



Canada Revenue  
Agency

Agence du revenu  
du Canada

# Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary Form

## Do you need more information?

If you need more help after you read this publication, visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca) or call 1-800-959-5525.

You can get forms and publications from our Web site at [www.cra.gc.ca/forms](http://www.cra.gc.ca/forms) or by calling 1-800-959-2221.

### Teletypewriter users

If you use a teletypewriter (TTY), you can call our toll-free bilingual enquiry service at 1-800-665-0354.

## Related publications

- *Computer Specifications for Data Filed on Magnetic Media – T4, T4A, and T4A-NR (T4028)*. This guide is available in electronic format only.
- *Payroll Deductions (Basic Information) (T4001)*
- *Taxable Benefits (T4130)*
- *Filing the T4 Slip and Summary Form (RC4120)*
- *Remitting Payroll Deductions (RC4163)*
- *Filing the T4F Slip and Summary Form (RC4200)*

Visually impaired persons can get our publications in braille, large print, or etext (computer diskette), or on audio cassette from our Web site at [www.cra.gc.ca/alternate](http://www.cra.gc.ca/alternate) or by calling 1-800-267-1267 weekdays from 8:15 a.m. to 5:00 p.m. (Eastern Time).

La version française de cette publication est intitulée *Comment retenir l'impôt sur les revenus de pension ou d'autres sources et établir le feuillet T4A et le formulaire Sommaire*.

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In this publication, we use the name “Canada Revenue Agency” and the acronym “CRA” to represent the Canada Customs and Revenue Agency. This reflects recent changes in the structure of the Agency.

# Notice

## Electronic mailing lists

If your business has access to the Internet, we can now notify you immediately about new information on the following:

- payroll deductions
- GST/HST News
- magnetic media
- media room (includes news releases on a variety of topics including payroll deductions and the GST/HST)

Visit our Web site to subscribe, **free of charge**, to one or more of these electronic mailing lists.

## Construction businesses

Construction businesses have to record certain amounts paid or credited to subcontractors for goods and services rendered in connection with construction activities. They have to report these payments by filing a T5018 SUM, *Summary of Contract Payments* information return with the applicable T5018, *Statement of Contract Payments* slips. They can report payments on either a calendar-year or fiscal-year basis. Information returns have to be filed no later than six months after the end of the reporting period.

For more information, visit our Web site at [www.cra.gc.ca](http://www.cra.gc.ca) or call **1-800-959-5525**.

# Chapter 1 – General information

## 1.1 Who should use this publication?

Use this publication if you are a **payer**, such as an employer, a trustee, an estate executor (or liquidator), an administrator, or a corporate director, and you pay any of the following types of income:

- pension or superannuation;
- lump-sum payments;
- self-employed commissions;
- annuities;
- retiring allowances;
- patronage allocations;
- RESP accumulated income payments;
- RESP educational assistance payments;
- fees or other amounts for services; or
- other income such as research grants, certain payments under a wage-loss replacement plan, death benefits, and certain benefits paid to partnerships or shareholders.

For a complete list of the types of other income covered in this publication, see the section called “Box 28 – Other income” on page 27.

## 1.2 What are your responsibilities as a payer?

Your responsibilities are to:

- deduct income tax from amounts you pay to your recipients;
- remit these deductions; and
- report the recipients’ income and deductions for the year on the T4A information return by the end of February of the following calendar year.

### Note

In this publication, the term **recipient** refers to the beneficiary of a payment and includes employees, ex-employees, retired persons, and shareholders.

As a payer, you hold payroll deductions in trust for the Receiver General. Therefore, you have to keep these amounts separate from the operating funds of your business. They must not be part of an estate in liquidation, assignment, receivership, or bankruptcy.

## Trustee in bankruptcy

Under the *Canada Pension Plan (CPP)* and the *Employment Insurance Act (EI)*, the trustee in bankruptcy is the agent of the bankrupt employer in the event of an employer's liquidation, assignment, or bankruptcy.

Amounts paid by a trustee to employees of a bankrupt corporation to settle claims for wages that the bankrupt employer did not pay are taxable income but are not subject to payroll deductions (CPP, EI, and income tax). These payments are to be reported in box 28, "Other income", of the T4A slip.

## 1.3 Social insurance number (SIN)

Persons employed in pensionable or insurable employment have to show their SIN card to their employer. Always use the correct name and social insurance number as shown on the recipient's SIN card.

If the employee does not give you his or her SIN, you should be able to show that you made a reasonable effort to get it. For example, if you contact an employee by mail to ask for his or her SIN, record the date of your request and keep a copy of any correspondence that relates to it.

If you do not make a reasonable effort to get a SIN, you may be subject to a penalty of \$100 for each failure.

If you cannot obtain a SIN from the recipient, file your information return, without the SIN, no later than the last day of February. If you do not, you may be subject to a **penalty**.

For more information related to the SIN, see Information Circular 82-2, *Social Insurance Number Legislation That Relates to the Preparation of Information Slips*, or visit the Web site of Human Resources and Skills Development Canada at [www.hrsdc.gc.ca](http://www.hrsdc.gc.ca).

## 1.4 Penalties and interest

### Penalty – Failure to deduct or withhold

We can assess a penalty of **10%** of the amount you fail to deduct or withhold. If you fail to deduct or withhold the required amount of CPP, EI, or income tax more than once in a calendar year, we **may** apply a **20%** penalty to the second or later failures if they were made knowingly or under circumstances of gross negligence. Generally, we only apply the 10% penalty to the part of the amount you failed to deduct or withhold that is more than \$500.

However, we may apply the 10% penalty to the total amount if the failure was made knowingly or under circumstances of gross negligence.

## Penalty – Failure to remit

We can assess a penalty of up to 20% of the amount you failed to remit when you withhold the amounts, but do not remit them or when we receive the amounts you withheld past the due date; for example:

- if a remittance that was due on January 15 of the current year (for deductions you made in December of the previous year) is paid with the previous year's T4A information return, and this return is filed after January 15; or
- if you have not paid by the prescribed date the total deductions reported and you include with your T4A return the balance due indicated in box 86 of the T4A Summary form.

Generally, we only apply this penalty to the part of the amount you failed to remit that is more than \$500. However, we may apply the penalty to the total amount if the failure was made knowingly or under circumstances of gross negligence.

If the remittance due date is a Saturday, Sunday, or statutory holiday, your remittance is due on the next business day.

## Interest

We can charge interest from the day your payment is due. For due dates, see the guide called *Remitting Payroll Deductions* (RC4163).

## Failure to file the T4A information return

To prepare a T4A information return, you must complete the T4A slips, the related T4A Summary form, and in some cases T4A Segment forms, as explained in section 3.1. You have to file a T4A information return and give information slips to the recipients by the **last day of February following the calendar year to which the information return applies**. If you fail to do this, the penalty for each failure is \$25 a day, with a minimum penalty of \$100 and a maximum of \$2,500.

If the last day of February is a Saturday or Sunday, your information return is due the next business day.

## Waiving penalties and interest

The fairness provisions of the *Income Tax Act* give us some discretion to cancel or waive all or a part of interest charges and penalties. This flexibility allows us to consider extraordinary circumstances that may have prevented payers from fulfilling their obligations under the *Income Tax Act*. See Information Circular 92-2, *Guidelines for the Cancellation and Waiver of Interest and Penalties*.

## 1.5 What should you do if your business stops operating?

Send all unremitted amounts you withheld for the recipients to your tax centre **within seven calendar days** of the day your business ends. For information on how to send in deductions, see the guide called *Remitting Payroll Deductions* (RC4163).

