

## What you Need to Know About T5007 Income Tax Form

The T5007 is a form that reports compensation benefits paid to you or on your behalf during a calendar year. These benefits include wage-loss replacement, disability payments and survivor benefits. The form is mailed in late February. Compensation benefits are not taxable, but must be included when completing your income tax return.

### What do I do with the T5007 when I get it?

- The T5007 is an official income tax form and is used when completing your income tax return.
- The amount in Box 10 of the T5007 is entered on line 144 of your income tax return as part of your net income and entered on line to 250 as a deduction to taxable income.

### Why did I receive a T5007 when I did not receive any payments from the Workers' Compensation Board during the year?

Canada Revenue Agency regulations say that the T5007 form is issued to an injured worker no matter who receives the payments. Payments may be made to others under the following situations:

- Your employer may choose to pay your full wages while you are on compensation, so you can continue to build up employment benefits (for example Canada Pension, Employment Insurance and company pension). We then pay your employer for the compensation benefits.
- Payment may have been made directly to your employer for a minor incident even though you lost little or no time from work.
- If payments are made to a public trustee, the T5007 is issued in your name care of the public trustee. This also applies for any dependent spouse/child because they are considered the primary payee.

### When benefits are paid directly to my employer, does this affect my taxable income?

No. The amount from Box 10 of the T5007 is reported as income on line 144 of your income tax return and then as a deduction on line 250.

You may be allowed an additional deduction depending on how your employer recorded your total employment income on your T4 slip:

- If your total employment income was recorded as gross wages, you may be allowed an additional deduction equal to the amount paid directly to your employer on line 229 of your tax return. The amount of the deduction should also appear in Box 77 on your T4.
- If the amount your employer got from the WCB was deducted from your total employment income, the additional deduction on line 229 is not allowed as it has already been deducted. There will be no entry in Box 77 on your T4.

### Do dependent children receive a T5007 if they are receiving a monthly allowance?

Yes.

### Are payments for tuition and books included in T5007's for injured workers or dependent children?

No. These payments are considered expenses and are not included.

### Are clothing allowances included in the T5007's?

No. These are considered expenses.

### Is a T5007 issued for personal care allowance?

No, these are payments for services and are not considered compensation benefits.



**Are the payouts of an annuity fund included in the T5007's?**

If you received a lump-sum payout, the amount will be included in the T5007. Joint payouts issued to you and financial institutions to purchase an annuity are not on the T5007.

**Is a T5007 issued for a lump-sum payout of the annuity fund to the estate of a deceased worker?**

Yes.

**What if there is a change in compensation relating to previous years?**

- If the change made to a previous year and the net result is positive, the amount is recorded in the year the change is made.
- If the correction amount is negative, we will send you an amended T5007 for the year affected.

**What if there is an overpayment of benefits?**

If there has been an overpayment, the amount of the overpayment is reduced from the amount on the T5007. If the overpayment is large enough to reduce the payments to zero or to a negative amount, then a new T5007 is issued.

**What do I do if I receive an amended T5007?**

The amended T5007 should be sent to the Canada Revenue Agency along with a request for a re-assessment of the year on the T5007.

**Note:** The above is general information only and is not intended as advice; please consult your professional tax person if you need help or clarification.

**For more information contact the WCB's Finance Department:**

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