

# Liaison Officer Service

Help for small businesses and self-employed individuals

## Information Kit

*The following information kit is intended solely for the explanation of general tax concepts and does not replace any tax laws or regulations contained in the Income Tax Act or Excise Tax Act.*



Canada Revenue  
Agency

Agence du revenu  
du Canada

Canada

# This Information Kit Contains

Taxpayer Bill of Rights – RC4417

Most common errors made by small businesses

Benchmarking Example

Benchmarking Information

GST/HST information for Non-Registrants

GST/HST Information for Registrants

Payroll information

Books and records legislation

Helpful tips

CRA's online services, recommended publications and more

CRA MyAccount - RC655

CRA My Business Account - RC657

Beware of tax schemes - information sheet

T2125 Statement of Business or Professional Activities

GST/HST Return Working Copy

LO Brochure



# TAXPAYER BILL OF RIGHTS

1. You have the right to receive entitlements and to pay no more and no less than what is required by law.
2. You have the right to service in both official languages.
3. You have the right to privacy and confidentiality.
4. You have the right to a formal review and a subsequent appeal.
5. You have the right to be treated professionally, courteously, and fairly.
6. You have the right to complete, accurate, clear, and timely information.
7. You have the right, unless otherwise provided by law, not to pay income tax amounts in dispute before you have had an impartial review.
8. You have the right to have the law applied consistently.
9. You have the right to lodge a service complaint and to be provided with an explanation of our findings.
10. You have the right to have the costs of compliance taken into account when administering tax legislation.
11. You have the right to expect us to be accountable.
12. You have the right to relief from penalties and interest under tax legislation because of extraordinary circumstances.
13. You have the right to expect us to publish our service standards and report annually.
14. You have the right to expect us to warn you about questionable tax schemes in a timely manner.
15. You have the right to be represented by a person of your choice.
16. You have the right to lodge a service complaint and request a formal review without fear of reprisal.

## Commitment to Small Business

1. The Canada Revenue Agency (CRA) is committed to administering the tax system in a way that minimizes the costs of compliance for small businesses.
2. The CRA is committed to working with all governments to streamline service, minimize cost, and reduce the compliance burden.
3. The CRA is committed to providing service offerings that meet the needs of small businesses.
4. The CRA is committed to conducting outreach activities that help small businesses comply with legislation we administer.
5. The CRA is committed to explaining how we conduct our business with small businesses.

For more information, visit the CRA website at [canada.ca/taxpayer-rights](https://canada.ca/taxpayer-rights)

# CHARTRE DES DROITS DU CONTRIBUABLE

1. Vous avez le droit de recevoir les montants qui vous reviennent et de payer seulement ce qui est exigé par la loi.
2. Vous avez le droit de recevoir des services dans les deux langues officielles.
3. Vous avez droit à la vie privée et à la confidentialité.
4. Vous avez le droit d'obtenir un examen officiel et de déposer par la suite un appel.
5. Vous avez le droit d'être traité de façon professionnelle, courtoise et équitable.
6. Vous avez droit à des renseignements complets, exacts, clairs et opportuns.
7. Vous avez le droit de ne pas payer tout montant d'impôt en litige avant d'avoir obtenu un examen impartial, sauf disposition contraire de la loi.
8. Vous avez droit à une application uniforme de la loi.
9. Vous avez le droit de déposer une plainte en matière de service et d'obtenir une explication de nos constatations.
10. Vous avez le droit que nous tenions compte des coûts liés à l'observation dans le cadre de l'administration des lois fiscales.
11. Vous êtes en droit de vous attendre à ce que nous rendions compte.
12. Vous avez droit, en raison de circonstances extraordinaires, à un allègement des pénalités et des intérêts imposés en vertu des lois fiscales.
13. Vous êtes en droit de vous attendre à ce que nous publions nos normes de service et que nous en rendions compte chaque année.
14. Vous êtes en droit de vous attendre à ce que nous vous mettions en garde contre des stratagèmes fiscaux douteux en temps opportun.
15. Vous avez le droit d'être représenté par la personne de votre choix.
16. Vous avez le droit de déposer une plainte en matière de service et de demander un examen officiel sans crainte de représailles.

## Engagement envers les petites entreprises

1. L'Agence du revenu du Canada (ARC) s'engage à administrer le régime fiscal afin de réduire au minimum les coûts de l'observation de la loi engagés par les petites entreprises.
2. L'ARC s'engage à collaborer avec tous les gouvernements en vue de rationaliser les services, de réduire les coûts et d'alléger le fardeau lié à l'observation de la loi.
3. L'ARC s'engage à offrir des services qui répondent aux besoins des petites entreprises.
4. L'ARC s'engage à offrir des services au public qui aident les petites entreprises à observer les lois qu'elle administre.
5. L'ARC s'engage à expliquer sa façon de mener ses activités auprès des petites entreprises.

Pour obtenir plus de renseignements, visitez le site Web de l'ARC à [canada.ca/droits-contribuable](https://canada.ca/droits-contribuable)

# MOST COMMON ERRORS MADE BY SMALL BUSINESSES

## Income Tax

Common Error	Reasons for Common Errors
<b>Unreported/underreported income</b>	<ul style="list-style-type: none"> <li>Overlooked reporting of <b>secondary</b> or <b>other sources of income</b></li> <li><b>Revenues are not all deposited</b> or may be deposited but <b>not recorded correctly</b></li> <li>Lack of <b>bank reconciliation</b>; discrepancy between declared revenues and bank deposits</li> </ul>
<b>Including GST/HST in expenses claimed</b> on tax return when amount has been claimed as an input tax credit (ITC)	<ul style="list-style-type: none"> <li>Claiming <b>ITCs as an expense</b></li> </ul>
<b>Over claimed expenses:</b> <ul style="list-style-type: none"> <li>business-use-of-home</li> <li>motor vehicle expenses</li> <li>utilities expenses</li> <li>meals and entertainment expenses</li> </ul>	<ul style="list-style-type: none"> <li>Expenses are <b>not supported</b> with <b>documentation</b> or no supporting documents to explain the business vs. personal portion of expenses (for example, motor vehicle, business-use-of-home, travel expenses)</li> <li><b>Claiming personal portion</b> of expenses and ITCs (for example, motor vehicle expenses, business-use-of-home)</li> <li>No <b>reasonable basis</b> used to calculate shared expenses</li> <li><b>Lack of tax knowledge</b> or <b>tax rules</b> (that is, amounts claimed that are limited by tax legislation – meals and entertainment, Capital cost allowance, etc.)</li> </ul>

Expensing capital assets	<ul style="list-style-type: none"> <li>Deducting the full cost of <b>capital assets</b> as current expense rather than deducting their cost over a period of several years as <b>capital cost allowance (CCA)</b></li> </ul>
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## GST/HST

Common Error	Reasons for Common Errors
Not collecting or remitting the GST/HST on sales when required	Generally, <b>GST/HST registrants have to charge and collect the GST/HST on all taxable</b> (other than zero-rated) <b>supplies</b> of property and services they provide to their customers. You are responsible to hold the GST/HST in trust until you send it to the Canada Revenue Agency (CRA). This includes the collectible tax that you charged and have not collected yet. At the end of each reporting period, you need to complete and file a GST/HST Return, as well as remit (pay) the net amount of GST/HST.
Failing to register and collect/remit GST/HST on sales after surpassing the small supplier threshold	<b>Small supplier</b> means a person whose revenue from worldwide taxable supplies was <b>equal to or less than \$30,000</b> in a single calendar quarter and over the last four consecutive calendar quarters.
Claiming an input tax credit (ITC) in error or without proper documentation	<b>You may be eligible to claim ITCs</b> only to the extent that your <b>purchases and expenses are for consumption, use, or supply in your commercial activities</b> . To claim an ITC, the expenses or purchases must be reasonable in quality, nature, and cost in relation to the nature of your business. As a GST/HST registrant you have to provide specific information on the invoices, receipts, contracts, or other business papers that you use when you supply taxable property and services. A purchaser needs this information to support the claims for ITCs or rebate for the GST/HST you charged.
Electing to use the quick method of accounting, but still claiming the ITC	<b>You cannot claim input tax credits (ITCs)</b> for your operating expenses <b>if you use the quick method</b> . The quick method remittance rates take into account the GST/HST that you pay on these purchases and expenses.

Charging the incorrect amount of GST/HST based on the place of supply rules	The <b>rate of tax to charge depends on the place of supply</b> . Place of supply is <b>where you make your sale, lease, or other supply</b> . For example, if a store in British Columbia makes a supply of a good such as a mattress to their customer in Ontario and delivers it to the customer in Ontario, the place of supply is Ontario and the supplier charges 13% HST on the sale. The place of supply is the province of the recipient's address.
	<p>For more GST/HST information:</p> <p><a href="#">GST/HST for businesses</a></p> <p><a href="#">Calculate the net tax – Complete and file a GST/HST return</a></p> <p><a href="#">Complete and file a GST/HST return</a></p> <p><a href="#">RC4022 General Information for GST/HST Registrants</a></p> <p><a href="#">GST/HST Memorandum 2.2, Small suppliers</a></p> <p><a href="#">GST/HST calculator</a></p>

## Payroll

Common Error	Reasons for Common Errors
Employers don't remit their source deductions by the due date	<ul style="list-style-type: none"> <li>As an employer, you are deemed <b>to hold in trust</b>, amounts that are deducted from employees and other individuals. If you do not remit these deductions, the CRA will assess you the amount owing and ask you to pay the full balance immediately, including any penalties and interest that apply.</li> <li>A remittance includes all of the following: <ul style="list-style-type: none"> <li>the source deductions you had to withhold (income tax, CPP contributions and EI premiums)</li> <li>your share of CPP and EI, if applicable</li> </ul> </li> </ul>

<p><b>The deduction amounts on the information returns do not equal the amounts remitted to the CRA</b></p>	<ul style="list-style-type: none"> <li>• The <b>deduction amounts</b> (CPP/QPP, EI and income tax) <b>on the information returns</b> (T4 slips and summary) that you file <b>do not equal the amounts remitted to the CRA</b> throughout the year.</li> <li>• Make sure that the totals you report on your T4 Summary agrees with the totals you report on your T4 slips. For information about making corrections you can visit <a href="https://canada.ca/payroll-calculate-deductions">canada.ca/payroll-calculate-deductions</a>.</li> </ul>
<p><b>Employers fail to report or incorrectly report taxable benefits, allowances, and other payments</b></p>	<ul style="list-style-type: none"> <li>• You must report the income (including the value of taxable benefits) and deductions on a T4 slip.</li> <li>• When you provide a benefit by virtue of an individual's employment, such as an automobile, allowance, club membership, gift or award, the benefit may be taxable, pensionable and, if paid in cash, insurable.</li> <li>• If you pay self-employed commissions, fees or other amounts for services, such as lump-sum payments, you have to report these amounts on a T4A slip.</li> </ul> <p>For more information about Taxable Benefits &amp; Allowances see <a href="#">T4130 Employers' Guide - Taxable Benefits and Allowances</a>.</p>



# Benchmarking

Report for: NAICS 531211 - Real Estate Agents - Financial Performance Data

## Profile

Revenue range	Annual revenues \$30,000 - \$5,000,000
Provinces / Territory / Canada	Canada
Incorporation status	All businesses
	Note: Balance sheet information is not available for all businesses and unincorporated businesses under the incorporation status.
Distribution by	Total revenue
Value in	Thousands of dollars
Data year:	2023
Industry	NAICS 531211 - Real estate agents

