



Liaison Officer Service

Informational seminar for small businesses

Notes

This seminar and its relevant documents are intended solely for the explanation of general tax concepts and do not replace any tax laws or regulations contained in the Income Tax Act or the Excise Tax Act.

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Liaison Officer Service Background

Began as a pilot project in 2014 and due to its popularity with **small businesses** it became a permanent program in 2015.

Since May 2019, LO services has expanded to offer the services to **small incorporated business**.

Provides **in-person** guidance, support, and information that will help you understand and navigate the tax system thereby making it easier for you to meet your tax obligations.



Your Rights

The **Taxpayer Bill of Rights** is a set of 16 rights that you have in your relationship with the CRA. These rights confirm our commitment to serve you with professionalism, courtesy and fairness.

The **Taxpayer Bill of Rights** also includes the CRA commitment made to small businesses, which acknowledges their importance as the engine of growth in the Canadian economy.

T1 General - Total Income

Self-employed
income reported in
T1

Gross and net
income only

Step 2 – Total income			
As a resident of Canada, you have to report your income from all sources both inside and outside Canada. The Income Tax and Benefit Guide may have additional information for certain lines.			
Employment income (box 14 of all T4 slips)		10100	
Tax-exempt income for emergency services volunteers (See line 10100 in the guide.)			
Commissions included on line 10100 (box 42 of all T4 slips)	10105		
Wage-loss replacement contributions (See line 10100 in the guide.)	10120		
	10130		
Other employment income			10400 +
Old age security pension (box 18 of the T4A(OAS) slip)			11300 +
CPP or QPP benefits (box 20 of the T4A(P) slip)			11400 +
Disability benefits included on line 11400 (box 16 of the T4A(P) slip)	11410		
Other pensions and superannuation (See line 11500 in the guide and complete line 31400 in the Worksheet for the return.)			11500 +
Elected split-pension amount (Get and complete Form T1032.)			11600 +
Universal child care benefit (UCCB) (See the RC62 slip.)			11700 +
UCCB amount designated to a dependant	11701		
Employment insurance and other benefits (box 14 of the T4E slip)			11900 +
Employment insurance maternity and parental benefits and provincial parental insurance plan benefits	11905		
Taxable amount of dividends (eligible and other than eligible) from taxable Canadian corporations (Complete the Worksheet for the return.)			12000 +
Taxable amount of dividends other than eligible dividends, included on line 12000, from taxable Canadian corporations	12010		
Interest and other investment income (Complete the Worksheet for the return.)			12100 +
Net partnership income: limited or non-active partners only			12200 +
Registered disability savings plan income (box 131 of the T4A slip)			12500 +
Rental income	Gross 12599		Net 12600 +
Taxable capital gains (Complete Schedule 3.)			12700 +
Support payments received	Total 12799		Taxable amount 12800 +
RRSP income (from all T4RSP slips)			12900 +
Other income	Specify:		13000 +
Taxable scholarship, fellowships, bursaries, and artists' project grants			13010 +
Self-employment income			
Business income	Gross 13499		Net 13500 +
Professional income	Gross 13699		Net 13700 +
Commission income	Gross 13899		Net 13900 +
Farming income	Gross 14099		Net 14100 +
Fishing income	Gross 14299		Net 14300 +
Workers' compensation benefits (box 10 of the 15007 slip)		14400	
Social assistance payments		14500 +	
Net federal supplements (box 21 of the T4A(OAS) slip)		14600 +	
Add lines 14400, 14500, and 14600. (See line 25000 in Step 4.)		=	▶14700 +
Add lines 10100, 10400 to 11400, 11500 to 11700, 11900, 12000, 12100 to 12500, 12600, 12700, 12800, 12900 to 13010, 13500, 13700, 13900, 14100, 14300, and 14700.			
This is your total income.			15000 =

T2125 - Statement of Business or Professional Activities

Self-employed
income reported in
T1

Detailed
calculations

Canada Revenue Agency / Agence du revenu du Canada		Protected B when completed	
Statement of Business or Professional Activities			
<ul style="list-style-type: none"> 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	Date (YYYYMMDD) From	Date (YYYYMMDD) to	Was this your last year of business? <input type="checkbox"/> Yes <input type="checkbox"/> No
Main product or service		Industry code (see the appendix 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 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.			
How many Internet web pages and websites does your business earn income from? Enter "0" if none			
Provide up to five main web page or website addresses, also known as uniform resource locator (URL):			
http://			
http://			
http://			
http://			
http://			
Percentage of your gross income generated from the web pages and websites. (If no income was generated from the Internet, enter "0".)			

GST 34 Return

Goods and Services Tax / Harmonized Sales Tax (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				From			to			Due date				R			T		
Year	Month	Day	Year	Month	Day	Year	Month	Day	Year	Month	Day	Year	Month	Day	Year	Month	Day		

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 sales and other revenue. Do not include provincial sales tax, GST or HST. If you are using the Quick Method of accounting, include the GST or HST.	101			00
---	------------	--	--	----

Net tax calculation

Enter the total of all GST and HST amounts that you collected or that became collectible by you in the reporting period.	103		
--	------------	--	--

Enter the total amount of adjustments to be added to the net tax for the reporting period (for example, the GST/HST obtained from the recovery of a bad debt).	104		
--	------------	--	--

Total GST/HST and adjustments for period (add lines 103 and 104) ➔

105		
------------	--	--

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

Enter the total amount of adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	107		
---	------------	--	--

Total ITCs and adjustments (add lines 106 and 107) ➔

108		
------------	--	--

Net tax (subtract line 108 from line 105)

109		
------------	--	--

Other credits if applicable

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

Enter any instalment and other annual filer payments you made for the reporting period. If the due date of your return is June 15, see the instructions.	110		
--	------------	--	--

Enter the total amount of the GST/HST rebates, only if the rebate form indicates that you can claim the amount on this line. For filing, information, see instructions.	111		
---	------------	--	--

Total other credits (add lines 110 and 111) ➔

112		
------------	--	--

Balance (subtract line 112 from line 109)

113 A		
--------------	--	--

Other debits if applicable

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

Enter the total amount of the GST/HST due on the acquisition of taxable real property.	205		
--	------------	--	--

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

Total other debits (add lines 205 and 405) ➔

113 B		
--------------	--	--

Balance (add lines 113 A and 113 B)

113 C		
--------------	--	--

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	
114	

Payment enclosed	
115	

General Overview – Books & Records

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
- Electronic records and supporting documents produced and kept in an electronically accessible and readable format

Note: The CRA does not specify which records should be kept, businesses are generally expected to keep any information related to the calculation or verification of income and deductions.

General Overview – Books & Records

1. A source document includes such items as:
 - ✓ sales and purchase invoices
 - ✓ cash register and credit card receipts
 - ✓ formal written contracts
 - ✓ delivery slips and deposit slips
 - ✓ work orders and docketts
 - ✓ cheques and bank statements
 - ✓ logbooks
 - ✓ tax returns
 - ✓ all correspondence that supports your transactions
2. The books include such items as ledgers and journals.
3. The records include all source documents and books related to the business.



