



Registered Disability Savings Plan

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

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What is a registered disability savings plan?

A registered disability savings plan (RDSP) is a savings plan to help parents and others save for the long-term financial security of a person who is eligible for the disability tax credit (disability amount).

Contributions to an RDSP are not tax deductible and can be made until the end of the year in which the beneficiary turns 59.

Contributions that are withdrawn are not included in income for the beneficiary when they are paid out of an RDSP. However, the Canada disability savings grant, the Canada disability savings bond, and investment income earned in the plan are included in the beneficiary's income for tax purposes when they are paid out of the RDSP. For more information on RDSPs, go to **www.cra.gc.ca/rpd**.

What is a Canada disability savings grant?

A Canada disability savings grant (grant) is an amount that the Government of Canada contributes to an RDSP. The Government will pay matching grants of 300, 200, or 100 percent, depending on the beneficiary's family income and the amount contributed. The beneficiary's family income is calculated as follows:

- From birth to December 31 of the year the beneficiary turns 18, the beneficiary's family income is based on the income information used to determine the Canada child tax benefit (CCTB) for that beneficiary.
- Beginning the year the beneficiary turns 19 until the RDSP is closed, the beneficiary's family income is based on his or her income **plus** his or her spouse's, or common-law partner's income.

An RDSP can get a maximum of \$3,500 in matching grants in one year, and up to \$70,000 over the beneficiary's lifetime. A grant can be paid into an RDSP on contributions made to the beneficiary's RDSP until December 31 of the year the beneficiary turns 49.

The amount of the grant is based on the beneficiary's family income as follows:

Beneficiary's family income	Grant	Maximum
\$83,088* or less		
on the first \$500	\$3 for every \$1 contributed	\$1,500
on the next \$1,000	\$2 for every \$1 contributed	\$2,000
More than \$83,088*		
on the first \$1,000	\$1 for every \$1 contributed	\$1,000

* The beneficiary family income thresholds are indexed each year to inflation. The income thresholds shown are for 2011.

What is a Canada disability savings bond?

A Canada disability savings bond (bond) is an amount paid by the Government of Canada directly into an RDSP. The Government will pay bonds of up to \$1,000 a year to low-income Canadians with

disabilities. No contributions have to be made to get the bond. The lifetime bond limit is \$20,000. A bond can be paid into an RDSP until the year in which the beneficiary turns 49.

The amount of the bond is based on the beneficiary's family income as follows:

Beneficiary's family income	Bond
\$24,183* or less (or if the holder is a public institution)	\$1,000
Between \$24,183* and \$41,544*	Part of the \$1,000 based on the formula in the Canada Disability Savings Act
More than \$41,544*	No bond is paid

* The beneficiary family income thresholds are indexed each year to inflation. The income thresholds shown are for 2011.

Starting in 2011, you are allowed to carry forward unused grant and bond entitlements to future years. The carry forward period can only start after 2007 and lasts for 10 years.

Human Resources and Skills Development Canada (HRSDC) administers the Canada disability savings grant and the Canada disability savings bond programs. HRSDC bases the amount of the grants and bonds that are available for any particular year on the beneficiary's family income for that year, as well as on matching rates.

Example

Roger, a person with a disability who has low income and has been eligible for the disability tax credit his entire life, opens an RDSP in 2012.

For each year (2008, 2009, 2010, 2011, and 2012) in which Roger was disabled, but had no RDSP, he has accumulated:

- \$500 in grant entitlements at the 300% matching rate (for a total of \$2,500);
- \$1,000 in grant entitlements at the 200% rate (for a total of \$5,000); and
- \$1,000 in bond entitlements (for a total of \$5,000).

When Roger opens an RDSP in 2012, his RDSP will automatically get \$5,000 in bond entitlement.

After the RDSP is opened, Roger's family contributes \$400 to his plan in 2012, for which his RDSP receives \$1,200 ($\$400 \times 300\%$) in grants. Roger carries forward \$2,100 ($\$2,500 - \400) in unused grant entitlement at the 300% rate and \$5,000 in unused grant entitlement at the 200% rate.

Who can become a beneficiary of an RDSP?