Source: Statistics Canada - Small business profiles, 2020

	Whole industry (reliability)	Bottom quartile (25%)	Lower middle (25%)	Upper middle (25%)	Top quartile (25%)	Percentage of businesses reporting
Number of businesses	50409					
Revenue range:						
Low Value (\$000)	30	30	57	101	189	
High Value (\$000)	5000	57	101	189	5000	
<b>Revenues and expenses</b>	<b>(thousands of dollars) - Averages</b>					
Total revenue	168.3 <sup>A</sup>	42.30	76.90	138.20	415.70	100.00
Sales of goods and services	N/A	N/A	N/A	N/A	N/A	N/A
All other revenues	N/A	N/A	N/A	N/A	N/A	N/A
<b>Cost of sales (direct expenses)</b>	10.7 <sup>B</sup>	1.70	3.00	5.50	32.80	21.20
Wages and benefits	1.0 <sup>A</sup>	0.10	0.20	0.50	3.10	2.70
Purchases, materials and sub-contracts	9.7 <sup>B</sup>	1.60	2.70	5.10	29.30	20.60
Opening inventory	0.4 <sup>A</sup>	0.00	0.00	0.20	1.40	0.20
Closing inventory	0.3 <sup>A</sup>	0.00	0.00	0.20	1.00	0.30
<b>Operating expenses (indirect expenses)</b>	90.5 <sup>A</sup>	25.70	42.30	72.60	221.40	98.50
Labour and commissions	23.5 <sup>A</sup>	1.80	4.60	13.60	74.00	32.10
Amortization and depletion	4.1 <sup>A</sup>	1.70	2.50	3.40	9.00	59.50
Repairs and maintenance	1.4 <sup>A</sup>	0.30	0.50	0.90	3.80	20.30
Utilities and telephone/telecommunication	2.5 <sup>A</sup>	1.20	1.70	2.30	4.70	78.60
Rent	3.1 <sup>A</sup>	1.00	1.60	2.70	7.20	32.30
Interest and bank charges	3.1 <sup>A</sup>	0.80	1.20	1.50	8.90	24.40
Professional and business fees	7.9 <sup>B</sup>	2.60	3.80	6.80	18.60	86.20
Advertising and promotion	14.4 <sup>A</sup>	2.90	5.80	11.60	37.30	86.90
Delivery, shipping and warehouse expenses	0.1 <sup>A</sup>	0.00	0.00	0.10	0.40	8.90
Insurance	1.2 <sup>A</sup>	0.40	0.60	1.00	2.70	49.80
Other expenses	29.2 <sup>A</sup>	13.10	20.00	28.80	54.90	98.20
<b>Total expenses</b>	101.3 <sup>A</sup>	27.40	45.30	78.10	254.20	98.50
<b>Net profit/loss</b>	67.0 <sup>A</sup>	14.90	31.60	60.10	161.40	99.90
<b>Financial ratios</b>	<b>Averages</b>					
Gross margin (%)	93.60	96.00	96.10	96.00	92.10	
<b>Profitable vs Non-profitable businesses</b>	<b>(thousands of dollars)</b>					
<b>Profitable</b>						
Percentage of businesses (%)	89.80	N/A	N/A	N/A	N/A	
Total revenue	167.6 <sup>A</sup>	42.40	77.00	138.30	411.50	
Total expenses	86.9 <sup>A</sup>	22.90	38.70	67.50	217.90	
Net profit	80.7 <sup>A</sup>	19.50	38.20	70.70	193.60	
<b>Non-Profitable</b>						
Percentage of businesses (%)	10.20	N/A	N/A	N/A	N/A	
Total revenue	174.3 <sup>A</sup>	42.10	76.70	137.50	452.60	
Total expenses	228.1 <sup>A</sup>	62.70	106.10	180.10	577.90	
Net loss	-53.8 <sup>A</sup>	-20.60	-29.40	-42.70	-125.30	

## Legend for quality indicators:

A=Excellent  
B=Very good  
C=Good  
D=Acceptable  
E=Use with caution

The tool is available at

[canada.ca/financial-performance-data](https://canada.ca/financial-performance-data)



# BENCHMARKING INFORMATION

## How to obtain financial performance data (benchmarking data)

In your internet browser go to this web address: [canada.ca/financial-performance-data](https://canada.ca/financial-performance-data)

## Financial Performance Data

Update: 2023 data is now available.

Create a report to view financial performance data by industry

Create a report

REVENUES AND EXPENSES	
Total revenue	100.0
Cost of sales	
Wages and salaries	
Purchases, less discounts	
PROFITABLE vs NON-PROFITABLE BUSINESSES	
Profitable	
Percent of total	
FINANCIAL RATIOS	
Interest coverage ratio	

With Financial Performance Data you can view financial data based on industry averages, with an option to include your own income statement and balance sheet information in the report.

Once you select the Create a report button you are taken to the "Create a report" page. Here you can specify criteria that will customize the content of your report.

### Revenue Range:

You can select the Revenue range values of either the \$30 thousand to \$5 million or the \$5 million to \$20 million range.

### Provinces/Territory/Canada:

From the drop-down menu, you can select the province or territory of your business to refine the focus of your report. Note that by selecting particular provinces and territories the sample size will be smaller and can impact the availability of data for your industry. By default "Canada" is selected. For Revenue range selections of "\$5 Million-\$20 million", "Canada" will be the only available geographic area selection criteria.

### Incorporation status:

From the drop-down menu, you can select to view data for "Incorporated businesses", "Unincorporated businesses" or "All businesses". This option can help you to find more accurate comparison groups for your business. You will find all your selected variables on your report. If no data is available, the variable will be populated with N/A. By default "All businesses" is selected. For Revenue range selections of "\$5 Million-\$20 million", "Incorporated businesses" will be the only available Incorporation status selection criteria.

## Distribution by:

For the "Distribution by" criteria, you can select to have data presented by Total revenue or Profit margin in your report. By default "Profit margin" is selected.

## Value In:

You can select the values to be displayed as a percentage or in thousands of dollars. By default "Percentage" is selected.

## Industry options:

In the Industry options, you can select "Search for an industry" or "Browse for an industry". By default "Search for an industry" is selected.

- **Search for an industry:** If you select "Search for an industry", you must type in your industry NAICS code or keywords for the industry you are interested in. Then click the "Search" button and scroll through the list of industry sectors. Select the industry which reflects the main activity of your business then click on "Create report" button.
- **Browse for an industry:** If you select "Browse for an industry", you must select an industry category from the drop-down list and press the "Search" button. Select the industry that you think matches closest to the main activity of your business and click "Create report".

A customized report is generated based on your selections of the criteria options.

## Report for: NAICS 531211 - Real estate agents - Financial Performance Data

Revenue range:	Annual revenues \$30,000 - \$5,000,000
Provinces / Territory / Canada:	Canada
Incorporation status:	All businesses Note: Balance sheet information is not available for <b>all businesses</b> and <b>unincorporated businesses</b> under the incorporation status.
Distribution by:	Profit margin
Value in:	Percentage
Data year:	2023
Industry:	NAICS 531211 - Real estate agents

[Change criteria](#) [Add your data to the report](#)

To make changes to your report, you can either click on the "Change criteria" button or use the back arrow. If you selected "Change criteria", your selections will be kept.

## Quartile information:

The quartiles divide all of the small and medium sized businesses that operate within the selected industry into four groups (quartiles) of the same size based on levels of revenue or profit margin generated. All of the businesses in the selected industry are ranked according to annual revenue or profit margin generated.

The Bottom quartile consists of the 25% of businesses with the lowest reported operating revenue or profit margin.

The Lower middle consists of the 25% of businesses with reported operating revenue above the cut-off for the Bottom quartile and below the median revenue or profit margin level.

The Upper middle consists of the 25% of businesses with reported operating revenue or profit margin above the median revenue or profit margin level and below the cut-off for the Top quartile.

The Top quartile consists of the 25% of businesses with the highest reported operating revenue or profit margin.

### **Add your data to the report:**

Clicking the "Add your data to the report" link will take you to the "Revenue and Expense Item" page, allowing you to enter your company's revenue and expenses in the report. Click on "Continue" to get the "Balance sheet items" page to add to your company's data. Note: Please enter all values in thousands of dollars, rounded to the nearest tenth. Click the "Add my data to the report" button to generate the report with your company's financial details included. Your company data will appear in the first column of the report under the "Your data" column heading.

### **Once your data has been added to the industry data, your options are as follows:**

1. Click on the "Export report to Excel" link;
2. Click on the "Change criteria" button;
3. Click on the "Return to Financial Performance Data" link; or
4. Click on the "Help" link

### **If you choose not to add your company's data, your options are as follows:**

1. Click on the "Export your report to Excel" link;
2. Click on the "Change criteria" button;
3. Click on the "Return to Financial Performance Data" link; or
4. Click on the "Help" link

## **Detailed information on the financial sections**

### **Revenue and Expenses Section**

This section of the report contains revenue and expense items that can be found in an income statement. This section appears in all reports regardless of the "Incorporated status" selected. You will find all your selected variables on your report. If no data is available, the variable will be populated with N/A. Values are presented in thousands of dollars or as a percentage depending on your value selection. Definitions for revenue and expense items appearing in the report can be obtained by clicking on their link.

### **Balance sheet section**

This section of the report contains asset, liability and equity items that can be found in a balance sheet. This section also appears on the report regardless of the "Incorporated status" selected. You will find all your selected variables on your report. If no data is available, the variable will be populated with N/A. Values are presented in thousands of dollars or as a percentage depending on your value selection. Definitions for balance sheet and income statement items appearing in the report can be obtained by clicking on their link.

### **Financial ratios section**

This section of the report contains a variety of ratios that are calculated using variables from other report sections. This section also appears on the report regardless of the "Incorporated status" selected. You will find all your selected variables on your report. If no data is available, the variable will be populated with N/A. Definitions for Financial ratios appearing in the report can be obtained by clicking on their link.

### **Profitable vs Non-profitable businesses section**

This section of the report contains total revenues, expenses and net profit/loss broken down between profitable and non-profitable businesses. You will find all your selected variables on your report. If no data is available, the variable will be populated with N/A. This section also provides the percentage of profitable small businesses in the selected industry.

# GST/HST BASIC INFORMATION FOR NON-REGISTRANTS

## What is GST/HST?

The goods and services tax (GST) is a tax that applies to most sales (supplies) of goods and services made in Canada. The GST also applies to many sales of real property (for example, land, buildings and interests in such property) and intangible personal property such as trademarks, rights to use a patent, and digitized products downloaded from the Internet and paid for individually.

The participating provinces harmonized their provincial sales tax with the GST to implement the harmonized sales tax (HST) in those provinces. Generally, the HST applies to the same base of property (for example, goods) and services as the GST.

## Who charges the GST/HST?

Generally, GST/HST registrants have to charge and collect the GST/HST on all taxable (other than zero-rated) supplies of property and services they provide to their customers. However, there are some exceptions for taxable sales of real property. For details, see [RC4022 General Information for GST/HST Registrants](#), section “Real Property”.

## Taxable supplies

Most property and services supplied in or imported into Canada are subject to GST/HST. Generally, supply of goods and services fall under one of the following categories:

Category		
<b>Taxable supplies</b> – are supplies of property and services that are made in the course of a commercial activity and are subject to the GST/HST (including zero-rated supplies).	<b>Zero-rated supplies</b> – are supplies of property and services that are taxable at the rate of 0%.	<b>Exempt supplies</b> – are supplies of property and services that are <b>not</b> subject to the GST/HST.

Examples		
<p>Examples of <b>taxable, other than zero-rated, supplies</b>:</p> <ul style="list-style-type: none"> <li>• clothing and footwear</li> <li>• car repairs</li> <li>• barber and hairstylist services</li> <li>• sale of new housing</li> <li>• sales and rentals of commercial real property</li> <li>• taxi or commercial ride-sharing services</li> <li>• franchises</li> <li>• hotel accommodation</li> </ul>	<p>Examples of <b>supplies taxable at 0%</b>:</p> <ul style="list-style-type: none"> <li>• basic groceries such as milk, bread, and vegetables</li> <li>• most farm livestock and fishery products for human consumption</li> <li>• prescription drugs and drug-dispensing services</li> <li>• exports</li> </ul>	<p>Examples of <b>exempt supplies</b>:</p> <ul style="list-style-type: none"> <li>• a sale of housing that was last used by an individual as a place of residence</li> <li>• child care services – primary purpose is to provide care and supervision to children 14 years of age or under for periods of less than 24 hours per day</li> <li>• music lessons</li> </ul>

What to do when you are a GST/HST registrant		
<p><b>Taxable supplies</b></p> <ul style="list-style-type: none"> <li>• You collect tax at the applicable HST rate when you make taxable supplies in participating provinces or collect the GST at 5% when supplies are in non-participating provinces.</li> <li>• You may be eligible to claim input tax credits (ITCs) to recover the GST/HST paid or payable on purchases you made to provide these supplies.</li> </ul>	<p><b>Zero-rated supplies</b></p> <ul style="list-style-type: none"> <li>• GST/HST is charged at a rate of 0%, which means you do not collect the GST/HST on these supplies.</li> <li>• You may be eligible to claim ITCs to recover the GST/HST paid or payable on purchases and services acquired to provide these supplies.</li> </ul>	<p><b>Exempt supplies</b></p> <ul style="list-style-type: none"> <li>• You <b>do not</b> charge GST/HST.</li> <li>• You are generally <b>not</b> entitled to claim ITCs to recover the GST/HST paid or payable on purchases and services acquired to provide these supplies.</li> <li>• Generally, you <b>cannot</b> register for the GST/HST if your business provides only exempt supplies.</li> </ul>

## How does the GST/HST work?

If you are a GST/HST registrant, you generally have to charge and collect the GST/HST on taxable supplies (other than zero-rated supplies) you make in Canada and file regular GST/HST returns to report that tax. In certain cases, you do not have to collect the GST/HST on a taxable sale of real property. For details about the exceptions, please see “How does the GST/HST work” in the [RC4022 General Information for GST/HST Registrants](#).

