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New Form Posted for Reduction of OAS Recovery Tax at Source

RECIPIENTS OF OLD AGE SECURITY BENEFITS CAN HAVE some or all of those benefits “clawed back” where income exceeds prescribed levels (\$66,733 for 2010). In some circumstances, that clawback is effected through a reduction in OAS benefits at source. However, recipients whose OAS benefits have been reduced at source but who believe that the reduction is more than will be required by their current year income can request that the amount withheld be reduced.

The Canada Revenue Agency (CRA) has recently issued an updated form on which such a request is to be made, and that form is available at http://www.cra-arc.gc.ca/E/pbg/tf/t1213_oas/t1213oas-10e.pdf. In order to request a reduction in withholdings, recipients must have filed all required tax returns and paid all tax amounts due. The CRA estimates that such requests will be processed and the taxpayer notified of its decision within four to eight weeks.

The information presented is only of a general nature, may omit many details and special rules, is current only as of its published date, and accordingly cannot be regarded as legal or tax advice. Please contact our office for more information on this subject and how it pertains to your specific tax or financial situation.