



Registered Education Savings Plans

What is a Registered Education Savings Plan?

A registered education savings plan (RESP) is a contract between an individual (the **subscriber**) and a person or organization (the **promoter**).

Under the contract, the subscriber names one or more **beneficiaries** (the future student(s)) and agrees to make contributions for them, and the promoter agrees to pay educational assistance payments (EAPs) to the beneficiaries.

Family plans are the only RESP that allow subscribers to name more than one beneficiary. Each beneficiary must be connected by blood relationship or adoption to each living subscriber or have been so tied to a deceased original subscriber.

The Canada Revenue Agency registers the education savings plan contract as an RESP, and lifetime limits are set by the *Income Tax Act* on the amount that can be contributed for each beneficiary (see “RESP contribution limits” on page 4). Unless the RESP is a specified plan (as discussed on this page) the RESP must provide that no contributions (except transfers from another RESP) may be made to the plan at any time after the end of the year that includes the **31st** anniversary of the opening of the plan. Furthermore the plan has to be completed by the end of the year that includes the **35th** anniversary of the opening of the plan.

The **subscriber** (or a person acting for the subscriber) generally makes contributions to the RESP. Subscribers cannot deduct their contributions from their income on their income tax and benefit return.

The **promoter** usually pays the contributions, and the income earned on those contributions, to the beneficiaries. The income earned is paid as EAPs. For more information on EAPs, see page 5.

If the contributions are not paid out to the beneficiary, the promoter usually pays them to the subscriber at the end of the contract. Subscribers do not have to include the contributions in their income when they get them back.

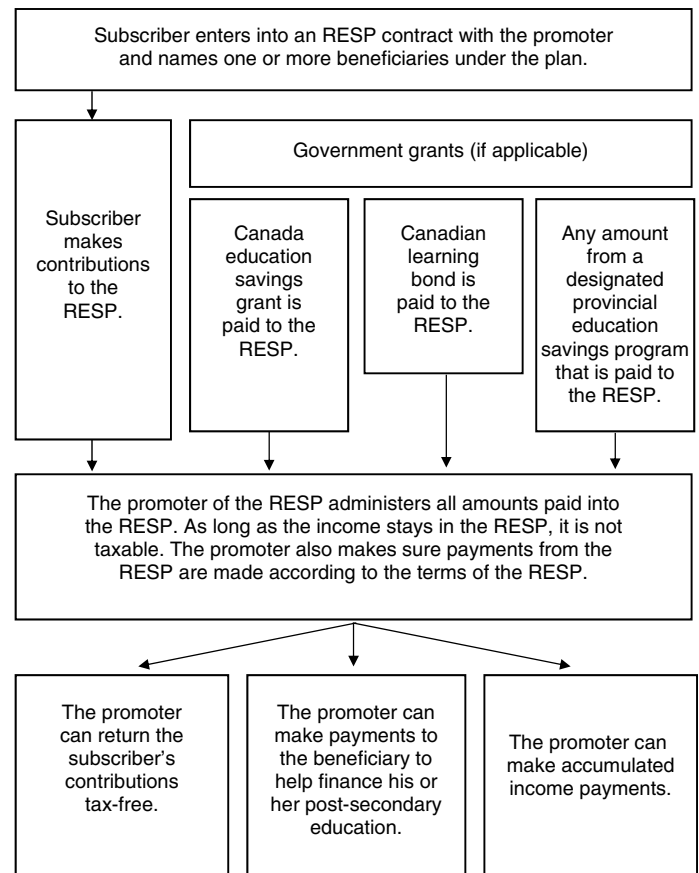
Beneficiaries generally receive the contributions and the EAPs from the promoter. They have to include the EAPs in their income for the year in which they receive them. However, they do not have to include the contributions they receive in their income.

Specified plan

A specified plan is essentially a single beneficiary RESP (non-family plan) under which the beneficiary is entitled to the disability tax credit for the beneficiary’s tax year that includes the **31st** anniversary of the plan. Furthermore, a specified plan cannot permit another individual to be designated as a beneficiary under the RESP at any time after the end of the year that includes the **35th** anniversary of the plan.

In addition, no contributions (except transfers from another RESP) may be made to the plan at any time after the end of the year that includes the **35th** anniversary of the plan, and the plan must be completed by the end of the year that includes the **40th** anniversary of the plan.

The following diagram gives an overview of how an RESP generally works.