You can generally claim ITCs on your GST/HST return to recover the GST/HST paid or payable on purchases and expenses to the extent you use, consume, or supply them in your commercial activities.

When you complete your GST/HST return, deduct your ITCs from the GST/HST you charged your customers. The result is your net tax.

If the total amount of GST/HST you charged is more than the amount of GST/HST you paid (ITCs), send us the difference. If the total amount of GST/HST you charged is less than the amount of GST/HST you paid (ITCs), you can claim a refund. For more information on ITCs, see “Input tax credits” in the [RC4022 General Information for GST/HST Registrants](#).

## Place of Supply

A supplier has to know what type of supply they are making and where the supply is being made. The place where a supply is made is referred to as the place of supply.

A zero-rated supply, such as a sale of basic groceries, has a 0% GST/HST rate, regardless of the place of supply in Canada.

Other taxable supplies have a:

- 5% GST rate if the supply is made in a non-participating province
- 13% HST rate if the supply is made in the participating province of Ontario
- 15% HST rate if the supply is made in any other participating province

Province / Territory	On or after 2016-10-01	2016-07-01 to 2016-09-30	2013-04-01 to 2016-06-30	2010-07-01 to 2013-03-31	2008-01-01 to 2010-06-30
Quebec	5%	5%	5%	5%	5%
Nunavut	5%	5%	5%	5%	5%
Manitoba	5%	5%	5%	5%	5%
Northwest Territory	5%	5%	5%	5%	5%
Saskatchewan	5%	5%	5%	5%	5%
Alberta	5%	5%	5%	5%	5%
Yukon	5%	5%	5%	5%	5%
British Columbia	5%	5%	5%	12%	5%
Ontario	13%	13%	13%	13%	5%
Newfoundland and Labrador	15%	15%	13%	13%	13%
New Brunswick	15%	15%	13%	13%	13%
Nova Scotia	15%	15%	15%	15%	13%
Prince Edward Island	15%	14%	14%	5%	5%



Our website has a GST/HST calculator which is available to help you determine the GST/HST to be calculated based on the location of the sale, it will also calculate the provincial sales from non-participating provinces. Go to [Canada.ca](https://Canada.ca) and enter the following in the search line:  
[GST/HST calculator \(and rates\) - Canada.ca](#)

## Should you register?

You have to register for the GST/HST if **both** conditions are met::

- You provide taxable supplies in Canada, and
- You are not a small supplier.

You **do not** have to register if:

- you are a small supplier (and don't carry on a taxi business or provide commercial ride-sharing services)
- your only commercial activity is the sale of real property, other than in the course of a business. Although you do not have to register for the GST/HST in this case, your sale of real property may still be taxable and you may have to charge and collect GST/HST; or
- you are a non-resident who does not carry on business in Canada.

**The new measures for digital economy businesses are in effect as of July 1, 2021. Digital economy businesses, including platform operators, may have new potential GST/HST obligations under these new measure, which may include registering, charging, collecting and reporting the GST/HST.**

Types of digital economy businesses affected by the new measures:

- Cross-border digital products and services
  - You may be required to register for the simplified GST/HST
- Platform-based short-term housing
  - You may be required to register for the simplified GST/HST
- Supplies of qualifying goods
  - You may be required to register for the regular GST/HST instead of the simplified method

\* If your business is registered for the GST, it is also registered for the HST.

For more general information on these new measures and the definitions for the digital economy, go to [Find out if you need to register for the GST/HST: GST/HST for digital economy businesses – Canada.ca](#)

## Small supplier

You (excluding public service body, taxi businesses and ride-sharing services) are a small supplier and do not have to register if you are a **sole proprietor, partnership or a corporation** and the total amount of all revenues (before expenses) from your worldwide taxable supplies from all your businesses and those of your associates (if they were associated at the beginning of the particular calendar quarter), is \$30,000 or less in any single calendar quarter and in the last four consecutive calendar quarters.

For information about the total amount of all revenues and associated businesses, see Small supplier in the [RC4022 General Information for GST/HST Registrants](#).

**Exception:** A person who carries on a taxi business or provides commercial ride-sharing services must register for the GST/HST even if the person is a small supplier. For more information, see [GST/HST Info Sheet GI-196 – GST/HST and Commercial Ride-sharing Services](#).

## Determining the effective date of registration for small supplier

The effective date of your GST/HST registration depends on when you go over the small supplier threshold amount of \$30,000. If your revenues are over the threshold amount in one calendar quarter, you are considered a registrant and must collect the GST/HST on the supply that made you go over the threshold amount. Your effective date of registration is the day of the supply that made you go over the threshold amount. You must register within 29 days of that day. See table below for examples:

	Gross sales income (taxable supplies)		
	Example 1	Example 2	Example 3
First quarter (April 1 to June 30, 2022)	\$ 2,000	\$25,000	\$ 2,000
Second quarter (July 1 to Sep 30, 2022)	\$10,000	\$25,000	\$10,000
Third quarter (Oct 1 to Dec 31, 2022)	\$12,000		\$38,000 <sup>1</sup>
Fourth quarter (Jan 1 to Mar 31, 2023)	\$ 8,000		
When to start collecting GST/HST	May 2023 (cease to be a small supplier April 30)	November 2022 (cease to be a small supplier October 31)	On the day of the sale, which made you exceed the limit
Registration required	Within 29 days after making a sale other than as a small supplier	Within 29 days after making a sale other than as a small supplier	Within 29 days of exceeding the limit

<sup>1</sup>As the \$30,000 limit was exceeded on December 23, GST/HST has to be collected on the sale that exceeded the limit and all future sales, even if you are not registered.

## Voluntary registration

If you are a small supplier and you are engaged in a commercial activity in Canada, you can **choose** to register voluntarily. If you register voluntarily, your effective date of registration is usually the date you applied to be registered. However, we will accept an earlier effective date, provided that the date is within 30 days of the date the application for registration is received, regardless of the method of registration.

Once you are registered, you have to charge and remit the GST/HST on your taxable supplies of property and services, and you may be eligible to claim ITCs for the GST/HST paid or payable on purchases related to these supplies.

If you already charged GST/HST on your sales for more than 30 days before setting up your GST/HST account, visit [Open or manage an account – Register - Canada.ca](#), or call **1-800-959-5525** for more information.

You have to stay registered for at least one year before you can ask to cancel your registration.

If you choose not to register, you do **not** charge the GST/HST (other than on certain taxable supplies of real property), and you **cannot** claim ITCs.

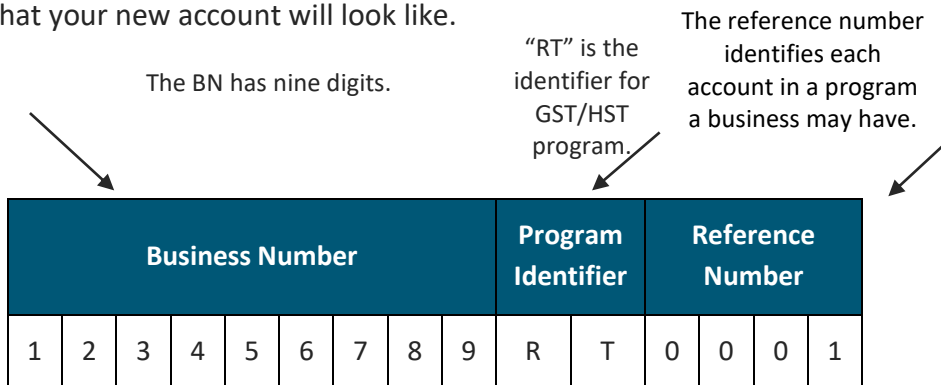
## How to register

Before you register for a GST/HST account, you will need to get a business number (BN). Your BN will be your business identification for all your dealings with the CRA. Once you have your BN, use it to register for the GST/HST. You will be assigned a GST/HST program account and will receive a GST/HST registration confirmation letter.

To find out how to get a business number and GST/HST account, go to [How to register for a business number or Canada Revenue Agency program accounts - Canada.ca](#). If you are incorporated, you may already have a BN and a corporate income tax account.

## Your GST/HST program account

This is what your new account will look like.



The diagram shows a table representing a GST/HST program account. It is divided into three main sections: Business Number, Program Identifier, and Reference Number. Arrows point from explanatory text to each section.

Business Number									Program Identifier		Reference Number			
1	2	3	4	5	6	7	8	9	R	T	0	0	0	1

The BN has nine digits.

"RT" is the identifier for GST/HST program.

The reference number identifies each account in a program a business may have.

### More information

You can find answers to most general questions relating to the GST/HST in [RC4022 General Information for GST/HST Registrants](#) or at the following webpages:

- [canada.ca/gst-hst](https://canada.ca/gst-hst)
  - [canada.ca/cra-video-gallery](https://canada.ca/cra-video-gallery)
  - [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account)
- You can manage your GST/HST account online through My Business Account – File or adjust a return, account balance and activities, installment payment calculator, enquiries service and other services.

# GST/HST BASIC INFORMATION FOR REGISTRANTS

## What is GST/HST?

The goods and services tax (GST) is a tax that applies to most sales (supplies) of goods and services made in Canada. The GST also applies to many sales of real property (for example, land, buildings and interests in such property) intangible personal property such as trademarks, rights to use a patent, and digitized products downloaded from the Internet and paid for individually.

The participating provinces harmonized their provincial sales tax with the GST to implement the harmonized sales tax (HST) in those provinces. Generally, the HST applies to the same base of property (for example, goods) and services as the GST.

## Who charges the GST/HST?

Generally, GST/HST registrants have to charge and collect the GST/HST on all taxable (other than zero-rated) supplies of property and services they provide to their customers. However, there are some exceptions for taxable sales of real property. For details, see [RC4022 General Information for GST/HST Registrants](#), section “Real Property”.

## Taxable supplies

Most property and services sold in or imported into Canada are subject to GST/HST. Generally, supply of goods and services fall under one of the following categories:

Category		
<b>Taxable supplies</b> – are supplies of property and services that are made in the course of a commercial activity and are subject to the GST/HST (including zero-rated supplies).	<b>Zero-rated supplies</b> – are supplies of property and services that are taxable at the rate of 0%.	<b>Exempt supplies</b> – are supplies of property and services that are <b>not</b> subject to the GST/HST.

Examples		
<p>Examples for <b>taxable, other than zero-rated, supplies</b>:</p> <ul style="list-style-type: none"> <li>• car repairs</li> <li>• clothing and footwear</li> <li>• barber and hairstylist services</li> <li>• sale of new housing</li> <li>• sales and rentals of commercial real property</li> <li>• taxi or commercial ride-sharing services</li> <li>• franchises</li> <li>• hotel accommodation</li> </ul>	<p>Examples of <b>supplies taxable at 0%</b>:</p> <ul style="list-style-type: none"> <li>• basic groceries such as milk, bread, and vegetables</li> <li>• most farm livestock and fishery products for human consumption</li> <li>• prescription drugs and drug-dispensing services</li> <li>• exports</li> </ul>	<p>Examples for <b>exempt supplies</b>:</p> <ul style="list-style-type: none"> <li>• a sale of housing that was last used by an individual as a place of residence</li> <li>• child care services – primary purpose is to provide care and supervision to children 14 years of age or under for periods of less than 24 hours per day</li> <li>• music lessons</li> </ul>

What to do when you are a GST/HST registrant		
<p><b>Taxable supplies</b></p> <ul style="list-style-type: none"> <li>• You collect tax at the applicable HST rate when you make taxable supplies in participating provinces or collect the GST at 5% when supplies are in non-participating provinces.</li> <li>• You may be eligible to claim input tax credits (ITCs) to recover the GST/HST paid or payable on purchases you made to provide these supplies.</li> </ul>	<p><b>Zero-rated supplies</b></p> <ul style="list-style-type: none"> <li>• GST/HST is charged at a rate of 0%, which means you do not collect the GST/HST on these supplies.</li> <li>• You may be eligible to claim ITCs to recover the GST/HST paid or payable on purchases and services acquired to provide these supplies.</li> </ul>	<p><b>Exempt supplies</b></p> <ul style="list-style-type: none"> <li>• You <b>do not</b> charge GST/HST.</li> <li>• You are generally <b>not</b> entitled to claim ITCs to recover the GST/HST paid or payable on purchases and services acquired to provide these supplies.</li> <li>• Generally, you <b>cannot</b> register for the GST/HST if your business provides only exempt supplies.</li> </ul>

## Collecting the GST/HST

As a GST/HST registrant, you are responsible for collecting the GST/HST when you make taxable supplies (other than zero-rated supplies) of property and services in Canada. You hold this tax in trust until you send it to the CRA.