You can designate an individual as beneficiary if the individual:

- is eligible for the disability amount;
- has a valid social insurance number (SIN);
- is a resident of Canada when the plan is entered into; and
- is under the age of 60. The age limit does not apply when a beneficiary's RDSP is opened as a result of a transfer from the beneficiary's former RDSP.

A beneficiary can **only have** one RDSP at any given time, although this RDSP can have several plan holders throughout its existence, and it can have more than one plan holder at any given time.

Notes

A person is eligible for the disability amount only if a qualified practitioner certifies on Form T2201, DISABILITY TAX CREDIT CERTIFICATE, that the individual has a severe and prolonged impairment in physical or mental functions. The form must also be approved by the Canada Revenue Agency (CRA) and the person must be deemed to be eligible for the disability amount. To get Form T2201, go to **www.cra.gc.ca/disability** or call **1-800-959-2221**.

Effective for the 2010 tax year, an individual can request that the Minister of National Revenue make a determination as to his or her eligibility for the disability tax credit. The CRA will send the individual a notice of determination.

The holder does not have to be a resident of Canada. However, the beneficiary must be a resident of Canada when the plan is opened and when each contribution is made to the plan. RDSP payments

can only be made to the beneficiary (or to the beneficiary's estate after the beneficiary's death). Contributors will not be entitled to a refund of their contributions.

How do you open an RDSP?

To open an RDSP, a person who qualifies to be a holder of the plan must contact a participating financial institution that offers RDSPs. These financial institutions are known as **issuers**.

Note

The plan **holder** is the person who opens the RDSP and makes or authorizes contributions on behalf of the beneficiary.

Who can open an RDSP?

If the beneficiary has reached the age of majority and is legally able to enter into a contract, then an RDSP can be established for such a beneficiary by the beneficiary **and/or** the legal parent who is, at the time the plan is established, a holder of a pre-existing RDSP of the beneficiary.

If the beneficiary is a minor, another person can open an RDSP for the beneficiary and become a holder if that person is:

- a legal parent of the beneficiary;
- a guardian, tutor, or curator of the beneficiary, or an individual who is legally authorized to act for the beneficiary; or
- a public department, agency, or institution that is legally authorized to act for the beneficiary.

Can the holder of an RDSP be changed?

When a plan is opened by a beneficiary's legal parent(s), the legal parent(s) can continue as holder(s) of the plan after the beneficiary reaches the age of majority. When the beneficiary becomes an adult and is legally able to enter into a contract, the beneficiary can be added to the RDSP as a joint holder if he or she so wishes. In all other cases, the beneficiary is the only one who can be a holder of the plan once he or she has reached the age of majority and is legally able to enter into a contract. If a plan is opened by somebody other than the beneficiary or the beneficiary's legal parent(s), that person

or body must be removed as a holder of the plan when the beneficiary reaches the age of majority.

An individual who is eligible to be a beneficiary of an RDSP (but for whom a plan has not yet been established) may have reached the age of majority but may not be legally able to enter into a contract because of a mental impairment. If so, another qualified person can open an RDSP for the individual and become a holder. A **qualified person** is:

- a guardian, tutor, or curator of the beneficiary, or an individual who is legally authorized to act for the beneficiary; or
- a public department, agency, or institution that is legally authorized to act for the beneficiary.

A legal parent can open a plan for a beneficiary who has reached the age of majority and is not legally able to enter into a contract because of a mental impairment when the plan is opened as a result of a transfer from another RDSP that the parent is a holder of. Also, a legal parent of a beneficiary who has reached the age of majority and is not legally able to enter into a contract because of a mental

impairment can open a plan for the beneficiary, as long as the legal parent is legally authorized to act on the beneficiary's behalf.

A holder who is not the beneficiary of the plan does not have to be a resident of Canada but must have a valid SIN or business number (for public institutions, departments and, agencies) to establish the plan.

If the guardian, tutor, public department, or any other qualified individual or body is no longer qualified to be a holder (for example they are no longer the legal guardian or have died), they must be removed from the plan as holder. In such a case, the following can be added to the plan as a holder's successor or assignee:

- the beneficiary;
- the beneficiary's estate;
- any other person or body who is already a holder (for example, two legal parents enter into an RDSP contract together and one parent passes away; the other parent would receive the deceased parent's rights and become the sole holder of the plan);
- any other person or body who is qualified to be a holder; or

- a legal parent of the beneficiary who had previously been a holder of the plan.

