

## **Tips from CCRA for Corporation Returns Processing**

### T2 Return (200)

- Ensure the correct Business Number is on the return.
- The 'Tax Year End' must be the same as the financial statements or GIFI.
- Indicate clearly if the return is for an amalgamation or wind-up.
- Tax withheld at source must be entered at Line 800 and not Line 840 (installments). At Line 801, show the total payments on which the tax was withheld.
- Line 896 must be completed to be given the 3 month balance due date.
- Include the Notes to Financial Statements if only a GIFI is being submitted.

### Schedule 1: Net Income (loss) for income tax purposes

- Opening figure should agree with financial statements after taxes.
- Taxes should agree with amounts on GIFI (current or deferred).
- Amortization added back should equal GIFI (tangible or intangible).
- Loss on disposal of assets as on GIFI must be shown at Line 111 and not Line 199.
- Gain on disposal of assets as on GIFI must be shown at Line 401 and not Line 499.
- If claiming reserves, Schedule 13 must be included.
- At Line 402, only include dividends which are non-taxable under section 83.
- All 'add backs' and deductions must equal the amounts shown on GIFI.

### Schedule 3: Dividends

- At Line 230, include section 83 dividends only.
- Ensure all lines are completed including the corporation name, column B (connected indicator), business number, tax year end, etc.

### Schedule 6: Disposition of Capital Property

- Ensure the breakdown of capital gains is shown on the new Schedule on the appropriate Lines (i.e.: 670 and 690, 770 and 790, etc.).

### Schedule 8: CCA

- For section 85 rollovers, ensure Schedule 11 Line 550 is also completed (or the 50% rule will apply)

### Schedule 9: Related/Associated Corporations

- Must be fully completed for each related and associated corporation (cannot indicate 'various').

### Schedule 21: Federal Foreign Tax Credits

- Ensure the correct country is entered at line 100 or 200.

## **Tips from CCRA for Corporation Returns Processing (con't)**

### Schedule 23: Master Agreement Agreement among Associated Corporations

- One copy is required listing each associated corporation (can't indicate 'various').
- On the original, note it is the Master Agreement.
- On associated returns, indicate which corporation has the Master Agreement.
- Total allocation to all corporations cannot exceed \$200,000.
- Amended agreements will be accepted.

### Schedule 24: First Time Filer

- For the first year filed, ensure this Schedule is completed as the interest and balance due date can be affected.
- For an amalgamation or wind-up, ensure all the information regarding the affected corporations is provided on the appropriate lines.

### Schedule 36: Master Agreement Agreement among Related Corporations

- One copy is required listing each related corporation (can't indicate 'various').
- On the original, note it is the Master Agreement.
- On related returns, indicate which corporation has the Master Agreement.
- Total allocation must equal \$10 million.
- Amended agreements will be accepted.

### Schedule 100 & 125: GIFI

- These must balance; even a difference of \$1.00 creates problems.
- They should be completed in their entirety, otherwise it may delay processing.

### Payments

- Ensure the full Business Number including the indicator is shown, e.g., the RCOOO1 or RCOOO2 etc. for Corporate, the RPOOO1 for Payroll, etc.
- Ensure the correct tax year end is indicated.
- When the processing of payments is delayed beyond the 7<sup>th</sup> of the month, the payment won't be shown on the Statement of Account until the following month.

## T4 Tips for Practitioners

For members preparing clients' T4s, or even their own, CCRA has provided a few pointers:

- Only one copy of the T4 summary and slips is required -sending in a duplicate return after the original has been filed may result in posting errors on your account.
- In February 2003, CCRA will start accepting cancellations and amendments in electronic format for information slips. Information on the conditions to be met for electronic filing and how to submit these types of amendments can be found on their website at [www.ccra.gc.ca/t4internet](http://www.ccra.gc.ca/t4internet) and in the Employers' Guide Filing the T4 Slip and Summary Form.
- If, after filing your T4 return, you determine that you overpaid the CPP and/or EI for one or several employees, please do not try to correct this by amending the T4 slip(s) to adjust the employees deductions. All that is required is a letter requesting the employers' overpayment or the submission of a PD24 application.
- If you are unsure of an individual's employment status or whether the employment is non-arms length, a ruling should be requested through your local Tax Services Office.
- If CPP contributions or EI premiums have been deducted from a worker in error, please complete form PD24, Application for A Refund of Overdeducted CPP Contributions or EI Premiums. Please refer to page 21 of the Employer's Guide to Payroll Deductions for further information.

# T1 Tax Tips for Practitioners

## General

- Affix the client's personalized label when submitting computer-prepared returns where there is no change of address or name. This speeds up processing when the return goes through the initial data entry stages.
- Attach only the relevant schedules as any additional paper causes delays in handling at the mail and data entry stages.

## Schedules, Deductions, and Credits

- Enter on Line 230 the total of all spousal and child support payments, and enter on Line 220 the deductible amount only.
- Attach a detailed listing of amounts when claiming charitable donations or medical expenses and identify any amounts carried-forward.
- Provide a breakdown and the reason for travel if filing medical expense travel claims.
- Attach a copy of the form T1-M when claiming moving expenses.
- If transferring tuition and education credits from a child or spouse, ensure the applicable forms are signed, complete Schedule 11, and include the students' SIN if available.
- The local tax office reviews all new Disability Tax Credit claims and any previously allowed on a temporary basis only, which are due for follow-up review. The T2201 claim form is reviewed for completeness and a determination is made whether the claim qualifies. There is a referral process where files can be forwarded to a medical advisory group in Ottawa. If a disability claim has been allowed in the prior year, a copy of the T2201 is not required in the subsequent years' returns.

## Payments

- The most common causes of misallocated payments are:
  - confusion between tax year and calendar year;
  - monthly payments for arrears being identified as installment payments; and
  - incorrect remittance form and/or incomplete client information. Identify payments accompanying request for adjustment with the correct tax year.
- Identify payments accompanying request for adjustment with the correct tax year.

### Others

- Include a copy of the death certificate when filing deceased returns.
- Complete a T1 Adjustment Request and submit any applicable revised schedules when an adjustment is required. Do not file an amended T1, which will only delay processing of the adjustment.
- Send adjustment requests under separate cover from unassessed returns to avoid delays in processing the initial assessment.
- On the T1013 Consent form, specify if it is the firm or an individual being given authorization.
- Accompany a request for a review under the Fairness Legislation with specific details and any supporting documentation.

## **Update to CCRA Efiling**

To encourage electronic filing of tax returns, CCRA has updated Efilming with the following new features:

- Electronic filers can either file returns one at a time, receiving instant acknowledgement, or file returns in batches of up to 60 at once receiving acknowledgement a few hours later. As an added timesaver, electronic filers will be able to file a batch of return without being required to retrieve outstanding acknowledgements.
- Preparers can now make on-line name, address, and direct deposit changes, and indicate whether or not you want to be the recipient of client contact letters.
- The “System for Electronic Notification” (SEND) service has been introduced to provide information about your clients’ outstanding balance, his/her need to repay a student loan, or their participation in the Home Buyers Plan, *before* filing their return. All electronic filers have access to the SEND service providing they have proper client authorization on file.

To become an Electronic Filer, or to get the latest CCRA tax filing news and updates, visit their website at [www.ccra.gc.ca/eservices/tax/preparers](http://www.ccra.gc.ca/eservices/tax/preparers).