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Canada Revenue Agency / Agence du revenu du Canada

Individual Return for Certain Taxes for RRSPs or RRIFs for Tax Year 20__

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Identification

First name and initial(s)	Last name
Mailing address: Apt No – Street number Street name	
PO Box	RR
City	Prov./Terr. / Postal code

Information about you

Enter your social insurance number:

Enter your date of birth: Year Month Day

This return is for the annuitant of an RRSP or RRIF to calculate and remit taxes payable on non-qualified investments, prohibited investments, or advantages. RRSP excess contributions are reported on a T1-OVP-S, *2014 Simplified Individual Tax Return for RRSP Excess Contributions*. Before completing this form, see the "Important information" and "Definitions" sections on pages 4 and 5. Complete all the sections that apply to you. Report all amounts in Canadian dollars.

Section 1 – Tax calculations

Part A – Tax payable on non-qualified investments

Complete this part if, after March 22, 2011, your RRSP or RRIF trust acquired a non-qualified investment or a previously acquired property became non-qualified. If the investment is both a non-qualified investment and a prohibited investment, complete Part B only.

Date non-qualified investment was acquired or the date previously acquired qualified investment became non-qualified	RRSP or RRIF account number and issuer/carrier name	Full description of investment (including number of securities)	Fair market value (FMV) at time of acquisition or when it became non-qualified
			+
			+
			+
			+
			+
			+
			+

Total FMV of the non-qualified investments = 1

Rate × **50%**

Multiply the amount on line 1 by 50%.
Tax payable on non-qualified investments (**report this amount on line A of Section 2**) = $

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Part B – Tax payable on prohibited investments

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Complete this part if your RRSP or RRIF trust acquired a property after March 22, 2011, that either was a prohibited investment at the time it was acquired or became a prohibited investment after it was acquired. You must also complete this part if the trust acquired a property before March 23, 2011, and that property first became a prohibited investment after October 4, 2011. Do not complete this part, however, if your RRSP or RRIF trust acquired a prohibited investment after March 22, 2011, and that property was a prohibited investment held on March 23, 2011, by another RRSP or RRIF of which you were the annuitant.

Date prohibited investment was acquired, or the date previously acquired property became a prohibited investment	RRSP or RRIF account number and issuer/carrier name	Full description of investment (including number of securities)	Fair market value (FMV) at time of acquisition or when it became prohibited	
			+	
			+	
			+	
			+	
		Total FMV of the prohibited investments	=	1
		Rate	× **50%**	
		Multiply the amount on line 1 by 50%. Tax payable on prohibited investments (**report this amount on line B of Section 2**)	= $	

Part C – Tax payable on an advantage

Before you complete this part, see the definition of advantage on page 5. Complete this part if you or a person not dealing at arm's length with you (including your RRSP or RRIF) were provided with an advantage after March 22, 2011, in relation to the RRSP or RRIF.

Specify the advantage provided	Account number and name of payer (issuer)	Date advantage provided	Fair market value (FMV) of the benefit or amount of loan or the amount of RRSP strip	
			+	
			+	
			+	
			+	
		Total of all amounts	=	1
		Total of FMV from line 1 Tax payable on an advantage (**report this amount on line C of Section 2**)	$	

Note
If you filed Form RC341, *Election on Transitional Prohibited Investment Benefit for RRSPs or RRIFs*, on or before March 2, 2013 for one or more prohibited investments that were held in your RRSP or RRIF on March 23, 2011, any income and capital gains on these investments is not subject to the 100% advantage tax, if you withdrew your transitional prohibited investment benefit for the year from your RRSP or RRIF within 90 days after the end of the year. Your issuer or carrier will send you a T4RSP slip or T4RIF slip for the withdrawal. You will have to report it on your income tax and benefit return only. Follow the instructions on your slip.

See the "Note" under "Filing due date" on page 4 for more information on or before March 2, 2013 due date mentioned above.

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Section 2 – Summary of taxes due

Tax payable on non-qualified investments from Part A of Section 1	▶		**A**
Tax payable on prohibited investments from Part B of Section 1	▶	+	**B**
Tax payable on an advantage from Part C of Section 1	▶	+	**C**
Add lines A, B, C		=	**D**
Minus: allowable refund of tax on non-qualified and/or prohibited investments (see page 4)	▶	–	**E**
Line D minus line E **Total tax payable**		=	

Attach a **cheque** or **money order** payable to the Receiver General.
Generally, we do not charge a difference of $2 or less.

