

Part C – Tax payable in cases of inadequate consideration

Protected B
when completed

Complete this part, if in the calendar year, a trust governed by an RDSP either disposed of property for consideration less than the fair market value (FMV) of the property at the time of disposition (or for no consideration) or acquired property for consideration greater than the FMV of the property at the time it was acquired.

Date that the property was acquired or disposed of	Description of property	FMV	Transaction value	Difference in value
				+
				+
				+
				+
Total of all amounts				=
Total of the difference in value from line 1.				
Tax payable in cases of inadequate consideration (report this amount on line C of Section 2).				\$

Section 2 – Summary of taxes due

Tax payable on non-qualified investments from Part A of Section 1	▶		A
Tax payable on an advantage from Part B of Section 1	▶	+	B
Tax payable on inadequate consideration from Part C of Section 1	▶	+	C
Add lines A, B, and C.		=	
	Total tax payable		
		↓	
Generally, we do not charge a difference of \$2 or less.		Balance owing	\$
Note You may request to waive or cancel all or part of any of the taxes. See "Waiver of Liability" on the last page.			

I certify that the information given on this return and in any attached documents is correct and complete.

Sign here _____
Signature of individual, trustee, or authorized officer

Telephone _____ Date _____

For professional tax preparers only

Name _____

Address _____

Telephone _____

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source at www.cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html, Personal Information Bank CRA PPU 005.

Important information

Filing due date

The filing due date and balance due date for this return is 90 days following the end of the calendar year.

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 month that the return is late, up to a maximum of 12 months. Your late-filing penalty may be higher if we charged you a late-filing penalty on a return for any of the three previous years.

Interest

If you have a balance owing, we charge compound daily interest starting the 91st day of the year following the end of the calendar year. This includes any balance owing if we reassess your return. In addition, we will charge you interest on the penalties indicated in the previous section, starting the day after your return is due.

Refund of taxes paid on non-qualified investments

If the RDSP trust disposes of the non-qualified investment before the end of the calendar year following the calendar year in which the tax arose, the persons who are liable for the tax may be entitled to a refund of the lesser of:

- the amount of the tax paid; and
- the proceeds of disposition of the property.

However, no refund will be issued if it is reasonable to expect that those persons knew or should have known, when the property was acquired by the RDSP trust, that the property was, or would become, a non-qualified investment. In order to claim a refund, send a letter explaining why you are requesting a refund along with the documents detailing the acquisition and disposition of the non-qualified property. The documents must contain the name of the property, the number of shares or units, the date the property was acquired or became non-qualified property, and the date of the disposition or the date that the property became qualified.

Multiple holders

Where two or more holders of an RDSP are jointly and severally, or solidarily, liable with each other, to pay a tax identified on this return for a calendar year in connection with the plan:

- a payment by any of the holders for that tax liability shall be applied to discharge the joint tax liability to the extent of the payment; and
- the return filed by one of the holders for the calendar year is deemed to have been filed by each other holder for the joint tax liability identified that the return relates to.

Refund of taxes paid where inadequate consideration

You may be able to have the tax collected paid back into the beneficiary's RDSP. To do so, send us a letter showing that neither the beneficiary nor the current holders were involved in the transaction that gave rise to the tax. The amount paid back into the RDSP will not be treated as an RDSP contribution.

Mailing address

Send this return to: RDSP Return Processing Unit
Ottawa Technology Centre
875 Heron Road
Ottawa ON K1A 1A2

Definitions

Advantage – an advantage, as reported in Part B, for an RDSP is any benefit or loan that depends on the existence of the RDSP. A tax is payable for a calendar year if, in the year, an advantage for an RDSP is extended to any person who is, or does not deal at arm's length with, a beneficiary under, or a holder of, the plan. Generally, an advantage does not include:

- disability assistance payments;
- contributions made by or with the consent of a holder;
- RDSP to RDSP transfers;
- Canada disability savings grants and Canada disability savings bonds;
- administrative and investments services associated with an RDSP; or
- loans used to make contributions to an RDSP.

Benefit – a benefit in relation to an RDSP, as reported in Part B, includes any payment or allocation of an amount to the plan that is represented to be a return on investment on property held by the plan trust, but which cannot reasonably be considered to be on terms and conditions that would apply to a similar transaction in an open market between arm's length parties acting prudently, knowledgeably and willingly.

Inadequate consideration – there is inadequate consideration (see Part C) if, in the year, a trust governed by an RDSP either:

- disposes of property for an amount less than its fair market value (FMV) at the time of disposition, or for no amount at all; or
- acquires property for an amount greater than its FMV at the time of the acquisition.

Waiver of liability

We may waive or cancel all or part of any 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 and whether the same transaction also gave rise to another tax identified on this return.

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.

For more information, see Information Circular IC07-1, *Taxpayer Relief Provisions*.

For more information on RDSPs, see Information Sheet RC4460, *Registered Disability Savings Plan*.