Government Grants

Canada education savings grant

Employment and Social Development Canada (ESDC) provides an incentive for parents, family and friends to save for a child's post-secondary education by paying a grant based on the amount contributed to an RESP for the child. The Canada education savings grant (CESG) money will be deposited directly into the child's RESP.

No matter what your family income is, ESDC pays a **basic** CESG of 20% of annual contributions you make to **all** eligible RESPs for a qualifying beneficiary to a maximum CESG of \$500 in respect of each beneficiary (\$1,000 in CESG if there is unused grant room from a previous year), and a lifetime limit of \$7,200.

ESDC will also pay an **additional** CESG amount for each qualifying beneficiary. The additional amount is based on your net family income and can change over time as your net family income changes.

For 2016, the **additional** CESG rate on the first \$500 contributed to an RESP for a beneficiary who is a child under 18 years of age is:

- 40% (extra 20% on the first \$500), if the child's family has qualifying net income for the year of \$45,282 or less; or
- 30% (extra 10% on the first \$500), if the child's family has qualifying net income for the year that is more than \$45,282 but is less than \$90,563.

The following chart gives you a brief overview of how the CESG is calculated depending on your family net income:

Canada education savings grant summary chart			
Net family income for 2016	\$45,282 or less	more than \$45,283 but less than \$90,563	More than \$90,563
CESG on the first \$500 of annual RESP contribution	40% = \$200	30% = \$150	20% = \$100
CESG on \$501 to \$2,500 of annual RESP contribution	20% = \$400	20% = \$400	20% = \$400
Maximum yearly CESG depending on income and contributions	\$600	\$550	\$500
Lifetime maximum CESG for which you may qualify	\$7,200	\$7,200	\$7,200

Every child under age 18 who is a Canadian resident will accumulate \$400 (for 1998 to 2006) and \$500 (from 2007 and subsequent) of CESG contribution room. Unused CESG contribution room is carried forward and used when RESP contributions are made in future years provided that the specific contribution requirements for beneficiaries who attain 16 or 17 years of age are met.

Beneficiaries qualify for a grant on the contributions made on their behalf up to the end of the calendar year in which they turn 17 years of age.

However, since the CESG has been designed to encourage long-term savings for post-secondary education, there are specific contribution requirements for beneficiaries who attain 16 or 17 years of age. RESPs for beneficiaries 16 and 17 years of age can only receive CESG if at least **one** of the following two conditions is met:

- a minimum of \$2,000 of contributions has been made to, and not withdrawn from, RESPs in respect of the beneficiary before the year in which the beneficiary attains 16 years of age; or
- an annual minimum of \$100 contributed to, and not withdrawn from, RESPs in respect of the beneficiary in any four years before the year in which the beneficiary attains 16 years of age.

This means that you must start to save in RESPs for your child before the end of the calendar year in which the beneficiary attains 15 years of age in order to be eligible for the CESG.

The CESG and accumulated earnings will be part of the EAPs paid out of the RESP to the beneficiary.

If the beneficiary does not pursue post-secondary education, the CESG is returned to the government.

Canada learning bond

ESDC provides an additional incentive of up to \$2,000 to help modest-income families start saving early for their child's education after high school (post-secondary education).

The Canada learning bond (CLB) money will be deposited directly into the child's RESP.

The Canada Learning Bond provides an initial \$500 to children in modest income families, born on or after January 1, 2004. To help cover the cost of opening an RESP for the child, Employment and Social Development Canada will pay an extra \$25 with the first \$500 bond. The CLB also includes additional payments of \$100 for each previous and subsequent year of eligibility, up to age 15, for a maximum of \$2,000.

Children who are in care of a public primary caregiver for whom a special allowance under the *Children's Special Allowance Act* is paid, are also entitled to the Canada learning bond.

If the beneficiary does not pursue post-secondary education, the CLB is returned to the government.

For more information on the CLB, call 1-800-O-CANADA (1-800-622-6232).

Quebec education savings incentive

The Quebec education savings incentive (QESI) is a tax measure that encourages Quebec families to start saving early for the education of their children and grandchildren.

The incentive, which came into effect on February 21, 2007, consists of a refundable tax credit that is paid directly into a registered education savings plan (RESP) opened with a financial institution or with another RESP provider that offers the QESI.

For the credit to be paid to your account, the trustee designated by your RESP provider must apply for it with Revenu Quebec.

If you wish to open an RESP, you may contact an RESP provider that offers the QESI, such as:

- a financial institution;
- a group plan dealer; or
- a financial service provider.