Who can contribute to an RDSP?

Anyone can contribute to an RDSP with the written permission of the plan holder. See "Who can open an RDSP?" on page 8 [the previous page].

What is the contribution limit for RDSPs?

There is no annual limit on amounts that can be contributed to an RDSP of a particular beneficiary in a given year. However, the overall lifetime limit for a particular beneficiary is \$200,000. Contributions are permitted until the end of the year in which the beneficiary turns 59.

Note

Amounts directly transferred from a beneficiary's RDSP to another RDSP for the same beneficiary do not count toward the \$200,000 overall contribution limit.

What types of payments are made?

Only the beneficiary or the beneficiary's legal representative (on his or her behalf) will be permitted to receive payments from the RDSP.

There are three types of payments that can be made from an RDSP:

- payments referred to as disability assistance payments (DAPs);
- repayments of grants and bonds to the Government; and
- transfers of all property from the beneficiary's current RDSP to a new RDSP of the beneficiary.

Of these three types of payments, only the DAPs are taxable.

Disability assistance payments (DAPs) are **any** payments made from the plan to the beneficiary or to the beneficiary's estate.

Note

A DAP is not permitted if, after the payment, the fair market value (FMV) of the property held by the RDSP would be less than the assistance holdback amount for the RDSP. Also, under the CANADA DISABILITY SAVINGS REGULATIONS, the assistance holdback

amount is generally required to be repaid to HRSDC if any DAP is paid from the RDSP.

The **assistance holdback amount** is defined in the CANADA DISABILITY SAVINGS REGULATIONS. In general terms, it is the total amount of bonds and grants paid into an RDSP within the last 10-year period, less any part of that amount that has been repaid to HRSDC.

The RDSP issuer may allow the RDSP holder to request DAPs to be made to a beneficiary that are separate from lifetime disability assistance payments (LDAPs). Contact a participating issuer to determine if it offers plans that allow an RDSP holder to request these types of payments from a plan.

If the RDSP is a **specified disability savings plan (SDSP)**, withdrawals can be made from the plan in the year of certification and each subsequent year without triggering the repayment of the assistance holdback amount. If an RDSP is at a particular time an SDSP, as described on page 20 [the next page], the assistance holdback amount is nil at that time.

Lifetime disability assistance payments (LDAP) are disability assistance payments (DAPs) that, once started, must be paid at least annually until either the plan is terminated or the beneficiary has died. These payments must begin by the end of the year in which the beneficiary turns 60 and, unless the year is a specified year, are subject to an annual maximum withdrawal limit determined by the formula described on page 16 [this page].

Note

If an RDSP is a specified disability savings plan (SDSP), as described on page 20 [the next page], LDAPs must start being paid from the plan before the end of the calendar year following the year in which the plan last became an SDSP.

A **specified year** is the calendar year in which a qualified medical practitioner certifies in writing that the beneficiary will not live longer than five years, and includes each of the five calendar years following the year of certification. A year will not qualify as a specified year unless the medical certificate has been provided to the issuer in or before the year in question. For example, if a doctor makes such a certification in 2012, but the issuer is not provided with the

certification until 2013, only the years from 2013 to 2017 are specified years for the RDSP.

If the RDSP is an SDSP (see page 20 [next page]), the specified year includes each subsequent calendar year. Otherwise, the specified year includes each of the five years following the year of certification. A year will not qualify as a specified year unless the medical certificate has been provided to the issuer in or before the year in question.

Although there is no maximum limit on the amount of DAPs or LDAPs that can be made to the beneficiary in a specified year, as indicated above, a DAP is not permitted if, after the payment, the FMV of the property held by the RDSP would be less than the assistance holdback amount for the RDSP.

The maximum LDAP is calculated as follows:

$$\mathbf{A \div (B + 3 - C) + D}$$

where:

A = the FMV of the property held in the plan at the beginning of the year, (excluding the value of locked-in annuity contracts held by the plan trust);

B = the greater of 80 and the age of the beneficiary at the beginning of the year;

C = the actual age of the beneficiary at the beginning of the year; and

D = the total of all periodic payments paid, or deemed to have been paid, under certain locked-in annuity contracts, to the plan trust in the calendar year, if applicable.

