Canada Revenue Agency | Agence du revenu du Canada

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Statement of Qualifying Retroactive Lump-Sum Payment

To the payer:

Fill out this form if you paid a qualifying retroactive lump-sum payment (QRLSP) to an individual (**other than** a trust) in 1995 or later years. Enter the amount of the QRLSP and its breakdown in the appropriate boxes below. Give the completed and signed form to the recipient of the QRLSP. If you paid more than one QRLSP to an individual, fill out one form for each QRLSP paid. See the back of this form for details.

Note: The QRLSP income stated on this form has to be included on the recipient's information slip (such as a T4, T4A, and T4E).

To the recipient:

The Canada Revenue Agency (CRA) will not reassess your returns for prior years to include this income. However, you can ask the CRA to tax the parts for the prior years as if you received them in those years. You have to include the full payment on the correct line of your return for the year. See the back of this form for details.

NEW: As of February 2025, you can send your income tax and benefit return electronically even if you are asking for the special tax calculation. If you file your return electronically, report the amount on the appropriate line and keep Form T1198 in case the CRA requests it.

Name of recipient	Social insurance number (SIN)	Year of payment

Description of QRLSP and reasons for payment

Total amount (principal and interest)	Total principal (current and prior years)	Total interest (current and prior years)	Total principal (prior years only)
68518	68519		

Breakdown of principal (box 68519)

Enter the amount of principal that relates to each year that applies in the boxes below. **Do not include the interest amount.**

40th prior year 68520	32nd prior year 68528	24th prior year 68536	16th prior year 68544	8th prior year 68552
39th prior year 68521	31st prior year 68529	23rd prior year 68537	15th prior year 68545	7th prior year 68553
38th prior year 68522	30th prior year 68530	22nd prior year 68538	14th prior year 68546	6th prior year 68554
37th prior year 68523	29th prior year 68531	21st prior year 68539	13th prior year 68547	5th prior year 68555
36th prior year 68524	28th prior year 68532	20th prior year 68540	12th prior year 68548	4th prior year 68556
35th prior year 68525	27th prior year 68533	19th prior year 68541	11th prior year 68549	3rd prior year 68557
34th prior year 68526	26th prior year 68534	18th prior year 68542	10th prior year 68550	2nd prior year 68558
33rd prior year 68527	25th prior year 68535	17th prior year 68543	9th prior year 68551	1st prior year 68559
				Current year 68560

Certification

I, _____ (First and last name (print)), certify that the information given on this form and in any attached documents is correct and complete.

Signature of payer | Position or office | Date

See the privacy notice on your return.

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Information for payers and recipients

What is a qualifying retroactive lump-sum payment (QRLSP)

A QRLSP is a lump-sum payment paid to an individual (**other than** a trust) in a year that relates to one or more **prior** eligible tax years in which the individual was a resident of Canada for the full year. To be a **qualifying** amount, the lump-sum payment must have been paid after 1994 from one of the following sources:

- income from an office or employment received under:
  - an order or judgment from a court or other competent tribunal
  - an arbitration award
  - a lawsuit settlement agreement (including damages for loss of office or employment)
- benefits from unemployment insurance or employment insurance
- benefits from a superannuation or pension plan (**other than** non-periodic benefits such as lump-sum withdrawals)
- spousal, common-law partner, or child support payments
- benefits from a wage-loss replacement plan
- Canadian Forces members' and veterans' income replacement benefits

Note: A year in which an individual became bankrupt is not an eligible tax year.

Amounts not qualifying

An amount received under any part of a retroactive lump-sum payment, that is eligible for any of the following deductions, **is not** a qualifying amount:

- legal expenses
- salary reimbursements
- reimbursement of top-up disability payments
- repayment of pension benefits
- deduction of social assistance payments, workers' compensation benefits

An amount under normal collective bargaining, such as negotiated back pay, is **not** a qualifying amount (although an amount from an arbitration award **does** qualify).

Why provide the breakdown of a QRLSP

Generally, a lump-sum payment is included in income in the year the recipient receives it. This may result in a greater tax liability than if the payment had been received in the year or years to which it related.

A special tax calculation is available to individuals who receive QRLSPs that relate to any year after 1977. The calculation applies if the total of all principal amounts that relate to prior years (after 1977) from all QRLSPs is $3,000 or more.

If you are the **payer** of a QRLSP, fill out this form to help the CRA decide if the special tax calculation is beneficial to the recipient.

If you are the **recipient** of a QRLSP and if the amount shown for your "Total principal (prior years only)" is $3,000 or more and you are filing a paper return, attach Form T1198, Statement of Qualifying Retroactive Lump-Sum Payment, to your return for the year of payment to ask for a special tax calculation. If you have more than one QRLSP form, add the amounts shown for the "Total principal (prior years only)" on all your forms. If the result is $3,000 or more and you are filing a paper return, attach the QRLSP forms to your return that payers gave you.