

## Practice with case studies

### T4A slip with income in box 048

# Reporting a T4A slip with income in box 048

## Pre-test questions

### Question One

Select True or False

The amount of self-employment or business income found in box 048 of a T4A slip must only be reported on line 13500 of the tax return.

True

**Sorry, that is incorrect.**

The amount in box 048 of a T4A slip is reported as self-employment or business income on line 13500 of the tax return and must also be reported on form T2125, Statement of Business or Professional Activities.

False

**That is correct.**

The amount in box 048 of a T4A slip is reported as self-employment or business income on line 13500 of the tax return and must also be reported on form T2125, Statement of Business or Professional Activities.

## Question Two

Select True or False

A CVITP volunteer may complete a tax return for any individual with self-employment or business income.

True

**Sorry, that is incorrect.**

Generally, an individual reporting self-employment or business income would not be considered to have a simple tax situation and would not be eligible to use the CVITP services. However, the situation may be considered simple if all of the following conditions apply:

- income is under \$1,000.00 and found in box 048 of the T4A slip
- no expenses are claimed
- the individual is neither registered for, nor required to register for GST/HST

False

**That is correct.**

Generally, an individual reporting self-employment or business income would not be considered to have a simple tax situation and would not be eligible to use the CVITP services. However, the situation may be considered simple if all of the following conditions apply:

- income is under \$1,000.00 and found in box 048 of the T4A slip
- no expenses are claimed
- the individual is neither registered for, nor required to register for GST/HST

## 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

Marc was employed by a landscaping business (Hard Rock Landscaping) during the summer. To earn extra money, he worked as a film extra and was paid as a subcontractor. He did not have any expenses.

### Identification information


|                               |   |
|-------------------------------|---|
| Name                          | Marc Caron                                |
| Social insurance number (SIN) | 000 000 000                               |
| Address                       | 123 Main Street<br>City, Province X0X 0X0 |
| Date of birth                 | June 16, 1994                             |
| Marital status                | Single                                    |

# Required slips

## T4 – Statement of Remuneration Paid

|  |  |  |  |   |  |
|--|--|--|--|---|--|
| Employer's name – Nom de l'employeur<br><b>Hard Rock Landscaping</b>   |  | Canada Revenue Agency / Agence du revenu du Canada                               |  | <b>T4</b><br><b>Statement of Remuneration Paid</b><br><b>État de la rémunération payée</b>                        |  |
| Year / Année<br>[ ]  |  | Employment income / Revenus d'emploi<br>14 [ ] <b>18,568 00</b>                  |  | Income tax deducted / Impôt sur le revenu retenu<br>22 [ ] <b>1,062 62</b>  |  |
| 54 Employer's account number / Numéro de compte de l'employeur<br>[ ]  |  | Province of employment / Province d'emploi<br>10 [ ]                             |  | Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso<br>16 [ ] <b>745 94</b> |  |
| Social insurance number / Numéro d'assurance sociale<br>12 [ ] <b>000 000 000</b>  |  | Exempt – Exemption / Codi de l'emploi<br>28 [ ] [ ] [ ] [ ]<br>RPC/RRQ AE RPAP   |  | Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso<br>17 [ ] [ ]           |  |
| Employee's name and address – Nom et adresse de l'employé<br>Last name (in capital letters) – Nom de famille (en lettres moulées) / First name – Prénom / Initial – Initiale<br>→ <b>CARON</b> [ ] <b>MARC</b> [ ] |  | Employee's EI premiums / Cotisations de l'employé à l'AE<br>18 [ ] <b>250 18</b> |  | EI insurable earnings / Gains assurables d'AE<br>24 [ ] <b>18,568 00</b>  |  |
| 123 Main Street<br>City, Province X0X 0X0  |  | RPP contributions / Cotisations à un RPA<br>20 [ ] [ ]                           |  | CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ<br>26 [ ] <b>18,568 00</b>                 |  |
| Pension adjustment / Facteur d'équivalence<br>52 [ ] [ ]   |  | Employee's EI premiums / Cotisations de l'employé à l'AE<br>18 [ ] <b>250 18</b> |  | Union dues / Cotisations syndicales<br>44 [ ] [ ]   |  |
| Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso<br>55 [ ] [ ]   |  | RPP contributions / Cotisations à un RPA<br>20 [ ] [ ]                           |  | Charitable donations / Dons de bienfaisance<br>46 [ ] [ ]   |  |
| PPIP insurable earnings / Gains assurables du RPAP<br>56 [ ] [ ]   |  | Pension adjustment / Facteur d'équivalence<br>52 [ ] [ ]                         |  | RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB<br>50 [ ] [ ]                               |  |
| Other information (see over) / Autres renseignements (voir au verso)   |  | Box – Case / Montant – Montant<br>[ ] [ ] [ ] [ ]                                |  | Box – Case / Montant – Montant<br>[ ] [ ] [ ] [ ]   |  |
| T4 (21)  |  | Box – Case / Montant – Montant<br>[ ] [ ] [ ] [ ]                                |  | Box – Case / Montant – Montant<br>[ ] [ ] [ ] [ ]   |  |