## Place of Supply

A supplier has to know what type of supply they are making and where the supply is being made. The place where a supply is made is referred to as the place of supply.

A zero-rated supply, such as a sale of basic groceries, has a 0% GST/HST rate, regardless of the place of supply in Canada.

Other taxable supplies have a:

- 5% GST rate if the supply is made in a non-participating province
- 13% HST rate if the supply is made in the participating province of Ontario
- 15% HST rate if the supply is made in any other participating province

Province / Territory	On or after 2016-10-01	2016-07-01 to 2016-09-30	2013-04-01 to 2016-06-30	2010-07-01 to 2013-03-31	2008-01-01 to 2010-06-30
Quebec	5%	5%	5%	5%	5%
Nunavut	5%	5%	5%	5%	5%
Manitoba	5%	5%	5%	5%	5%
Northwest Territory	5%	5%	5%	5%	5%
Saskatchewan	5%	5%	5%	5%	5%
Alberta	5%	5%	5%	5%	5%
Yukon	5%	5%	5%	5%	5%
British Columbia	5%	5%	5%	12%	5%
Ontario	13%	13%	13%	13%	5%
Newfoundland and Labrador	15%	15%	13%	13%	13%
New Brunswick	15%	15%	13%	13%	13%
Nova Scotia	15%	15%	15%	15%	13%
Prince Edward Island	15%	14%	14%	5%	5%

Our website has a GST/HST calculator which is available to help you determine the GST/HST to be calculated based on the location of the sale, it will also calculate the provincial sales from non-participating provinces. Go to [Canada.ca](http://Canada.ca) and enter the following in the search line:  
[GST/HST calculator \(and rates\) - Canada.ca](#)

## Sales invoices

You are required to provide customers who are GST registrants specific information on the invoices, receipts, contracts or other business papers that you use when you supply taxable property and services. They need this information to support their claims for ITCs or rebates



for the GST/HST you charged. Similarly, when you make business purchases, the invoices from your suppliers will support your claims for ITCs. If your customers ask you for an invoice or receipt so they can claim ITCs, you have to give them specific information, depending on the amount of the sale. For details, see the following chart.

Input tax credit information requirements			
Information required	Total sale under \$100	Total sale of \$100 to \$500	Total sale of \$500 or more
Supplier's business or trading name or your intermediary's name	✓	✓	✓
The invoice date or, if no invoice issued, the date on which the GST/HST is paid or payable	✓	✓	✓
The total amount paid or payable	✓	✓	✓
An indication of the total amount of the GST/HST charged or that the amount paid or payable for each taxable supply (other than zero-rated supplies) includes the GST/HST at the applicable rate		✓	✓
An indication of the status of each supply where the invoice includes both taxable and exempt items		✓	✓
The supplier or intermediary's GST/HST registration number		✓	✓
The buyer's name or trading name or the name of the buyer's authorized agent or representative			✓
A brief description of the property or services			✓
The terms of payment			✓

## Input tax credits (ITCs)

As a registrant, you can recover the GST/HST paid or payable on your purchases and expenses related to your commercial activities by claiming an input tax credit (ITC) in your **line 108** calculation if you are filing electronically or on **line 106** if you are filing a paper GST/HST return.

You may be eligible to claim ITCs only to the extent that your purchases and expenses are for consumption, use, or supply in your commercial activities. There are some purchases and expenses for which you **cannot** claim an ITC, such as:

- certain capital property. For more information, see “Claiming ITCs for capital property” and “Claiming ITCs for capital real property” in the sales of real property. For details, see [RC4022 General Information for GST/HST Registrants](#);
- taxable supplies of property and services bought or imported to make exempt supplies of property and services;
- membership fees or dues to any club whose main purpose is to provide recreation, dining, or sporting facilities (including fitness clubs, golf clubs, and hunting and fishing clubs), unless you acquire the memberships to resell in the course of your business; and
- property or services you bought or imported for your personal consumption, use, or enjoyment.

To claim an ITC, the expenses or purchases must be reasonable in quality, nature, and cost in relation to the nature of your business.

If you are a new registrant, you may be able to claim an ITC for the GST/HST paid or payable on property such as capital property and inventory that you have on hand on the day you register. For more information, see the “New registrants” section in [RC4022 General Information for GST/HST Registrants](#).

## Time limits for claiming ITCs

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Most registrants claim their ITCs when they file their GST/HST return for the reporting period in which they made their purchases. However, you may have ITCs that you did not claim when you filed the return for the corresponding reporting period. If so, you can claim those previously unclaimed ITCs on a future GST/HST return. ITCs must be claimed by the due date of the return for the last reporting period that ends within **four** years after the end of the reporting period in which the ITC could have first been claimed.

## Simplified method for claiming ITCs

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The **simplified method for claiming ITCs** is another way for **eligible registrants** to calculate their ITCs, when completing their GST/HST return using the regular method of filing.

When you use the simplified method for claiming ITCs, you do not have to show the GST/HST separately in your records. Instead, total the amount of your taxable purchases for which you can claim an ITC and apply the applicable GST or HST rate. You still have to keep the usual documents to support your ITC claims in case we ask to see them.

If you qualify, you can start using the simplified method for claiming ITCs at the beginning of a reporting period. You do not have to file any forms to use it. Once you decide to use this method, you have to use it for at least one year if you continue to qualify.

For eligibility or other information about the method, please see [RC4022 General Information for GST/HST Registrants](#), “Input tax credits, Simplified Method of claiming ITCs”.

## Calculating your net tax

You have to calculate your net tax for each GST/HST reporting period and report this on your GST/HST return. To do so, calculate:

- the GST/HST collected or that became collectible by you on your taxable supplies made during the reporting period
- the GST/HST paid and payable on your business purchases and expenses for which you can claim an ITC

The difference between these two amounts, including any adjustments, is called your **net tax**. It is either your GST/HST remittance or your GST/HST refund. If you charged or collected more GST/HST than the amount paid or payable on your purchases, send us the difference. If the GST/HST paid or payable is more than the GST/HST you charged or collected, you can claim a refund of the difference.

## Quick method of accounting

The **quick method of accounting** is another way to calculate the GST/HST you have to remit. With the quick method, you charge and collect the GST/HST on taxable property and services you supply to your customers in the usual way. However, to calculate the net GST/HST to remit, you multiply your taxable supplies including the GST or HST made during the reporting period by the applicable quick method remittance rate(s).

The quick method remittance rates are less than the GST/HST rates of tax that you charge. This means that you remit only a part of the tax that you charge or collect. The part that is not remitted under this method is reported as income on your income tax return.

You **cannot** claim ITCs for your operating expenses if you use the quick method of accounting.

For eligibility, remittance rates, and other important information about this method, see [RC4058 Quick Method of Accounting for GST/HST](#)

## GST/HST returns

### Filing and remitting due dates

- Monthly and quarterly filers - you have to file your GST/HST return and remit any amount owing no later than one month after the end of your reporting period.
- Annual filers - you usually have to file your return and remit any amount owing no later than three months after the end of your fiscal year.

#### \* Exceptions

Your GST/HST payment is due by April 30 if **all** of the following conditions are met:

- you are an individual with business income for income tax purposes.
- you file annual GST/HST returns.
- you have a December 31 fiscal year-end.

Although your payment is due April 30, you have until June 15 to file your GST/HST return.

As an annual filer, you may have to pay quarterly instalments. If so, they are due no later than one month after the last day of each fiscal quarter. For more information, see [RC4022 General Information for GST/HST Registrants](#), “Instalment payments”.

### Filing nil returns

File a GST/HST return for every reporting period, even if you have no net tax to remit and are not expecting a refund. In other words, even if you have no business transactions in a reporting period, you still have to file a return. Otherwise, you may experience delays in getting refunds and you could receive a failure to file notice and may be liable for a failure-to-file penalty.

## Making changes to a GST/HST account

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You can obtain information on how to make any changes to your GST/HST account at the following link: [RC4022 General Information for GST/HST Registrants](#), section “Making changes to a GST/HST account”.

### More Information

You can find answers to most general questions relating to the GST/HST in [RC4022 General Information for GST/HST Registrants](#) or at the following webpages:

- [canada.ca/gst-hst](https://canada.ca/gst-hst)
- [canada.ca/cra-video-gallery](https://canada.ca/cra-video-gallery)
- [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account)
  - You can manage your GST/HST account online through My Business Account – File or adjust a return, account balance and activities, installment payment calculator, enquiries service and other services.

## PAYROLL – BASIC INFORMATION

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### Employee or self-employed?

It is important to determine whether people who work for you are **employees** or **self-employed individuals**. The **facts of the working relationship as a whole** decide the employment status (e.g. the carrying out the work, relationship of subordination and degree of control or independence).

If you are not sure of a worker's employment status, **request a ruling**. Find out how at [canada.ca/payroll](https://canada.ca/payroll).

### Do you need to register for a payroll account ?

You will need to register for a payroll program account if you meet any of the following conditions:

- pay **salaries** or **wages**
- pay **tips** or **gratuities**
- pay **bonuses** or **vacation pay**
- provide **benefits** or **allowances** to employees
- need to **report**, **deduct** and **remit** amounts from other types of remuneration (such as pension or superannuation)

A **benefit or allowance** can be paid to your employee in cash (such as a meal allowance) or provided to your employee in a manner other than cash (such as a parking space or a gift).

Benefits or allowances **can include**:

- automobiles or other motor vehicles
- board and lodging
- gifts and awards
- group term life insurance policies
- interest-free or low-interest loans
- meals
- security options
- tool reimbursement or allowance
- transit passes
- tuition fees

If you provide benefits to your employees you will need to go through the following steps:

- Determine if the benefit is taxable
- Calculate the value of the benefit
- Calculate the GST/HST on taxable benefits
- Calculate the payroll deductions
- File an information return

For more information see [T4130 Employers' Guide - Taxable Benefits and Allowances](#) on the [Canada.ca](#) website.

## Get a business number and a payroll account

Before you register for a payroll account, you will need a business number (BN) which is a unique, nine-digit number and the standard identifier for businesses which is unique to a business or legal entity. Your BN will be your business identification for all your dealings with the Canada Revenue Agency (CRA). When you register for the payroll account, you will be assigned a payroll deductions program account.

To find out how to get a business number or a payroll account, go to [canada.ca/business-number](#).

## Your payroll deductions program account

This is what your new account number should look like.

The BN has nine digits.

"RP" is the identifier for payroll deductions program.

Business Number									Program Identifier		Reference Number			
1	2	3	4	5	6	7	8	9	R	P	0	0	0	1

Identifies each account in a program a business may have.



## Payroll Cycle - Withhold, Remit and Report

Employers are responsible for **withholding**:

- Canada Pension Plan (CPP)
- Employment Insurance (EI)
- Income tax

Employers are responsible to **remit**:

- the employees share of CPP, EI and income tax withheld
- The employers share of CPP and EI

Employers are required to **report**:

- Payroll information returns
  - T4 slips – reporting salary, wages, tips or gratuities, bonuses, vacation pay, commissions and taxable benefits and or allowances and deductions during the year (CPP, EI, Tax)
  - T4A slips – pension and superannuation income, lump-sum payments, self-employment commissions, annuities and other income

Useful resources online at [Canada.ca](https://Canada.ca):

[Payroll Deductions Online Calculator](#)

[Automobile Benefits Online Calculator \(ABOC\)](#)

## Milestones for payroll

### Hiring employees

- ✓ **Register for a payroll program** account, if you don't already have one.
- ✓ Get your employees' social insurance number **within three days** of when they start to work for you.
- ✓ Ask your employees to fill out a TD1 form **within seven days** of when they start to work for you.

### Remitting source deductions

- ✓ It depends on what type of remitter you are and when you pay your employees.  
**In most cases**, you have to remit your source deductions **by the 15th of the month after you pay or give remuneration to your employees**. If you are a new small employer, different rules may apply.

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### Filing a T4/T4A return

- ✓ File a T4 or T4A information return
- ✓ Send information slips to your employees each year **by the last day of February** following the year to which the information slips apply.
- ✓ You **must** file electronically if you have **5 or more** information returns of the same type for a calendar year, beginning on or after January 1, 2024.
- ✓ If you are required to file electronically and you do not file the returns by Internet file transfer or Web Forms, you may have to pay a penalty.