General Overview – Books & Records

The following are **required to keep their books and records** of account for a **period of six years** from the end of the latest year to which they relate:

- ✓ Persons carrying on **a business** or engaged in a **commercial activity**
- ✓ Persons who are **required to file a GST/HST** return or remit **payroll deductions**

This pertains to the traditional and electronic methods of record retention.

Note: For taxpayers who keep records electronically, electronic records must also be retained for six years even when hard copy is available.

- ❖ **IC78-10R5 Books and Records Retention/Destruction**
- ❖ **IC05-1R1 Electronic Record Keeping**

General Overview – Revenues



You are required to report all revenues from your business such as:

- Products sold (sales)
- Services rendered (commissions, fees, etc.)
- Subsidies
- Rents
- Tips

Keep in mind that you must report all revenue, regardless of “how” you are paid.

- For example : cash, credit units with monetary value, barter transactions, etc.

General Overview – Revenues

Steps	Methodology
1. Original document 	<ul style="list-style-type: none"> ✓ Issue a sales receipt/invoice for every transaction and keep a copy for your records ✓ Original documents also include cash register tapes, appointment books, bank deposit slips, bank statements, contracts, etc.
2. Sales journal or summary 	<ul style="list-style-type: none"> ✓ Should show the date, the invoice number, the amount, source of income, taxes (GST/HST) and client payment method ✓ Can be in paper or electronic format (electronic spreadsheet, adding machine tape, accounting software, etc.).
3. T2125 & GST34	<ul style="list-style-type: none"> ✓ Complete a separate form for each business or professional activities

General Overview – Revenues

STEP 1: Sales receipt/invoice should include the following :

- business identification (name and address)
- transaction date
- quantity, description and price of the products sold or services rendered
- sales tax amounts and GST/HST account number (when applicable)
- total amount
- payment method/terms
- pre-numbered receipt/invoice



General Overview – Revenues

Example receipt/invoice:

Invoice #138 to C. Kent

ABC Engineering 1234 Canada St Toronto, ON Phone 416-999-9999		INVOICE	
SOLD TO: C. Kent 12 Ottawa Street London, ON		INVOICE NUMBER	138
		INVOICE DATE	March 3, 2019
		GST/HST NUMBER	123456789
NEW HOME DESIGNS - 345 CANADA AVE - 17 HOURS @\$185/HR			\$3,145.00
		SUBTOTAL	\$3,145.00
		GST/HST	\$408.85
		TOTAL	\$3,553.85
PAYMENT DUE IN FULL UPON RECEIPT			PAY THIS AMOUNT
THANK YOU FOR YOUR BUSINESS!			

General Overview – Revenues

STEP 2: Recorded to Sales Journal (invoice #138)

Date	Invoice #	Customer	Source	Subtotal	GST/HST (13%)	Total
02-07-19	137	H. Pitt Inc.	Cheque	20,000.00	2,600.00	22,600.00
03-03-19	138	C. Kent	Cheque	3,145.00	408.85	3,553.85
04-15-19	139	B. Barrette	VOID	VOID	VOID	VOID
05-21-19	140	J. Patel	Cheque	24,500.00	3,185.00	27,685.00
06-04-19	141	R. Smith	Cash	1,457.00	189.41	1,646.41
07-06-19	142	A. Cooper	Cheque	14,300.00	1,859.00	16,159.00
08-07-19	143	V. Nguyen	Cheque	14,200.00	1,846.00	16,046.00
09-09-19	144	Bold Eng. Inc	Cheque	28,450.00	3,698.50	32,148.50
10-10-19	145	R. Wilson	Cheque	12,400.00	1,612.00	14,012.00
			Total	118,452.00	15,398.76	133,850.76

General Overview – Revenues

STEP 3: Recorded to the T2125 form

Part 3A – Business income	
Gross sales, commissions, or fees (include GST/HST collected or collectible)	133,850.763A
GST/HST, provincial sales tax, returns, allowances, discounts, and GST/HST adjustments (included in amount 3A)	15,398.763B
Subtotal: Amount 3A minus amount 3B	118,452.003C
If you are using the quick method for GST/HST – Government assistance calculated as follows:	
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 plus GST/HST collected or collectible) multiplied by the applicable quick method remittance rate	3E
Subtotal: Amount 3D minus amount 3E	0.003F
Adjusted gross sales: Amount 3C plus amount 3F (enter on line 8000 of Part 3C)	118,452.003G

General Overview – Revenues

STEP 3: Recorded to GST 34 return (invoice #138)

Enter your total sales and other revenue . Do not include provincial sales tax, GST or HST. If you are using the Quick Method of accounting, include the GST or HST.	101	118,452.00
Net tax calculation		
Enter the total of all GST and HST amounts that you collected or that became collectible by you in the reporting period.	103	15,398.70
Enter the total amount of adjustments to be added to the net tax for the reporting period (for example, the GST/HST obtained from the recovery of a bad debt).	104	
Total GST/HST and adjustments for period (add lines 103 and 104) →		105 15,398.70

General Overview – Expenses



Generally, purchases and expenses are deductible if they are:

- ✓ Incurred or made to **earn business income**
- ✓ **Supported** by invoices
- ✓ **Paid or payable** by the taxpayer/registrant
- ✓ **Reasonable** in the circumstances.



Note: Don't forget to **exclude the personal portion**, where applicable.

General Overview – Expenses

Steps	Methodology
1. Original document 	<ul style="list-style-type: none"> ✓ Retain a receipt or voucher for every transaction and maintain for your records ✓ Original documents also include cash register tapes, purchase invoice, monthly bills, contracts, etc.
2. Expense journal or summary 	<ul style="list-style-type: none"> ✓ Should show the date, the amount, type of expense, taxes (GST/HST or PST) and payment method ✓ Can be in paper or electronic format (electronic spreadsheet, adding machine tape, accounting software, etc.)
3. T2125 & GST34	<ul style="list-style-type: none"> ✓ Should include this information even if you are filing your return using tax preparation software

General Overview – Expenses

Example
receipt/invoice:

Receipt #19785
Willis Office Supplies

Invoice Date: June 5, 2019

Invoice Number: 19785

Willis Office Supplies

Unit 14, 11111 1st Avenue, Toronto, Ontario, 416-888-8888

Bill to: ABC Engineering Inc., 1234 Canada St., Toronto, Ontario

Description	Price	Quantity	Total
Blue pens 12/box	\$ 34.99	8	\$ 279.92
	Subtotal		\$ 279.92
	GST/HST		\$ 36.39
	TOTAL		\$ 316.31

GST/HST#: 55555 5555

Payable on receipt

General Overview – Expenses

STEP 2: Recorded to Expense Journal (Ex: Willis Office Supplies)

Date	Vendor	Payment Source	Subtotal	GST/HST ^(13%)	Total
02-02-19	Ally's Depot	Visa 7890	148.00	19.24	167.24
03-01-19	Wholesale Supply Inc	Cheque 401	448.00	58.24	506.24
06-05-19	Willis Office Supplies	Ch. account	279.92	36.39	316.31
06-15-19	Wholesale Supply Inc	Visa 7890	1,978.00	257.14	2,235.14
07-03-19	Ally's Depot	Visa 7890	500.00	65.00	565.00
08-27-19	Willis Office Supplies	Visa 7890	889.65	115.65	1,005.30
		Total	4,243.57	551.66	4,795.23