Complete the necessary T4A slips and T4A Summary and send them to the Ottawa Technology Centre (see address on page 37) **within 30 days** of the day your business ends. You have to calculate the **pension adjustment (PA)** that applies to your former employees who accrued benefits for the year under your **registered pension plan (RPP)** or **deferred profit sharing plan (DPSP)**. Distribute copies of the T4A slips to your former employees.

For detailed information on how to complete a T4A slip and T4A Summary form, see Chapters 4 and 5.

If you prepare more than 500 slips, you have to file your return on magnetic media, as explained in section 3.4.

## Chapter 2 – Deducting income tax

### 2.1 Payroll deductions tables

Our payroll deductions tables contain information to help you calculate the amount of income tax that you have to deduct for your recipients.

Use the provincial or territorial tables for the province or territory in which your recipients reside.

You can get any of the following versions of the payroll deductions tables:

- *Payroll Deductions Tables (T4032)* and *Payroll Deductions Supplementary Tables (T4008)* – You can use these tables to calculate your recipients' payroll deductions.

Payroll deductions tables for all provinces and territories are available on our Web site at [www.cra.gc.ca/payroll](http://www.cra.gc.ca/payroll) (see "What's new"). You can order a paper copy from our Web site at [www.cra.gc.ca/orderforms](http://www.cra.gc.ca/orderforms) or by calling **1-800-959-2221**. The tables are on the Web site three weeks before the printed copies are available.

- *Tables on Diskette (TOD) (T4143)* – The tables on diskette are an electronic version of the *Payroll Deductions Tables (T4032)* and *Payroll Deductions Supplementary Tables (T4008)*. TOD calculates payroll deductions of federal, provincial (except Quebec), and territorial income tax. TOD calculates the deductions for any pay period, for commission income, and for special payments such as bonuses.

TOD (T4143) is available on our Web site. It is also available on the Electronic Document Distribution System (EDDS). For more information, see the *Payroll Deductions Tables (T4032)* or call **1-800-959-5525**.

- *Payroll Deductions Formulas for Computer Programs (T4127)* – If you have a computer, you may want to use these formulas instead of the printed tables to calculate your recipients' payroll deductions of federal, provincial (except Quebec), and territorial income tax.

If the **computer formulas** you want to use are different from the ones in the guide called *Payroll Deductions Formulas for Computer Programs (T4127)*, you have to submit them to any tax services office or tax centre for approval.

All versions of the payroll deductions tables are available for each province and territory and for employees working outside Canada.

## 2.2 Form TD1, *Personal Tax Credits Return*

Individuals who have a **new employer or payer** and receive salary, wages, commissions, Employment Insurance benefits, pensions, or other remuneration, and **want to claim more than the basic personal amount**, have to complete a federal and a provincial or territorial Form TD1, *Personal Tax Credits Return*.

These forms outline the credits that recipients can claim when filing their income tax and benefit returns. They should complete new TD1 forms within seven days of any change to a situation that will affect their returns. Individuals who do not complete new forms may be subject to a penalty of \$25 for each day the form is late. The minimum penalty is \$100; the maximum is \$2,500.

It is a serious offence to knowingly accept a TD1 form that contains false or deceptive statements. If you think a TD1 form contains incorrect information, call **1-800-959-5525**.

Keep completed TD1 forms on file in case we ask to see them.

### **Claim codes**

You will find a listing of the claim codes in our publication called *Payroll Deductions Tables* (T4032). In some cases you will have to use one claim code for the federal Form TD1 and another claim code for the provincial or territorial form.

If you use *Tables on Diskette* (TOD), you will find a listing of the claim codes on the Help Menu by selecting "Index" and then "What's New?".

## 2.3 How do you calculate tax deductions?

You can calculate tax deductions you have to withhold by using:

- the manual calculation method;
- the tables on diskette (TOD) method; or
- the table method.

For more information on the manual calculation method, see the instructions in Part A of the *Payroll Deductions Tables* (T4032). For more information on the different versions of the payroll deductions tables, see section 2.1 on page 9.

## 2.4 Amounts subject to Part XIII of the *Income Tax Act*

If you pay or credit an amount to a non-resident of Canada, such as interest, dividends, rental income, royalties, pension income, retiring allowances, or other similar types of passive income, see our publication called *Non-Resident Withholding Tax Guide* (T4061). You can get more information from Information Circular 77-16, *Non-Resident Income Tax*, and Information Circular 76-12, *Applicable Rate of Part XIII Tax on Amounts Paid or Credited to Persons in Treaty Countries*, and its Special Release.

## 2.5 Prescribed Lump Sum Payments

In this section, you will find the information you need to correctly deduct income tax on some special payments. **These payments are not pensionable or insurable.** Do not deduct Canada Pension Plan contributions or Employment Insurance premiums.

For detailed information about reporting these payments on the T4A slip, see Chapter 4.

### Death benefits

A death benefit is the gross amount of any payment (including a payment to a surviving spouse or common-law partner, heir, or estate) on or after the death of an employee to recognize the employee's service in an office or employment.

If you pay a death benefit to a surviving spouse, common-law partner, or heir, that person may be able to deduct part of this payment (to a maximum of \$10,000) when he or she files an income tax and benefit return. Do not deduct income tax from this part of the payment. For more information, see Interpretation Bulletin IT-508, *Death Benefits*.

Use the withholding rates for lump-sum payments shown on page 12 to deduct income tax from the rest of the death benefit.

### Life income fund (LIF)

Report on a T4RIF slip income paid from a life income fund (LIF). However, if a life annuity is bought from the proceeds of a LIF, there is no longer a registered retirement income fund (RRIF) and the annuity payments have to be reported on a T4A slip. Report these payments in box 24, "Annuities," and not in box 28, "Other income" of the T4A slip.

### Lump-sum payments

You have to deduct income tax from a lump-sum payment that is a **retiring allowance** (as defined on page 15) you pay directly to an employee:

- on retirement in recognition of long service; or
- as compensation for a loss of an office or employment.

You also have to deduct income tax from lump-sum payments that are:

- from a registered retirement savings plan (RRSP) or a plan referred to in subsection 146(12) of the *Income Tax Act* as an amended plan;
- from a registered pension plan (RPP); or
- more than the minimum amount you have to pay to an annuitant under a registered retirement income fund (RRIF).

If you pay a lump-sum payment (such as a refund of premiums) to a deceased annuitant's spouse or common-law partner, do not deduct income tax.

Deduct income tax from lump-sum payments from a retirement compensation arrangement. Do not report these lump-sum payments on a T4A slip. Instead, report them in box 16, "Distributions," of a T4A-RCA slip, *Statement of Amounts Paid From a Retirement Compensation Arrangement (RCA)*.

### **Withholding rates for prescribed lump-sum payments**

Combine all lump-sum payments that have or are expected to be paid in the calendar year when determining the composite rate to use. Use these federal and provincial or territorial composite rates:

- 10% (5% for Quebec) on amounts up to \$5,000;
- 20% (10% for Quebec) on amounts from \$5,000 to \$15,000; and
- 30% (15% for Quebec) on amounts over \$15,000.

Recipients may have to pay additional tax on these amounts when they file their returns. To avoid this situation, if a recipient requests it, you can:

- calculate the annual tax to deduct from the recipient's yearly remuneration, **including** the lump-sum payment (see "Step-by-step calculation of tax deductions" in Part A of the *Payroll Deductions Tables – T4032*);
- calculate the annual tax to deduct from the recipient's yearly remuneration, **not including** the lump-sum payment; and
- **subtract** the second amount from the first amount.

