

Practice with case studies

Adults aged 65 and older

Reporting pension income

Pre-test question

Select **True** or **False**

Individuals are eligible to claim Pension income splitting for the Canada Pension Plan (CPP) and Old Age Security (OAS).

True

Sorry, that is incorrect.

Canada Pension Plan (CPP) and Old Age Security (OAS) income are not eligible for pension income splitting.

False

That is correct.

Canada Pension Plan (CPP) and Old Age Security (OAS) income are not eligible for pension income splitting.

Instructions

1. Open the tax software
2. Review the **Background information** and **Required slips** (tax slips, receipts, etc.)
3. Provide all required information for the appropriate sections of the tax software
4. Once completed, compare your results with the solution provided
5. Afterwards, refer to the **Takeaway points**

Background information

Situation

Nadia is currently unemployed, has no income, and is married to Alexei. Alexei is retired and receives income from the CPP, OAS, interest on their investments, and superannuation (Registered Pension Plan).

Identification information

Name	Alexei Reznikov
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth (DOB)	October 2, 1946
Marital status	Married to: Nadia Reznikov on July 23, 1983 SIN: 000 000 000 DOB: April 23, 1961

Required slips

T4A – Statement of Pension, Retirement, Annuity, and Other Income (for Alexei)

Payer's name – Nom du payeur Bank of Canada		Canada Revenue Agency / Agence du revenu du Canada	T4A Statement of Pension, Retirement, Annuity, and Other Income État du revenu de pension, de retraite, de rente ou d'autres sources
061 Payer's program account number / Numéro de compte de programme du payeur		Year / Année: <input style="width: 50px;" type="text"/>	Pension or superannuation – line 11500 / Prestations de retraite ou autres pensions – ligne 11500: 23,709.56
Social insurance number / Numéro d'assurance sociale: 000 000 000		Income tax deducted – line 43700 / Impôt sur le revenu retenu – ligne 43700: 2,046.00	
Recipient's program account number / Numéro de compte de programme du bénéficiaire: <input style="width: 100%;" type="text"/>		Lump-sum payments – line 13000 / Paiements forfaitaires – ligne 13000: <input style="width: 100%;" type="text"/>	
Recipient's name and address – Nom et adresse du bénéficiaire		Self-employed commissions / Commissions d'un travail indépendant: <input style="width: 100%;" type="text"/>	
Last name (print) – Nom de famille (en lettres moulées): REZNIKOV		Annuities / Rentes: <input style="width: 100%;" type="text"/>	
First name – Prénom: ALEXEI		Fees for services / Honoraires ou autres sommes pour services rendus: <input style="width: 100%;" type="text"/>	
123 Main Street City, Province X0X 0X0		Other information (see page 2) / Autres renseignements (voir à la page 2)	
Box – Case Amount – Montant Box – Case Amount – Montant		Box – Case Amount – Montant Box – Case Amount – Montant	
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T4A (22) Protected B when completed / Protégé B une fois rempli

T4A(OAS) – Statement of Old Age Security (for Alexei)


Canada Revenue Agency / Agence du revenu du Canada		Statement of Old Age Security / Relevé de la sécurité de la vieillesse					T4A(OAS)	
Year / Année	18 Taxable pension paid / Versement de pension imposable 6,778.44	19 Gross pension paid / Versement brut de pension	20 Overpayment recovered / Paiement en trop recouvré	21 Net supplements paid / Versement net des suppléments	22 Income tax deducted / Impôt sur le revenu retenu 0.00	23 Quebec income tax deducted / Impôt sur le revenu du Québec retenu		
Issued by: Service Canada / Émis par : Service Canada REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0					12 Social insurance number / Numéro d'assurance sociale 000 000 000		13 Old Age Security number / Numéro de la Sécurité de la vieillesse	

Protected B when completed / Protégé B une fois rempli

See the privacy notice on your return. / Consultez l'avis de confidentialité dans votre déclaration.

Attach this copy to your federal return. / Joignez cette copie à votre déclaration fédérale.

T4A(OAS) (21)
SC ISP-0137 nat (ITC)



T4A(P) – Statement of Canada Pension Plan Benefits (for Alexei)


Canada Revenue Agency / Agence du revenu du Canada		Statement of Canada Pension Plan Benefits / État des prestations du Régime de pensions du Canada					T4A(P)	
Year / Année	20 Taxable CPP benefits / Prestations imposables du RPC	21 Number of months – disability / Nombre de mois – invalidité 6	23 Number of months – retirement / Nombre de mois – retraite 6	22 Income tax deducted / Impôt sur le revenu retenu 0.00	12 Social insurance number / Numéro d'assurance sociale 000 000 000	13 Onset or effective date / Date de début ou d'entrée en vigueur		
Issued by: Service Canada / Émis par : Service Canada REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0					14 Retirement benefit / Prestation de retraite 6,211.00		15 Survivor benefit / Prestation de survivant	
					16 Disability benefit / Prestation d'invalidité 8,216.00		17 Child benefit / Prestation pour enfant	
					18 Death benefit / Prestation de décès		19 Post-retirement benefit / Prestation après-retraite	
					Benefit number / Numéro de prestation			

Protected B when completed / Protégé B une fois rempli


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T4A(P) (21)
SC ISP-0136 nat (ITC)



T5 – Statement of Investment Income (for Alexei)

