – Canadian-controlled private corporations or unincorporated employers

Enter the social insurance numbers of any proprietors or principal owners.

Lines 076 and 078 – Person to contact about this return

Enter the name and telephone number of a person that we can call to get or clarify information reported on the summary.

Chapter 6 – T4A information return

In all instances, you have to file your T4A information return on or before the **last day of February following the calendar year to which the information return applies**. If the due date falls on a Saturday or Sunday, or a public holiday, your return is due on the next business day. See **www.cra.gc.ca/duedates** for more information.

We consider your return to be filed on time if we receive it or it is postmarked on or before the due date. If you fail to file it on time, we may assess a penalty. See "Penalties and interest" on page 20 [5].

If you have more than one payroll account, you will have to file a separate information return for each account.

If you have overpaid, include a letter explaining the reason for the overpayment and how you want us to apply it. If you owe an amount, indicate the account and tax year of the payment on your cheque.

Service bureaus filing returns

If a service bureau is filing an information return for you, you are still responsible for the accuracy of the information, for any balance owing, and for filing on time.

Branch offices filing returns

If the branch office of a company has sent in income tax deductions under a separate account, which only that branch uses, file the information return (slips and related summary) of that branch as a separate return.

Filing methods

If you file 1 to 50 T4A slips, we encourage you to file over the Internet in eXtensible mark up language (XML) by Internet File Transfer. However, you can file up to 50 T4A slips on electronic media (DVD, CD, or diskette) or on paper.

If you file **more than 50 T4A slips for a calendar year**, you must file the return over the Internet.

If you use commercial or in-house-developed payroll software to manage your business, you can file up to 150 MB by Internet File Transfer. For example, a service bureau can file multiple T4A returns in one submission, provided the total submission does not exceed the 150 MB restriction.

Note

If your return is more than 150 MB, you can either compress your return or you can divide it so that each submission is no more than 150 MB.

Filing over the Internet

Internet File Transfer

Internet File Transfer allows you to transmit an original or amended return with a maximum file size of **150 MB**. All you need is a Web browser to connect to the Internet and your software will create, print, and save your electronic T4A information return in XML format. For information about this filing option, contact your software publisher or go to **www.cra.gc.ca/iref**. If your file is more than 150 MB, you can still file using the Internet File Transfer application by either:

- compressing the file; or
- separating the file into two or more files. The summaries must reflect the same split.

Internet filing is available from January 9, 2012, to early December 2012.

Web Forms

The Web Forms application allows you to create and electronically file an original or amended T4A information return containing 1 to

50 T4A slips. This application allows you to validate data in real time, calculate the totals for the Summary, print T4A slips, and securely submit encrypted T4A information returns over the Internet. For more information about Web Forms, go to **www.cra.gc.ca/webforms**.

Web access code

To file your return using Internet File Transfer or Web Forms, you need a Web access code (WAC), unless you are filing through My Business Account or Represent a Client. If you qualify, you will receive a letter providing you with your WAC. If you do not receive a WAC, you can get one at **www.cra.gc.ca/iref**, or call our help desk at **1-877-322-7849**.

Note

Service bureaus use their own payroll account number and Web access code (WAC) – **not** the WAC of each of the T4A information returns in the submission – to submit the file.

Filing without a Web access code

You can also file your T4A information return without a Web access code using Internet File Transfer (up to 150 MB) or Web Forms (up to 50 slips).

Choose the "File a return" option at:

- **www.cra.gc.ca/representatives**, if you are an authorized representative or employer; or
- **www.cra.gc.ca/mybusinessaccount**, if you are the business owner.

Log in to My Business Account using your CRA user ID and password. If you have not registered with My Business Account, go to **www.cra.gc.ca/mybusinessaccount**. You will need to enter information from either your current or previous year's personal income tax and benefit return. A CRA security code will be mailed to your address on file within five business days. The separate mailing of the security code is a measure used to protect you from identity theft and to ensure the security of your personal information. Be sure to have your business number on hand when registering.

Filing on paper

If you file 1 to 50 T4A slips, we encourage you to file over the Internet using Internet File Transfer or Web Forms. However, you can file up to 50 T4A slips on paper.

Complete **one copy** of the T4A slip for each employee and send them with your T4A Summary. Enter the information for two different recipients on one sheet. This will allow us to process your information return faster. You must keep a copy of the T4A slips and the T4A Summary for your files.

After you complete your **paper** return, mail it to the Ottawa Technology Centre. You can find the address on page 126 [at the back] of this guide.