General Overview – Expenses

STEP 3: Recorded to T2125 (Willis Office Supplies)

Protected B when completed

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)			118,452.004A
Expenses (enter only the business part)			
Advertising	8521	889.00	4B
Meals and entertainment	8523	579.05	4C
Bad debts	8590		4D
Insurance	8690		4E
Interest and bank charges	8710		4F
Business taxes, licences, and memberships	8760	202.10	4G
Office expenses	8810		4H
Office stationery and supplies	8811	4,243.57	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	1,279.00	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 15 of Chart A)	9281		4T
Capital cost allowance (CCA). Enter amount i of Area A minus any personal part and any CCA for business-use-of-home expenses	9936		4U
Other expenses (specify):	9270		4V
Total expenses: Total of amounts 4B to 4V		9368	
Net income (loss) before adjustments: Amount 4A minus line 9368		9369	

General Overview – Expenses

STEP 3: Recorded to GST 34 return (*Willis Office Supplies*)

Total GST/HST and adjustments for period (add lines 103 and 104) →		105	15,398.76
Enter the GST/HST you paid or that is payable by you on qualifying expenses (input tax credits – ITCs) for the current period and any eligible unclaimed ITCs from a previous period.	106		
Enter the total amount of adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	107		
Total ITCs and adjustments (add lines 106 and 107) →		108	
Net tax (subtract line 108 from line 105)		109	

Expense	GST/HST paid eligible for ITCs
Office supplies	551.66
Business-use-of-home	?
Vehicle	?
Computer purchase	?
Total ITCs	????

Common Reasons For Potential Errors

- Overlooked reporting of **secondary** or **other sources of income**
- **Revenues are not all deposited** or may be deposited but **not recorded correctly**
- Lack of **bank reconciliation**; discrepancy between declared revenues and bank deposits
- **Claiming personal portion** of expenses and ITCs (for example, motor vehicle expenses)



Common Reasons For Potential Errors

- Expenses are **not supported** with **documentation** or no supporting documents to explain the business vs. personal portion of expenses (for example, motor vehicle, travel expenses)
- No **reasonable basis** used to calculate shared expenses
- **Lack of tax knowledge** or **tax rules** (that is, amounts claimed that are limited by tax legislation – meals and entertainment, Capital cost allowance, etc.)



Motor Vehicle Expenses

Travelling from home to the place of business is not an allowable expense, unless the principal place of business is at home.

Examples of allowable motor vehicle travel	Documentation required
<ul style="list-style-type: none"> • Distance between 2 different places of business • Distance when travelling: <ul style="list-style-type: none"> ✓ To meet with a supplier or client ✓ To make purchases for business ✓ For training, conventions, or trips related to business ✓ Etc. 	<ul style="list-style-type: none"> • Detailed logbook: date, destination, purpose and number of kilometres driven <ul style="list-style-type: none"> ✓ Record of the odometer reading of each vehicle at the start of the fiscal period. • All receipts (gas, insurance, repairs, etc.).
<p>Possibility of using the simplified logbook method</p>	

Motor Vehicle Expenses

Types of vehicles *(handout)*

The kind of vehicle you have can affect the expenses you deduct. For tax purposes, there are two types of vehicles:

- Motor vehicles, **and**
- Passenger vehicles

If you own or lease a passenger vehicle, there may be a limit on the amounts you can deduct for:

- Capital Cost Allowance (CCA)
- Interest
- Leasing costs, **and**
- Allowable purchase ITCs for GST/HST

Motor Vehicle Expenses

Types of vehicles

Vehicle	Seating (includes driver)	Business use in year bought or leased	Motor vehicle	Passenger vehicle
Pickup truck used to transport goods or equipment	1 to 3	more than 50%	✓	
Pickup truck with extended cab used to transport goods, equipment, or passengers	4 to 9	90% or more	✓	
Sport utility used to transport goods, equipment, or passengers	4 to 9	90% or more	✓	
Van or minivan used to transport goods or equipment	1 to 3	more than 50%	✓	
Van or minivan used to transport goods, equipment, or passengers	4 to 9	90% or more	✓	
Coupe, sedan, station wagon, sports car, or luxury car	1 to 9	1% to 100%		✓
Pickup truck (other than above)*	1 to 3	1% to 100%		✓
Pickup truck with extended cab (other than above)*	4 to 9	1% to 100%		✓
Sport utility (other than above)	4 to 9	1% to 100%		✓
Van or minivan (other than above)	1 to 3	1% to 100%		✓
Van or minivan (other than above)	4 to 9	1% to 100%		✓

*A vehicle in this category that is used more than 50% to transport goods, equipment, or passengers while earning or producing income at a remote work location or at a special work site that is at least 30 kilometres from the nearest community with a population of 40,000 is considered a motor vehicle.

Motor Vehicle Expenses

Eligible expenses	Expenses not eligible
<ul style="list-style-type: none"> ✓ Licence and registration fees ✓ Gasoline and oil ✓ Insurance ✓ Interest on money borrowed to buy a motor vehicle ✓ Repairs and maintenance ✓ Leasing costs <i>(if you lease the vehicle)*</i> ✓ Capital Cost Allowance (CCA) <i>(if you own the vehicle). *</i> 	<ul style="list-style-type: none"> ✗ Traffic ticket ✗ Repair costs following an accident during a personal trip

**If you own or lease a passenger vehicle, deduction limits could apply.*

Non-exhaustive lists

Motor Vehicle Expenses

Leased vehicle

STEP 1

Expense	Cost	GST/HST Paid
Gas and oil	\$1,800	\$234
Insurance	1,000	0
Licence and registration fees	300	0
Repairs and maintenance	200	26
Leasing cost	2,880	374
Total	6,180	634

STEP 2

Logbook information

Business km : 12,355

Total km : 20,592

Allowable portion

$12,355 \div 20,562$

60%

Personal portion

40%

Non deductible

Motor Vehicle Expenses

Leased vehicle

STEP 1

Expense	Cost	GST/HST Paid
Gas and oil	\$1,800	\$234
Insurance	1,000	0
Licence and registration fees	300	0
Repairs and maintenance	200	26
Leasing cost	2,880	374
Total	6,180	634
Allowable portion (60%)	\$3,708	\$380
Business parking fees (100%)	500	65
Supplementary business insurance (100%)	200	0
Allowable deduction & ITC	\$4,408	\$445

STEP 2

Logbook information

Business km : 12,355

Total km : 20,592

Allowable portion

$12,355 \div 20,562$

60%

Personal portion

40%

Non deductible

STEP 3

Motor Vehicle Expenses

Recorded to T2125 form

— Chart A – Motor vehicle expenses —	
Kilometres you drove in the fiscal period that was part of earning business income	12,355 1
Total kilometres you drove in the fiscal period	20,592 2
Fuel and oil	1,800,00 3
Interest (see Chart B)	4
Insurance	1,000,00 5
Licence and registration	300,00 6
Maintenance and repairs	200,00 7
Leasing (see Chart C)	2,880,00 8
Other expenses (specify):	9
.....	10
Total motor vehicle expenses: Add amounts 3 to 10	<u>6,180,00</u> 11
Business use part: $\left(\begin{array}{l} \text{amount 1 :} \\ \text{amount 2 :} \end{array} \begin{array}{l} \underline{12,355} \\ \underline{20,592} \end{array} \right) \times \text{amount 11 :}$	$\begin{array}{l} \underline{6,180,00} \\ \underline{\hspace{1cm}} \end{array} = \underline{3,708,00}$ 12
Business parking fees	500,00 13
Supplementary business insurance	200,00 14
Allowable motor vehicle expenses: Add amounts 12, 13, and 14 (enter this total on line 9281 of Part 4)	<u>4,408,00</u> 15

Note: You can claim CCA on motor vehicles in Area A.