# T4A – Statement of Pension, Retirement, Annuity, and Other Income

|   |  |   |   |
|---|--|---|---|
| Payer's name – Nom du payeur<br><b>Skyline Film Production</b>  |  |  Canada Revenue Agency / Agence du revenu du Canada  | <b>T4A</b><br>Statement of Pension, Retirement, Annuity, and Other Income<br>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   |
| Social insurance number / Numéro d'assurance sociale<br>012 <b>000 000 000</b>  |  | Recipient's program account number / Numéro de compte de programme du bénéficiaire<br>013 <input style="width: 50px;" type="text"/>   | Income tax deducted – line 43700 / Impôt sur le revenu retenu – ligne 43700<br>022 <input style="width: 50px;" type="text"/>                      |
| Recipient's name and address – Nom et adresse du bénéficiaire<br>Last name (print) – Nom de famille (en lettres mouées) / First name – Prénom / Initials – Initiales<br><b>CARON / MARC</b>   |  | Lump-sum payments – line 13000 / Paiements forfaitaires – ligne 13000<br>018 <input style="width: 50px;" type="text"/>  |   |
| 123 Main Street<br>City, Province X0X 0X0   |  | Self-employed commissions / Commissions d'un travail indépendant<br>020 <input style="width: 50px;" type="text"/>   |   |
| Other information (see page 2) / Autres renseignements (voir à la page 2)   |  | Annuities / Rentes<br>024 <input style="width: 50px;" type="text"/>   |   |
| Fees for services / Honoraires ou autres sommes pour services rendus<br>048 <b>800 00</b>   |  | Box – Case    Amount – Montant    Box – Case    Amount – Montant<br><input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> |   |
| Box – Case    Amount – Montant    Box – Case    Amount – Montant<br><input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> |  | Box – Case    Amount – Montant    Box – Case    Amount – Montant<br><input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> |   |
| Box – Case    Amount – Montant    Box – Case    Amount – Montant<br><input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> |  | Box – Case    Amount – Montant    Box – Case    Amount – Montant<br><input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> |   |

T4A (21) Protected B when completed / Protégé B une fois rempli

## Takeaway points

### Steps to follow

1. Review their background information and required slips
2. In **Interview setup**, tick the boxes next to **Pension income, other income and split pension income, COVID-19 benefits (T4A, T4FHSA, T4A(OAS), T4A(P), T4A-RCA, T4RSP, T4RIF, T1032)** in the **Pension and other income** section and **Self-employed business income** in the **Self-employment** section
3. Click **T4 and employment income** in the left-side menu, then click the + sign next to **T4 income (earned in any province except Quebec)** and enter the required information
4. Click **T4A, T4FHSA and pension income** in the left side menu and click the + sign next to **T4A - Pension, retirement, annuity and other income (COVID-19 benefits)**
5. Complete the **This T4A slip was issued by** and **box 048, Fees for services (report also this amount as a T2125 – Business or Professional income)** fields
6. Click **Self-employment income** in the left side menu, then click the + sign next to **T2125 - Business income**, and complete the fields under the **Business identification** heading
7. Select **711512, Independent actors, comedians and performers** from the **Enter the North American Industrial Classification System code (NAICS) that best describes the business's main revenue-generating business activity.** field
8. Click **Income, expenses** in the left-side menu and enter the amount from box 048 into the **Fees for Services (T4A Box 048)** field

The T4A box 048 situation is a simple tax situation because the income earned is under \$1,000.00, no expenses are being claimed and the individual is neither registered for, nor required to register for GST/HST.

Form T2125 is mandatory and generated with the tax return. It includes the same amount of income reported on line 13500.

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

# Review your results

| Federal   |             |
|---|-------------|
| Marc Caron  |             |
| <b>◆ Total income</b>   |             |
| 10100 Employment income   | \$18,568.00 |
| 13500 Business income (Net)   | \$800.00    |
| 15000 Total income  | \$19,368.00 |
| <b>◆ Net income</b>   |             |
| 22200 Deduction for CPP or QPP contributions on self-employment       | \$55.60     |
| 22215 Deduction for CPP and QPP enhanced contributions                | \$125.37    |
| 23600 Net income  | \$19,187.03 |
| <b>◆ Taxable income</b>   |             |
| 26000 Taxable income  | \$19,187.03 |
| <b>◆ Non refundable tax credits</b>                                   |             |
| 30000 Basic personal amount   | \$15,000.00 |
| 30800 CPP or QPP contributions through employment                     | \$620.57    |
| 31000 CPP or QPP contributions on self-employment                     | \$39.60     |
| 31200 Employment Insurance premiums through employment                | \$250.18    |
| 31260 Canada employment amount  | \$1,368.00  |
| 33500 Total   | \$17,278.35 |
| 33800 Total @ 15%   | \$2,591.75  |
| 35000 Non refundable tax credits                                      | \$2,591.75  |
| <b>◆ Refund or balance owing</b>                                      |             |
| 42900 Basic federal tax   | \$286.30    |
| 40500 Federal foreign tax credit (T2209)                              | \$0.00      |
| 40600 Federal tax   | \$286.30    |
| 41700 Line 40600 - 41600  | \$286.30    |
| 42000 Net federal tax   | \$286.30    |
| 42100 CPP contributions payable on self-employment and other earnings | \$95.20     |
| 42800 Provincial or territorial tax                                   | \$0.00      |
| 43500 Total payable   | \$381.50    |
| 43700 Total income tax deducted                                       | \$1,062.62  |
| <b>◆ Payments and credits</b>   |             |
| 45300 Canada workers benefit (CWB) (schedule 6)                       | \$1,518.00  |
| 48200 Total credits   | \$2,580.62  |
| 48400 Refund  | \$2,199.12  |