Filing on electronic media

For an explanation of the technical specifications and instructions you need to file on electronic media (DVD, CD, or diskette), go to **www.cra.gc.ca/electronicmedia**.

Do not send a printed copy of the forms to us. You can print one copy to keep for your files.

Mail your submission to:

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

Note

If you use electronic media (DVDs, CDs or diskettes) to file more than 50 information returns (slips), you are now required to file by Internet File Transfer in eXtensible mark up language (XML).

How to file and distribute your T4A slips and T4A Summary

To file your information return electronically, follow the instructions and technical specifications at www.cra.gc.ca/iref.

To file your information return on paper, send a copy of each T4A slip to the CRA with your T4A Summary, and keep one copy for your records.

You must give recipients their T4A slips on or before **the last day of February** following the calendar year to which the slips apply. If you do not, you may be subject to a penalty. The penalty for failing to distribute T4A slips to recipients is \$25 per day for each such failure with a minimum penalty of \$100 and a maximum of \$2,500.

Give the recipient one of the following:

- two copies, sent by mail to their last known address;
- two copies, delivered in person; or
- one copy distributed electronically (for example, by email) if you have received the recipient's consent either in writing or in electronic format.

We suggest that you print the two T4A slips that you have to give to each recipient on one sheet. For security purposes, do not print your account number (box **061**) on these copies.

Note

If T4A slips are returned as undeliverable, we suggest that you retain the slips with the recipient's file.

For more information on how to complete the T4A slip and the T4A Summary, see "Completing T4A slips" on page 69 [14] and "Completing the T4A Summary" on page 101 [20].

Chapter 7 – 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 filing your information return, you may notice that you made an error on a T4A slip. If so, you will have to prepare an amended slip to correct the information.

Amending slips over the Internet

Web Forms

The Web Forms application allows you to create and electronically file 1 to 50 slips in an amended T4A information return in a single submission. For more information about amending information returns using Web Forms, go to **www.cra.gc.ca/webforms**.

Internet File Transfer

If you use payroll, commercial, or in-house developed software to manage your business, you can submit amended files of up to 150 MB over the Internet. You can file amended slips electronically even if you filed the original return on paper or on electronic media.

- The summary, slips and T619 – Electronic Media Transmittal Record must show the appropriate report type code.
- The file format must be in eXtensible mark up language (XML) as specified in the electronic media specifications.
- The file name must have the extension specified in the electronic media specifications.
- The filer number (Business Number, Filer Identification Number) must be valid.

For more information about amending information returns using Internet File Transfer, go to **www.cra.gc.ca/iref**.

Amending slips on paper

Clearly identify the new slips as amended slips by writing "AMENDED" at the top. 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.

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 127 [at the back] of this guide. Do not file an amended T4A Summary when you file amended slips.

Cancelling slips

Cancelling slips over the Internet

A cancelled slip is considered to be the same as an amended slip. See "Amending slips over the Internet" on page 121 [this page].

Cancelling slips on paper

Send us a copy of the original slip clearly marked "CANCELLED" to any Tax Centre with a letter explaining the reason. The addresses of our tax centres are listed on page 127 [at the back] of this guide. Do not file a cancelled T4A Summary. Send two copies of the cancelled slip to the recipient.

Note

If you notice errors on the T4A slips **before** you file them with us, you can correct them by preparing new information slips and **removing** any incorrect copies from the return. If you do not prepare

a new slip, initial any changes you make on the slip. Be sure to also correct the T4A Summary.

Adding slips

After you file your T4A information return, you may discover that you need to send us additional T4A slips. If you have original T4A slips that were not included with your return, file them separately either electronically or on paper.

If the total number of T4A slips you file is more than 50 slips for the same calendar year, you have to file the additional slips over the Internet.

Adding slips over the Internet

We accept additional original T4A slips in electronic format. For more information, see "Filing methods" on page 109 [21].

Adding slips on paper

When submitting additional slips on paper, clearly identify the new slips by writing "ADDITIONAL" at the top of each slip. Send a

copy of the slips to any tax centre. The addresses of our tax centres are listed on page 127 [at the back] of this guide. Do not file an additional T4A Summary.

Replacing slips

If you issue T4A 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 a copy for your records.

Amending, cancelling, or adding slips without a Web access code

You can amend, cancel, and file more information slips without a Web access code using the "File a return" service at:

- **www.cra.gc.ca/representatives**, if you are an authorized employee or representative; or
- **www.cra.gc.ca/mybusinessaccount**, if you are the business owner.