Motor Vehicle Expenses

Recorded to GST 34 return

Total GST/HST and adjustments for period (add lines 103 and 104) →		105	15,398.76
Enter the GST/HST you paid or that is payable by you on qualifying expenses (input tax credits – ITCs) for the current period and any eligible unclaimed ITCs from a previous period.	106		
Enter the total amount of adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	107		
Total ITCs and adjustments (add lines 106 and 107) →		108	
Net tax (subtract line 108 from line 105)		109	

Expense	GST/HST paid eligible for ITCs
Office supplies	551.66
Business-use-of-home	0
Vehicle	445.40
Computer purchase	?
Total ITCs	????

Business-use-of-home Expenses

Deductible if one of the following conditions applies

Your home is your **principal place** of business

You use the space **only** to earn your business income

+

You use it on a **regular** and **ongoing basis** to meet your clients, customers, or patients

Note: Cannot be used to create or increase a business loss (unused portion can be deducted in a future year).

Business-use-of-home Expenses

Allowable expenses

Electricity	Home insurance
Heat	Mortgage interest
Maintenance	Rent
Property taxes	Capital cost allowance (CCA)

Non-exhaustive list

Allowable portion

- Work space area vs. the total area of home, **AND**
- Prorata of 24 hours per day and 7 days per week if the work space is also used for personal purposes.

Note: If expense is incurred exclusively for the home office, 100% of the amount is deductible.

Business-use-of-home Expenses

Calculation:

Dedicated area

STEP 1

Expense	Cost	GST/HST Paid
Electricity	\$2,200	\$286
Insurance	650	0
Maintenance	350	45
Mortgage interest	8,000	0
Property taxes	1,800	0
Total	13,000	331

STEP 2

Workspace usage

Business: 180 sq. ft.
Total: 1,800 sq. ft.

Allowable portion

$180 \div 1,800$

10%

Personal portion

90%

Non deductible

Business-use-of-home Expenses

Calculation:

Dedicated area

STEP 2

Workspace usage

Business: 180 sq. ft.
Total: 1,800 sq. ft.

Allowable portion

$180 \div 1,800$

10%

Personal portion

90%

Non deductible

STEP 1

Expense	Cost	GST/HST Paid
Electricity	\$2,200	\$286
Insurance	650	0
Maintenance	350	45
Mortgage interest	8,000	0
Property taxes	1,800	0
Total	13,000	331
Allowable deduction & ITC	\$1,300	\$0

STEP 3

Business-use-of-home Expenses

Calculation:

Shared area

STEP 2

Workspace usage

Business: 180 sq. ft.
Total: 1,800 sq. ft.

Allowable portion

$180 \div 1,800$

10%

Personal portion

90%

Non deductible

STEP 1

Expense	Cost	GST/HST Paid
Electricity	\$2,200	\$286
Insurance	650	0
Maintenance	350	45
Mortgage interest	8,000	0
Property taxes	1,800	0
Total	13,000	331
Allowable deduction & ITC	\$1,300	\$0
Shared area calculation		
Business related usage 7/24 hours		
Business related usage 5/7 days		
Allowable deduction & ITC	\$271	\$0

STEP 3

STEP 4

Business-use-of-home Expenses

Recorded to T2125 form (Dedicated area)

Part 7 – Calculation of business-use-of-home expenses		
Heat		7A
Electricity	2,200.00	7B
Insurance	650.00	7C
Maintenance	350.00	7D
Mortgage interest	8,000.00	7E
Property taxes	1,800.00	7F
Other expenses (specify):		7G
Subtotal: Add amounts 7A to 7G	13,000.00	7H
Personal-use part of the business-use-of-home expenses	11,700.00	7I
Subtotal: Amount 7H minus amount 7I	1,300.00	7J
Capital cost allowance (business part only), which means amount i of Area A minus any portion of CCA that is for personal use or entered on line 9936 of Part 4		7K
Amount carried forward from previous year		7L
Subtotal: Add amounts 7J to 7L	1,300.00	7M
Net income (loss) after adjustments (amount 5C) (if negative, enter "0")	70,571.00	7N
Business-use-of-home expenses available to carry forward: Amount 7M minus amount 7N (if negative, enter "0")	0.00	7O
Allowable claim: The lesser of amount 7M and 7N above (enter your share of this amount on line 9945 of Part 5)	1,300.00	7P

Business-use-of-home Expenses

Recorded to GST 34 return (Dedicated area)

Total GST/HST and adjustments for period (add lines 103 and 104) →		105	15,398.76
Enter the GST/HST you paid or that is payable by you on qualifying expenses (input tax credits – ITCs) for the current period and any eligible unclaimed ITCs from a previous period.	106		
Enter the total amount of adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	107		
Total ITCs and adjustments (add lines 106 and 107) →		108	
Net tax (subtract line 108 from line 105)		109	

Expense	GST/HST paid eligible for ITCs
Office supplies	551.66
Business-use-of-home	0
Vehicle	?
Computer purchase	?
Total ITCs	????

Capital Cost Allowance (CCA)

- Your business might acquire a depreciable property such as a building, furniture, or equipment to use in the business activities.
- These properties wear out or become obsolete over time. You can deduct their cost over a period of several years. This yearly deduction is called a capital cost allowance (CCA).




Capital Cost Allowance (CCA)

Commonly used CCA classes

Class	Rate (%)	Brief description
1	4	Most buildings you bought after 1987.
8	20	Property that you use in your business that is not included in another class.
10	30	Motor vehicles and some passenger vehicles.
10.1	30	A passenger vehicle not included in Class 10.
12	100	Tools, medical and dental instruments and kitchen utensils, acquired for less than \$500. (If \$500 or more, include the cost in Class 8)
50	55	General-purpose electronic data-processing equipment (commonly called computer hardware) and systems software for that equipment.