The result is the amount you deduct from the lump-sum payment if the recipient requests it.

If you make payments out of deferred profit sharing plans (DPSPs), call **1-800-959-5525** to find out how to deduct income tax.

Do not deduct income tax from a lump-sum payment if a recipient's total earnings received or receivable during the calendar year, including the lump-sum payment, are less than the "claim amount" on the employee's Form TD1, *Personal Tax Credits Return*. This does not apply to lump-sum payments paid to non-residents.

### **Retroactive lump-sum payments**

Certain retroactive lump-sum payments totalling \$3,000 or more (not including interest) are eligible for a special tax calculation at the time of processing the individual's return, regardless of the amount of tax you withhold from the payment.

To qualify for a special tax calculation, the payments described on Form T1198, *Statement of Qualifying Retroactive Lump-Sum Payment*, must have been paid to the individual for one or more preceding years throughout which the individual was a resident of Canada. In addition, the payments must have been paid after 1994 and relate to years 1978 and later. Report the following eligible sources of income on a T4A slip:

- superannuation or pension benefits (other than non-periodic benefits such as lump-sum withdrawals); and
- wage-loss replacement benefits.

**Note**

If you pay a retroactive pay increase, see our guide called *Payroll Deductions (Basic Information)* (T4001).

You have to provide the following information in writing to the recipient:

- the year in which the lump-sum payment was made to the recipient;
- a complete description of the lump-sum payment and why it was paid;
- the total amount of the lump-sum payment, including a breakdown between the principal and the interest element, if any; and
- the principal amount of the lump-sum payment that relates to the current year and each of the preceding years covered by the payment.

You can provide all the information indicated above to the recipient by using Form T1198, *Statement of Qualifying Retroactive Lump-Sum Payment*. The recipient has to send Form T1198 to us and request the special tax calculation in his or her income tax and benefit return.

**Transfer of funds**

A recipient can transfer a lump-sum payment out of an RPP or a DPSP to an RPP, an RRSP, a DPSP, or a RRIF. Do not deduct income tax on an amount that you transfer **directly** (not paid to the recipient) to an RPP, an RRSP, a DPSP, or a RRIF.

Trustees and administrators should use Form T2151, *Direct Transfer of a Single Amount Under Subsection 147(19) or Section 147.3*, to transfer the lump-sum payment directly on a recipient's behalf. The receiving carrier should not issue receipts. The transferring carrier has to keep the necessary documents to support the transfer.

The *Income Tax Act* sometimes limits how much of an RPP lump-sum payment you can transfer directly to such registered plans. If the amount you transfer is more than these limits, the recipient has to include the excess transfer in his or her income and you have to deduct income tax on the amount you did not directly transfer. You cannot transfer this amount to another RPP, RRSP, or DPSP.

You **cannot** transfer to an RPP any benefits and lump-sum payments you paid after February 15, 1984, from a pension fund or plan that is not registered under the *Income Tax Act*.

For more information about transferring funds between plans, see Interpretation Bulletin IT-528, *Transfers of Funds Between Registered Plans*.

## Patronage payments

Patronage payments include:

- certificates of indebtedness;
- amounts credited towards the balance a recipient may owe the payer of the patronage; and
- shares of a corporation that an individual receives because of a patronage payment.

You have to apply a withholding tax of 15% on the value of patronage payments that Canadian residents receive in a year. This withholding tax applies to the payment or to the total of several payments of more than \$100 you made during the year.

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### Example

You give Luan a \$250 patronage payment. The amount on which you apply the 15% withholding tax is \$150 ( $\$250 - \$100$ ). The withholding tax is \$22.50 ( $\$150 \times 15\%$ ).

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Complete the remittance voucher at the bottom of Form PD7A, *Statement of Account for Current Source Deductions*, and include it with the deducted amount you are sending to the Receiver General.

The withholding tax does not apply to Canadian residents who are exempt under section 149 of the *Income Tax Act*.

If you need more details, see Interpretation Bulletin IT-362, *Patronage Dividends*.

## Registered education savings plan (RESP)

Investment earnings in an RESP can be paid to the subscriber or, in some circumstances, to a person other than the subscriber. These payments are called accumulated income payments (AIPs).

If, as the promoter of an RESP, you make AIPs, you have to withhold amounts for tax payable under Part I and Part X.5 of the *Income Tax Act*.

The amount subject to withholding taxes may be reduced if both of the following conditions are met:

- the recipient of the AIPs is the original subscriber (or, after the death of the original subscriber, his or her spouse or common-law partner if there is no other subscriber); and
- the original subscriber (or, after the death of the original subscriber, his or her spouse or common-law partner if there is no other subscriber) has completed Form T1171, *Tax Withholding Waiver on Accumulated Income Payments From RESPs*, and asks that you transfer the payment directly to the subscriber's registered retirement savings plan (RRSP) or spousal or common-law partner RRSP.

If you are satisfied that these conditions and those explained on Form T1171 are met and you can reasonably believe that the recipient of the AIPs will deduct that amount as an RRSP contribution for the year you paid it, you do not have to withhold any taxes on the amount transferred.

The amount subject to withholding tax is the AIP **minus** the reduction determined on Form T1171.

All payments from an RESP are to be reported on a T4A slip, *Statement of Pension, Retirement, Annuity, and Other Income*.

For more information, see the information sheet called *Registered Education Savings Plans (RESPs)* (RC4092).

## Retiring allowances

A retiring allowance (also called severance pay) is an amount paid to officers or employees when or after they retire from an office or employment in recognition of long service or for the loss of office or employment.

A retiring allowance **includes**:

- payments for unused sick-leave credits on termination; and
- amounts individuals receive when their office or employment is terminated, even if the amount is for damages (wrongful dismissal).

A retiring allowance **does not include**:

- a superannuation or pension benefit;
- an amount an individual receives as a result of an employee's death;
- a benefit derived from certain counselling services;
- payments for accumulated vacation leave not taken prior to retirement;
- pay in lieu of termination notice; and
- damages for violations or alleged violations of an employee's human rights awarded under human rights legislation (these damages are not taxable).

If you pay a retiring allowance to a **resident** of Canada, deduct income tax from any part you pay directly to the recipient. Use the lump-sum withholding rates shown on page 12 to deduct income tax.

If you pay a retiring allowance to a **non-resident** of Canada, you have to withhold 25% of the retiring allowance (subject to various tax conventions and agreements). Send this amount to the Receiver General on the non-resident's behalf. For more information, see Interpretation Bulletin IT-337, *Retiring Allowances*, and IT-163, *Election by Non-Resident Individuals on Certain Canadian Source Income*.

#### **Note**

For tax information that may affect people planning to retire, see the pamphlet called *When You Retire* (P119).

### **Transfer of a retiring allowance**

There are situations when a person can transfer all or part of a retiring allowance to a registered pension plan (RPP) or a registered retirement savings plan (RRSP).

You do not have to deduct income tax on the amount of eligible retiring allowance that is transferred directly to the recipient's RPP or RRSP. If you transfer the amount to an RPP, you may have to report a pension adjustment (PA). For information, contact your plan administrator.

The amount that is eligible for transfer under section 60(j.1) of the *Income Tax Act* is limited to:

- \$2,000 for each year or part of a year before 1996 that the retiree worked for you (or a person related to you); plus
- \$1,500 for each year or part of a year before 1989 of that employment in which none of your contributions to the RPP or DPSP were vested in the employee's name when you paid the retiring allowance. Determine the equivalent number of years of vesting by referring to the terms of the particular plan. The number can be a fraction.