For more information, go to revenuquebec.ca or call Service Quebec at 1-877-644-4545.

Saskatchewan Advantage Grant for Education Savings Program

The Saskatchewan Advantage Grant for Education Savings (SAGES) will help Saskatchewan families save for their children's post-secondary education.

The Government of Saskatchewan will provide a grant of 10% on contributions made since January 1, 2013 into an RESP to a maximum of \$250 per child per year.

In order to receive SAGES, a child must be a resident of Saskatchewan when the RESP contribution is made, named as a beneficiary of an RESP with an RESP provider, and the contribution are made on or before December 31 of the year the child turns 17.

For more information, go to saskatchewan.ca or call ESDC, the administrator of SAGES, at 1-888-276-3624.

BC Training and Education Savings Grant Program (BCTESG)

Families in British Columbia are encouraged to start planning and saving early for their children's post-secondary education or training program. To help, the B.C. Government will contribute a grant of \$1,200 to eligible children through the BCTESG.

To be eligible for the BCTESG, a child must meet the following three criteria:

- the child was born in 2007 or later;
- at the time of application the child and a parent/guardian of the child are residents of British Columbia; and
- at the time of application the child is the beneficiary of a RESP with a participating financial institution.

Children are eligible for the BCTESG on their sixth birthday up until the day before their ninth birthday. The B.C. Government has extended the BCTESG program to children born on or after January 1, 2006, to help more parents and families save early for their child's education. The families of these children will be able to apply in late 2016.

For more information, go to gov.bc.ca or call 1-888-276-3624.

Who can be a subscriber?

Except for family plans, generally, there are no restrictions on who can be the **original subscriber** under an RESP:

- you and your spouse or common-law partner, as defined in our guides, can be joint original subscribers under an RESP.
- a public primary caregiver of a beneficiary under an RESP may also be an original subscriber. A public primary caregiver is one who receives a special allowance under the *Children's Special Allowances Act* and may be:

- the department, agency, or institution that cares for the beneficiary; or
- the public trustee or public curator of the province in which the beneficiary resides.

If you are not the original subscriber, you can become a subscriber only if one of the following situations applies:

- you are a spouse or common-law partner, or ex-spouse or former common-law partner, of a subscriber and you get the subscriber's rights under the RESP as a result of a court order or written agreement for dividing property after a breakdown of the relationship;
- you are another individual or another public primary caregiver who has, under a written agreement, acquired a public primary caregiver's rights as a subscriber under the RESP;
- you acquired the subscriber's rights under the RESP, or you continue to make contributions into the RESP for the beneficiary, after the death of a subscriber under the RESP; or
- you are the deceased subscriber's estate that acquired the subscriber's rights under the RESP, or that continues to make contributions into the RESP for the beneficiary, after the death of a subscriber under the RESP.

All subscribers under an RESP have to give their social insurance number (SIN) to the promoter before CRA can register the RESP.

Who can become a beneficiary?

You can designate an individual as a beneficiary under the RESP only if:

- the individual's SIN is given to the promoter before the designation is made; and
- the individual is a resident of Canada when the designation is made.

Notes

An education savings plan may permit a non-resident individual who does not have a SIN to be designated as a beneficiary under the plan provided that the designation is being made in conjunction with a transfer of property into the plan from another RESP that was entered into before 1999 and under which the individual was a beneficiary immediately before the transfer.

A beneficiary under a family plan entered into after 1998, must be less than 21 years of age at the time he or she is named as a beneficiary. When one family plan is transferred to another, a beneficiary who is 21 years of age or older can still be named a beneficiary to the new RESP.

RESP contributions

You will be able to make contributions for a beneficiary only if:

- the beneficiary's SIN is given to the promoter before the contribution is made and the beneficiary is a resident of Canada; or
- the contribution is made by way of a transfer from another RESP under which the individual was a beneficiary immediately before the transfer.

Note

If the plan was entered into before 1999, the beneficiary's SIN will not be required. However, such contributions will continue to be ineligible for the Canada education savings grant (CESG).

Generally, you can contribute to family plans for beneficiaries who are under 31 years of age at the time of the contribution. However, transfers can be made from another family plan even if one or more of the beneficiaries are 31 years of age or older at the time of the transfer.

RESP contracts can take advantage of the new age limit as long as the specimen plan under which the contract is held is amended. The amendment must be applicable for 2008 and subsequent taxation years.