*\* Our Internet filing applications are convenient, free and secure. More information is available at [canada.ca/payroll](https://canada.ca/payroll).*

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### If your business stops operating

- ✓ Send all CPP contributions, EI premiums and income tax deductions to your tax centre **within seven days** of the day your business ends.
  - ✓ Calculate the pension adjustment that applies to your employees.
  - ✓ Meet provincial or territorial labour standards.
  - ✓ Issue a Record of Employment for each former employee, generally **within five calendar days** after the end of the final pay period.
  - ✓ Fill out and file all information returns **within 30 days** of the date your business ends.
  - ✓ Give copies of the slips to your former employees.
  - ✓ Close the business number and CRA business accounts.
-

## Forms, publications and more information

Go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications) and search for the following publications:

- [T4001 Employers' Guide - Payroll Deductions and Remittances](#)
- [T4130 Employers' Guide - Taxable Benefits and Allowances](#)
- [T4012 T2 Corporation - Income Tax Guide](#)
- [RC4110 Employee or Self-employed?](#)

Related links:

- [canada.ca/payroll](https://canada.ca/payroll)
- [canada.ca/cra-video-gallery](https://canada.ca/cra-video-gallery)
- [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account)
  - You can manage your payroll account online through My Business Account. This includes filing a return or viewing the status of a return, viewing an account balance, remitting requirements and account transactions and requesting a CPP/EI ruling.

# BOOKS AND RECORDS LEGISLATION (KEY POINTS)

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## Who has to keep records?

- persons carrying on a **business** or engaged in **commercial activity**;
- persons required to **pay or collect taxes** or other amounts such as **payroll deductions** and goods and services tax/harmonized sales tax (GST/HST) under the *Income Tax Act*, the *Excise Tax Act*, the *Excise Act 2001*, the *Employment Insurance Act*, the *Canada Pension Plan*, the *Air Travellers Security Charge Act* and the *Softwood Lumber Products Export Charge Act, 2006 (SLPECA)*;
- persons required to file an **income tax** or **GST/HST return**;

## Types of records

- books, records, and supporting documents produced and kept in paper format;
- books, records, and supporting documents produced on paper, and later converted to and stored in an electronically accessible and readable format; and
- electronic records and supporting documents produced and kept in an electronically accessible and readable format.

## Record retention

You have to keep all of the records and supporting documentation in both traditional and electronic formats that are required to determine your tax obligations and entitlements for a period of **six years from the end of the last tax year to which they relate**.

- See weblink: [canada.ca/taxes-records](https://canada.ca/taxes-records)
- Go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications) and search for:
  - [IC78-10R5 Books and Records Retention/Destruction](#)
  - [IC05-1R1 Electronic Record Keeping](#)

## Record requirements

- be **reliable** and **complete**;
- provide you with the correct information you need to assist in fulfilling your tax obligations and to calculate your entitlements;
- be **substantiated** by **supporting documents** to verify the information contained in the records;
- be kept in **English, French** or a combination of these two languages, and
- include other documents, such as appointment books, logbooks, income tax and goods and services tax/harmonized sales tax (GST/HST) returns, scientific research and experimental development (SR&ED) vouchers and records, and certain accountants' working papers, that assist in determining your obligations and entitlements.

\* Persons carrying on more than one business must keep separate records for each business.

## Payroll records

See weblink: [canada.ca/payroll](https://canada.ca/payroll)

## GST/HST records

See weblink: [canada.ca/gst-hst](https://canada.ca/gst-hst)

## HELPFUL TIPS

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### Get it right from the start!

Keeping your documentation **clean** and **organized** from the beginning will make it **easier** to **track your books and records**.

#### ► Setup a system

It's important to set up a **bookkeeping system** that works for you and allows you to easily summarize your revenue and expenses. The type of system you choose is up to you. One benefit of an electronic system is the ability to back up your financial information.

#### ► Backups

If using electronic record keeping, **regular backups** of important files is an excellent precaution.

#### ► Bank statements

**Keeping monthly printouts** of bank statements as they occur or an **electronic copy** will save costs as you will not have to pay fees to get the original statements.

#### ► Invoices/Receipts

It's important to keep all your **original invoices** and **receipts**. Scanning or photocopying your invoices and receipts will help to support the income and expenses claimed should the documents fade over time.

#### ► Have a breakdown of your expenses

This will make it **easier to support your expense claims**. (This includes keeping the calculations for the business and personal portion of certain expenses.)

#### ► Important dates and deadlines

Keeping a **simple reminder** in an electronic calendar for days your **payments are due** to avoid late penalties.

▶ **Business bank account/Business credit card**

Open a **separate bank account** for your **business** to better track expenses made for the business. Obtaining a credit card that is used solely for business purposes can help keep business expenses separate from personal expenses.

▶ **Business events/trips journal**

Having a record of all the events and trips can help substantiate expenses claimed.

▶ **Claiming Meals & Entertainment expenses**

Make sure to **document who attended** and the **business purpose** of the meal or outing.

▶ **Vehicle expense**

Record **when** and **why** the **vehicle** was **used** for the **business**. This will help to calculate the percentage used for business and apply the percentage to the related expenses.

▶ **Gifts**

Make sure to document to whom and reason.

▶ **Home Office**

Calculate the percentage of the home being used for business and apply it to the related expenses.



# CRA'S ONLINE SERVICES, COLLECTIONS AT THE CRA, RECOMMENDED PUBLICATIONS AND MORE

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## Digital Services

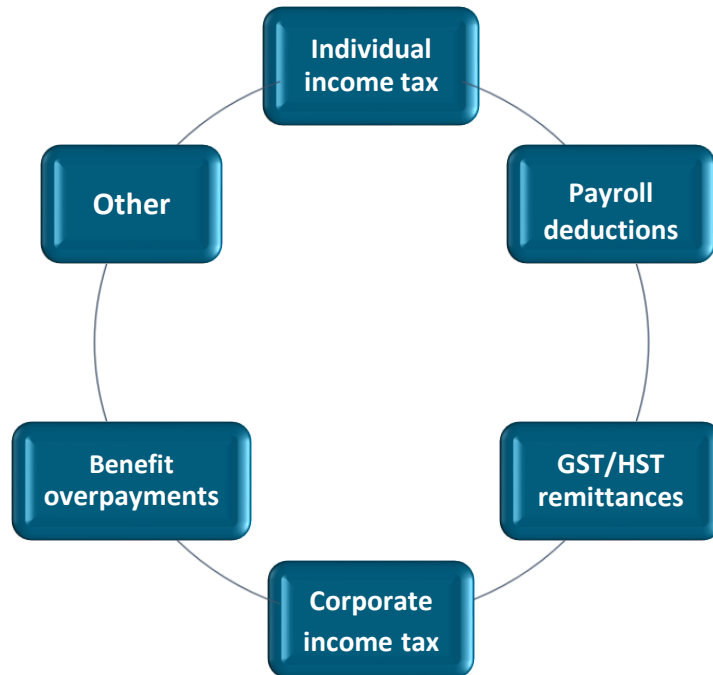
The following Canada Revenue Agency (CRA) online services are available for individuals and businesses:

- **MyAccount for individuals** is a secure portal that lets you view your personal income tax and benefit information and manage your tax affairs online. It is convenient, easy to use, fast and secure. For more information visit [Digital services for individuals - Canada.ca](#);
- **My Business Account** is a secure portal where business owners can access their GST/HST, payroll, corporation income taxes, excise taxes, excise duties and other levies accounts online.

**Starting in spring 2025**, most of your business tax notices and other correspondence will **only be available** for viewing in CRA's secure online portal, My Business Account. To access your business mail online and receive notifications when new mail is available, go to [canada.ca/my-cra-business-account](#). If you wish to receive paper mail, you'll need to make a request to activate paper mail. For more information visit [Digital services for Businesses - Canada.ca](#).

## Make a payment to the CRA

The Canada Revenue Agency (CRA) collects amounts owing such as:



### What if you owe an amount and want to pay in full?

Paying **at once and in full** helps you avoid:

- Interest
- other legal and financial consequences

There are **four ways you can pay** if you owe an amount:

- pay online, the easiest way to pay
- pay by Debit card using CRA My Payment, credit card (third party) and PayPal (fees apply)
- pay in person at your financial institution
- pay by mail

**CRA's My Payment service** - You can make payments directly to the CRA using your bank access card (Visa Debit or Debit Mastercard) through the CRA's secure electronic service called My Payment. For more information about My Payment, go to [canada.ca/payments](https://canada.ca/payments).

## What if your business cannot pay its tax debt in full now?

If your business **cannot pay** the amount owed in full now, you may qualify for a **payment arrangement**.

A **payment arrangement**:

- is an agreement that your business makes with the CRA;
- allows your business to make smaller payments over time until the entire debt is paid; and
- includes the interest owed on the debt.

There are **two ways to set up a payment arrangement**:

### 1. Pre-authorized debit

- fast and easy
- can do it through My Business Account
- no need to speak with the CRA, in most cases

### 2. Speak with an agent

- by receiving a call from the CRA after you complete a:
  - “GST/HST tax debt call request” or call 1-877-477-5068
  - “payroll tax debt call request” or call 1-877-548-6016
  - “corporation tax debt call request” or call 1-866-291-6346

## Instalments

### Income Tax Instalments

If you are a self-employed individual and earn business, professional, or commission income, you may have to make instalment payments.

Tax instalments are payments you make throughout the year to cover the taxes you normally pay in one lump sum on April 30 of the following year. You pay these instalments during the year while you are earning the income, similar to how an employer deducts tax directly from each pay period.

You may have to pay income tax instalments for next year's taxes, if your net tax owing is more than \$3,000 (for Quebec \$1,800) for 2024 and in either 2023 or 2022.

Instalment payments are due on March 15, June 15, September 15, and December 15. If you earn farming or fishing income, your one instalment payment is due December 31.

For more information on income tax instalments, including options to calculate and how to pay, go to [canada.ca/taxes-instalments](https://canada.ca/taxes-instalments).

## GST/HST Instalments

If you are an annual filer and your net tax for your previous fiscal year is \$3,000 or more, you may have to make quarterly instalment payments in the current fiscal year.

If your business has branches or divisions that file separate returns, the threshold limit of \$3,000 applies to the total net tax for the whole business, including all branches and divisions.

Special rules for first time filers explains how to determine if you need to pay the GST/HST by instalments in your second fiscal year.

Instalment payments are due within one month after the end of each of your fiscal quarters. To view your instalment due dates online, use the instalment payment calculator service at [My Business Account - Canada.ca](https://mybusinessaccount.canada.ca) or at [Represent a Client - Canada.ca](https://representacanada.ca)

For information on GST/HST instalments, go to [Remit \(pay\) the GST/HST by instalments](https://remitcanada.ca).

## CRA Multimedia library

The CRA offers a number of video and audio products about our services and programs, such as:

- “Keeping your business on track” webinar
- “Improving services for businesses” webinar
- “GST/HST What you need to know if you sell taxable goods and services” webinar
- Taxology podcast – to get the tax-related information you need

For more titles, go to [canada.ca/cra-video-gallery](https://canada.ca/cra-video-gallery).

## More information

- **Voluntary Disclosures Program** gives you a second chance to change a tax return you previously filed or to file a return that you should have filed. For more information, go to [canada.ca/taxes-voluntary-disclosures](https://canada.ca/taxes-voluntary-disclosures).
- **T1 Adjustment Request** lets you request a change to an individual income tax return. For more information, go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications) and choose “T1-ADJ.”  
**Note:** My Account allows you to change your return online more quickly.

- **Informant Leads Program:** If you suspect a person, business or charity of tax cheating in Canada, report them to the CRA. For more information, go to [canada.ca/taxes-leads](https://canada.ca/taxes-leads).
- **CRA support if you're affected by a disaster:** During wildfires, floods, and severe weather events, the Canada Revenue Agency (CRA) acknowledges the significant impact on families, homes, businesses, and communities. The CRA is committed to helping in various ways. For more information, go to [canada.ca/cra-disaster-support](https://canada.ca/cra-disaster-support).