The recipient can contribute the **non-eligible part** to his or her RRSP, or to a spousal or common-law partner's RRSP, up to the amount of the recipient's available RRSP deduction limit. In this situation, you will withhold income tax.

However, you can contribute directly on the recipient's behalf the non-eligible part to his or her RRSP or to a spousal or common-law partner RRSP if you have reasonable grounds to believe that the amount can be claimed based the recipient's RRSP deduction limit. In this situation, you do not have to deduct income tax on the amount of the retiring allowance that you transfer directly.

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**Example**

In November 2001, you pay Bruno, your ex-employee, who is single, a retiring allowance of \$50,000. He worked for you from 1980 to 2001 (22 years, including part-years of service). According to the terms of the pension plan, his contributions are not vested in the pension plan. Therefore, you can only reimburse his contributions to the plan.

Calculate the amount of retiring allowance eligible for transfer as follows:

- \$2,000 × 16 years, including any part-years of service before 1996 (from 1980 to 1995) ..... \$32,000

**plus**

- \$1,500 × 9 years, including any part-years of service before 1989 (from 1980 to 1988) ..... \$13,500

**Total eligible for transfer** ..... **\$45,500**

**Note**

You can no longer transfer \$2,000 per year of service to an RPP or RRSP for 1996 and following years.

Bruno is allowed to transfer directly \$45,500 to an RPP or RRSP, without tax deductions.

The difference of \$4,500 between the allowance paid and the maximum eligible for transfer could be directly transferred to Bruno's RRSP, without tax deductions, if he informs you that it is within his deduction limit.

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## Chapter 3 – T4A Information Return

### 3.1 Which forms should you use?

To prepare a T4A information return, you must complete the T4A slips and the related T4A Summary form. In some cases, you may also have to complete a T4A Segment form, as explained below. A T4A Summary form alone is not an information return.

The T4A slip and T4A Summary form apply to resident and non-resident payers.

#### Types of T4A slips available

You can order the **single-page** (1 page, not carbon-loaded) slip for laser or ink jet printers, typing, or hand-filling (3 slips per page) by completing the online order form or calling **1-800-959-2221**.

We accept forms on other than our original pre-printed paper. You can get blank copies of carbonless T4A slips and blank T4A summary forms from our Web site and print them on plain white paper. Also available is the fillable T4A that permits you to create, save, print, and send your T4A information returns.

#### What should you do with large returns?

If you have a T4A information return that contains more than 300 slips, split the return into bundles of 300 slips or less (about 100 sheets). Make sure a T4A Segment form is on the top of each bundle. **The total of all amounts shown on each segment form has to correspond with the totals on the summary form.**

To get segment forms call **1-800-959-2221** or if you need help, call **1-800-959-5525**.

If you file **more than 500 slips for the calendar year**, you **have to** file your information returns on magnetic media, as explained in section 3.4.

### 3.2 Customized forms

To reduce the workload of those who complete large numbers of forms, we will accept forms other than our own. To get our written approval for your version, send two samples of your proposed computer-printed slip to:

Forms and Publications Management Division  
Electronic and Print Media Directorate  
Canada Revenue Agency  
25 Nicholas Street  
Albion Tower, 17th floor  
Ottawa ON K1A 0L5

For more information, see Information Circular 97-2, *Customized Forms*.

### 3.3 When and where to file the T4A information return

You have to file your T4A information return by the **last day of February following the calendar year to which the information return applies**. If the last day of February is a Saturday or Sunday, your information return is due the next business day.

After you complete your T4A information return, mail it to the Ottawa Technology Centre. See the address on page 37.

When you send us copies of the slips, keep T4A slips three to a page. This will allow us to process your information return faster.

#### Distributing copies of T4A slips

You must give recipients two copies of their T4A slip by **the last day of February** following the calendar year to which the slips apply.

You must keep copies of your records and books of accounts for six years. This applies to both paper and electronic formats. If you file on paper, you must attach a copy of each T4A slip to the T4A Summary form and keep one copy of the slips and a copy of the summary form for your files.

If you file on magnetic media, **do not send us** paper copies of the slips or summary form.

#### Sending electronic T4A slips to recipients

You can now provide T4A slips to recipients in electronic format. However, the recipient has to consent in writing or by email to receive the slips electronically.

### 3.4 When do you have to file information returns on magnetic media?

If you or your service bureau files more than 500 various information slips for the calendar year (for example, the total number of T4, T4A, and T5 slips), you **have to** file your information return on magnetic media in extensible mark-up language (XML) format.

For more details, see the electronic guide called *Computer Specifications for Data Filed on Magnetic Media – T4, T4A, and T4A-NR (T4028)*, which is only available from our Web site at [www.cra.gc.ca](http://www.cra.gc.ca) or by calling **1-800-665-5164**.

When sending your information returns on magnetic media, **do not send us** paper copies of your summary form or slips. Only attach paper copies of any slips that are not included on the magnetic media submission.

Attach Form T619, *Magnetic Media Transmittal*, to the magnetic media, and drop the package off at any tax services office or tax centre, or mail it to:

Magnetic Media Processing Team  
Ottawa Technology Centre  
Canada Revenue Agency  
875 Heron Road  
Ottawa ON K1A 1A2

### **Failure to file information returns in electronic format**

If you file more than 500 various slips (for example T4, T4A, T5) and you do not file the information returns in an electronic format as required under the *Income Tax Act* and *Income Tax Regulations*, you are liable to a penalty of \$2500 for the first offence. For each subsequent occurrence, the penalty will increase by increments of \$2500.

You may need to correct original data submitted on magnetic media. If you do, make these corrections on paper or electronically. For information on correcting slips, see section 3.6, "How can you amend, cancel, or replace T4A slips?"

If a service bureau is filing an information return for you, you are still responsible for the accuracy of the information and for any balance due.

If you have overpaid, include a letter explaining how you want us to apply the overpayment. If you owe an amount, indicate on your cheque which account and tax year the payment is for.

## **3.5 Branch offices filing information returns**

If the branch office of a company has sent in income tax deductions under a separate account, which only that branch uses, file the information return (slips and related summary form) of that branch as a separate return.

## **3.6 How can you amend, cancel, or replace T4A slips?**

### **Amend, cancel, or replace T4A slips electronically**

The CRA accepts cancellations and amendments in electronic format for information slips. To use this fast and convenient way of cancelling and amending information slips, follow the instructions on our Electronic Amendments Web page.

### **Amending slips on paper**

**After** you file your information return, you may notice that you made an error when preparing the T4A slips. If so, you will have to prepare amended slips to correct the information. Clearly identify the amended slips by writing "amended" at the top. When you amend a slip, make sure you complete all the necessary boxes, including the information that was correct on the original slip. Distribute the amended slips to the recipients the same way as the originals. Send a copy of the amended slips to any tax centre with a letter explaining the reason for the amendment.

## Note

Do not file an amended summary form when you send in amended slips.

### Pension adjustment (PA)

You have to recalculate a pension adjustment (PA) when both of the following conditions are met:

- an employee returns from a leave of absence or from a period of reduced services; and
- benefits are retroactively provided for the period concerned.

If, as the pension plan administrator for a multi-employer plan, you have to recalculate a PA for an employee under a registered pension plan (RPP) during a period of leave or reduced services, amend the PA for the employee for each year after 1989 that is affected by the leave.