RESP contributions **cannot be** deducted from your income on your income tax and benefit return. In addition, you cannot deduct the interest you paid on money you borrowed to contribute to an RESP.

RESP contribution limits

For 2007 and later years, there is no annual limit for contributions to RESPs, however, the lifetime limit on the amounts that can be contributed to all RESPs for a beneficiary is \$50,000.

Payments made to an RESP under the *Canada Education Savings Act* or under a designated provincial program are not included when determining if the lifetime limit has been exceeded.

Tax on RESP excess contributions

An excess contribution occurs at the end of a month when the total of all contributions made by all subscribers to all RESPs for a beneficiary is more than the lifetime limit for that beneficiary. We do not include payments made to an RESP under the *Canada Education Savings Act* or any designated provincial program when determining whether a beneficiary has an excess contribution.

Each subscriber for that beneficiary is liable to pay a 1% per-month tax on his or her share of the excess contribution that is not withdrawn by the end of the month. The tax is payable within 90 days after the end of the year in which there is an excess contribution. An excess contribution exists until it is withdrawn.

You have to inform us of your share of the excess contribution to all RESPs for a beneficiary. To calculate the amount of tax you have to pay on your share of the excess contribution for a year, fill out Form T1E-OVP, *Individual Tax Return for RESP excess contributions*.

You can get this form on our web site by going to cra.gc.ca/forms.

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 and whether the tax also gave rise to more than one tax under the *Income Tax Act*. 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. Send your letter to the following address:

Registered Plans Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

There are limits on the amounts that can be contributed to RESPs for a beneficiary.

For each beneficiary, the **annual limit** for contributions to all RESPs:

- for 1996 is \$2,000;
- for 1997 to 2006 is \$4,000; and
- for 2007 and subsequent years, there is no limit.

For each beneficiary, the **lifetime limit** for contributions to all RESPs:

- for 1996 to 2006 is \$42,000; and
- for 2007 and subsequent years is \$50,000.

Note

You can reduce the amount subject to tax by withdrawing the excess contributions. However, in determining whether the lifetime limit has been exceeded, we include the withdrawn amounts as contributions for the beneficiary even though they have been withdrawn.

Example (lifetime limit)

In 1999, Hugh established an RESP for his son Allan and contributed a total of \$32,000 to it prior to 2016. Allan's grandmother, Cathy, also opened an RESP for Allan in 1999, and prior to 2016, contributed \$16,000 to it. None of the prior year contributions made by Hugh and Cathy exceeded the annual or lifetime limits that were applicable in those prior years.

In January 2016, Hugh contributed \$1,000 and Cathy contributed \$500 to their respective RESPs and in July, both Hugh and Cathy contributed an additional \$500. Hugh subsequently withdrew \$500 in December.

The lifetime limit on all contributions that can be made to all RESPs for Allan is \$50,000. Together Hugh and Cathy had contributed \$48,000 to RESPs for Allan before 2016 and at the end of January 2016, the total contributions were \$49,500 which was still within the lifetime limit for contributions to RESPs for Allan. However, at the end of July the total contributions were \$50,500 and the lifetime limit was exceeded by \$500.

Hugh and Cathy's share of the lifetime contributions		
Contribution amounts	Hugh	Cathy
Before 2016	\$32,000	\$16,000
January 2016	\$1,000	\$500
July 2016	\$500	\$500
December 2016 (withdrawal)	(\$500)	\$0
Share of the lifetime contributions	\$33,500	\$17,000

Lifetime excess contributions for 2016	
Hugh's lifetime contributions for Allan before 2016	\$ 32,000
Cathy's lifetime contributions for Allan before 2016	+ \$ 16,000
Total contributions for Allan before 2016	= \$ 48,000
Maximum lifetime limit remaining (50,000 – 48,000)	\$ 2,000
Total of contributions made in 2016 for Allan	\$ 2,500
Excess contributions	\$ 500

Hugh's share of the lifetime excess contributions for 2016 was \$300. This was determined by multiplying his proportion of the total contributions made to both RESPs in 2016 (\$1,500/\$2,500) by the excess (\$500) or $(\$1,500/\$2,500 \times \$500)$. Similarly, Cathy's share was \$200 $(\$1,000/\$2,500 \times \$500)$.

Hugh's tax payable for 2016 is calculated as follows:

Hugh's tax on his share of the excess contribution is calculated for each month the excess contribution remains in the RESP. For July to November, Hugh's tax is $\$300 \times 1\% \times 5$ months or \$15.00.