Capital Cost Allowance (CCA)

<p>PURCHASE OF A COMPUTER IN 2018</p>	<p>Cost: \$2,000 Class: 50 CCA Rate: 55% Business usage: 75%</p>	
<p>Maximum deduction for 2018:</p>	<p>Maximum deduction for 2019:</p>	
<p>$\\$1,500 \times 55\% \times \frac{1}{2}^* = \\413</p>	<p>$(\\$1,500 - \\$413) \times 55\% = \\$598$</p>	
<p>Only the business portion is deductible. In this case, the computer is used 75% of the time for business, resulting in an undepreciated capital cost (UCC) at the start of the year of \$1,500.</p>		
<p>*Half-year rule: claim half of the allowable deduction <u>in the year of purchase.</u></p>		
<p>Rule for GST/HST: Capital personal property If business usage is greater than 50% then the ITC is 100% of the GST/HST paid</p>		

Capital Cost Allowance (CCA)

T2125 for 2018

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 Area B and C below)	4 Cost of additions from column 3 which are AIP (new property must be available for use before 2024) See note 1 below	5 Proceeds of dispositions in the year (see Area D and E below)	6 UCC after additions and dispositions (col. 2 plus col. 3 minus col. 5)	7 Proceeds of dispositions available to reduce additions of AIP (col. 5 minus col. 3 plus column 4). If negative, enter "0"	8 UCC adjustment for current-year additions of AIP (col. 4 minus col. 7) multiplied by the relevant factor. If negative, enter "0". See note 2 below	9 Adjustment for current-year additions subject to the half-year rule 1/2 multiplied by (col. 3 minus col. 4 minus col. 5). If negative, enter "0"	10 Base amount for CCA (col. 6 plus col. 8 minus col. 9)	11 CCA Rate %	12 CCA for the year (col. 10 multiplied by col. 11 or a lower amount)	13 UCC at the end of the year (col. 6 minus col. 12)
50	0,00	1,500,00	0,00	0,00	1,500,00	0,00	0,00	750,00	750,00	55,00	413,00	1,087,00
Total CCA claim for the year: Total of column 12 (enter the amount on line 9606 of Part 4, amount 1 minus any personal part and any CCA for business-use-of-home expenses **)											413,00	

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)	
50	Computer	2,000,00	500,00	1,500,00	
Total equipment additions in the year: Total of column 5				9925	1,500,00

Capital Cost Allowance (CCA)

T2125 for 2019

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 Area B and C below)	4 Cost of additions from column 3 which are AIP or zero-emission vehicles (ZEV) (new property must be available for use in the year) <i>Note 1</i>	5 Proceeds of dispositions in the year (see Area D and E below)	6 UCC after additions and dispositions (col. 2 plus col. 3 minus col. 5)	7 Proceeds of dispositions available to reduce additions of AIP and ZEV (col. 5 minus col. 3 plus column 4). If negative, enter "0" <i>Note 2</i>	8 UCC adjustment for current-year additions of AIP and ZEV (col. 4 minus col. 7) multiplied by the relevant factor. If negative, enter "0". <i>Note 3</i>	9 Adjustment for current-year additions subject to the half-year rule 1/2 multiplied by (col. 3 minus col. 4 minus col. 5). If negative, enter "0."	10 Base amount for CCA (col. 6 plus col. 8 minus col. 9)	11 CCA Rate %	12 CCA for the year (col. 10 multiplied by col. 11 or a lower amount)	13 UCC at the end of the year (col. 6 minus col. 12)
50	1,087.00	0.00	0.00	0.00	1,087.00	0.00	0.00	0.00	1,087.00	55.00	598.00	489.00
Total CCA claim for the year: Total of column 12 (enter the amount on line 9936 of Part 4, amount i minus any personal part and any CCA for business-use-of-home expenses **)											598.00	i

Capital Cost Allowance (CCA)

Recorded to GST 34 return

Total GST/HST and adjustments for period (add lines 103 and 104) →		105	15,398 76
Enter the GST/HST you paid or that is payable by you on qualifying expenses (input tax credits – ITCs) for the current period and any eligible unclaimed ITCs from a previous period.	106	13,187 51	
Enter the total amount of adjustments to be deducted when determining the net tax for the reporting period (for example, the GST/HST included in a bad debt).	107		
Total ITCs and adjustments (add lines 106 and 107) →		108	13,187 51
Net tax (subtract line 108 from line 105)		109	2,211 25

Expense	GST/HST paid eligible for ITCs
Office supplies	551.66
Business-use-of-home	0
Vehicle	445.40
Computer purchase (75% business usage)	260.00
...All the other taxed expenses	11,930.45
Total ITCs	13 187,51

Capital Cost Allowance (CCA) New Rules

Applies to eligible **property acquired after November 20, 2018** and must be available for use before 2028 in order to qualify.

Accelerated Investment Incentive

- Provides an enhanced first-year allowance for certain eligible property subject to CCA
- Apply the prescribed CCA rate for a class up to one-and-a-half times the net addition to the class for the year
- Suspend the existing CCA half-year rule

Full Expensing for Manufacturers and Processors

- Immediately write-off the full cost of machinery and equipment used for the manufacturing or processing of goods (Class 53)

Full Expensing for Clean Energy Investments

- Immediately write-off the full cost of specified clean energy equipment (classes 43.1 and 43.2)

Meals And Entertainment

Meal expenses must be incurred to **earn business income**

- Includes beverages, taxes and tips
 - ✓ Example: to meet with a client or supplier, attend a convention, etc.

Entertainment expenses can include

- The cost of tickets for a theatre, concert, athletic event or other performance
- The cost of private boxes at sports facilities

Note: Annual dues for recreational or dining clubs (e.g.: golf club) are not allowable.

Meals And Entertainment

Maximum allowable for food, beverages and entertainment is limited to **50% of the lesser** of:

- Actual amount incurred; or
- Amount that is reasonable in the circumstances.

Few **exceptions** to the 50% rule. For example:

- Your business regularly provides food, beverages, or entertainment to customers for compensation
- You incur meal and entertainment expenses for an office party or similar event, and you invite all your employees from a particular location. The limit is six such events per year.

Note: Keep all receipts/invoices, including the name of the client(s) entertained, purpose, and contact number.

Telephone and Utilities

Telephone/Cell Phone/Internet

- Only the **portion** used to earn **business** income is **deductible**
- A **reasonable basis** must be used when calculating the expense for the usage of a telephone, cell phone, or Internet that is used for both personal and business purposes

Utilities (other than home office utilities)

- Gas
- Oil and heating
- Electricity
- Water

General Expenses

Expense	Deductible	Non-Deductible
1. Clothing and uniforms	Safety gear and uniforms (and related cleaning costs)	Clothing in general that can be used personally (i.e. suits, ties, etc.) and related cleaning costs.
2. Conventions	Limit of 2 conventions per calendar year: <ul style="list-style-type: none"> • Related to your business or professional activity; and • Be held by business or organization within the geographical area where the organization usually conducts its business. 	Personal portion (i.e. spouse, children, vacation vs. business portion, etc.).

General Expenses

Expense	Deductible	Non-Deductible
3. Travel	<p>You can deduct travel expenses you incur to earn business and professional income. These include:</p> <ul style="list-style-type: none"> • Transportation fares • Hotel • Meals (in most cases, the 50% limit applies) 	<p>Personal portion (i.e. spouse, children, vacation vs. business portion, etc.)</p>
4. Salaries	<p>Reasonable expense (Fair Market Value - FMV) for job performed – applies in non-arm's length situations.</p>	N/A

GST/HST

- Generally, you **must register** for GST/HST if your total gross revenue from your worldwide taxable supplies of property and services is more than **\$30,000** in a **single calendar quarter** or over **four consecutive calendar quarters**.
- Taxable supplies are property and services that are made in the course of a commercial activity and are subject to the GST/HST.
- If your gross revenue from taxable supplies is **equal to or less than \$30,000**, you do not have to register as you are **considered** to be a **small supplier**. However, you can do so if you want to claim input tax credits.
- Taxi operator or commercial ride-sharing driver must register regardless of revenue.
- Input tax credits (**ITCs**) allow you recover the GST/HST paid or payable on purchases and expenses related to your commercial activities.