In a single submission, Internet File Transfer allows for the transmission of 150 MB of information and Web Forms allows the filing of one return with a maximum of 50 slips.

Pension adjustment (PA)

You have to recalculate a pension adjustment (PA) in a registered pension plan when all of the following conditions are met:

- an employee returns from a leave of absence or from a period of reduced service;
- the service was not previously pensionable service; and
- by April 30 of the following year:
 - benefits are retroactively provided under a defined benefit provision for the period concerned **and** the employee makes the commitment to purchase the benefits; or
 - retroactive contributions are made by the employee or the employer to a money purchase provision.

Note

If the commitment to purchase benefits is made after April 30, a past service pension adjustment will be calculated.

If, as the pension plan administrator for a multi-employer plan (MEP), you have to recalculate a PA for an employee under a registered pension plan (RPP) during a period of leave or reduced services, amend the PA for the employee for each year after 1989 that is affected by the leave. For periods of leave or reduced services not under a MEP, amend the PA on a T4 slip.

You **do not have** to report an amended PA when the difference between the previously reported PA and the amended PA is less than \$50. However, you **do have** to report one if an employee asks you to accurately report the PA, or if we ask you to report the amended PA.

For the years in which you did not previously report a PA for the employee, you have to file an amended T4A slip showing the correct PA. If you previously reported a PA for the employee in a particular year, you have to show the **total** PA that applies for that year on the amended T4A slip.

For information on recalculating a PA, see Guide T4084, PENSION ADJUSTMENT GUIDE. For information on calculating and reporting a past service pension adjustment (PSPA), see Guide T4104, PAST SERVICE PENSION ADJUSTMENT GUIDE.

For more information

What if you need help?

If you need more help after you read this guide, visit our Web site at **www.cra.gc.ca** or call **1-800-959-5525**. To get the most up-to-date payroll information and products, go to **www.cra.gc.ca/payroll**.

Forms and publications

To get our forms and publications, go to **www.cra.gc.ca/forms** or call us at **1-800-959-2221**.

Electronic mailing lists

We can notify you immediately about new information on payroll, electronic filing for businesses and more. To subscribe, free of charge, go to **www.cra.gc.ca/lists**.

Teletypewriter (TTY) users

TTY users can call **1-800-665-0354** for bilingual assistance during regular business hours.

My Business Account

My Business Account is a secure and convenient way to access and manage your business accounts online.

You can view your account balance and transactions; file your return and view its status; view address; view remitting requirements; provide a nil remittance; and request to close your payroll account. For more information, go to **www.cra.gc.ca/mybusinessaccount**.

Electronic payments

Make your payment online by using the CRA's My Payment service at **www.cra.gc.ca/mypayment** or by using your financial institution's telephone or Internet banking services. For more information, go to **www.cra.gc.ca/electronicpayments**, or contact your financial institution.

Addresses

Ottawa Technology Centre

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1G9

Electronic Media Processing Unit

Ottawa Technology Centre
Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1A2

Tax centres

Jonquière Tax Centre
2251 René-Lévesque Boulevard
Jonquière QC G7S 5J1

Shawinigan-Sud Tax Centre
Post Office Box 3000,
Station Bureau-chef
Shawinigan QC G9N 7S6

St. John's Tax Centre
290 Empire Avenue
St. John's NL A1B 3Z1

Sudbury Tax Centre
1050 Notre Dame Avenue
Sudbury ON P3A 5C1

Summerside Tax Centre
275 Pope Road
Summerside PE C1N 6A2

Surrey Tax Centre
9755 King George Boulevard
Surrey BC V3T 5E1

Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

Related forms and publications

- Employers' Guide – Payroll Deductions and Remittances (T4001)
- Employers' Guide – Taxable Benefits and Allowances (T4130)

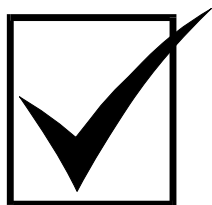
- Employers' Guide – Filing the T4 slip and Summary (RC4120)

Our service complaint process

If you are not satisfied with the **service** you have received, contact the CRA office you have been dealing with. If the matter is not resolved, you may choose to file a service complaint. If you are not pleased with the way the CRA handles your complaint, you can contact the Office of the Taxpayer's Ombudsman. For more information, go to **www.cra.gc.ca/complaints** or see Booklet RC4420, INFORMATION ON CRA – SERVICE COMPLAINTS.

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