Cathy's tax payable for 2016 is calculated as follows:

Cathy's tax on her share of the excess contribution is calculated for each month the excess contribution remains in the RESP. For July to November, Cathy's tax is $\$200 \times 1\% \times 5$ months or \$10.00. Because Hugh withdrew the excess amount in December 2016, neither Cathy nor Hugh must pay any tax on the excess contribution in December.

Payments from an RESP

The promoter can make the following types of payments:

- refund of contributions to the subscriber or to the beneficiary;
- educational assistance payments (EAPs);
- after 1997, accumulated income payments (AIPs);
- payment to a designated educational institution in Canada (for more information, see Information Circular IC93-3R2, *Registered Education Savings Plans*);
- repayment of amounts under the *Canada Education Savings Act* or under a designated provincial program; and
- payment to a trust to accommodate transfers of property between RESPs.

Refund of contributions to the subscriber or the beneficiary

Subject to the terms and conditions of the RESP, the promoter can return your contributions to you tax-free when the contract ends or at any time before. Promoters do not issue a T4A slip, *Statement of Pension, Retirement, Annuity and Other Income*, to report these payments. **Do not** include these payments as income on your income tax and benefit return.

The promoter can also pay the contributions tax-free to the beneficiary. This is in addition to any taxable educational assistance payments. Refer to the next section for more details.

Educational assistance payments

An educational assistance payment (EAP) is the amount paid to a beneficiary (a student) from an RESP to help finance the cost of post-secondary education. An EAP consists of the Canada education savings grant, the Canada learning bond, amounts paid under a designated provincial program and the earnings on the money saved in the RESP. The promoter reports EAPs in box 042 on a T4A slip and sends a copy to the student. The student includes the EAPs as income on his or her income tax and benefit return for the year the student receives them.

Note

A beneficiary must be a resident of Canada in order to receive the CESG or CLB as part of the EAP. Contact the appropriate provincial authorities to determine residency requirements for the eligibility conditions for provincial grants and incentives.

The promoter can only pay EAPs to or for a student if **one** of the following situations applies:

- the student is enrolled in a **qualifying educational program**. This includes students attending a post-secondary educational institution and those enrolled in distance education courses, such as correspondence courses, provided by such institutions; or
- the student has attained the age of 16 years and is enrolled in a **specified educational program**.

A beneficiary is entitled to receive EAPs for up to six months after ceasing enrolment, provided that the payments would have qualified as EAPs if the payments had been made immediately before the student's enrolment ceased.

A **qualifying educational program** is an educational program at post-secondary school level, that lasts at least three consecutive weeks, and that requires a student to spend no less than 10 hours per week on courses or work in the program.

A **specified educational program** is a program at post-secondary school level that lasts at least three consecutive weeks, and that requires a student to spend not less than 12 hours per-month on courses in the program.

A **post-secondary educational institution** includes:

- a university, college, or other designated educational institution in Canada;
- an educational institution in Canada certified by ESDC as offering non-credit courses that develop or improve skills in an occupation;
- a university outside Canada that has courses at the post-secondary school level at which a beneficiary was enrolled on a full-time basis in a course of not less than three consecutive weeks; and
- a university, college, or other educational institution outside Canada that has courses at the post-secondary school level at which a beneficiary was enrolled in a course of not less than 13 consecutive weeks.

Limit on EAPs

For RESPs entered into after 1998, the maximum amount of EAPs that can be made to a student as soon as he or she qualifies to receive them is:

- for studies in a qualifying educational program – \$5,000, for the first 13 consecutive weeks in such a program. After the student has completed the 13 consecutive weeks, there is no limit on the amount of EAPs that can be paid if the student continues to qualify to receive them. If there is a 12-month period in which the student is not enrolled in a qualifying educational program for 13 consecutive weeks, the \$5,000 maximum applies again; or
- for studies in a specified educational program – \$2,500, for the 13-week period whether or not the student is enrolled in such a program throughout that 13-week period.

Subject to the terms and conditions of the RESP, the promoter can supplement the \$5,000 or \$2,500 EAP by paying a portion of the contributions tax-free to the beneficiary.

ESDC may, on a case-by-case basis, approve an EAP amount of more than the above limit if the cost of tuition plus related expenses for a particular program is substantially higher than the average. For more information on how to request approval of an EAP of more than \$5,000 or \$2,500, promoters should call the Canada education savings program at 1-888-276-3624.

