

WHAT YOU NEED TO KNOW ABOUT THE T5007 INCOME TAX FORM

The T5007 is a statement issued by WorkSafeBC that reports total 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 forms are mailed out in late February each year. Even though compensation benefits are not taxable, they might affect certain tax credit claims and payments. Thus, these benefits must be included as part of net income.

What do I do with the T5007 when I receive it?

- The T5007 is an official income tax form, and so it should be forwarded, along with your other tax documents, to whoever completes your income tax return.
- If you complete your own tax return, the amount from Box 10 of the T5007 is entered on your income tax return on line 144 as part of your net income. This amount is then deducted on line 250 of the return to determine taxable income.

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

In accordance with Canada Revenue Agency regulations, the T5007 slip is always issued to the injured worker regardless of who receives the payments. Payments may be made to others under a number of circumstances, including, as follows:

- Your employer may continue to pay your wages while you are receiving compensation. WorkSafeBC then reimburses your employer for the wage-loss benefits you've received.
- If payments are made to a trustee, a T5007 slip would have been issued in your name in care of the trustee. This also applies to any dependent spouse or child, because either is considered to be the primary payee.

Is my taxable income affected when benefits are paid directly to my employer?

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

You might be eligible for 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 are allowed an additional deduction equivalent to the amount paid directly to your employer on line 229 of your tax return. The amount of the deduction should appear in Box 77 on your T4 slip.
- If the amount your employer received directly from WorkSafeBC was deducted from your total employment income, the additional deduction on line 229 is not allowed, since it has already been deducted. There should be no entry in Box 77 on your T4 slip.

Your employer is responsible for determining if/how the payments are recorded on your T4 slip and these amounts are dependent upon your particular employment arrangement.

Do dependent children receive a T5007 if they are entitled to a monthly allowance?

The amounts the dependent children are entitled to will be included in the calculation of the Payee's T5007. If the Guardian is the payee for the dependent children's' entitlements then the entitled amounts will be listed on the Guardian's T5007.

Are payments for tuition and books included in T5007 slips for injured workers or dependent children?

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

Does the T5007 include all payments received during the year?

No. Some benefits are considered to be expenses and are not included within the amount reported in Box 10 of the T5007. Some examples of excluded amounts are as follows:

- clothing allowances
- personal care allowances
- interest payments
- medical expenses
- funeral expenses

Are lump-sum payouts of an annuity fund included in the T5007?

Yes. If you received a lump-sum payout, then that amount will be included in the T5007.

What if there is an overpayment of benefits?

If there has been an overpayment, which has been repaid to WorkSafeBC, the amount reported on the T5007 reflects the repayment in the year it was repaid to WorkSafeBC.

If the repayment relates to a prior year's benefits and exceeds the current year's benefits, the excess will be applied to the previous year, and you will receive an amended T5007. You should amend your income tax return accordingly.

What do I do if I receive an amended T5007?

The amended T5007 should be submitted to the Canada Revenue Agency, along with a request for a reassessment for the year indicated on the T5007.

Contact WorkSafeBC if you need further information about your T5007.

Phone: 604 231-8888 or 1 888 967-5377

Fax: 604 233-9777 or 1 888 922-8807

Contact the Canada Revenue Agency (CRA) to find out more about preparing your income tax return

Inquiry line 1 800 959-8281

CRA local offices listed at www.cra-arc.gc.ca/cntct/prv/bc-eng.html.