

## T1198 Tax Form FAQ

1. Q. – What is the T1198 tax form?
  - A. – This tax form, if submitted, will have the Canadian Revenue Agency (CRA) calculate the tax owing on the lump sum as if it was paid out over the years related to the retroactive amount rather than only in the year received. The CRA will calculate the amount of income tax, CPP and EI you should pay on the lump sum as if it were paid out in the designated years.
  
2. Q. – Can I submit something else in place of the T1198 form?
  - A. – Your employer can generate a letter instead of the form as long as it contains the following information:
    - The year the lump-sum payment was made to you.
    - A complete description of the lump-sum payment and the circumstances that required it to be paid.
    - The total amount of the lump-sum payment\*
    - The principal amount of the lump-sum payment that relates to the current year and each of the preceding years covered by the payment.

\*Note that no interest was paid on the lump-sum. The entire amount is principal.
  
3. Q – Should I submit this form?
  - A. – You should seek tax advice from your accountant or tax professional.
  
4. Q. – Do I have to submit my taxes on paper?
  - A. – No, as of February 2025, you may submit your taxes electronically along with the T1198 form. Prior to this they had to be submitted on paper.
  
5. Q. – Is there a minimum amount that my Bill 124 remedy must be to submit a T1198 tax form with my taxes.
  - A. – Yes, the Bill 124 retroactive total remedy amount must be greater than \$3,000 gross.
  
6. Q – Where can I get further information on the T1198 tax form?
  - A. – You can ask an accountant tax professional or go to the [CRA website](#)