The **non-taxable part** of a disability assistance payment (DAP) made to a beneficiary from an RDSP is the lesser of:

- the DAP; and
- the amount determined by the formula:

$$A \times B \div C$$

where:

A = the amount of the DAP;

B = the contributions made to any RDSP of the beneficiary that have not already been used to determine the non-taxable part of previous DAPs; and

C = the amount by which the FMV of the property held by the RDSP trust before the DAP is greater than the assistance holdback amount for the plan.

Example

Linda earned more than \$83,088 in 2011 and is the sole provider for her spouse Paul, who is 40 years old. Linda starts contributing to Paul's RDSP in 2011. Linda contributes \$10,000 annually to Paul's RDSP for 20 years. The contributions made are eligible for the grant at a rate of 100% of the contributions made in the particular year, up to a maximum of \$1,000 annually (see the chart on page 3 [1]). Paul is **not** eligible for the bond.

After 20 years, the FMV of the RDSP is \$261,448. Since Paul will be 60 years old in 2031, the grant can be paid on the contributions from 2011 to 2020 (until he turns 49). Contributions can be made to the plan up until the end of the year in which Paul turns 59.

No DAPs were made from the RDSP since the RDSP was set up.

Therefore, in 2031, the LDAP that Paul will receive is \$11,367.30 calculated by the first formula described on page 16 [this page]:

$$\$261,448 \div (80 + 3 - 60) + \$0$$

$$\$261,448 \div 23$$

$$\$11,367.30$$

The non-taxable part of the LDAP is \$8,695.65 and is calculated by the second formula described on page 17 [this page]:

$$\$11,367.30 \times \$200,000 \div \$261,448$$

Variable B is \$200,000 because no DAPs were made before 2031.

Variable C is \$261,448 because no assistance holdback amount exists since the last grant was paid into the RDSP more than 10 years ago.

What is a specified disability savings plan?

A **specified disability savings plan** (SDSP) is a new measure to provide beneficiaries who have **shortened** life expectancy with greater flexibility to access their savings from an RDSP.

Withdrawals from an SDSP **will not** trigger a repayment of the assistance holdback amount as long as the sum of the taxable parts of all withdrawals made in the year does not exceed \$10,000.

However, once the election is made, no more contributions can be made to the plan and the plan will not be entitled to any new grants or bonds. Furthermore, you **will not** be entitled to carry forward any grant or bond for those years under this plan.

When does an RDSP become an SDSP?

The RDSP becomes an SDSP when:

- a medical doctor certifies in writing that the beneficiary of an RDSP is, in his or her professional opinion, unlikely to survive more than five years;

- the holder of the RDSP elects in prescribed form and provides the election, along with the medical certification, to the issuer of the RDSP; and
- the Minister of Human Resources and Skills Development (HRSDC) receives notification of the election from the issuer.

When does a plan stop being an SDSP?

A plan stops being an SDSP if any of the following occur:

- HRSDC receives notification from the issuer of the plan that the holder elects to have the plan stop being an SDSP;
- the total of the taxable parts of disability assistance payments (DAPs) made from the plan in the year while it was an SDSP exceeds \$10,000;
- a contribution, bond, or grant is paid into the plan;
- the plan is terminated or the plan stops being an RDSP;
- lifetime disability assistance payments (LDAPs) have not begun to be paid before the end of the particular calendar year following the year in which the plan last became an SDSP; and

- the plan is a "primarily government assisted plan" and the total amount of DAPs made from the plan to the beneficiary in the calendar year is less than the amount determined by the maximum LDAP formula described on page 16 [the previous page].

Note

The SDSP rules apply to the 2011 and subsequent tax years. However, as a transitional rule, a beneficiary under an SDSP for which the required medical certification was obtained before 2012 will be allowed to use any unused part of his or her 2011 withdrawal limit in 2012. You must wait 24 months after the plan stopped being an SDSP before you can make a new election.

Additional rules if the RDSP is a primarily government-assisted plan in the year

An RDSP is a primarily government-assisted plan in a year if the total of all government grants and bonds paid into the RDSP of the beneficiary before the year is more than the total of all private contributions made to any RDSP of the beneficiary before the year.

Generally, under such an RDSP, the total amount of DAPs that can be paid to the beneficiary in a calendar year that is not a specified year cannot exceed the maximum LDAP for that year.