## Recommended CRA publications and webpages

Go to [canada.ca/cra-forms-publications](https://canada.ca/cra-forms-publications) and search for:

Guides	Income tax information circular
<ul style="list-style-type: none"> <li>• <a href="#">Checklist for Small Businesses</a></li> <li>• <a href="#">T4002 Self-employed Business, Professional, Commission, Farming, and Fishing Income</a></li> <li>• <a href="#">T4001 Employers' Guide - Payroll Deductions and Remittances</a></li> <li>• <a href="#">T4130 Employers' Guide - Taxable Benefits and Allowances</a></li> <li>• <a href="#">RC4022 General Information for GST/HST Registrants</a></li> <li>• <a href="#">RC4110 Employee or Self-employed?</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">IC78-10R5 Books and Records Retention/Destruction</a></li> <li>• <a href="#">IC05-1, Electronic Record Keeping</a></li> </ul>
	Webpages
	<ul style="list-style-type: none"> <li>• <a href="https://canada.ca/revenue-agency">canada.ca/revenue-agency</a></li> <li>• <a href="https://canada.ca/gst-hst">canada.ca/gst-hst</a></li> <li>• <a href="https://canada.ca/payroll">canada.ca/payroll</a></li> <li>• <a href="https://canada.ca/cra-collections">canada.ca/cra-collections</a></li> <li>• <a href="https://canada.ca/taxes-records">canada.ca/taxes-records</a></li> <li>• <a href="https://canada.ca/cra-electronic-services">canada.ca/cra-electronic-services</a></li> </ul>

## Telephone numbers - CRA

- Businesses and self-employed individuals enquiries: **1-800-959-5525**
- Individual tax enquiries: **1-800-959-8281**

# My Account

View and manage  
your tax and benefit  
information online:



- check your benefit and credit payments
- view or change your return and track your refund
- view uncashed cheques from the CRA
- change your address and set up direct deposit
- view your RRSP limit and TFSA contribution room
- automatically fill in parts of your tax return
- receive email notifications and so much more!

You can access **My Account** by using one of our Sign-In Partners, creating a CRA user ID and password, or by using our provincial partner sign in (AB and BC only).

Steps to register	Sign-In Partners	CRA user ID and password	Provincial partner sign-in*
Provide: SIN, date of birth, postal code or ZIP code, current or previous tax return info	✓	✓	✗
Provide SIN only	✗	✗	✓
Provide an email address and enroll in multi-factor authentication	✓	✓	✓
Enter CRA security code for full access	✓	✓	✗

\* Once you provide the necessary information, you automatically get full access to My Account.



To get started, go to:  
[canada.ca/cra-my-account](https://canada.ca/cra-my-account)

RC655 Rev. 24  
978-0-660-68942-5  
Rv4-176/2024-PDF



Canada Revenue  
Agency

Agence du revenu  
du Canada

Canada

# My Business Account

## Manage your company's tax affairs online:

- Receive your mail online
- Submit documents
- View balances and transfer payments
- Manage authorized representatives
- Get answers to your questions and so much more!



## Register for a CRA account and access My Business Account

1. Choose a sign-in option to register with:
  - Sign-In Partner
  - CRA user ID and password
  - Provincial Partner (Alberta and British Columbia only)
2. Enter your social insurance number, date of birth, line 15000 amount from your most recent income tax and benefit return, and a requested line from your current or previous return (if using a provincial partner, only your SIN is required).
3. Enroll in multi-factor authentication.
4. Validate your identity using the document verification service or by entering a CRA security code (except when registering with a provincial partner).
5. Click the “Add account” button on the Welcome page and then select “Business account”.
6. Add your business number.
7. Select your business account from the Welcome page to access My Business Account.

Once you complete these steps, you will have full access to My Business Account.



To get started, go to:  
[canada.ca/cra-sign-in-services](https://canada.ca/cra-sign-in-services)

RC655 Rev. 24  
978-0-660-68942-5  
Rv4-176/2024-PDF



Canada Revenue  
Agency

Agence du revenu  
du Canada

Canada

## Beware of tax schemes that promise to reduce your taxes

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### What is a tax scheme?

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Tax schemes are plans and arrangements that attempt to deceive taxpayers by promising to reduce the taxes they owe, either through large deductions, or through promising tax free income. Schemes can also include other creative ways to convince people to pay less than what they owe.

“Promoters” are individuals or corporations who promote or sell schemes that seek to break or bend the rules of the Canadian tax laws. These promoters deliberately make false statements to assist their clients in tax cheating, all the while obtaining a financial benefit.

Visit this site regularly to make sure you have the most up-to-date information available from the Canada Revenue Agency (CRA).

Unlike tax schemes, scams and fraud often attempt to imitate government services in order to gain access to your personal and financial information. You should be cautious if you receive any communication that claims to be from the CRA and requests personal information such as a social insurance number (SIN), credit card number, bank account number, or passport number. For more information about scams and fraud, visit [Scam prevention and the CRA](#).



## How to recognize a tax scheme

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As Canadians get ready to file their taxes, the CRA reminds everyone to be cautious of tax schemes.

### Here are some common elements of tax schemes:

- they are positioned as financial products or business opportunities
- they are advertised (internet, social media, newspapers, fliers sent to households)
- there is often a sales pitch (free info session, paid seminar, webinars)
- they promise tax savings which often include large returns on small investments
- a portion of the anticipated tax refund is the promoter's fee
- they seem "too good to be true"

Promoters of tax schemes are often polished and professional, and go to great lengths to make the schemes look legitimate.

### Here is the general profile of a tax promoter:

- very personable and charming
- delivers polished presentations
- can be an individual or a group
- will receive a commission or payment from you and/or your investment
- may claim the scheme is approved by the CRA
- provides letters from professionals
- discourages you to seek a second opinion
- discourages you to speak with the CRA

If you are approached by a tax preparer who offers unusually or uncharacteristically large refunds, this can mean questionable practices. Do not assume that these schemes and the promised tax benefits are legal under the Income Tax Act. While most preparers provide excellent service to tax filers, there are dishonest ones who file false or fraudulent tax returns. If you suspect anything suspicious, get a second opinion.

Remember that even if someone else prepares your tax return, you are responsible for all the information on the return.

## Your actions may have serious consequences

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Through increased audits of promoters, improved information gathering and informing taxpayers on how to recognize tax schemes, the CRA continues to identify and shut down tax schemes.

Those who choose to participate in these schemes, as well as those who promote these schemes, face serious consequences, including penalties, court fines and even jail time. Also, as a participant, you could end up being assessed additional taxes in addition to the fee you already paid to the promoter.

The CRA is actively going after tax promoters to ensure greater fairness in the tax system. The CRA can apply third-party penalties against tax preparers, promoters, and other third-parties who intentionally file or prepare false statements, or omit information on other individuals' income tax returns. Third-party penalties are explained in detail in the [Information Circular IC01-1, Third-Party Civil Penalties](#). Third-party civil penalties are serious and can result in large financial levies. Learn more about court decisions regarding third-party penalties:

Supreme Court of Canada: [Julie Guindon v. Her Majesty the Queen](#)  
Canadian Tax Court: [Glenn F. Ploughman v. Her Majesty the Queen](#)

The CRA will also investigate and prosecute those who promote and counsel others to commit [tax evasion](#). When taxpayers are convicted of tax evasion, they must repay the full amount of taxes owing, plus interest and any civil penalties assessed by the CRA. In addition, the courts may fine them up to 200% of the taxes evaded and impose a jail term of up to five years.

The CRA publicly shares cases of individuals, corporations and trusts convicted of tax evasion. For more information on CRA convictions go to [Enforcement notifications](#).

## What can you do?

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### Get professional, independent advice

Get a second opinion. If you are being sold or proposed a deal that seems too good to be true, you should seek independent advice from a reputable tax professional. Ask questions or enquire further before submitting your return.

### Here are some other tips to help protect yourself:

- Be informed about who you are dealing with at tax time and what their qualifications are.
- Stay away from tax preparers who offer you false tax claims such as charitable donations, child care expense claims, or even business expenses or losses. It is not worth the risk. There are serious consequences to you.
- If you don't understand your return, don't be shy about asking questions.
- Make sure the tax preparer gives you a copy of your return for your records.
- Never sign a blank tax form.
- Generally, if it sounds too good to be true, it probably is.

## Come to us before we come to you

The CRA is always on the lookout for tax schemes and is also focusing on the promoters of these schemes. Did you willingly participate in one? If so, the CRA encourages taxpayers to come forward and correct their tax affairs through the [Voluntary Disclosures Program](#).

If you make a full disclosure before any enforcement action is started and before the CRA receives information regarding your potential involvement in tax non-compliance, you may only have to pay the taxes owing plus interest in part or in full and would be eligible for relief from prosecution and, in some cases, from penalties.

## Help us ensure tax fairness for all Canadians

Your tax dollars fund social programs that benefit our communities. People who evade taxes are taking resources away from all Canadians.

If you suspect someone of tax cheating, you can [report a lead to the CRA](#). Steps will be taken to protect your identity, also, you may provide information anonymously. Information related to suspected international tax cheating should be submitted to the [Offshore Tax Informant Program](#).

## Case studies of tax schemes

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These studies, based on real scenarios, describe schemes set up to avoid paying taxes. They also note some of the financial consequences for the people who organize the schemes and the participants.

- [Case study: False or exaggerated business claims](#)
- [Case study: Donation scheme](#)
- [Case study: Registered retirement savings plan \(RRSP\) strip scheme](#)

## Did you know?

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- The Government of Canada has made it clear that it is cracking down on this type of activity with a historic investment into the CRA to provide the tools and resources it needs to pursue those who try to sell these schemes.
- This investment allowed the agency to expand its Promoter Compliance Centre, which is dedicated to identifying, deterring and unraveling tax avoidance schemes set up by these promoters, through increased audits, business intelligence, communication, and the resources to better warn Canadians against such schemes.



## Statement of Business or Professional Activities

- Use this form to calculate your self-employment business and professional income.
- For each business or profession, fill in a **separate** Form T2125.
- Fill in this form and send it with your income tax and benefit return.
- For more information on how to fill in this form, see Guide T4002, Self-employed Business, Professional, Commission, Farming, and Fishing Income.

### Part 1 – Identification

Your name				Your social insurance number			
Business name				Business number			
Business address				City		Prov./Terr.	Postal code
Fiscal period	From	Date (YYYYMMDD)	to	Date (YYYYMMDD)	Was this your last year of business? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Main product or service				Industry code (see Chapter 2 in Guide T4002)			
Accounting method (commission only)		<input type="checkbox"/> Cash <input type="checkbox"/> Accrual		Tax shelter identification number		Partnership business number	Your percentage of the partnership %
Name and address of the person or firm preparing this form							

### Part 2 – Internet business activities

If your web pages or websites generate business or professional income, fill in this part of the form.	
From how many Internet web pages and websites (including third-party platform websites) does your business earn income? Enter "0" if none. ....	
Provide up to five main web page or website addresses:	
http:// .....	
http:// .....	
http:// .....	
http:// .....	
http:// .....	
Percentage of your gross income generated from the web pages and websites (if no gross income was generated from the Internet, enter "0") ..... %	

**Part 3A – Business income**

Fill in this part **only** if you have business income. If you have professional income, leave this part blank and fill in Part 3B.  
If you have both business and professional income, you have to fill out a separate Form T2125 for each.

**Part 3B – Professional income**

Fill in this part **only** if you have professional income. If you have business income, leave this part blank and fill in Part 3A.  
If you have both business and professional income, you have to fill out a separate Form T2125 for each.

**Note:** You can **no longer** use the transitional rules which allowed you to include your work-in-progress (WIP) progressively in your income if you had made an election to exclude your WIP. For more information on the inclusion of WIP in your income, see Chapter 2 of Guide T4002.