Differences In Tax Status

Tax status	What this means	If you are a GST/HST registrant then
Taxable supplies	<p>Most supplies made/provided in Canada or imported in are subject to GST/HST.</p>	<ul style="list-style-type: none"> You charge the GST/HST on these supplies You may be eligible to claim ITCs to recover the GST/HST paid on purchases made to provide these supplies.
Zero-rated supplies	<p>Some supplies are zero-rated. GST/HST applies to these supplies at the <u>rate of 0%</u>.</p> <ul style="list-style-type: none"> Basic groceries Prescription drugs Exports 	<ul style="list-style-type: none"> GST/HST of 0% is charged. You do not collect the GST/HST on these supplies. You may be eligible to claim ITCs to recover the GST/HST paid on property and services acquired to provide these supplies
Exempt supplies	<p>Some supplies are exempt. GST/HST does not apply to these supplies.</p> <ul style="list-style-type: none"> Most health/medical services Many education services Child care services 	<ul style="list-style-type: none"> You do not charge the GST/HST. Generally you cannot claim ITCs to recover the GST/HST paid or payable on property and services acquired to provide these supplies.

GST/HST – Small Supplier?

Example 1

What happens if you exceed the \$30,000 limit in four consecutive quarters?

Second quarter (April 1 to June 30, 2018)	\$2,000
Third quarter (July 1 to September 30, 2018)	\$10,000
Fourth quarter (October 1 to December 31, 2018)	\$12,000
First quarter (January 1 to March 31, 2019)	\$8,000
Total revenues for 4 consecutive quarters	\$32,000

In this case, you cease to be a small supplier at the end of the month following the first quarter (end of April 2019), as you exceeded the \$30,000 limit in the last four consecutive calendar quarters.

Start collecting GST/HST

- ✓ In May 2019, even if you are not yet registered.

Register for a GST/HST account

- ✓ Within 29 days after you make your first sale other than as a small supplier.

GST/HST – Small Supplier?

Example 2

What happens if you exceed the \$30,000 limit in two consecutive quarters?

First quarter (January 1 to March 31, 2018)	\$25,000
Second quarter (April 1 to June 30, 2018)	\$25,000
Total revenues for 2 consecutive quarters	\$50,000

In this example, you exceeded the \$30,000 limit by the end of the second consecutive calendar quarter but not in one quarter. You will be a small supplier for the following month (July 2018) provided you don't go over \$30,000 in that one month.

Start collecting GST/HST

- ✓ in August 2018 after you cease to be a small supplier.

Register for a GST/HST account

- ✓ Within 29 days after you make your first sale other than as a small supplier.

GST/HST – Small Supplier?

Example 3

What happens if you exceed the \$30,000 limit in one particular quarter?

First quarter (January 1 to March 31, 2018)	\$2,000
Second quarter (April 1 to June 30, 2018)	\$10,000
Third quarter (July 1 to September 30, 2018)	\$38,000

In this example, a sale that exceeded the small supplier limit was made on September 23. Therefore, in the third quarter, you cease immediately to be a small supplier as you exceeded the limit.

Start collecting GST/HST

- ✓ On the September 23 sale that made you exceed the \$30,000 limit, even if you are not yet registered.

Register for a GST/HST account

- ✓ By October 22, which is 29 days after you cease to be a small supplier.

GST/HST – Reporting Periods

Usually, the **assigned reporting period** is based on your **annual total revenue**. This will generally determine how many times a year you have to file GST/HST returns.

Annual taxable supplies	Assigned reporting period	Optional reporting periods
\$1,500,000 or less	Annual	Monthly or quarterly

Payroll – Common Errors Made by Small Businesses

1. Employers **don't remit** their source deductions by the **due date**.
2. The deduction amounts on T4 **do not equal** the amounts remitted to the CRA throughout the year.
3. Employers **fail to report or incorrectly report taxable benefits** such as bonuses, commissions, vehicle allowances or personal living expenses.

❖ **T4130 Employers' Guide – Taxable Benefits and Allowances**

❖ **T4001 Employers' Guide – Payroll Deductions and Remittances**

Payroll – 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).

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

❖ **RC4110 - Employee or Self-employed?**

Benchmarking

What is Benchmarking?

Benchmarking involves using **Financial Performance Data** to help both new and existing businesses to better understand how competing firms operate in their chosen industry.

It can:

- provide insight on the operations of similar small businesses in your industry;
- identify areas in which your business deviates from the relevant industry average; and
- identify opportunities to make changes that may help you to grow your business.



For example, if other businesses in your revenue quartile spend 8% of their revenue on advertising and promotion and your business spends 4%, you may consider boosting spending for your business in this area.

Benchmarking

Benchmark Tool

With **Financial Performance Data** you can :

- View financial data based on industry averages
- Include your incorporated business income statement and balance sheet information in the report

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Home → Business and industry → Research and business intelligence → Financial performance data

Financial Performance Data

Update: 2016 data for the revenue range of \$5,000,000 to \$20,000,000 is now available.

Create a report to view financial performance data by industry

[Create a report](#)

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.

REVENUES AND EXPENSES	
Total revenue	100.0
Cost of sales	
Wages and salaries	
Purchases, contracts	

PROFITABLE vs NON-PROFITABLE BUSINESSES

Profitable

Percent of total

FINANCIAL RATIOS	
Interest coverage ratio	

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Go to ic.gc.ca/eic/site/pp-pp.nsf/eng/home

Benchmarking – Used Car Dealers

	Whole industry (reliability)	Bottom quartile (25%)	Lower middle (25%)	Upper middle (25%)	Top quartile (25%)	Percentage of businesses reporting
Number of businesses	5,539					
Revenue range:						
Low Value (\$000)	30	30	100	304	918	
High Value (\$000)	5,000	100	304	918	5,000	
Revenues and expenses	(thousands of dollars) — Averages					
<u>Total revenue</u>	739.6 ^B	59.9	184.4	548.9	2,165.4	100.0
<u>Sales of goods and services</u>	N/A	N/A	N/A	N/A	N/A	N/A
<u>All other revenues</u>	N/A	N/A	N/A	N/A	N/A	N/A
<u>Cost of sales (direct expenses)</u>	591.5 ^B	32.0	121.2	417.5	1,795.3	88.3
<u>Wages and benefits</u>	8.0 ^B	0.3	1.8	8.2	21.9	11.4
<u>Purchases, materials and sub-contracts</u>	593.0 ^B	32.1	121.9	415.0	1,803.0	87.9
<u>Opening inventory</u>	142.5 ^B	28.9	59.8	120.3	361.0	73.0
<u>Closing inventory</u>	152.0 ^B	29.3	62.3	126.0	390.6	73.6
<u>Operating expenses (indirect expenses)</u>	119.8 ^C	21.7	54.0	109.5	294.0	97.6
<u>Labour and commissions</u>	38.9 ^B	2.7	11.7	32.0	109.2	50.8
<u>Amortization and depletion</u>	5.5 ^B	1.4	3.3	6.0	11.3	59.2
<u>Repairs and maintenance</u>	6.4 ^B	1.4	3.5	6.5	14.1	57.4
<u>Utilities and telephone/telecommunication</u>	5.8 ^B	1.5	3.6	6.1	12.1	82.8
<u>Rent</u>	13.2 ^B	2.1	6.4	13.6	30.8	56.3
<u>Interest and bank charges</u>	3.7 ^C	1.0	2.0	4.0	8.0	63.0
<u>Professional and business fees</u>	5.7 ^E	1.5	2.9	5.6	12.8	84.1
<u>Advertising and promotion</u>	8.1 ^E	0.5	2.3	5.7	24.0	72.0
<u>Delivery, shipping and warehouse expenses</u>	1.1 ^C	0.2	0.6	0.7	2.9	13.4
<u>Insurance</u>	5.4 ^B	1.8	3.3	6.0	10.7	78.5
<u>Other expenses</u>	25.8 ^C	7.5	14.3	23.3	58.1	95.8
<u>Total expenses</u>	711.3 ^B	53.8	175.2	527.0	2,089.3	97.9
<u>Net profit/loss</u>	28.3 ^B	6.1	9.2	21.9	76.1	99.8

CRA's Online Services

My Account for Individuals

My Account is a secure portal that lets you view your personal income tax and benefit information and manage your tax affairs online.