You **do not have** to report an amended PA when the difference between the previously reported PA and the amended PA is less than \$50. However, you **do have** to report one if an employee asks you to accurately report the PA, or if we ask you to report the amended PA.

For the years in which you had not previously reported a PA for the employee, you have to file an amended T4A slip showing the correct PA. If you previously reported a PA for the employee in a particular year, you have to show the **total** PA that applies for that year on the amended T4A.

For information on recalculating a PA, see the *Pension Adjustment Guide* (T4084). For information on calculating and reporting a Past Service Pension Adjustment (PSPA), see the *Past Service Pension Adjustment Guide* (T4104).

### Cancelling slips on paper

If you are cancelling a T4A slip, send us a copy of the original clearly marked "cancelled."

If you notice errors on the T4A slips **before** you file them with us, you can correct them by preparing new slips and **removing** any incorrect slips from the return. If you do not prepare a new slip, initial any changes you make on the slip. Make sure you also correct the summary form.

### Replacing slips on paper

If you issue T4A slips to replace copies that recipients lost or destroyed, do not send these copies to us. Clearly identify them as **duplicate copies**, and keep with your records any copies you do not distribute.

## Chapter 4 – Completing T4A Slips

### 4.1 When to complete the T4A slip

You have to complete a T4A slip if you made any of the payments listed in section 1.1. and:

- the total of all payments in the calendar year was more than \$500; or
- you deducted tax from any payment.

If you provide **group term life insurance** taxable benefits for former employees, you have to prepare a T4A slip, even if the benefit is \$500 or less.

If you are the administrator or trustee of a multi-employer plan and you provide taxable benefits under the plan to employees or former employees, you have to prepare a T4A slip **only** if the benefit exceeds \$25.

You have to issue T4A slips for fees and services payments if you withheld income tax, regardless of the amount paid. The recipients will then claim the income tax deducted on their income tax returns.

#### Fees or other amounts for services

In addition to the above, other slips for fees and services must be filed in the following situations:

- payments made by a department or a Crown corporation for goods and services (use Form T1204 instead of a T4A slip); or
- payments made by individuals, partnerships, trust, or corporations with construction as their primary business activity to subcontractors for construction services (use Form T5018 instead of a T4A slip).

### 4.2 General guidelines

Before you start, read the following:

- Complete the slips clearly and in alphabetical order.
- Use a standard 10- or 12-character per inch font if typed or computer-generated.
- Make sure the SIN and name you enter on the T4A slip for each recipient are the same as on his or her SIN card.
- Report, in Canadian dollars, all amounts you paid during the year.
- Do not show hyphens or dashes between numbers or names.
- Do not enter the dollar sign (\$).
- Report all amounts in dollars and cents. However, report the pension adjustment (PA) in box 34 in dollars only.

- Do not put negative dollar amounts on slips. To make changes to previous years, send us an amended slip for the years in question.
- If you do not have to enter an amount in a box, do not enter “nil”—leave the box blank.
- Do not change the headings of any of the boxes.

#### **Note**

Do not report on a T4A slip amounts paid for management fees, director’s fees, tips and gratuities, group term life insurance premiums paid for current employees, and other employment income. Report those amounts on a T4 slip.

## **4.3 Detailed instructions**

The following pages give step-by-step instructions on how to complete the T4A slip.

### **Recipient’s name and address**

In the area next to the arrow, enter the last name of the person to whom you made the payment, followed by the first name and initials. Directly below the name, enter the person’s address, including the province, territory, or U.S. state, Canadian postal code or American zip code, and country.

### **Payer’s name**

Enter your operating or trading name in the space provided on each slip.

### **Footnote codes and explanation**

In many cases, we ask you to enter an explanatory note and a corresponding code to describe payments or part payments. Use the “Footnotes codes and explanation” area of the T4A slip to report certain kinds of income or identify transfers of funds under certain sections of the *Income Tax Act*. Enter the corresponding code in box 38. You can find a complete list of the possible codes and explanations in the section called “Box 38 – Footnote codes” on page 30.

### **Year**

Enter the four digits of the calendar year in which you made the payment to the recipient.

### **Box 12 – Social insurance number**

Enter the social insurance number (SIN) of the recipient. For more information, see section 1.3, “Social insurance number (SIN).”

### **Box 13 – Business Number (BN)**

If the recipient of the reported amount is a business (sole proprietor, partnership, or corporation), enter the first nine digits of the recipient’s BN.

### Box 14 – Recipient’s number

If you wish, you can enter a retiree, an employee, or a payroll number.

### Box 16 – Pension or superannuation

Enter the taxable part of annuity payments you paid to an employee or retired employee out of, or under, a superannuation or pension fund or plan, including disability benefits paid in the form of a life annuity.

You may have paid superannuation or pension benefits from an employee benefit plan for services that a person rendered in a period during which the person did not reside in Canada. If you paid the benefits periodically, report the amount in box 16. These payments **cannot** be transferred to a registered pension plan (RPP) or RRSP.

**Unregistered pension plan** – You have to identify pension benefits you paid from a pension fund or plan that is not registered. In the footnotes area, enter “Box 16, Unregistered \$\_\_\_\_\_.” In box 38, enter **09**. These benefits **cannot** be transferred to a registered plan.

**Status Indian** – Pension or superannuation is usually exempt from income tax when a person receives it as a result of employment income that was exempt from tax. If part of the employment income was exempt, then a similar part of these amounts is also exempt. Do not include the exempt income in box 16. Include it in the footnotes area. Enter “Box 16, Status Indian (exempt income) \$\_\_\_\_\_.” In box 38, enter **14**.

### Disability benefits

Enter the disability benefits paid as a life annuity in box 16.

Enter the disability benefits paid out of a superannuation or pension plan in box 28, “Other income.”

### Box 18 – Lump-sum payments

In box 18, enter the following payments:

- the taxable part of a **single payment** out of a pension fund or plan because of a:
  - withdrawal from the plan, retirement from employment, or death of an employee or former employee; or
  - termination of, amendment to, or modification of the plan; and
- the taxable part of a **single payment** out of a deferred profit sharing plan (DPSP) due to a withdrawal from the plan, retirement from employment, or death of an employee or former employee.

If you include lump-sum payments out of RPPs and DPSPs accrued to December 31, 1971, in the footnotes area, enter “Box 18, Accrued to December 31, 1971 \$\_\_\_\_\_.” In box 38, enter **10**.

**Direct transfers** – Do not report direct transfers of RPP lump-sum payments to RRSPs, RRIFs, or other RPPs that are transferred according to subsections 147.3(1) to (8) of the *Income Tax Act*. Similarly, do not report direct transfers of DPSP lump-sum payments to RPPs, RRSPs, RRIFs, or other DPSPs that are transferred according to subsection 147(19) of the Act. You do not have to report as income a lump-sum amount directly transferred according to these subsections. Also, the receiving carrier should not issue receipts. You can use Form T2151, *Direct Transfer of a Single Amount Under Subsection 147(19) or Section 147.3*, to document these direct transfers.

**Amounts not eligible for transfer** – Amounts transferred that are higher than the amounts allowed under subsections 147.3(1) to (8) or 147(19) of the *Income Tax Act* are considered income in the year they are transferred. Report such amounts in box 18. The receiving carrier should issue a receipt for these excess transfers.

When you pay a single amount out of an RPP to an individual or you transfer such an amount that we consider to be income, in the footnotes area, enter “Box 18, RPP – not eligible for transfer \$\_\_\_\_\_.” In box 38, enter **08**.