Amount enclosed $

Certification

I, ______________________ certify that the information given on this return and in any attached documents is correct and complete.
(Signature of the annuitant)

Telephone: ______________ Date: ______________

For professional tax preparers only

Name:

Address:

Telephone:

Privacy Act, personal information bank numbers CRA PPU 005 and CRA PPU 226

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Important information

Filing due date

You have to file this return with a payment for any balance due no later than June 30 of the year following the end of the calendar year.

Note
Under proposed change, the Department of Finance has advised that it is recommending that the June 30, 2012 deadline to file a Form RC341, *Election on Transitional Prohibited Investment Benefit for RRSPs or RRIFs*, be extended to March 2, 2013.

Supporting documents

Keep all your documents in case we ask to see them at a later date.

Penalties

If you file your return after the due date, we will charge you a late-filing penalty. The penalty is 5% of the balance owing plus 1% of the balance owing for each **full** month that the return is late, to a maximum of 12 months. Your late-filing penalty may be higher if you were charged a late-filing penalty on a return for any of the three previous years.

Interest

If you have a balance owing, you will be charged compound daily interest starting July 1 of the year following the end of the calendar year. This includes any balance owing if we reassess your return. In addition, you will be charged interest on the penalties defined above, starting the day after your return is due.

Refund of taxes paid on non-qualified or prohibited investments

If you disposed of a non-qualified investment or a prohibited investment reported, or previously reported, in Parts A and B, you may be entitled to a return of taxes paid if:

- the RRSP or RRIF trust disposes of the property in question before the end of the calendar year following the calendar year in which the tax arose; or
- the property ceases to be a non-qualified or prohibited investment before the end of the calendar year following the calendar year in which the tax arose.

However, no refund will be issued if it is reasonable to expect that the annuitant knew, or should have known, at the time the property was acquired by the RRSP or RRIF trust, that the property was, or would become, a non-qualified or a prohibited investment.

Note
To claim a refund, you must:

- send a letter explaining why you are requesting a refund (you can attach the letter with this form); and
- attach the appropriate documents detailing the information relating to the acquisition and disposition of the non-qualified or prohibited property. The documents must contain:
  - the name and description of the property;
  - the number of shares or units;
  - the date the property was acquired or became non-qualified or prohibited property; and
  - the date of the disposition or the date that the property became qualified or ceased to be prohibited.

If you disposed of a non-qualified or a prohibited investment reported in Parts A and B in the same calendar (tax) year that the non-qualified or prohibited investment was acquired then remittance of the tax is not required. However, remittance of the tax is required if it is reasonable to expect that the annuitant knew, or should have known, at the time the property was acquired by the RRSP or RRIF trust, that the property was, or would become, a non-qualified or prohibited investment.

Waiver of liability

We may waive or cancel all or part of the taxes if we determine it is fair to do so after reviewing all factors, including whether:

- the tax arose because of a reasonable error;
- the extent to which the transaction or series of transactions that gave rise to the tax also gave rise to another tax under the *Income Tax Act*; and
- the extent to which payments have been made from the person's registered plan.

To consider your request, we need a letter that explains why the tax liability arose, and why it would be fair to cancel or waive all or part of the tax.

Mailing address : RRSP Return Processing Unit
Ottawa Technology Centre
875 Heron Road
Ottawa ON K1A 1A2

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Definitions

Advantage – an advantage is any loan, benefit or debt that depends on the existence of the RRSP or RRIF. An advantage also includes any benefit that is an increase in the total fair market value (FMV) of the property held in connection with the RRSP or RRIF that can reasonably be considered attributable, directly or indirectly, to one of the following:

- a transaction or event (or a series of transactions or events) that would not have occurred in a normal commercial or investment context where parties deal with each other at arm's length and act prudently, knowledgeably, and willingly with each other, and one of the main purposes of which is to enable the annuitant (or another person or partnership) to benefit from the tax-exempt status of the RRSP or RRIF;
- a payment received in substitution for either:
  - a payment for services provided by the annuitant (or another person not at arm's length with the annuitant); or
  - a payment of a return on investment or proceeds of dispositions for property held outside of the RRSP or RRIF by the annuitant or a person not dealing at arm's length with the annuitant.
- a **swap transaction**; or
- **specified non-qualified investment income** that has not been paid from the RRSP or RRIF within 90 days of the annuitant receiving a notice from us requiring them to remove the amount from the RRSP or RRIF.

