



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? - These payments are distributions from an RESP other than a refund of contributions, an educational assistance payment, a payment to a designated educational institution in Canada, a transfer to another RESP or a repayment of any amounts under a Canada Education Savings Program or any provincial program. An RESP contract may (after 1997) allow for AIPs if the following conditions are met:

- the payment is made to, or for, a subscriber under the plan who is a resident of Canada;
the payment is made to, or for, only one subscriber; and
Any one of the following three conditions must also apply:
the plan has existed for 10 years 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 educational assistance payment;
the plan has existed for 26 years, unless the plan is a specified plan (in general a non-family plan where the beneficiary is entitled to the disability tax credit for the beneficiary's tax year ending in the 22nd year of existence of the plan) in which case the plan has existed for 31 years; or
all beneficiaries under the plan are deceased.

AIPs are reported in box 40 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 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 subscriber of the RESP (this excludes a person who becomes a subscriber because of the death of the original subscriber) or the spouse or common-law partner of a deceased original subscriber under an RESP for which there is no subscriber;
you contribute an amount equivalent to, or the promoter transfers, all or part of the AIPs to your 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
you deduct the amount contributed as an RRSP contribution in the year the payments were received (and your RRSP deduction limit is sufficient to allow you to do so).

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 Part C if you are a resident of Quebec.

Attach a copy of this form to your return for the year you received the payments. The additional tax on RESP income is due on the balance due date for that year. In most cases that means April 30 of the year that follows the year in which the payments are received. 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 the guide called Preparing Returns for Deceased Persons, which is available on our Web site at www.cra.gc.ca, or by calling us at 1-800-959-2221.

Additional information - For more information about AIPs and RESPs, see the Information Sheet RC4092, Registered Education Savings Plans (RESPs). You can get our forms and publications by visiting our Web site at www.cra.gc.ca, or by calling 1-800-959-2221.

Identification

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

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

Form with multiple sections: Part A (subscriber), Part B (non-resident), and Part C (resident of Quebec). Includes numbered lines 1-16 for calculating tax amounts and rates.

Certification area

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