**Deferred profit sharing plan (DPSP)** – Use box 18 to report the total of amounts you allocated or reallocated in the year under a DPSP or a revoked plan (to a person described in paragraph 147(2)(k.2) of the *Income Tax Act*) for:

- employer contributions made to the plan after December 1, 1982; or
- amounts forfeited in the plan if these amounts are withdrawn from the plan during the year.

If you allocated an amount under subsection 147(10.3) of the *Income Tax Act* in a previous year and you made the payment in the current year, you have to report the amount of the payment. In the footnotes area, enter “Box 18, DPSP – not eligible for transfer \$\_\_\_\_\_.” In box 38, enter **08**.

**Employee benefit plan (EBP)** – You may have paid superannuation or pension benefits from an EBP for services that a person rendered in a period throughout which the person did not reside in Canada. If you paid the benefits in a lump sum, report the amount in box 18. You **can** transfer the amount to an RPP or RRSP under paragraph 60(j) if the recipient or the recipient’s spouse or common-law partner performed the services for which you made the payment. If you made such a transfer, enter “Box 18, Benefits for non-resident services transferred under paragraph 60(j) \$\_\_\_\_\_” in the footnotes area. In box 38, enter **02**.

If the amount you pay from an EBP is not a lump-sum payment, refer to the guide *Filing the T4 Slip and Summary Form (RC4120)*.

**Non-registered plan** – You have to identify pension benefits you paid from a pension fund or plan that is not registered. In the footnotes area, enter “Box 18, Unregistered \$\_\_\_\_\_.” In box 38, enter **09**. You **cannot** transfer these benefits to a registered plan.

**Status Indian** – A lump-sum payment is usually exempt from income tax when a person receives it as a result of employment income that was exempt from tax. If part of the employment income was exempt, then a similar part of this amount is also exempt. Do not include the exempt income in box 18. Include it in the footnotes area. Enter “Box 18, Status Indian (exempt income) \$\_\_\_\_\_.” In box 38, enter **14**.

For more details, see “Lump-sum payment” in section 2.5.

### **Box 20 – Self-employed commissions**

Enter the amount of commissions you paid to an independent agent. Do not include GST paid to the recipient on those services.

### **Box 22 – Income tax deducted**

Enter the **total** income tax you deducted from the recipient’s remuneration during the year. This includes the federal, provincial (except Quebec), and territorial taxes that apply. Leave the box blank if you did not deduct tax.

Do not include an amount you withheld under the authority of a garnishee or a requirement to pay that applies to the employee’s previously assessed tax arrears.

### **Box 24 – Annuities**

Enter annuity payments from a life annuity purchased from the proceeds of a Life Income Fund (LIF).

Enter the total annuity payments under an income-averaging annuity contract (IAAC) and the yearly taxable part of other annuity payments.

If you include IAAC payments in this box, in the footnotes area, enter “Box 24, IAAC \$\_\_\_\_\_.” In box 38, enter **10**.

If you include instalment or annuity payments under a DPSP, in the footnotes area, enter “Box 24, DPSP annuity or instalment payments \$\_\_\_\_\_.” In box 38, enter **15**.

When you report annuity payments from other sources on the T4A slip, follow these guidelines:

- Report annuity payments from a superannuation or pension fund or plan (other than a life annuity) in box 16.
- In box 28, report the proceeds of disposition (or deemed disposition) of an IAAC.

For more details, see Information Circular 77-1, *Deferred Profit Sharing Plans*.

#### **Notes**

Report on a **T5 slip** the annuity payments for accrued income from a life insurance policy that you include when you calculate a person’s income under the provisions of section 12.2 of the *Income Tax Act*.

Report annuity payments to a non-resident on an **NR4 slip**.

### **Box 26 – Eligible retiring allowances**

Enter the amount of retiring allowances (also called severance pay) eligible for transfer to an RPP or RRSP, even if not transferred.

**Status Indian** – A retiring allowance is usually exempt from income tax when a person receives it as a result of employment income that was exempt from tax. If part of the employment income was exempt, then a similar part of these amounts is also exempt. Do not include the exempt income in box 26. Include it in the footnotes area. Enter “Box 26, Status Indian (exempt income) \$\_\_\_\_\_.” In box 38, enter **14**.

For more information, see “Retiring allowance” in section 2.5.

### **Box 27 – Non-eligible retiring allowances**

Enter the amount of retiring allowances (also called severance pay) not eligible for transfer to an RPP or RRSP.

An amount of retiring allowance is not eligible for transfer to an RPP or RRSP when it is more than the limit permitted by the *Income Tax Act*. For more information, see “Retiring allowance” in section 2.5.

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### **Example**

If an employee is paid a retiring allowance of \$60,000 of which \$40,000 is eligible for transfer, enter \$40,000 in box 26 and \$20,000 in box 27 of the T4A slip.

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**Status Indian** – A retiring allowance is usually exempt from income tax when a person receives it as a result of employment income that was exempt from tax. If part of the employment income was exempt, then a similar part of these amounts is also exempt. Do not include the exempt income in box 27. Include it in the footnotes area. Enter “Box 27, Status Indian (exempt income) \$\_\_\_\_\_.” In box 38, enter **14**.

### **Box 28 – Other income**

Enter the following types of payments in box 28:

1. Annuity payments from an annuity that an individual bought with a refund of premiums from a deceased annuitant’s RRSP. For more information on this type of annuity, see Interpretation Bulletin IT-500, *Registered Retirement Savings Plans – Death of an Annuitant* (paragraphs 27 and 28).
2. Payments under a revoked DPSP – In the footnotes area, enter “Box 28, Payments from a revoked DPSP \$\_\_\_\_\_.” In box 38, enter **23**.
3. Any fees or other amounts paid for services.

4. Research grants – In the footnotes area, enter “Box 28, Research grants \$\_\_\_\_\_.” In box 38, enter **04**.

Scholarships (study grants), fellowships, bursaries, and prizes – In the footnotes area, enter “Box 28, Scholarships, bursaries, or fellowships \$\_\_\_\_\_.” In box 38, enter **05**.

For more information, see Interpretation Bulletin IT-75, *Scholarships, Fellowships, Bursaries, Prizes, and Research Grants*.

5. Certain payments made under a wage-loss replacement plan, except for some payments you made under an insured wage-loss replacement plan, even if you made a contribution to the plan. To find the types of payments you should report, see Interpretation Bulletin IT-428, *Wage Loss Replacement Plans*. In the footnotes area, enter “Box 28, Income from wage-loss replacement plan, not fully funded by employee premiums \$\_\_\_\_\_.” In box 38, enter **07**.

**Status Indian** – Wage-loss replacement plan benefits are usually exempt from income tax when a person receives them as a result of employment income that was exempt from tax. If part of the employment income was exempt, then a similar part of these amounts is also exempt. Do not include the exempt income in box 28. Include it in the footnotes area. Enter “Box 28, Status Indian (exempt income) \$\_\_\_\_\_.” In box 38, enter **14**.

6. Payments under the *Labour Adjustment Benefits Act*, or a benefit payable under the *Appropriation Act* to compensate for loss of office or employment, such as in the textile and leather-tanning industries.
7. The gross amount of any payment (including a payment to a surviving spouse, common-law partner, heir, or estate) on or after the death of an employee to recognize the employee’s service in an office or employment. In the footnotes area, enter “Box 28, Death benefit \$\_\_\_\_\_.” In box 38, enter **06**.
8. Benefits from board and lodging, or transportation that a third party (a prime contractor or another subcontractor) supplies to employees of subcontractors (for example, all workers on a site who share common quarters). The person who provides the benefits (a third-party payer) has to report them on a T4A slip, unless the benefits are non-taxable allowances for working at a special work site or remote work location.