Certain DAPs made following, and as a consequence of, a transfer of property from another RDSP of the beneficiary do not count toward this limit on DAPs. In any year after the year the beneficiary turns 59, the total amount of DAPs made in the year cannot be less than the maximum LDAP for that year (subject to the FMV of the property in the plan).

When the beneficiary turns 28 (or any later age up to, and including, the age of 59) during the calendar year, the beneficiary has the right to direct that DAPs be paid to him or her at any time in that year if, after payment, the FMV of the property in the RDSP is not less than the assistance holdback amount for the RDSP. The maximum DAP that can be paid under these circumstances is limited to the amount determined by the LDAP formula described earlier. As with an RDSP that is not a primarily government-assisted plan in a year, a DAP made in any of these years will require that the assistance holdback amount be repaid to HRSDC.

How are payments from an RDSP reported?

The grants, bonds and investment income earned in the plan are included in the beneficiary's income for tax purposes when they are paid out of the RDSP. RDSP issuers report the taxable part of the payments from the plan in box 131, located in the "Other information" area of a T4A slip and send two copies of the slip to the beneficiary or the beneficiary's legal representative. The beneficiary has to include this amount as income on line 125 of his or her tax return for the year in which he or she receives it.

For more information on the taxable part, see "Tax payable on disability assistance payments" on page 30 [7].

Transfers

A transfer from one RDSP to another can be made only under the following conditions:

- the transfer must be made from a beneficiary's RDSP to another RDSP for the same beneficiary;

- a transfer can only be made if all holders of the current RDSP agree to the transfer; and
- all funds must be transferred from the current RDSP to the new RDSP.

If the transfer to the new RDSP is not done within 120 days from the date the new RDSP contract is signed, the new RDSP will be considered invalid and the previous RDSP will continue as the ongoing plan.

Effective July 1, 2011, for deaths occurring after March 3, 2010, the existing registered retirement savings plan (RRSP) rollover rules are extended to allow a rollover of a deceased individual's RRSP proceeds to the registered disability savings plan (RDSP) of the deceased individual's financially dependent child or grandchild with an impairment in physical or mental functions. A qualifying beneficiary is referred to as an **eligible individual**. For more information, see "Eligible individual" on page 27 [below]. These rules also apply to registered retirement income fund (RRIF) proceeds, to certain lump-sum amounts paid from registered pension plans (RPPs) and, under proposed changes, to the Saskatchewan Pension Plan (SPP).

In addition, when the death of an RRSP annuitant occurred after 2007 and before 2011, special transitional rules allow a contribution to be made to the RDSP of a financially dependent child or grandchild of the annuitant that has an impairment in physical or mental functions. To be eligible, the contribution to an RDSP can only be made after **June 30, 2011**, and, when the death of the annuitant occurs **after 2007 and before 2011**, the contribution must be made before **2012**.

RDSP rollover reporting

The amount of the rollover will be shown in box 28 of a T4RSP slip. This amount has to be reported on the deceased annuitant's tax return on line 129 and the amount transferred on line 232. For the eligible individual (defined on page 27 [below]), the amount has to be reported on line 129 and the amount of the transfer on line 232. Form RC4625, ROLLOVER TO A REGISTERED DISABILITY SAVINGS PLAN (RDSP) UNDER PARAGRAPH 60(M), must be attached to the deceased annuitant's and the eligible individual's tax returns. A T4RSP slip will not be issued when the source of rollover proceeds is a RRIF, a RPP, or the SPP.

In these situations, you will not have to complete a Schedule 7, RRSP UNUSED CONTRIBUTIONS, TRANSFERS, AND HBP OR LLP ACTIVITIES. However, you must attach to the return the receipt showing the amount of the rollover.

Note

RDSP issuers may produce and use their own method of documentation for this transaction.

Eligible individual

An eligible individual is a child or grandchild of a deceased annuitant under an RRSP or RRIF, or of a deceased member of an RPP or specified pension plan, who was financially dependent on the deceased for support, at the time of the deceased's death, by reason of physical or mental infirmity. The eligible individual must also be the beneficiary under the RDSP into which the eligible proceeds will be paid.

For more information on RDSPs, go to **www.cra.gc.ca/rdsp**.

What happens if the beneficiary no longer has a severe and prolonged impairment in physical or mental functions?

