

Statement of Qualifying Retroactive
Lump-Sum Payment

To the payer:

Complete this form if you paid a qualifying retroactive lump-sum payment (QRLSP) to an individual (other than a trust) in 1995 or later years. Enter the amount of the QRLSP and its breakdown in the appropriate boxes below. Give the completed and signed form to the recipient of the QRLSP. If you paid more than one QRLSP to an individual, complete one form for each QRLSP paid. See the back of this form for details.

Note: The QRLSP income indicated on this form has to be reported on the recipient's information slip (such as a T4, T4A, T4E).

To the recipient:

We will not reassess your returns for prior years to include this income. However, you can ask us to tax the parts for the prior years as if you received them in those years. You have to include the whole payment on the appropriate line of your return for the year. See the back of this form for details.

Name of recipient	Social insurance number	Year of payment	
Description of QRLSP and reasons for payment			
Total amount (principal and interest) 6850	Total principal (current and prior years) 6851	Total interest (current and prior years)	Total principal (prior years only)

Breakdown of principal (box 6851)

In the boxes below, enter the amount of principal that relates to each applicable year. **Do not include interest amount.**

1978 6852	1987 6861	1996 6870	2005 6879
1979 6853	1988 6862	1997 6871	2006 6893
1980 6854	1989 6863	1998 6872	2007 6894
1981 6855	1990 6864	1999 6873	2008 6895
1982 6856	1991 6865	2000 6874	2009 6896
1983 6857	1992 6866	2001 6875	2010 6897
1984 6858	1993 6867	2002 6876	2011 6898
1985 6859	1994 6868	2003 6877	2012 6899
1986 6860	1995 6869	2004 6878	2013 6900

Certification

I, _____, certify that the information given on this form is, to the best of my knowledge, correct and complete.

First and last name (please print)

Signature of payer

Position or office

Date

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Information for payers and recipients

What is a qualifying retroactive lump-sum payment (QRLSP)?

A QRLSP is a lump-sum payment paid to an individual (other than a trust) in a year that relates to one or more **prior** eligible taxation years throughout which the individual was a resident of Canada. To be a **qualifying amount**, the payment must have been paid after 1994 from one of the following sources:

- income from an office or employment received under:
 - an order or judgment from a court or other competent tribunal;
 - an arbitration award; or
 - a lawsuit settlement agreement (including damages for loss of office or employment);
- benefits from unemployment insurance or employment insurance;
- benefits from a superannuation or pension plan (other than non-periodic benefits such as lump-sum withdrawals);
- spousal, common-law partner, or taxable child support payments;
- benefits from a wage-loss replacement plan; or
- Canadian Forces members and veterans income replacement benefits.

Note: a year in which an individual became bankrupt is not an eligible taxation year.

Amounts not qualifying

An amount received under any part of a retroactive lump-sum payment that is eligible for any of the following deductions, is **not** a qualifying amount:

- legal expenses;
- salary reimbursements;
- reimbursement of top-up disability payments;
- repayment of pension or benefits;
- deduction of social assistance payments, workers' compensation, etc.

An amount under normal collective bargaining, such as negotiated back pay is not a qualifying amount, (although, an amount from an arbitration award does **qualify**).

Why provide the breakdown of a QRLSP?

Generally, a lump-sum payment is included in income in the year when the recipient receives it. This may result in a greater tax liability than if the payment had been received in the year or years to which it related.

A special tax calculation is available to individuals who receive QRLSPs that relate to any year after 1977. The calculation applies if the total of all principal amounts that relate to prior years (after 1977) from all QRLSPs is \$3,000 or more.

If you are the **payer** of a QRLSP, complete this form to help us determine if the special tax calculation is beneficial to the recipient.

If you are the **recipient** of a QRLSP and if the amount shown under "Total principal (prior years only)" is \$3,000 or more, attach Form T1198, *Statement of Qualifying Retroactive Lump-Sum Payment* to your return for the year of payment to ask for a special tax calculation. If you have more than one QRLSP form, add the amounts shown under "Total principal (prior years only)" on all your forms. If the result is \$3,000 or more, attach to your return the QRLSP forms that payers have given you.