**Part 3A – Business income**

Gross sales, commissions or fees (include GST/HST collected or collectible) . . . . .	_____	3A
GST/HST, provincial sales tax, returns, allowances, discounts, and GST/HST adjustments (included in amount 3A) . . . . .	_____	3B
<b>Subtotal:</b> Amount 3A <b>minus</b> amount 3B	_____	3C
 <b>If you are using the quick method for GST/HST – Government assistance calculated as follows:</b>		
GST/HST collected or collectible on sales, commissions and fees eligible for the quick method . . . . .	_____	3D
GST/HST remitted: (sales, commissions and fees eligible for the quick method <b>plus</b> GST/HST collected or collectible) <b>multiplied</b> by the applicable quick method remittance rate . . . . .	_____	3E
<b>Subtotal:</b> Amount 3D <b>minus</b> amount 3E	_____ ▶ _____	3F
<b>Adjusted gross sales:</b> Amount 3C <b>plus</b> amount 3F (enter on line 8000 of Part 3C) . . . . .	_____	3G

**Part 3B – Professional income**

Gross professional fees including work-in-progress (WIP) and GST/HST collected or collectible . . . . .	_____	3H
GST/HST, provincial sales tax, returns, allowances, discounts, and GST/HST adjustments (included in amount 3H) . . . . .	_____	3I
<b>Subtotal:</b> Amount 3H <b>minus</b> amount 3I	_____	3J
 <b>If you are using the quick method for GST/HST – Government assistance calculated as follows:</b>		
GST/HST collected or collectible on professional fees eligible for the quick method . . . . .	_____	3K
GST/HST remitted: (professional fees eligible for the quick method <b>plus</b> GST/HST collected or collectible) <b>multiplied</b> by the applicable quick method remittance rate . . . . .	_____	3L
<b>Subtotal:</b> Amount 3K <b>minus</b> amount 3L	_____ ▶ _____	3M
<b>Adjusted professional fees:</b> Amount 3J <b>plus</b> amount 3M (enter on line 8000 of Part 3C) . . . . .	_____	3N

**Part 3C – Gross business or professional income**

Adjusted gross sales (amount 3G) or adjusted professional fees (amount 3N) . . . . .	_____	8000
Reserves deducted last year . . . . .	_____	8290
Other income (specify):* _____	_____	8230
<b>Subtotal:</b> Line 8290 <b>plus</b> line 8230	_____ ▶ _____	3O
<b>Gross business or professional income:</b> Line 8000 <b>plus</b> amount 3O . . . . .	_____	8299
Report the gross business or professional income from line 8299 on the applicable line of your income tax and benefit return as indicated below:		
<ul style="list-style-type: none"> <li>• business income on line 13499</li> <li>• professional income on line 13699</li> <li>• commission income on line 13899</li> </ul>		
* You may have received assistance from COVID-related measures from the federal, provincial, or territorial governments. For more information on how to report COVID-related assistance, go to <a href="https://canada.ca/en/revenue-agency/services/wage-rent-subsidies/report-subsidy-tax-return.html">canada.ca/en/revenue-agency/services/wage-rent-subsidies/report-subsidy-tax-return.html</a> .		

For Parts 3D, 4 and 5, if GST/HST has been remitted or an input tax credit has been claimed, do not include GST/HST when you calculate the cost of goods sold, expenses or net income (loss). If you are using the quick method for GST/HST, include the GST/HST paid or payable when you calculate the cost of goods sold, expenses or net income (loss).

**Part 3D – Cost of goods sold and gross profit**

If you have business income, fill in this part. Enter only the business part of the costs.

Gross business income (line 8299 of Part 3C)				3P
Opening inventory (include raw materials, goods in process and finished goods)	8300			3Q
Purchases during the year (net of returns, allowances and discounts)	8320			3R
Direct wage costs	8340			3S
Subcontracts	8360			3T
Other costs	8450			3U
<b>Subtotal:</b> Add amounts 3Q to 3U.				3V
Closing inventory (include raw materials, goods in process and finished goods)	8500			
<b>Cost of goods sold:</b> Amount 3V minus line 8500	8518			
<b>Gross profit (or loss):</b> Amount 3P minus line 8518.			8519	

**Part 4 – Net income (loss) before adjustments**

Gross business or professional income (line 8299 of Part 3C) or Gross profit (line 8519 of Part 3D)				4A
<b>Expenses</b> (enter only the business part)				
Advertising	8521			4B
Meals and entertainment	8523			4C
Bad debts	8590			4D
Insurance	8690			4E
Interest and bank charges	8710			4F
Business taxes, licences and memberships	8760			4G
Office expenses	8810			4H
Office stationery and supplies	8811			4I
Professional fees (includes legal and accounting fees)	8860			4J
Management and administration fees	8871			4K
Rent	8910			4L
Repairs and maintenance	8960			4M
Salaries, wages and benefits (including employer's contributions)	9060			4N
Property taxes	9180			4O
Travel expenses	9200			4P
Utilities	9220			4Q
Fuel costs (except for motor vehicles)	9224			4R
Delivery, freight and express	9275			4S
Motor vehicle expenses (not including CCA) (amount 16 of Chart A)	9281			4T
Capital cost allowance (CCA). Enter amount ii of Area A minus any personal part and any CCA for business-use-of-home expenses	9936			4U
Other expenses (specify):	9270			4V
<b>Total expenses:</b> Total of amounts 4B to 4V	9368			
<b>Net income (loss) before adjustments:</b> Amount 4A minus line 9368			9369	

**Part 5 – Your net income (loss)**

Your share of line 9369 or the amount from your T5013 slip, Statement of Partnership Income				5A
Canadian journalism labour tax credit allocated to you in the year (box 236 of your T5013 slip)				5B
GST/HST rebate for partners received in the year	9974			
<b>Total:</b> Amount 5A plus amount 5B plus line 9974				5C
Other amounts deductible from your share of net partnership income (loss) (amount 6F)			9943	
<b>Net income (loss) after adjustments:</b> Amount 5C minus line 9943				5D
Business-use-of-home expenses (amount 7P)			9945	
<b>Your net income (loss):</b> Amount 5D minus line 9945			9946	

Report the net income amount from line 9946 on the applicable line of your income tax and benefit return as indicated below:

- business income on line 13500
- professional income on line 13700
- commission income on line 13900

**Note:** Do not report a loss resulting from the disposition of a flipped property on your income tax and benefit return, but include the details on this form. Any loss resulting from the disposition of a flipped property is deemed to be nil. For more information, read Chapter 1 of Guide T4002.

**Part 6 – Other amounts deductible from your share of net partnership income (loss)**

Claim expenses you incurred that were not included in the partnership statement of income and expenses, and for which the partnership did not reimburse you. These claims must not be included in the claims already calculated for the partnership.

List details of expenses:

Expense amounts

	6A
	6B
	6C
	6D
	6E
<b>Total other amounts deductible from your share of the net partnership income (loss):</b> Add amounts 6A to 6E (enter this on line 9943 of Part 5).	6F

**Part 7 – Calculating business-use-of-home expenses**

Heat	7A
Electricity	7B
Insurance	7C
Maintenance	7D
Mortgage interest	7E
Property taxes	7F
Other expenses (specify):	7G
<b>Subtotal:</b> Add amounts 7A to 7G.	7H
Personal-use part of the business-use-of-home expenses	7I
<b>Subtotal:</b> Amount 7H minus amount 7I	7J
Capital cost allowance (business part only), which means amount ii of Area A minus any portion of capital cost allowance that is for personal use or entered on line 9936 of Part 4	7K
Amount carried forward from previous year	7L
<b>Subtotal:</b> Add amounts 7J to 7L.	7M
Net income (loss) after adjustments (amount 5D) (if negative, enter "0").	7N
<b>Business-use-of-home expenses available to carry forward:</b> Amount 7M minus amount 7N (if negative, enter "0")	7O
<b>Allowable claim:</b> Amount 7M or 7N above, whichever is less (enter your share of this amount on line 9945 of Part 5)	7P

**Part 8 – Details of other partners**

Do not fill in this chart if you must file a partnership information return.

Name of partner				
Address	Prov./Terr.	Postal code	Share of net income or (loss)	Percentage of partnership
			\$	%
Name of partner				
Address	Prov./Terr.	Postal code	Share of net income or (loss)	Percentage of partnership
			\$	%
Name of partner				
Address	Prov./Terr.	Postal code	Share of net income or (loss)	Percentage of partnership
			\$	%
Name of partner				
Address	Prov./Terr.	Postal code	Share of net income or (loss)	Percentage of partnership
			\$	%

**Part 9 – Details of equity**

Total business liabilities	9931	
Drawings in the current year	9932	
Capital contributions in the current year	9933	

**Area A – Calculation of capital cost allowance (CCA) claim**

1 Class number	2 Undepreciated capital cost (UCC) at the start of the year	3 Cost of additions in the year (see Areas B and C below)	4 Cost of additions from column 3 that are DIEPs (property must be available for use in the year)  <b>Note 1</b>	5 Proceeds of dispositions in the year (see Areas D and E below)  <b>Note 2</b>	6 Proceeds of dispositions of DIEP (enter amount from col. 5 that relates to DIEP from col. 4)	7** UCC after additions and dispositions (col. 2 <b>plus</b> col. 3 <b>minus</b> col. 5)	8 UCC of DIEP (col. 4 <b>minus</b> col. 6)  <b>Note 3</b>	9 Immediate expensing amount for DIEPs  <b>Note 4</b>	10 Cost of remaining additions after immediate expensing (col. 3 <b>minus</b> col. 9)

Total immediate expensing claim for the year: Total of column 9 ►   i

11 Cost of remaining additions from column 10 that are AIIPs or ZEVs  <b>Note 5</b>	12 Remaining UCC after immediate expensing (col. 7 <b>minus</b> col. 9).	13 Proceeds of dispositions available to reduce additions of AIIPs and ZEVs (col. 5 <b>minus</b> col. 10 <b>plus</b> col. 11). If negative, enter "0"	14 UCC adjustment for current-year additions of AIIPs and ZEVs (col. 11 <b>minus</b> col. 13) <b>multiplied</b> by the relevant factor. If negative, enter "0"  <b>Note 6</b>	15 Adjustment for current-year additions subject to the half-year rule. 1/2 <b>multiplied</b> by (col. 10 <b>minus</b> col. 11 <b>minus</b> col. 5). If negative, enter "0"	16 Base amount for CCA (col. 12 <b>plus</b> col. 14 <b>minus</b> col. 15)	17 CCA rate %	18 CCA for the year (col. 16 <b>multiplied</b> by col. 17, or a lower amount, <b>plus</b> col. 9)	19 UCC at the end of the year (col. 7 <b>minus</b> col. 18)  <b>Note 7</b>

Total CCA claim for the year: Total of column 18 (enter on line 9936 of Part 4 amount ii **minus** any personal part and any CCA for business-use-of-home expenses\*\*\*) ►   ii

\*\* If you have a negative amount in column 7, add it to income as a recapture in Part 3C on line 8230. If no property is left in the class and there is a positive amount in this column, deduct the amount from income as a terminal loss in Part 4 on line 9270. Recapture and terminal loss do not apply to a Class 10.1 property unless it is a DIEP. For more information, read Chapter 4 of Guide T4002.

\*\*\* For information on CCA for "Part 7 – Calculating business-use-of-home expenses," see "Special situations" in Chapter 4 of Guide T4002. To help you calculate the CCA, see the calculation charts in Areas B to G.

See next page for notes 1 to 7.



**Note 1:** Columns 4, 6, 8 and 9 apply only to designated immediate expensing properties (DIEPs). See subsection 1104(3.1) of the Income Tax Regulations for definitions. A DIEP is a property that you acquired after December 31, 2021, and that became available for use in the current year. For more information, see Guide T4002.

**Note 2:** The proceeds of disposition of a zero-emission passenger vehicle (ZEPV) that has been included in Class 54, or a passenger vehicle bought after April 18, 2021, that has been included in Class 10.1, and whose cost is more than the prescribed amount will be adjusted based on a factor equal to its prescribed amount as a proportion of the actual cost of the vehicle. For dispositions after July 29, 2019, you will have to adjust the actual cost of the vehicle for any payments or repayments of government assistance that you may have received or repaid for the vehicle. If the passenger vehicle in Class 10.1 is not designated for immediate expensing treatment, this special rule does not apply. For more information on proceeds of disposition and prescribed amounts, read "Class 10.1 (30%)" and "Class 54 (30%)" in Guide T4002.

**Note 3:** The amount you enter in column 8 must not be more than the amount from column 7. If the amount from column 7 is negative, enter "0."

**Note 4:** The immediate expensing applies to DIEPs included in column 8. The total immediate expensing amount for the tax year (total of column 9) is limited to the lesser of:

- the immediate expensing limit, which is equal to one of the following, whichever is applicable:
  - \$1.5 million, if you are not associated with any other eligible person or partnership (EPOP) in the tax year
  - amount iii of Area G, if you are associated with one or more EPOPs in the tax year
  - zero, if you are associated with one or more EPOPs and an agreement that assigns a percentage to one or more of the associated EPOPs was not filed with the minister in a prescribed form
  - any amount allocated by the minister under subsection 1104(3.4) of the Regulations
- the UCC of DIEPs in column 8
- the amount of income, if any, earned from the source of income that is a business (before any CCA deductions) in which the relevant DIEP is used for the tax year

For more information, see Guide T4002.

**Note 5:** Columns 11, 13 and 14 apply only to accelerated investment incentive properties (AIIPs) (see subsection 1104(4) of the Income Tax Regulations for the definition), zero-emission vehicles (ZEVs), ZEPVs and other eligible zero-emission automotive equipment and vehicles that become available for use in the year. In this chart, ZEVs represent zero-emission vehicles, zero-emission passenger vehicles and other eligible zero-emission automotive equipment and vehicles. An AIIP is a property (other than a ZEV) that you acquired after November 20, 2018, and that became available for use before 2028. A ZEV is a motor vehicle included in Class 54 or 55 that you acquired after March 18, 2019, and that became available for use before 2028, or eligible zero-emission automotive equipment and vehicles included in Class 56 acquired after March 1, 2020, and that became available for use before 2028. For more information, see Guide T4002.