The RDSP **must** be terminated and all amounts must be paid out of the plan by December 31 **following** the first calendar year that the beneficiary is no longer considered to have a severe or prolonged impairment in physical or mental functions that qualified him or her for the disability amount. Any funds remaining in the RDSP after any required repayments of government grants and bonds will be paid to the beneficiary. The taxable part of the DAP will be included in the income of the beneficiary in the year the payment is made to the beneficiary.

What happens if the beneficiary dies?

The RDSP **must** be closed and all amounts remaining in the plan must be paid out to the beneficiary's estate and the plan terminated, by December 31 **following** the calendar year in which the beneficiary dies. Any funds remaining in the RDSP, after any required repayment of government grants and bonds, will be paid to the estate. If a DAP had been made and the beneficiary is deceased, the taxable part of

the DAP must be included in the income of the beneficiary's estate in the tax year in which the payment is made.

When do grants and bonds have to be repaid?

If any of the following events occur, all government grants and bonds paid into the plan during the preceding **10 years** before the event must be repaid to the Government of Canada. Repayments are required when:

- the RDSP is terminated;
- the plan is deregistered;
- a disability assistance payment (DAP) is made from the plan;
- the beneficiary stops being eligible for the disability amount; or
- the beneficiary dies.

Note

Repayments of amounts that were previously included as income are tax deductible and reported on line 232 of the T1 General – INCOME TAX AND BENEFIT RETURN.

Starting in 2011, a beneficiary with a life expectancy of five years or less will be allowed annual RDSP withdrawals of up to \$10,000 in taxable plan savings, as well as a pro-rated amount of plan contributions, without having to repay the grant or bonds paid into the plan in the preceding 10 years. These rules only apply when an election to be an SDSP has been filed with the RDSP issuer by the holder of the RDSP and the issuer has notified the Minister of Human Resources and Skills Development of the election.

Tax payable

Tax payable on disability assistance payments

When a disability assistance payment (DAP) is made from an RDSP, the part of the payment that includes the grants and bonds paid into the plan as well as all investment income earned in the RDSP, such as interest, is taxable.

That part of the payment is included in the income of the beneficiary for the year in which the payment is made. If the beneficiary is not

alive when the payment is made, the amount is included in the income of the beneficiary's estate for the year of the payment.

Note

The taxable part (or RDSP income) is excluded from income when calculating various income-tested benefits, such as the GST/HST credit, the Canada child tax benefits (CCTB), and the Working income tax benefit (WITB). It is also excluded when calculating the social benefit repayment and the refundable medical expense supplement.

Tax payable on non-qualified investment

A tax is payable for a calendar year in which the trust of an RDSP acquires property that is not a qualified investment, or, the property within the RDSP becomes a non-qualified investment.

Amount of tax payable

The amount of tax payable for a non-qualified investment is:

- 50% of the FMV of the property when it was acquired; and

- 50% of the FMV of the property immediately before it stopped being a qualified investment for the trust.

The holder of an RDSP is liable for the tax.

Payment of tax

If the holder of an RDSP is liable for this tax on a non-qualified investment, the holder must file Form RC4532, INDIVIDUAL TAX RETURN FOR REGISTERED DISABILITY SAVINGS PLAN (RDSP), with a payment for any balance no later than 90 days following the end of the calendar year.

Refund of tax

If the RDSP trust disposes of the non-qualified investment before the end of the calendar year following the calendar year in which the tax arose, the persons who are liable for the tax may be entitled to a refund of the lesser of:

- the amount of the tax paid; and
- the proceeds of disposition of the property.

However, no refund will be issued if it is reasonable to expect that those persons knew or should have known, when the property was acquired by the RDSP trust, that the property was, or would become, a non-qualified investment.

Tax payable where inadequate consideration

This tax applies for a calendar year if, in the year, an RDSP trust:

- disposes of property for an amount less than the FMV of the property at the time of the disposition, or for no amount at all; or
- acquires property for an amount greater than the FMV of the property at the time of acquisition.

The holder of an RDSP is liable for the tax. If there is more than one holder of the plan, they are jointly responsible for the tax.

Amount of tax payable

The amount of tax payable for each disposition or acquisition is:

- the amount by which the FMV differs from the consideration; or

- if there is no consideration, the amount of the FMV.