An advantage also includes an RRSP strip or any benefit that is income (excluding the dividend gross-up), or a capital gain that is reasonably attributable, directly or indirectly, to one of the following:

- a **prohibited investment** in respect of the RRSP or RRIF or any other RRSP or RRIF of the annuitant;
- an amount received by the annuitant of the RRSP or RRIF (or by a person not dealing at arm's length with the annuitant) if it is reasonable to consider that the amount was paid in relation to, or would not have been paid but for, property held in connection with the RRSP or RRIF, and the amount was paid in substitution for either a payment:
  - for services provided by the annuitant (or another person not dealing at arm's length with the annuitant); or
  - of a return on investment or proceeds of disposition.

Note

If the advantage is extended by the issuer/carrier of an RRSP or a RRIF, or by a person with whom the issuer/carrier is not dealing at arm's length, the issuer/carrier, and not the annuitant of the RRSP or RRIF, is liable to pay the tax resulting from the advantage.

An advantage does not include: RRSP or RRIF distribution, administrative or investment services in connection with the RRSP or RRIF, loans on arm's length terms, payments or allocations (such as bonus interest) to the RRSP or RRIF by the issuer or carrier, or a benefit provided under an incentive program that is offered to a broad class of persons in a normal commercial or investment context and not established mainly for tax purposes.

Prohibited investment – this is property to which the RRSP or RRIF annuitant is closely connected, it includes:

- a debt of the annuitant;
- debt or share of, or an interest in, a corporation, trust or partnership in which the annuitant has a significant interest (generally a 10% or greater interest, taking into account non-arm's length holdings); and
- a debt or share of, or an interest in, a corporation, trust or partnership with which the annuitant, does not deal at arm's length.

A prohibited investment does not include a mortgage loan that is insured by the Canada Mortgage and Housing Corporation or by an approved private insurer. It also does not include certain investment funds and certain widely held investments which reflect a low risk of self-dealing.

RRSP Strip – the amount of a reduction in the FMV of property held in connection with the RRSP or RRIF, if the value is reduced as part of a transaction or event or a series of transactions or events one of the main purposes of which is to enable the annuitant, or a person who does not deal at arm's length with the annuitant, to obtain a benefit in respect of property held in connection with the RRSP or RRIF or to obtain a benefit as a result of the reduction but not include an amount that is:

- included in the income of the annuitant or his or her spouse or common-law partner;
- withdrawn under the Home Buyers' Plan or the Lifelong Learning Plan;
- a permitted transfer of funds from one plan to another.

Specified non-qualified investment income – income (excluding the dividend gross-up), or a capital gain that is reasonably attributable, directly or indirectly, to an amount that is taxable for any RRSP or RRIF of the annuitant (for example, subsequent generation income earned on non-qualified investment income or on income from a business carried on by an RRSP or RRIF).

Swap transaction – this is any transfer of property between the RRSP or RRIF and the annuitant (or a person not at arm's length with the annuitant) occurring after June 2011, subject to certain exceptions.

The following are **not** considered to be "swap transactions":

- Contributions, distributions and purchase and sale transactions between the RRSP or RRIF and another RRSP or RRIF of the same annuitant;
- Transactions related to insured mortgage loans; or
- An exception is also provided to allow individuals to "swap-out" a non-qualified or prohibited investment provided that the conditions for a refund of the 50% tax on such investments are met. To qualify under this exception, the individual must be entitled to a refund of the tax on disposition of the investment (generally inadvertent cases that are promptly resolved). In addition, we will extend this exception, on an administrative basis, to cover swaps of non-qualified investments that were subject to the pre-March 23, 2011 rules, provided that the conditions applicable to a refund are met.

Swap transactions that are undertaken to remove an investment from an RRSP or a RRIF that would otherwise result in tax under Part XI.01 if left in the plan are permitted to continue to occur until the end of 2021.

Transitional prohibited investment benefit – this expression is relevant only if an individual held one or more prohibited investments in their RRSP or RRIF on March 23, 2011, and continues to hold the investments in their RRSP or RRIF in the tax year. An individual's transitional prohibited investment benefit for a tax year is the total of any income earned (excluding the dividend gross-up) and capital gains realized in the tax year on these investments, less any capital losses realized on these investments in the tax year. For this purpose, the amount of a capital gain realized is the positive difference between the FMV of the property when it is disposed of by the RRSP or RRIF, or when it ceases to be a prohibited investment (less reasonable costs of disposition, if any) and the FMV of the property on March 22, 2011. The amount of a capital loss is the negative difference.

For more information on RRSPs, see Guide T4040, *RRSPs and Other Registered Plans for Retirement*.