If an employee usually lives in a prescribed zone and works at a special work site in a prescribed zone, report any non-business travel assistance (including medical travel assistance) in box 28. Separate the medical travel from the other non-business travel. In the footnotes area, enter “Box 28, Medical travel \$\_\_\_\_\_.” In box 38, enter **16**.

If an employee does not usually live in a prescribed zone but works at a special work site in a prescribed zone and meets the residency requirements for the northern residents’ deductions, **do not** include in box 28 the exempt portion for board and lodging benefits the employee receives while working at the special work site which is within 30 kilometres from the

nearest urban area having a population of at least 40,000 persons. In the footnotes area, enter “Special work site in a prescribed zone—exempted portion for board and lodging benefits \$\_\_\_\_\_.” In box 38, enter **24**.

**Note**

Include any GST/HST that applies to the related benefits. For more information, see sections 3.2 and 3.3 of the guide called *Taxable Benefits* (T4130) or Interpretation Bulletin IT-91, *Employment at Special Work Sites or Remote Work Locations*.

9. Premiums you pay as a contribution to a provincial health services insurance plan for a retired employee. See “Premiums under provincial hospitalization, medical care insurance, and certain Government of Canada plans” in the guide called *Taxable Benefits* (T4130). In the footnotes area, enter “Box 28, Medical premium benefit \$\_\_\_\_\_.” In box 38, enter **18**.

**Note**

For reporting requirements that concern payments from a **retirement compensation arrangement**, see the *Retirement Compensation Arrangements Guide* (T4041) or call **1-800-959-5525**.

10. Payments under a supplementary unemployment benefit (SUB) plan as defined under the *Income Tax Act*. Maternity and parental leave top-up plans are not (SUB) payments as defined in the *Income Tax Act*, but are considered regular employment income and are not reported on a T4A slip. See the *Employer’s Guide to Payroll Deductions* (T4001) for details regarding maternity and parental top-up plans.
11. Benefits of a loan that a person or partnership received as a shareholder or related to a shareholder. In the footnotes area, enter “Box 28, Loan benefit under subsection 80.4(2) \$\_\_\_\_\_.” In box 38, enter **17**.
12. Any benefit for employer-provided group term life insurance when the benefit is conferred by a former employer or reported by another party on behalf of the employer or former employer. In the footnotes area, enter “Box 28, Group term life insurance benefit \$\_\_\_\_\_.” In box 38, enter **19**.
13. Disability benefits paid out of a superannuation or pension plan. In the footnotes area, enter “Box 28, Disability benefits paid out of a superannuation or pension plan \$\_\_\_\_\_.” In box 38, enter **25**.
14. A cash award or prize paid directly from a manufacturer to the employee of a dealer or other sales organization. For more details, see Interpretation Bulletin IT-470, *Employees’ Fringe Benefits*, and its Special Release.
15. Amounts paid by a trustee in bankruptcy to employees of a bankrupt corporation in settlement of claims filed for wages that the bankrupt employer did not pay.

16. Report any other amount from which you deducted income tax and which you do not have to report elsewhere on a T4A slip or other information return.

**Note**

These payments are not subject to payroll deductions (CPP, EI, and income tax).

**Box 30 – Patronage allocations**

Report all allocations you gave to customers for their patronage. This includes payments you made in cash or in kind, by certificate of indebtedness, issue of shares, set-off, assignment, or any other way. Your allocations should be in proportion to the patronage.

**Box 32 – Registered pension plan contributions (past service)**

Enter the contributions a former employee made to buy past service. The plan administrator usually completes the T4A slip when an employer-employee relationship no longer exists. Include any instalment interest paid for past-service contributions. Instalment interest is the portion of contributions that represents the amount charged to buy past service over time. In the footnotes area, enter “Box 32, Pre-1990 past service \$\_\_\_\_\_.” In box 38, enter 26.

**Box 34 – Pension adjustment**

Enter, in dollars only, the amount of pension adjustment (PA) an employee has under an RPP during a period of leave or reduced services. Do this in the year for which you report the PA as the pension plan administrator for a multi-employer plan. See the *Pension Adjustment Guide* (T4084) for details.

**Box 36 – Pension plan registration number**

Enter the registration number we issued for the RPP or DPSP in which an employee participates, and which gave rise to the PA you are reporting. You have to report the pension plan number even if your plan requires only employer contributions. If you made contributions to more than one plan for the employee, enter only the number of the plan under which the employee has the largest PA.

Enter registration numbers (not more than three) for any additional plans on lines 71, 72, and 73 of the T4A Summary form.

**Box 38 – Footnote codes**

When you enter a written footnote in the “Footnote codes and explanation” area, you have to enter the corresponding footnote code in box 38. If there is no written footnote, leave box 38 blank or enter 00. If you have only one footnote code, record it in box 38. If you have more than one code, enter 13 in box 38. Also record all the relevant codes in the “Footnote codes and explanation” area at the bottom of the T4A slip.

The following is a list of the codes and the T4A slip boxes to which they apply.

<b>Code</b>	<b>Explanation and use</b>
00	No footnote code required.
02	Transfer of funds, paragraph 60(j) – use this code to describe a transfer amount in box 18.
04	Research grant – box 28 only.
05	Scholarships (study grants), bursaries, or fellowships – box 28 only.
06	Death benefit – box 28 only.
07	Income from wage-loss replacement plan; not fully funded by employee premiums – box 28 only.
08	RPP or DPSP – not eligible for transfer – use this code to describe an amount in box 18.
09	Unregistered plan – use this code to describe the amount in box 16 or 18.
13	Multiple footnotes – use this code if more than one code applies.
14	Status Indians with exempt income – use this code to describe any exempt amounts not included in boxes 16, 18, 26, 27, and 28.
15	Instalment or annuity payments under a DPSP – box 24 only.
16	Medical travel – box 28 only.
17	Loan benefit [under subsection 80.4(2)] – box 28 only.
18	Medical premium benefit – box 28 only.
19	Group term life insurance benefit – box 28 only.
22	RESP accumulated income payments paid to someone other than the subscriber or subscriber's spouse or common-law partner – box 40 only.
23	Payments from a revoked DPSP – box 28 only.
24	Special work site (enter only the exempted portion that is related to work sites that are within 30 kilometres of the nearest urban area having a population of at least 40,000 persons) – box 28 only.
25	Disability benefits paid out of a superannuation or pension plan – box 28 only.
26	Pre-1990 RPP past-service contributions – box 32 only.

### **Box 40 – RESP accumulated income payments**

If you are the promoter of a registered education savings plan (RESP) and you paid RESP accumulated income payments (other than a refund of contributions, an educational assistance payment, an amount transferred to another RESP, or a payment made to a designated educational institution in Canada generally providing courses at a post-secondary level) to a subscriber of the plan, report this amount in box 40.

If the subscriber and the subscriber's spouse or common-law partner are deceased and you pay the RESP accumulated income payments to someone else, enter in the footnotes area "Box 40, RESP accumulated income payments paid to someone other than the subscriber or subscriber's spouse or common-law partner \$\_\_\_\_\_." In box 38, enter **22**.

#### **Note**

Accumulated income payments may be subject to both the regular tax on lump-sum payments and an additional tax of 20% (12% for Quebec). For more information on RESPs, see the information sheet called *Registered Education Savings Plans (RESPs)* – (RC4092).

