



Additional Tax on Accumulated Income Payments from RESPs

Use this form to calculate the amount of additional tax you have to pay on accumulated income payments (AIPs) you received in 1999 and later years from registered education savings plans (RESPs).

What are accumulated income payments?

AIPs are amounts, usually paid to the subscriber, of the income earned from an RESP other than refunds of contributions, educational assistance payments (EAP), payments to a designated educational institution in Canada, transfers to another RESP or repayments under the Canada Education Savings Act or under a designated provincial program.

An RESP may (after 1997) allow for AIPs when the following conditions are met:

- the payment is made to, or for, a subscriber under the RESP who is a resident of Canada;
the payment is made to, or for, only one subscriber of the RESP.

Also, any one of the following three conditions must apply:

- the payment is made after the year that includes the 9th anniversary of the RESP and each individual (other than a deceased individual) who is or was a beneficiary has reached 21 years of age and is not currently eligible to receive an EAP;
the payment is made after the year that includes the 35th anniversary of the RESP, unless the RESP is a specified plan (a non-family plan where the beneficiary is entitled to the disability tax credit for the beneficiary's tax year that includes the 31st anniversary of the plan) in which case the payment is made after the year that includes the 40th anniversary of the RESP; or
all beneficiaries under the RESP are deceased when the payment is made.

AIPs are reported in box 040 in the "Other information" section of the T4A slips issued in the name of the recipient. The recipient has to include the total of all AIPs on line 130 of his or her tax return for the year the payments are received and pay the regular tax. These payments are also subject to an additional tax. However, if you receive an AIP, the amount subject to the additional tax may be reduced or eliminated if all the following conditions are met:

- you are the original subscriber of the RESP (this excludes a person who becomes a subscriber because of the death of the original subscriber) or, where there is no other subscriber, the spouse or common law partner of a deceased original subscriber of the RESP;
you contribute an amount not more than the amount of the AIPs to your registered retirement savings plan (RRSP), or your spouse's or common-law partner's RRSP, in the year the AIPs are received or in the first 60 days of the following year; and
your RRSP deduction limit allows you to deduct the amount contributed to your or your spouse's or common-law partner's RRSP. Claim the deduction for the year in which any payments are made.

Do you have to complete this form?

If you receive AIPs in 1999 or later years, you have to complete this form to calculate the additional tax. Complete either Part A or Part B (whichever applies) and if you are a resident of Quebec, Part C.

Attach a copy of this form to your tax return for the year you received the AIPs. You have to pay the additional tax by the balance due date for your regular tax, usually April 30 of the year that follows the year in which you received the AIP. Where the recipient is a trust, the balance due date is 90 days after the end of the tax year of the trust in which the payments are received. For information about the balance due date in the case of a deceased person, see guide T4011, Preparing Returns for Deceased Persons, which is available at www.cra.gc.ca/forms or by calling 1-800-959-2221.

Additional information

For more information about AIPs and RESPs, see the Information Sheet RC4092, Registered Education Savings Plans, which is available at www.cra.gc.ca/forms or by calling 1-800-959-2221.

Identification

Form with fields for Last name (print), First name and initials (print), Social insurance number, and Address.

Calculating the additional tax on accumulated income payments (AIPs) received during the year

Main calculation section with Part A, Part B, and Part C, including numbered lines 1-16 for calculating the additional tax on AIPs.

Certification

Certification section with a statement: 'I certify that the information given on this form is, to the best of my knowledge, correct and complete.' and fields for Signature, Year, Month, and Day.