Accumulated income payments

Accumulated income payments (AIPs) are amounts, usually paid to the subscriber, of the income earned from an RESP.

An AIP **does not** include:

- the payment of EAPs;
- payments to a designated educational institution in Canada;
- the refund of contributions to the subscriber or to the beneficiary;
- transfers to another RESP; or
- repayments under the *Canada Education Savings Act* or under a designated provincial program.

AIPs cannot be made as a single joint payment to separate subscribers.

An RESP may allow for AIPs when the following conditions are met:

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

Note

When more than one individual is entitled to receive AIPs from the plan, the payments must be made separately to each person. No joint payments are allowed.

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

- the payment is made after the year that includes the 9th anniversary of the RESP and each individual (other than a deceased individual) who is or was a beneficiary has reached 21 years of age and is not currently eligible to receive an EAP (see Note below);

- the payment is made in the year that includes the 35th anniversary of the RESP, unless the RESP is a **specified plan** (see the definition on page 1) in which case the payment is made in the year that includes the 40th anniversary of the RESP; or
- all the beneficiaries under the RESP are deceased when the payment is made.

Note

We may waive the conditions in the first bullet if it is reasonable to expect that a beneficiary under the RESP will not be able to pursue post-secondary education because he or she suffers from a severe and prolonged mental impairment. Such requests have to be made by the RESP promoter in writing to the following address:

Registered Plans Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

An RESP must be terminated by the end of February of the year after the year in which the first AIP is paid.

How AIPs are taxed

Promoters report AIPs in box 040 of a T4A slip, *Statement of Pension, Retirement, Annuity and Other Income*, and send a copy to the recipient of the AIP. The recipient has to include the AIP as income on his or her income tax and benefit return for the year he or she receives it. An AIP is subject to two different taxes: the **regular income tax** and an **additional tax** of 20% (12% for residents of Quebec).

Regular tax – This is the tax you calculate when you fill out your income tax and benefit return. It is based on your total taxable income.

Additional tax – You calculate this tax separately, using Form T1172, *Additional Tax on Accumulated Income Payments from RESPs*. Include a filled out copy of Form T1172 with your income tax and benefit return for the year you receive the AIP. You have to pay the additional tax by the balance due date for your regular tax, usually April 30 of the year that follows the year in which you received the AIP.

Reducing the amount of AIPs subject to tax – You can reduce the amount of AIPs subject to tax up to a lifetime maximum of \$50,000, if you are the original subscriber, you acquired the former subscribers' rights as a consequence of marriage breakdown or, where there is no subscriber of the plan, you are or were the spouse or common-law partner of a deceased subscriber and you meet **both** of the following conditions:

- you contribute the amount to your registered retirement savings plan (RRSP), pooled registered pension plan (PRPP), or specified pension plan (SPP), or your spouse's or common-law partner's RRSP or SPP, in the year the AIPs are received or in the first 60 days of the following year; and
- your RRSP deduction limit allows you to deduct the amount contributed to your RRSP, PRPP, or SPP or your spouse's or common-law partner's RRSP or SPP on line 208 of your income tax and benefit return. Claim the deduction for the year in which any payments are made.

You cannot reduce the AIPs subject to tax if you became a subscriber under the plan after the death of the original subscriber.

By claiming a deduction for a contribution to your RRSP, PRPP, or SPP, you reduce your taxable income, which reduces your regular tax. The deduction for the contribution also reduces the amount of additional tax payable by reducing the amount of AIPs subject to tax (see Form T1172). If the amount of the deduction for the contribution equals the amount of the AIPs, the taxes on the AIPs are zero.

Promoters usually have to withhold regular and additional taxes on AIPs. However, they do not have to withhold tax if **both** of the following apply:

- the AIPs are transferred directly to your RRSP, PRPP, or SPP or your spouse's or common-law partner's RRSP or SPP; and
- your RRSP deduction limit allows you to deduct the contribution in the year it is made.

Fill out Form T1171, *Tax Withholding Waiver on Accumulated Income Payments from RESPs*, to ask the promoter to transfer the payment directly to your RRSP, PRPP or SPP or your spouse's or common-law partner's RRSP or SPP without withholding tax.