 Canada Revenue Agency / Agence du revenu du Canada		T5 Statement of Investment Income / État des revenus de placement		Year / Année: <input type="text"/>	Protected B / Protégé B when completed / une fois rempli	
Dividends from Canadian corporations – Dividendes de sociétés canadiennes		Federal credit – Crédit fédéral		Interest from Canadian sources / Intérêts de source canadienne		Capital gains dividends / Dividendes sur gains en capital
24 Actual amount of eligible dividends / Montant réel des dividendes déterminés	25 Taxable amount of eligible dividends / Montant imposable des dividendes déterminés	26 Dividend tax credit for eligible dividends / Crédit d'impôt pour dividendes déterminés	13 Interest from Canadian sources / Intérêts de source canadienne: 85.00			
10 Actual amount of dividends other than eligible dividends / Montant réel des dividendes autres que des dividendes déterminés	11 Taxable amount of dividends other than eligible dividends / Montant imposable des dividendes autres que des dividendes déterminés	12 Dividend tax credit for dividends other than eligible dividends / Crédit d'impôt pour dividendes autres que des dividendes déterminés	21 Report Code / Code du feuillet	22 Recipient identification number / Numéro d'identification du bénéficiaire: 00000000	23 Recipient type / Type de bénéficiaire	
Other information (see the back) / Autres renseignements (lisez le dos)						
<input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/>
Recipient's name (last name first) and address – Nom, prénom et adresse du bénéficiaire			Payer's name and address – Nom et adresse du payeur			
REZNIKOV, ALEXEI 123 Main Street City, Province X0X 0X0			Bank 1 456 Main Street City, Province X0X 0X0			
Currency and identification codes / Codes de devise et d'identification		27 <input type="text"/>	28 <input type="text"/>	29 <input type="text"/>		For information, see the back. / Pour obtenir des renseignements, lisez le dos.
		Foreign currency / Devises étrangères	Transit – Succursale	Recipient account number / Numéro de compte du bénéficiaire		
See the privacy notice on your return / Consultez l'avis de confidentialité dans votre déclaration.						
T5 (09/21)						

Takeaway points

Steps to follow

1. Review their background information and the required slips
2. Pension income splitting is a joint election that requires both spouses to produce their returns at the same time. When you complete the **Spouse interview type**, select **Complete information (recommended)** from the **What information will you provide for your spouse?** drop-down menu
3. From **Interview setup**, tick the box next to **Pension income, other income and split pension income, COVID-19 benefits (T4A, T4FHSA, T4A(OAS), T4A(P), T4-RCA, T4RSP, T4RIF, T1032)** in the **Pension and other income** section and tick the box next to **Interest, investment income and carrying charges/interest expenses/CNIL (T3, T5, T4PS, T5008, RC359)** in the **Investment income and expenses** section
4. Click **T4A, T4FHSA and pension income** in the left-side menu, then click the + signs next to **T4A, T4A(OAS), and T4A(P)** and enter the amounts from each tax slip

5. Alexei's T4A(P) indicates they received both CPP retirement and disability benefits throughout the year. Since the sum of box 23 and box 21 (indicating number of months) must not exceed 12, enter 6 in both box 23 and box 21
6. Click **Interest, investment income and carrying charges** in the left-side menu, then click the + sign next to **T5 - Investment income** and enter the amounts from Alexei's T5
7. When you complete Nadia's **Interview setup**, ensure there are no boxes ticked in any section

Only box 16 of Alexei's T4A - Statement of Pension, Retirement, Annuity, and Other Income is eligible for the pension income splitting.

The amount transferred to Nadia is reported on line 11600 of her tax return and the same amount is reported on line 21000 of Alexei's tax return. Any income tax withheld from the eligible pension income (box 22 of the T4A) is split in the same proportion as that income and is found on line 43700.

The software automatically generates form T1032 for each individual.

For more information, refer to [UFile instructions](#).

Review your results

Federal		Nadia Reznikov	Alexei Reznikov
◆ Total income			
14500 Old Age Security pension			\$6,778.44
11400 CPP or QPP benefits			\$14,427.00
11500 Other pensions and superannuation			\$23,709.56
11600 Elected split-pension amount (T1032)	\$11,854.78		
12100 Interest and other investment income			\$85.00
15000 Total income	\$11,854.78		\$45,000.00
◆ Net income			
21000 Deduction for elected split-pension amount (T1032)			\$11,854.78
23600 Net income	\$11,854.78		\$33,145.22
◆ Taxable income			
26000 Taxable income	\$11,854.78		\$33,145.22
◆ Non refundable tax credits			
30000 Basic personal amount	\$15,000.00		\$15,000.00
30100 Age amount			\$8,396.00
30300 Spouse or common-law partner amount			\$3,145.22
31400 Pension income amount	\$2,000.00		\$2,000.00
32600 Amounts transferred from your spouse or common-law partner			\$2,000.00
33500 Total	\$17,000.00		\$30,541.22
33800 Total @ 15%	\$2,550.00		\$4,581.18
35000 Non refundable tax credits	\$2,550.00		\$4,581.18
◆ Refund or balance owing			
42900 Basic federal tax	\$0.00		\$390.60
40500 Federal foreign tax credit (T2209)	\$0.00		\$0.00
40600 Federal tax	\$0.00		\$390.60
41700 Line 40600 - 41600			\$390.60
42000 Net federal tax	\$0.00		\$390.60
42800 Provincial or territorial tax	\$0.00		\$916.36
43500 Total payable	\$0.00		\$1,306.96
43700 Total income tax deducted	\$1,023.00		\$1,023.00
◆ Payments and credits			
48200 Total credits	\$1,023.00		\$1,023.00
48400 Refund	\$1,023.00		
48500 Balance owing			\$283.96