### **Box 42 – RESP educational assistance payments**

If you are the promoter of a registered education savings plan (RESP), and you paid RESP educational assistance payments (amounts other than a refund of contributions) to or for an individual to help further his or her education at a post-secondary school level, report this amount in box 42 of the T4A slip.

For more information on these payments, see the information sheet called *Registered Education Savings Plans (RESPs)* (RC4092).

### **Box 46 – Charitable donations**

Enter the amount you deducted from the recipients' earnings for donations to registered charities in Canada.

### **Box 61 – Payer's Business Number (BN)**

Enter the 15-digit BN you use to send us your recipients' deductions. This number appears in the top left corner of the statement of account that we send to you each month.

Your BN does not appear on copies 2 and 3 of the T4A slip that you give to the recipients.

## 4.4 Reporting retiring allowances that are paid over a number of years

An employee can choose to receive his or her retiring allowance by yearly instalments.

### Example

In 2001, an employee is paid a retiring allowance of \$60,000, of which \$40,000 is eligible for transfer.

If the employee chooses to receive the retiring allowance in four payments of \$15,000, report the amounts as follows:

Year	Amount paid	Amount eligible for transfer (box 26)	Amount not eligible for transfer (box 27)
2001	\$15,000	\$15,000	nil
2002	\$15,000	\$15,000	nil
2003	\$15,000	\$10,000	\$5,000
2004	<u>\$15,000</u>	<u>nil</u>	<u>\$15,000</u>
<b>Total</b>	\$60,000	\$40,000	\$20,000

The employee does not have to transfer the eligible amounts for the years in which they were received. For instance, in the above example the employee could choose to not transfer any amounts in 2001 and 2002. Then, in 2003 and 2004, he or she could transfer up to \$15,000 to an RRSP or RPP. The maximum amount that can be deducted for a transfer is restricted to the amount of retiring allowance received and included in income for the year.

For more information about retiring allowances, see Interpretation Bulletin IT-337, *Retiring Allowances*.

# Chapter 5 – Completing the T4A Summary Form

## 5.1 General guidelines

Use a T4A Summary form to report the totals of the amounts that you reported on the T4A slips. Before you start, read the following:

- Report amounts in **Canadian** dollars and cents.
- Complete a separate summary form for each one of your payroll deductions accounts. Ensure each summary form is in front of the related slips.
- **Make sure the totals you report on your summary form agree with the totals you report on your slips.** Errors or omissions can cause unnecessary processing delays.
- You can make a photocopy of the original T4A Summary form and use it as your working copy. Keep the working copy for your records.
- If you file on paper, send the original T4A Summary form along with the related slips to the Ottawa Technology Centre. You can find the address on page 37.
- If you file on magnetic media, see section 3.4 or visit our Web site.

### Note

If you did not receive a personalized T4A Summary form, you can get a blank one from our Web site or by calling **1-800-959-2221**.

## 5.2 Detailed instructions

### Identification

If you did not receive a personalized form, enter your 15-digit Business Number, operating or trading name, and address in the relevant boxes at the top of the blank form.

### Year

Enter the last two digits of the calendar year for which you file the return.

### Line 16 – Pension or superannuation

Add the amounts in box 16 on all T4A slips. Enter the total on line 16.

### Line 18 – Lump-sum payments

Add the amounts in box 18 on all T4A slips. Enter the total on line 18.

### Line 20 – Self-employed commissions

Add the amounts in box 20 on all T4A slips. Enter the total on line 20.

**Line 22 – Total tax deductions reported**

Add the amounts in box 22 on all T4A slips. Enter the total on line 22.

**Line 24 – Annuities**

Add the amounts in box 24 on all T4A slips. Enter the total on line 24.

**Line 26 – Eligible retiring allowances**

Add the amounts in box 26 on all T4A slips. Enter the total on line 26.

**Line 27 – Non-eligible retiring allowances**

Add the amounts in box 27 on all T4A slips. Enter the total on line 27.

**Line 28 – Other income**

Add the amounts in box 28 on all T4A slips. Enter the total on line 28.

**Line 30 – Patronage allocations**

Add the amounts in box 30 on all T4A slips. Enter the total on line 30.

**Line 32 – RPP contributions (past service)**

Add the amounts in box 32 on all T4A slips. Enter the total on line 32.

**Line 34 – Pension adjustment**

Add the amounts in box 34 on all T4A slips. Enter the total on line 34.

**Line 40 – RESP accumulated income payments**

Add the amounts in box 40 on all T4A slips. Enter the total on line 40.

**Line 42 – RESP educational assistance payments**

Add the amounts in box 42 on all T4A slips. Enter the total on line 42.

**Lines 71, 72, and 73 – Registration numbers for RPP**

Enter the seven-digit registration numbers that we gave you, up to a maximum of three.

**Lines 74 and 75 – Canadian-controlled private corporations or unincorporated employers**

Enter the social insurance numbers of any proprietors or principal owners.

**Lines 76 and 78 – Person to contact about this return**

Enter the name and telephone number of a contact person that we can call to get or clarify information you reported on the summary form.

**Line 82 – Remittances**

Enter the amount you remitted for the year for the Business Number indicated in the identification area of the form.

**Difference**

Subtract line 82 from line 22. Enter the difference in the space provided. If there is no difference between the total deductions you reported and the amount you remitted for the year, leave lines 84 and 86 blank. We do not refund or charge on a difference of \$2 or less.

**Line 84 – Overpayment**

If the amount on line 82 is more than the amount on line 22 (and you do not have to file another type of return for this account), enter the difference on line 84. Send us a note indicating the reason for the overpayment and whether you want us to transfer this amount to another account or another year, or refund the overpayment to you.

**Line 86 – Balance due**

If the amount on line 22 is more than the amount on line 82, enter the difference on line 86.

**Amount enclosed**

If you have a balance due, attach to the T4A Summary form a cheque or money order payable to the Receiver General for the balance owing. If you remit your payment late, any balance due may be subject to penalties and interest at the prescribed rate.

**Line 88 – Number of T4A slips filed**

Enter the total number of all T4A slips that you are including with the T4A Summary form.

**T4A slips with a United States address**

In the space to the right of line 88, enter the number of T4A slips you are including for individuals with U.S. addresses. File these slips at the end of the return, after the T4A slips for individuals with Canadian addresses.

**Certification**

A current officer of the business has to sign the T4A Summary form to show that the information is correct and complete.

If you file on magnetic media, **do not** submit a paper copy of the slips or the summary form.

## Addresses of Tax Centres

Summerside Tax Centre 275 Pope Road Summerside PE C1N 6A2	Jonquière Tax Centre 2251 René-Lévesque Boulevard Jonquière QC G7S 5J1
Shawinigan-Sud Tax Centre 4695 – 12th Avenue Shawinigan-Sud QC G9N 7S6	Sudbury Tax Services Office 1050 Notre-Dame Avenue Sudbury ON P3A 5C1
Winnipeg Tax Centre 66 Stapon Road Winnipeg MB R3C 3M2	Surrey Tax Centre 9755 King George Highway Surrey BC V3T 5E1
St. John's Tax Centre 290 Empire Avenue St. John's NL A1B 3Z1	

## Address of Ottawa Technology Centre

Ottawa Technology Centre  
Canada Revenue Agency  
875 Heron Road  
Ottawa ON K1A 1G9

### Your opinion counts!

If you have any comments or suggestions on the information contained in this publication, we want to hear from you.

Please send your comments to:

Client Services Directorate  
Canada Revenue Agency  
Lancaster Road  
Ottawa ON K1A 0L5