Choose from one of two ways to access My Account:

Option 1 - Using one of our Sign-In Partners

Log in or register with the same sign-in information you use for other online services (for example, online banking).

[Sign-In Partner Login / Register](#)

[▶ View list of Sign-In Partners](#)

Option 2 - Using a CRA user ID and password

Log in with your CRA user ID and password, or register.

[CRA login](#)

[CRA register](#)

[Video: How to register for My Account](#)



Help and FAQs

[CRA user ID and password](#)

[Sign-in Partners](#)

❖ [Go to **canada.ca/my-cra-account**](https://canada.ca/my-cra-account)

CRA's Online Services

My Business Account

Employees and representatives can access an account on behalf of their employer or business clients. See [Represent a Client](#).

Business owners (including partners, directors, and officers) can access their GST/HST, payroll, corporation income taxes, excise taxes, excise duties and other levies accounts online. [What can I do on My Business Account?](#)

Choose from one of two ways to access My Business Account:

Option 1 - Using one of our Sign-In Partners

Log in or register with the same sign-in information you use for other online services (for example, online banking).

[Sign-In Partner Login / Register](#)

[▶ View list of Sign-In Partners](#)

Option 2 - Using a CRA user ID and password

Log in with your CRA user ID and password, or register.

[CRA login](#)

[CRA register](#)

Help and FAQs

[CRA user ID and password](#)

[Sign-in Partners](#)

❖ [Go to **canada.ca/my-cra-business-account**](https://canada.ca/my-cra-business-account)

CRA's Online Services

My Account

- View status of tax return and notice of assessment/reassessment + change my return
- View RRSP, Tax-Free Savings Account (TFSA), Home Buyer's Plan and Lifelong Learning Plan
- View and update address and telephone numbers, change marital status
- View proof of income statement, account balance, statement of account and installments
- View and authorize representatives
- Arrange direct deposit and pay by pre-authorized debit
- View Canada Child Benefit, GST/HST and Universal Child Care Benefit payments, account balance and statement of account
- View tax information slips (T4, T4A, T4A(P), T4A(OAS), T4E, T4RSP, T4RIF, T5007, T3, T5, T5008 and RRSP Contribution Receipt)

My Business Account

- **Manage GST/HST account:**
 - ✓ File or adjust a return
 - ✓ File or view elections
 - ✓ Account balance and activities
 - ✓ Installment payment calculator
 - ✓ Enquiries service etc.
- **Manage Payroll account:**
 - ✓ File a return or view return status
 - ✓ View account balance, remitting requirements and account transactions
 - ✓ Request a refund
 - ✓ Request a CPP/EI ruling etc.
- Manage all other accounts (Corporation, Excise, Contract payments (T5018), etc.)
- Manage representatives, addresses, direct deposit and online mail
- Preauthorized debit
- View direct deposit transactions

CRA's Online Services

My Payment

My Payment is an electronic service that lets you make payments directly to the Canada Revenue Agency (CRA) using your bank access card. You cannot use credit cards with My Payment. For credit card payment options, go to [Pay by credit card](#) or [PayPal](#).

You need a card with one or more of the following logos:

- Visa® ¹ Debit
- Debit MasterCard® ²
- *Interac*® ³

If your bank card has:

- an Interac Online logo only, pay with the Interac option.
- both a Visa Debit logo **and** an Interac logo, pay with the Visa Debit option.
- both a Debit MasterCard logo **and** an Interac logo, pay with the Debit MasterCard option.

Start My Payment

Pay now

❖ [Go to **canada.ca/payments**](https://canada.ca/payments)

CRA's Online Services

Mobile Apps



CRA BizApp

| [Web](#)

CRA BizApp is a mobile web application for small business owners and sole proprietors. The application offers secure access to make payments, view accounting transactions, and more.



CRA Business Tax Reminders

| [iOS](#) | [Android](#) | [BlackBerry](#)

Business Tax Reminders is a tool for businesses to create custom reminders and alerts for key due dates related to instalment payments, tax returns, and remittances.



MyBenefits CRA

| [Web](#)

MyBenefits CRA is a mobile web app for individual benefit recipients that lets you quickly view your benefit and credit payment details and eligibility information.



MyCRA

| [Web](#)

MyCRA is a mobile web app for individuals that lets you securely access key portions of your tax information and pay your tax balance owing.

❖ Go to canada.ca/cra-mobile-apps

CRA's online services – Multimedia

CRA Multimedia library

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Covid-19 relief measures: Support for Individuals administered by CRA

- Canada Recovery Benefit (CRB)
- Canada Recovery Sickness Benefit (CRSB)
- Canada Recovery Caregiving Benefit (CRCB)
- Canada Emergency Response Benefit (CERB) **Ended**

New Recovery Benefits

New Canada Recovery Benefits – What to Expect

CERB from CRA – how it worked:

Canada Emergency Response Benefit (CERB)

- 4 week periods/ \$2000 - up to a maximum of 28 weeks
- Apply at the beginning of the period
- Payments issued at the beginning of the 4-week period
- Prospective (apply at start of period)
- Apply retroactively until Dec. 2, 2020

- No taxes withheld on payments

- You had stopped working because of COVID-19
- You could earn up to \$1000 per period and still keep benefit
- You were not eligible if you earned more than \$1000 during the period

- My Account
- Automated Phone Line

- CRA service standards:
- 3-5 business days by direct deposit
 - 10 business days by mail
 - Many people received payments in 2 days by direct deposit

New Canada Recovery Benefits – how they will work:

Canada Recovery Benefit (CRB)

- 2 week periods \$1000 (\$900 after tax)
- Up to a maximum of 26 weeks

Canada Recovery Sickness Benefit (CRSB)

- 1 week periods \$500 (\$450 after tax)
- Up to a maximum of 2 weeks

Canada Recovery Caregiving Benefit (CRCB)

- 1 week periods \$500 (\$450 after tax)
- Up to a maximum of 26 weeks per household

- Retroactive (apply after period has ended, payments issued after the period)
- Must apply within 60 days after period has ended

- CRA will withhold 10% of benefit payment amount in taxes

- You had a 50% reduction in your average weekly income compared to last year due to COVID-19
- You will have to reimburse \$0.50 of the CRB for every dollar of net income you earned above \$38,000 for the calendar year

- You must have worked less than 50% of your scheduled work week

- You must have worked less than 50% of your scheduled work week

- My Account
- Automated Phone Line

- CRA service standards:
- 3-5 business days by direct deposit
 - 10-12 business days by mail
 - Payments will be made within these service standards

Note: In some cases, we may need to ask applicants for more information to verify their applications. It may take us up to 4 weeks to process the applicant's claim from the date we receive their complete response. Individuals who make intentionally fraudulent claims for the Canada Recovery Benefits may face consequences, such as penalties or possible jail time.