Payment of tax

If the holder of an RDSP is liable for this tax, the holder must file Form RC4532, INDIVIDUAL TAX RETURN FOR REGISTERED DISABILITY SAVINGS PLAN (RDSP), with a payment for any balance no later than 90 days after the end of the calendar year.

Tax payable on an advantage

An advantage for an RDSP is any benefit or loan that depends on the existence of the RDSP. A tax is payable for a calendar year if, in the year, an advantage for an RDSP is extended to any person who is, or does not deal at arms' length with, a beneficiary under, or a holder of, the plan. Generally, an advantage does not include:

- disability assistance payments;
- contributions made by or with the consent of a holder;
- RDSP to RDSP transfers;
- grants and bonds;

- administrative and investment services associated with an RDSP; or
- loans used to make contributions to an RDSP.

Amount of tax payable

The amount of tax payable for an advantage is:

- in the case of a benefit, the FMV of the benefit; and
- in the case of a loan, the amount of the loan.

Payment of tax

The person who is liable for the tax must file Form RC4532, INDIVIDUAL TAX RETURN FOR REGISTERED DISABILITY SAVINGS PLAN (RDSP), with a payment for any balance due no later than 90 days after the end of the calendar year.

Note

When an advantage is extended by the issuer of an RDSP, the issuer, and not the holder, is liable for the tax. The issuer must file

a T3GR, GROUP INCOME TAX AND INFORMATION RETURN FOR RRSP, RRIF, RESP, OR RDSP TRUSTS.

Tax payable on use of property as security

Every issuer of an RDSP shall pay a tax for a calendar year if, in the year, with the consent or knowledge of the issuer, an RDSP trust uses or permits to be used any property held by the trust as security for indebtedness of any kind.

The issuer must file a T3GR, GROUP INCOME TAX AND INFORMATION RETURN FOR RRSP, RRIF, RESP, OR RDSP TRUSTS.

Amount of tax payable

The amount of tax payable is equal to the FMV of the property when the property started being used as security.

Waiver of liability

We may waive or cancel all or part of any of the taxes described in this publication if we determine it is fair to do so after reviewing all factors, including whether the tax arose because of a reasonable error

and whether the same transaction also gave rise to another tax described in this publication.

To consider your request, we need a letter that explains why the tax liability arose, and why it would be fair to cancel or waive all or part of the tax.

For more information, see Information Circular IC07-1, TAXPAYER RELIEF PROVISIONS.

For more information

What if you need help?

If you need help after reading this information sheet, visit **www.cra.gc.ca** or call **1-800-959-8281**.

Forms and publications

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

My Account

My Account is a secure, convenient, and time-saving way to access and manage your tax and benefit information online, seven days a week! Discover all that My Account has to offer you. Take the tour at **www.cra.gc.ca/myaccount** or see Pamphlet RC4059, MY ACCOUNT FOR INDIVIDUALS.

Electronic payments

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

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling **1-800-267-6999**.

Teletypewriter (TTY) users

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

Our service complaint process

If you are not satisfied with the **service** that you have received, please contact the CRA employee you have been dealing with or call the telephone number that you have been given. If you are not pleased with the way your concerns are addressed, you can ask to discuss the matter with the employee's supervisor.

If the matter is not settled, you can then file a service complaint by completing Form RC193, **SERVICE-RELATED COMPLAINT**. If you are still not satisfied, you can file a complaint with the Office of the Taxpayers' Ombudsman.

For more information, go to **www.cra.gc.ca/complaints** or see Booklet RC4420, **INFORMATION ON CRA – SERVICE COMPLAINTS**.

Related forms and publications

Forms

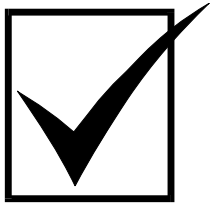
- 5006-R T1 General – Income Tax and Benefit Return
- RC193 Service-Related Complaint
- RC4532 Individual Tax Return for Registered Disability Savings Plan (RDSP)
- T3GR Group Income Tax and Information Return for RRSP, RRIF, RESP, or RDSP Trusts
- T2201 Disability Tax Credit Certificate

Publications

- IC07-1 Taxpayer Relief Provisions
- RC4059 My Account for individuals
- 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