**Note 6:** For properties available for use before 2026, the relevant factors are 1 1/2 (Classes 43.1, 54, and 56), 7/8 (Class 55), 1/2 (Classes 43.2 and 53), and 0 for any remaining AIIPs not listed in this note.

**Note 7:** If, in the year, you disposed of a property that you used for both personal and business use, and your business use of that property changed from year to year, you must subtract any remaining personal part of this property's cost from the UCC at the end of the year. For more information, see "Special situations" in Chapter 4 of Guide T4002.

For more information on AIIPs, see Guide T4002 or go to [canada.ca/taxes-accelerated-investment-income](https://canada.ca/taxes-accelerated-investment-income).

### Area B – Equipment additions in the year

1 Class number	2 Property description	3 Total cost	4 Personal part (if applicable)	5 Business part (column 3 minus column 4)
Total equipment additions in the year: Total of column 5				9925

### Area C – Building additions in the year

1 Class number	2 Property description	3 Total cost	4 Personal part (if applicable)	5 Business part (column 3 minus column 4)
Total building additions in the year: Total of column 5				9927

### Area D – Equipment dispositions in the year

1 Class number	2 Property description	3 Proceeds of disposition (should not be more than the capital cost)	4 Personal part (if applicable)	5 Business part (column 3 minus column 4)
Total equipment dispositions in the year: Total of column 5				9926

**Note:** If you disposed of property in the year, see Chapter 4 of Guide T4002 for information about your proceeds of disposition.

**Area E – Building dispositions in the year**

1 Class number	2 Property description	3 Proceeds of disposition (should not be more than the capital cost)	4 Personal part (if applicable)	5 Business part (column 3 minus column 4)
<b>Total building dispositions in the year: Total of column 5</b>				<b>9928</b>

**Note:** If you disposed of property in the year, see Chapter 4 of Guide T4002 for information about your proceeds of disposition.

**Area F – Land additions and dispositions in the year**

Total cost of all land additions in the year .....	<b>9923</b>	
Total proceeds from all land dispositions in the year .....	<b>9924</b>	

**Note:** You cannot claim capital cost allowance on land. For more information, see Chapter 3 of Guide T4002.

**Area G – Agreement between associated eligible persons or partnerships (EPOPs)**

Are you associated in the fiscal period with one or more EPOPs that you have entered into an agreement with under subsection 1104(3.3) of the Regulations? ..... Yes No

If you answered **yes**, fill in the table below.

Enter the percentage assigned to each associated EPOP (including your business) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all percentages assigned under the agreement should not be more than 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of zero. For more information about the immediate expensing limit, see Guide T4002.

1 Name of the EPOP	2 Identification number <b>Note 8</b>	3 Percentage assigned under the agreement
<b>Total of percentage assigned: Total of column 3 ►</b>		

**Immediate expensing limit allocated to your business:** Multiply \$1.5 million by the percentage assigned to your business in column 3 (see **note 9**) ..... iii

**Note 8:** The identification number is the EPOP's social insurance number, business number or partnership account number.

**Note 9:** If the total of column 3 is more than 100%, enter "0."

**Chart A – Motor vehicle expenses**

Kilometres you drove in the fiscal period that was part of earning business income .....	_____	1
Total kilometres you drove in the fiscal period .....	_____	2
Fuel and oil .....	_____	3
Interest (use Chart B below) .....	_____	4
Insurance .....	_____	5
Licence and registration .....	_____	6
Maintenance and repairs .....	_____	7
Leasing (use Chart C below) .....	_____	8
Electricity for zero-emission vehicles .....	_____	9
Other expenses (specify): .....	_____	10
_____	_____	11
<b>Total motor vehicle expenses:</b> Add amounts 3 to 11.	_____	12
Business use part: amount 1: _____ ÷ amount 2: _____ × amount 12: _____ = _____	_____	13
Business parking fees .....	_____	14
Supplementary business insurance .....	_____	15
<b>Allowable motor vehicle expenses:</b> Add amounts 13 to 15 (enter this total on line 9281 of Part 4) .....	_____	16

**Note:** You can claim capital cost allowance on motor vehicles in Area A.

**Chart B – Available interest expense for passenger vehicles and zero-emission passenger vehicles**

Total interest payable (accrual method) or paid (cash method) in the fiscal period .....	_____	17
(\$350**** ÷ 30) × the number of days in the fiscal period for which interest was payable (accrual method) or paid (cash method) .....	_____	18
<b>Available interest expense:</b> Amount 17 or 18, whichever is less (include this in amount 4 of Chart A above) .....	_____	19

\*\*\*\* For passenger vehicles bought after 2023. For passenger vehicles bought after 2000 and before 2024, the amount is \$300.

**Chart C – Eligible leasing cost for passenger vehicles\*\*\*\*\***

Total lease charges incurred in your current fiscal period for the vehicle .....	_____	20
Total lease payments deducted before your current fiscal period for the vehicle .....	_____	21
Total number of days the vehicle was leased in your current and previous fiscal periods .....	_____	22
Manufacturer's list price .....	_____	23
Use a GST rate of 5% or HST rate applicable to your province.		
Amount 23 or (\$43,529 + GST and PST, or \$43,529 + HST), whichever is more (see <b>note 10</b> ) ▶ _____ × 85% = _____	_____	24
[((\$1,050 + GST and PST, or \$1,050 + HST) × amount 22) ÷ 30 (see <b>note 11</b> )] .....	_____	25
Amount 25: _____ - amount 21: _____	_____	26
[((\$37,000 + GST and PST, or \$37,000 + HST) × amount 20) ÷ amount 24 (see <b>note 12</b> )] .....	_____	27
<b>Eligible leasing cost:</b> Amount 26 or 27, whichever is less (enter in amount 8 of Chart A above) .....	_____	28

\*\*\*\*\* Includes a vehicle that would qualify as a zero-emission passenger vehicle if you owned it.

**Note 10:** For leases entered into in 2023, it's amount 23 or (\$42,353 plus GST and PST, or \$42,353 plus HST), whichever is more. For leases entered into in 2022, it's amount 23 or (\$40,000 plus GST and PST, or \$40,000 plus HST), whichever is more. For leases entered into before 2022, it's amount 23 or (\$35,294 plus GST and PST, or \$35,294 plus HST), whichever is more.

**Note 11:** For leases entered into in 2023, amount 25 is equal to [(\$950 plus GST and PST, or \$950 plus HST) multiplied by amount 22], divided by 30. For leases entered into in 2022, amount 25 is equal to [(\$900 plus GST and PST, or \$900 plus HST) multiplied by amount 22], divided by 30. For leases entered into before 2022, amount 25 is equal to [(\$800 plus GST and PST, or \$800 plus HST) multiplied by amount 22], divided by 30.

**Note 12:** For leases entered into in 2023, amount 27 is equal to [(\$36,000 plus GST and PST, or \$36,000 plus HST) multiplied by amount 20], divided by amount 24. For leases entered into in 2022, amount 27 is equal to [(\$34,000 plus GST and PST, or \$34,000 plus HST) multiplied by amount 20], divided by amount 24. For leases entered into before 2022, amount 27 is equal to [(\$30,000 plus GST and PST, or \$30,000 plus HST) multiplied by amount 20], divided by amount 24.

See the privacy notice on your return.

# GST/HST Return Working Copy

Do **not** use this working copy to file your return or to make payments at your financial institution.

Name										Business number													
Reporting period		Year		Month		Day		to		Year		Month		Day		Due date		Year		Month		Day	
From																							

## Working copy (for your records)

- Copy your business number, the reporting period, and the amounts from the highlighted line numbers in this worksheet to the corresponding boxes in your GST/HST return.

Enter your total <b>sales and other revenue</b> . Do not include provincial sales tax, GST or HST. If you are using the quick method of accounting, include the GST or HST.	<b>101</b>			00
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## Net tax calculation

Enter the total of all <b>GST and HST amounts that you collected or that became collectible</b> by you in the reporting period.	<b>103</b>			
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Enter the total amount of <b>adjustments</b> to be added to the net tax for the reporting period (for example, the GST/HST obtained from the recovery of a bad debt).	<b>104</b>			
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Total GST/HST and adjustments for period (add lines 103 and 104) ➔

<b>105</b>			
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Enter the GST/HST you paid or that is payable by you on qualifying expenses ( <b>input tax credits – ITCs</b> ) for the current period and any eligible unclaimed ITCs from a previous period.	<b>106</b>			
--	------------	--	--	--

Enter the total amount of <b>adjustments</b> to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	<b>107</b>			
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Total ITCs and adjustments (add lines 106 and 107) ➔

<b>108</b>			
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**Net tax** (subtract line 108 from line 105)

<b>109</b>			
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## Other credits if applicable

Do not complete line 111 until you have read the instructions.

Enter any <b>instalment and other annual filer payments</b> you made for the reporting period.	<b>110</b>			
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Enter the total amount of the GST/HST <b>rebates</b> , <b>only</b> if the rebate form indicates that you can claim the amount on this line. For filing information, see instructions.	<b>111</b>			
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Total other credits (add lines 110 and 111) ➔

<b>112</b>			
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**Balance** (subtract line 112 from line 109)

<b>113 A</b>			
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## Other debits if applicable

Do not complete line 205 or line 405 until you have read the instructions.

Enter the total amount of the <b>GST/HST due on purchases of real property or purchases of emission allowances</b> .	<b>205</b>			
--	------------	--	--	--

Enter the total amount of <b>other GST/HST to be self-assessed</b> .	<b>405</b>			
--	------------	--	--	--

Total other debits (add lines 205 and 405) ➔

<b>113 B</b>			
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**Balance** (add lines 113 A and 113 B)

<b>113 C</b>			
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**Line 114 and line 115:** If the result entered on line 113 C is a negative amount, enter the amount of the refund you are claiming on line 114. If the result entered on line 113 C is a positive amount, enter the amount of your payment on line 115.

Refund claimed	
<b>114</b>	

Payment enclosed	
<b>115</b>	

## Instructions

**Line 111:** Certain rebates can reduce or offset your amount owing. Those rebate forms contain a question asking if you want to claim the rebate amount on **line 111** of your GST/HST return. Tick **yes** on the applicable rebate form if you are claiming a rebate on **line 111** of your GST/HST return. Generally, you must file the applicable rebate application with your return. However, if you file the return electronically and do not file the rebate application electronically, send the rebate application to us by mail.

**Line 205:** Fill out this line **only** if you purchased taxable real property (other than an individual who purchased a residential complex) or taxable carbon emission allowances for use or supply primarily (more than 50%) in your commercial activities and the supplier was not required to collect the tax and was not deemed to have collected the tax. For example, you may be required to self-assess tax on this line if you purchased taxable real property in Canada from a non-resident. If you qualify for an input tax credit on the purchase, include this amount on **line 106** (**line 108** if you are filing electronically).

**Line 405:** Fill out this line **only** if you have to self-assess GST/HST on an imported taxable supply or you have to self-assess the provincial part of HST. If you are a financial institution, you may also have to self-assess GST/HST under special import rules.

Personal information is collected for purposes of the administration or enforcement of Part IX of the Excise Tax Act, and related programs and activities including administering tax, rebates, elections, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties, or other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 241 on Info Source at [canada.ca/cra-info-source](http://canada.ca/cra-info-source).



SMALL BUSINESS?  
SELF-EMPLOYED?

**GET FREE TAX HELP**  
[canada.ca/cra-liaison-officer](https://canada.ca/cra-liaison-officer)

## Help for small business owners

Wouldn't it be great to know that you are doing things right, before you file your small business tax returns? Through the Liaison Officer service, the Canada Revenue Agency (CRA) offers free in-person support and guidance to small businesses and self-employed individuals to help you meet your tax obligations.

## Want to save time and money?

CRA liaison officers are available across Canada to help ensure that business owners like you understand your tax obligations and are aware of possible tax deductions. Liaison officers will also explain how to avoid common errors that could end up costing time and money. You can request an in-person visit, or small business groups can request a seminar.



## How does it work?

During a visit or seminar, a liaison officer will:

- Answer tax-related questions (income tax, GST/HST and payroll)
- Discuss business tax deductions
- Explain common tax errors and financial benchmarks for your industry or a comparable one
- Provide an overview of helpful tools and services offered by the CRA
- Explain general bookkeeping concepts and best practices or, during in-person visits, offer advice and help with setting up an effective bookkeeping system for your business.

## Book your visit or seminar

For more information or to request a visit or a seminar, go to:

[canada.ca/cra-liaison-officer](https://canada.ca/cra-liaison-officer)

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