

RESP Bulletin No.1

August 12, 2008

This bulletin is the first of a series that will be published by the Registered Plans Directorate. It will discuss issues that arise from time to time with regards to the administration of registered education savings plans (RESP) and the *Income Tax Act* (the Act).

This technical publication is intended primarily for use by promoters and plan administrators who have an interest in tax matters. For those readers who prefer a less technical explanation, please contact your [tax services office or tax centre](#).

This first bulletin contains information on two provisions under the Act: education assistance payments (EAPs) and RESP contributions.

Education Assistance Payments

An EAP is defined in the Act as an amount, other than a refund of payments, paid out of a RESP to or for beneficiaries to assist them to further their education at the post-secondary level. As required by paragraph 146.1(2)(g.1) of the Act, an EAP may be paid to a beneficiary who is enrolled as a student in a qualifying educational program or is at least 16 years old and a student enrolled in a specified educational program at a post-secondary educational institution.

To help minimize the current administrative burden that promoters face when an EAP is requested, we are introducing an EAP threshold limit of \$20,000, indexed annually by the Consumer Price Index. On an administrative basis, we will consider acceptable all legitimate EAP requests below this threshold. We will not expect promoters to assess the reasonableness of each expense item as long as the conditions permitting an EAP are met. The threshold limit is effective August 12, 2008.

The \$5,000 limit for the first 13 consecutive weeks of enrolment in the previous 12-month period remains. Prior to completion of the first 13 consecutive weeks of studies in the previous 12-month period, the Minister designated for purposes of the *Canada Education Savings Act* (CESA) is required to approve, on a case-by-case basis, an EAP amount that is substantially higher than the \$5,000 limit stipulated in the Act.

While the \$5,000 limit remains under the Act, the promoter will not need to determine if the request for an EAP is reasonable as long as the amount requested is within the \$20,000 limit.

RESP contributions

The October 2007 budget amended the Act and added the definition "designated provincial program". Basically, the definition is relevant for deduction purposes under paragraph 60(x) and to the definitions of "contributions" and "trust" in subsection 146.1(1) of the Act. A "designated provincial program" is a program administered pursuant to an agreement entered into under Section 12 of the CESA or is a prescribed program. This amendment applies to all specimen plans for the 2007 and subsequent taxation years. All specimen plans must be amended to add a definition of "designated provincial program" and to modify their definitions of "contribution" and "trust" to meet the requirements of Section 146.1 of the Act

How to contact us

Contact us at the Registered Plans Directorate if you have any questions about the RESP Bulletin.

- Our telephone enquiries service is available Monday to Friday from 8:00 a.m. to 5:00 p.m., Eastern Time (with a voice mailbox system to take messages outside those hours):

In the Ottawa area:

For Service in English, call 613-954-0419

For service in French, Call 613-954-0930

Toll free from elsewhere in Canada:

For service in English, call 1-800-267-3100

For service in French, call 1-800-267-5565

- Promoters of education savings plans who need guidance on specific registration issues can write to us at the Registered Plans Directorate, Ottawa, ON K1A 0L5, or fax us at 613-952-0199

We welcome feedback on this bulletin. Email your comments to:

rpd/dre@cra-arc.gc.ca

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