Example

The RESP under which Mary is an original subscriber allows AIPs. In July 2016, Mary received an AIP of \$16,000. She filled out Form T1171 to have \$14,000 transferred directly by the promoter to her RRSP. Mary's RRSP deduction limit for 2016 is \$14,000. She did not make any other RRSP contributions during the year. She was a resident of Manitoba on December 31.

Mary fills out Form T1172 to determine the amount of additional tax she has to pay for 2016 as follows:

AIP for 2016	\$	16,000
Amount Mary deducts for 2016 for RRSP contributions from an AIP (this amount cannot be more than \$50,000 for all years)	-	14,000
Amount subject to the additional tax	= \$	2,000
Rate	×	20%
Additional tax payable	= \$	400

Mary reports the AIP of \$16,000 on line 130 and the additional tax on line 418 of her 2016 tax return. She also claims the RRSP deduction of \$14,000 on line 208 and attaches a copy of Form T1172 to her return.

If Mary had received the amount in January 2016 and transferred it to an RRSP (provided her RRSP deduction limit was sufficient) she could have decided to claim all or part of the deduction for the 2015 tax year. This would have been possible because the amount would have been transferred in the first 60 days of 2016.

However, had she done so, she would not have been allowed to reduce the additional tax because the amount transferred to her RRSP has to be deducted on the tax return for the year in which the amount is received.

That is, on her 2016 tax return, Mary would determine the additional tax payable based on the full \$16,000 of the AIP. The additional tax is \$3,200 ($\$16,000 \times 20\%$).

Special rules

Changing the beneficiary

Generally, where an individual becomes a beneficiary "a new beneficiary" in place of another beneficiary "a former beneficiary" we treat the contributions for the former beneficiary as if they had been made for the new beneficiary on the date they were originally made. If the new beneficiary already has an RESP, this may create an excess contribution.

An exception to the general rule applies in certain limited situations. The exception ensures that the contribution history of the former beneficiary is not added to the contribution history of the new beneficiary in the determination of whether the new beneficiary's lifetime contribution limit has been exceeded. These situations are as follows:

- the new beneficiary is under 21 years of age and the parent of the new beneficiary was a parent of the former beneficiary; or
- both beneficiaries are connected by a blood relationship or adoption to the original subscriber under the RESP and both beneficiaries are under 21 years of age.

Transferring RESP property to another RESP

Most transfers from one RESP to another RESP will have no tax implications. This is the case when the transferring RESP and the receiving RESP have the same beneficiary. There are also no tax implications when a beneficiary under the transferring RESP has a brother or sister (under 21 years of age at the time the receiving plan was entered into, unless the receiving plan is a family plan) who is a beneficiary under the receiving RESP.

In any other case, transfers can result in an excess contribution. This is because the RESP contribution history for each beneficiary under the transferring RESP is assumed by each beneficiary under the receiving RESP. We treat each contribution as if it had been made into the receiving RESP. In addition, we treat each subscriber under the transferring RESP as a subscriber under the receiving RESP. This means that he or she is liable for any tax on excess contribution.

Currently, a transfer of assets between individual RESPs may result in tax penalties and the repayment of the Canada Education Savings Grants and Canada Learning Bonds when the transfer occurs between plans held by siblings and the plan receiving the transfer amount is held by a sibling whose age exceeds 21.

Transfers of assets that occur after 2010 will allow these transfers without penalties and repayments if the plan receiving the transfer amount allows more than one beneficiary at a time or the beneficiary of a plan receiving the transfer of assets had not reached 21 years of age when the plan was opened.

Rolling over RESP property on a tax-deferred basis to an RDSP

Rollovers can be made after 2013 from an RESP to an RDSP. In general terms, a subscriber of an RESP that allows accumulated income payments and a holder of an RDSP may jointly elect in prescribed form to rollover an accumulated income payment under the RESP to the RDSP if, at the time of the election, the RESP beneficiary is also the beneficiary under the RDSP.

To qualify for an education savings rollover, the beneficiary must meet the existing age and residency requirements in relation to RDSP contributions. As well, **one** of the following conditions must be met:

- the beneficiary is, or will be, unable to pursue post-secondary education because he or she has a severe and prolonged mental impairment.
- the RESP has been in existence for at least 35 years.
- the RESP has been in existence for at least 10 years and each beneficiary under the RESP has attained 21 years of age and is not eligible to receive educational assistance payments.

The education savings rollover to an RDSP will not be subject to regular income tax or the additional 20% tax. The RESP promoter must send Form RC435, *Rollover from a Registered Education Savings Plan to a Registered Disability Savings Plan* to the RDSP issuer and keep a copy of it on file. This will satisfy the RESP promoter's requirement to file the election with the Canada Revenue Agency.