For more on these benefits and the application process visit canada.ca/coronavirus.

Answers to your questions on paying back the CERB

Why you would send the CERB back?

You must repay the CERB if you no longer meet the eligibility requirements for any 4-week period you received it. Your situation may have changed since you first applied, or you may have made an honest mistake when applying. This could happen if:

- You applied for the CERB but later realize you're not eligible.
- You applied for and got a CERB payment from both the CRA and EI/Service Canada for the same eligibility period.
- You receive social assistance benefits and realize the CERB will affect your other benefits.
- You applied for the CERB twice in one period.
- You earned more employment or self-employment income than expected in the period(s) you applied for.

Before you repay the CERB

Make sure you know which department you got your CERB from.

- If you got the CERB from the CRA, you must repay it to the CRA.
- If you got the CERB from Service Canada (EI), you must repay it to Service Canada.

Still not sure if you need to repay the CERB? Not sure whether you got your CERB payment from the CRA or Service Canada?

Go to return or repay a payment canada.ca/repay-cerb or call 1-833-966-2099.


Covid-19 relief measures: Support for businesses administered by CRA

- Canada Emergency Wage Subsidy (CEWS)
- Canada Emergency Rent Subsidy (CERS)
- 10% Temporary Wage Subsidy for Employers (TWS)

CEWS Can Work for You

The CEWS can fit your situation


Get the support you need to keep your employees on your payroll or bring them back to work. You can get a base subsidy for each of your eligible employees. The amount you get per employee is based on your revenue drop.*

 How much can you qualify for?		Revenue drop 50% or more	Revenue drop 0-49%
	Base rate	60% up to \$677.40/week per employee	Your revenue drop % x 1.2 (eg. 20% x 1.2 = 24% base rate or \$270.96/week per employee)

Subsidy rates apply to remuneration of **up to \$1,129 per week** per eligible employee. The rates shown here are in effect for Period 5 (July 5 – August 1) and Period 6 (August 2 – August 29). The maximum base subsidy rate will be gradually reduced from 60% in Periods 5-6 to 40% in Period 9 (October 25 – November 21).

Were you especially hard-hit?

If you've been especially hard-hit by the COVID-19 crisis, you may qualify for an additional top-up subsidy, based on your average revenue drop for the previous 3 months.*

 Do you qualify for a top-up?		Revenue drop 70% or more	Revenue drop between 50-70%	Revenue drop between 0-50%
	Top up	25% up to \$282.25/week per employee	1.25 x (your 3-month average revenue drop % - 50%) (eg. 1.25 x (60% - 50%) = 12.5% or \$141.13/week per employee)	No top-up

NOTE: The Safe Harbour rule provides certainty to employers that have already made business decisions for July and August. If your revenue dropped by 30% or more in any of periods 4, 5, or 6, under the Safe Harbour rule your subsidy rate will be at least 75% (and possibly more) for periods 5 or 6 (or both).

* You can calculate your revenue drop in different ways, and use the way that works best for your situation.

Canada Emergency Rent Subsidy (CERS)

Canadian businesses, non-profit organizations, or charities who have seen a drop in revenue due to the COVID-19 pandemic may be eligible for a subsidy to cover part of their commercial rent or property expenses, starting on September 27, 2020, until June 2021.

This subsidy will provide payments directly to qualifying **renters** and **property owners**, without requiring the participation of landlords.

If you are eligible for the base subsidy, you **may** also be eligible for lockdown support if your business location is significantly affected by a public health order for a week or more.

Calculating your base rent subsidy rate

Your revenue drop	How to calculate your rate
Revenue drop > 70%	The maximum subsidy rate of 65%
Revenue drop of 50-70%	$(\text{Your revenue drop} - 50\%) \times 1.25 + 40\%$
Revenue drop < 50%	$0.8 \times \text{your revenue drop}$

Calculating your top-up (lockdown

CERS top-up (lockdown support)
25% (fixed top-up rate)
X days the location was locked down due to Covid-19 pandemic
$\div 28$ (the days in the CERS period)
= Your top-up (lockdown support) rate

New T4 reporting requirements

For the 2020 tax year, the Canada Revenue Agency (CRA) will be introducing additional reporting for the T4 slip, Statement of Remuneration Paid.

Additional reporting requirements will apply to all employers, and will help the CRA validate payments under the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Response Benefit (CERB), and the Canada Emergency Student Benefit (CESB).

Please note that employers who have already filed their T4 slips and summary for 2020 will not need to refile.

How to report employment income during COVID-19 pay periods

For the tax year 2020, in addition to reporting employment income in Box 14 or Code 71, use new other information codes when reporting employment income and retroactive payments in the following periods:

- Code 57: Employment income – March 15 to May 9
- Code 58: Employment income – May 10 to July 4
- Code 59: Employment income – July 5 to August 29
- Code 60: Employment income – August 30 to September 26

Eligibility criteria for the CERB, CEWS, and CESB is based on employment income for a defined period. The new requirement means employers should report income and any retroactive payments made during these periods.

Example:

If you are reporting employment income for the period of April 25 to May 8, payable on May 14, use code 58.

Find COVID-19 support and other programs and services

Financial support is available to Canadians during the COVID-19 pandemic, including new benefits and credits and changes to existing ones at: canada.ca/coronavirus

It includes a COVID-19 benefit finder for individuals and also one for businesses.

Find financial help during COVID-19

Here, you'll be asked 7 to 10 questions, one at a time.

Then we'll show you a list of benefits that may help in your situation. It will also have links for more information.

Please answer the questions as an individual, not a household.

[Start now](#)

Own a business? [Find support for your business.](#)

For more information

CRA web addresses and phone numbers	
Canada's COVID-19 Economic Response Plan	canada.ca/coronavirus
My Account	canada.ca/my-cra-account
E-services	canada.ca/cra-electronic-services
Q & A on CERB and Recovery benefits	canada.ca/en/services/benefits/ei/cerb-application/questions
Q & A on CEWS	canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-frequently-asked-questions
10% TWS	canada.ca/temporary-wage-subsidy
Repay CERB	canada.ca/repay-cerb
CRB, CRSB, CRCB + CEWS	1-833-966-2099
CERB (EI)	1-800-206-7218
Individual enquiries (and to get forms)	1-800-959-8281
Business enquiries & TWS & CERS	1-800-959-5525
Apply CRB, CRSB, CRCB	1-800-959-2019 or 1-800-959-2041

Are you interested in talking to a Liaison Officer?

To request a virtual one on one visit,
register online at

canada.ca/cra-liaison-officer



Questions



Your feedback is important to us!

Please remember to complete our online survey at
canada.ca/liaison-officer-service-survey

