



# Statement of Qualifying Retroactive Lump-Sum Payment

## 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.