When an education savings rollover occurs, contributions in the RESP will be returned to the RESP subscriber on a tax-free basis. As well, CESGs and CLBs in the RESP will be required to be repaid to ESDC and the RESP terminated by the end of February of the year after the year during which the rollover is made.

The education savings rollover to an RDSP:

- will be considered a private contribution for the purpose of determining whether the RDSP is a primarily government-assisted plan (PGAP), but will not attract Canada disability savings grants (CDSGs);
- will be included in the taxable portion of RDSP withdrawals made to the beneficiary; and
- may not exceed, and will reduce the RDSP contribution lifetime limit of \$200,000.

An education savings rollover cannot be made if the beneficiary:

- is not eligible for the disability tax credit (DTC);
- has died;
- is over 59 years of age in the year of the contribution; or
- is not a resident of Canada.

An education savings rollover cannot be made if the RDSP holder has not provided their consent to the rollover.

Online services

My Account

Using the CRA's My Account service is a fast, easy, and secure way to access and manage your tax and benefit information online, seven days a week.

To register for My Account, go to cra.gc.ca/myaccount. Registration is a two-step process. You will be asked to enter some personal information and create a user ID and password or use a Sign-in Partner. Be sure to have your current and previous year's personal tax returns on hand. To register, a return for one of these two years must have been assessed. After you complete step one, you will have instant access to some of your tax and benefit information. Step two includes the mailing of the CRA security code. We will mail it to the address we have on file for you. The separate mailing of the security code is a measure used to protect you from identity theft and to ensure the security of your personal information. You will have access to the full suite of services available in My Account once you enter your code.

An authorized representative can access most of these online services through Represent a Client at cra.gc.ca/representatives.

Electronic payments

Make your payment using:

- your financial institution's online or telephone banking services;
- the CRA's My Payment service at cra.gc.ca/mypayment; or
- pre-authorized debit at cra.gc.ca/myaccount.

For more information on all payment options, go to cra.gc.ca/payments.

For more information

What if you need help?

If you need more information after reading this publication, visit cra.gc.ca or call 1-800-959-8281.

Forms and publications

To get our forms and publications, go to cra.gc.ca/forms or call 1-800-959-8281.

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling 1-800-267-6999.

Teletypewriter (TTY) users

If you have a hearing or speech impairment and use TTY call 1-800-665-0354 during regular business hours.

Service complaints

You can expect to be treated fairly under clear and established rules, and get a high level of service each time you deal with the Canada Revenue Agency (CRA); see the *Taxpayer Bill of Rights*.

If you are not satisfied with the service you received, try to resolve the matter with the CRA employee you have been dealing with or call the telephone number provided in the CRA's correspondence. If you do not have contact information, go to cra.gc.ca/contact.

If you still disagree with the way your concerns were addressed, you can ask to discuss the matter with the employee's supervisor.

If you are still not satisfied, you can file a service complaint by filling out Form RC193, *Service-Related Complaint*. For more information, go to cra.gc.ca/complaints.

If the CRA has not resolved your service-related complaint, you can submit a complaint with the Office of the Taxpayers' Ombudsman.

Reprisal complaint

If you believe that you have experienced reprisal, fill out Form RC459, *Reprisal Complaint*.

For more information about reprisal complaints, go to cra.gc.ca/reprisalcomplaints.

Tax information videos

We have a number of tax information videos for individuals on topics such as the income tax and benefit return, the Canadian tax system, and tax measures for persons with disabilities. To watch our videos, go to cra.gc.ca/videogallery.

Related forms and publications

Forms

RC193	<i>Service-Related Complaint</i>
RC435	<i>Rollover from a registered Education Savings Plan to a Registered Disability Savings Plan</i>
RC459	<i>Reprisal Complaint</i>
T1E-OVP	<i>Individual Tax Return for RESP Excess Contributions</i>
T1171	<i>Tax Withholding Waiver on Accumulated Income Payments from RESPs</i>
T1172	<i>Additional Tax on Accumulated Income Payments from RESPs</i>
T4A	<i>Statement of Pension, Retirement, Annuity, and Other Income</i>

Publications

RC4420	<i>Information on CRA – Service Complaints</i>
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Information Circulars

IC93-3R2	<i>Registered Educational Savings Plans</i>
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