

Corporate EFILE Applicant's Guide



Before you start

Is this guide for you?

Welcome to Corporate EFILE, a process for electronically filing corporation income tax returns.

Use this guide if you plan to:

- electronically transmit your own and subsidiaries' corporation income tax returns to the Canada Customs and Revenue Agency, Alberta, or Ontario; or
- offer electronic transmission services for corporation income tax returns to your clients. Refer to Chapter 1 for the current exceptions to Corporate EFILE.

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Corporate EFILE Overview

Background

The Canada Customs and Revenue Agency together with Alberta Treasury and the Ontario Ministry of Finance have developed a compatible process for corporations to file income tax returns electronically. Corporate EFILE is that process.

Corporate EFILE offers faster, more accurate assessments, and electronic acknowledgements of returns filed. It is a logical step in a business environment that relies more and more on electronic communication. Our goal in designing Corporate EFILE was to streamline the interactions between corporations and governments, and to be more compatible with the way business is conducted today.

Approach

Corporations can transmit their own and subsidiaries' returns, or use the services of an approved Corporate EFILE transmitter. If you plan to transmit returns to the Canada Customs and Revenue Agency, Alberta, or Ontario, you have to complete a one-time application with the Canada Customs and Revenue Agency.

Financial statement information

On January 1, 1999, Revenue Canada introduced a new way for corporations to report financial statement information when they file their returns: the General Index of Financial Information (GIFI).

The GIFI was developed as part of the redesign of the Canada Customs and Revenue Agency's twenty-year old processing system. It is an index of items commonly found on balance sheets, income statements, and statements of retained earnings. Each item has a unique code (e.g., cash is 1001). Corporations and their accountants will use the GIFI to match codes to items on financial statements. The GIFI allows us to validate and process financial statement information electronically.

A notes checklist also forms part of the GIFI. The checklist contains a short set of questions to help us determine who prepared or reported on the financial statements, and to identify the type of information they contain. You have to submit your notes to financial statements with the GIFI in a text format (no tables or graphs).

You have to use the GIFI for the Canada Customs and Revenue Agency's paper and electronically filed T2 returns for tax years ending in and after 2000.

Detailed information about the GIFI is available in the guide RC4088, entitled *Guide to the General Index of Financial Information (GIFI) for Corporations*. It is available on the

Canada Customs and Revenue Agency's Web site at: www.ccr-a-adrc.gc.ca/t2return/

Paper copies are also available from the Canada Customs and Revenue Agency tax services offices.

Corporate and Individual EFILE

There are some similarities and differences between the processes of Corporate and Individual EFILE.

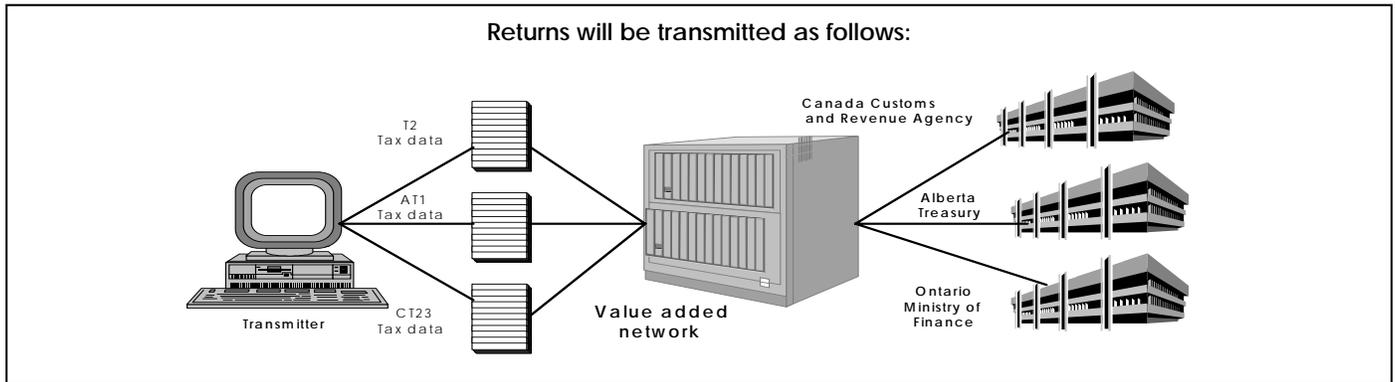
- Corporate and individual returns are both filed using electronic data interchange (EDI). Individual returns can also be filed using the Canada Customs and Revenue Agency's proprietary system. This process will not be offered for Corporate EFILE.
- For both processes, the transmitters need to apply. For the individual process, the tax preparers also need to apply.
- For Corporate EFILE, the application form is used to register transmitters filing Canada Customs and Revenue Agency (T2), Alberta (AT1), and Ontario (CT23) returns.
- For individual returns, a request for further supporting documents can happen at the time of processing. With Corporate EFILE, we will not interrupt processing to request receipts. After assessment, we select some returns for audit, just as we do now, based on a wide range of criteria.

Transmitting federal and provincial returns

Your Canada Customs and Revenue Agency (T2), Alberta (AT1), and Ontario (CT23) returns, including the GIFI, will be encrypted before transmission using free software provided by the Canada Customs and Revenue Agency. The tax data will be transmitted using electronic data interchange (EDI) standards through a value added network (VAN).

A VAN is a telecommunication service offered by a private sector company to route data from one computer to another. The one-time subscription fee to a VAN, the monthly administration fee, and the transmission cost vary depending on the services offered and the volume of transmissions. Check with various VAN service providers to determine the best package for your business. A list of VAN service providers is available on the Canada Customs and Revenue Agency's Web site at:

www.ccr-a-adrc.gc.ca/t2return/



Chapter 1 – General Information

To streamline federal and provincial tax filing requirements and reduce the paper burden for corporations, the Canada Customs and Revenue Agency, Alberta Treasury, and the Ontario Ministry of Finance have jointly developed a compatible electronic filing process, Corporate EFILE. This co-operation has also resulted in a co-ordinated application, testing, approval, and filing process for transmitters.

With Corporate EFILE, transmitters will not have to send a copy of their T2 return to Alberta and Ontario.

Corporations have the option of filing on paper in all three tax administrations; Ontario corporations can also file using a diskette (DFILE). Ontario requires diskette and paper filers to continue to send a copy of their T2 return and a hard copy of the financial statements with their CT23 return. Alberta does not require paper filers to send a copy of their T2 return or financial statements with their AT1 return.

The Canada Customs and Revenue Agency is also working with the ministère du Revenu du Québec towards developing a compatible Corporate EFILE system for our common clients.

What is Corporate EFILE?

Corporate EFILE is a new electronic filing option for federal and provincial corporation income tax returns, including schedules and financial statement information, using electronic data interchange (EDI).

EDI is the computer-to-computer exchange of data in a recognized standard electronic format. The tax return data will be converted to EDI format and exchanged through a VAN. The VAN will provide you an electronic mailbox to send and retrieve messages.

Who can use Corporate EFILE?

You can transmit your corporation income tax return yourself, or use the services of an approved Corporate EFILE transmitter.

All corporations, tax professionals, and EDI transmitters who want to electronically transmit corporation income tax returns need to complete a one-time application form. If you prepare a return and use the services of an approved

Corporate EFILE transmitter, you do not have to complete the application form.

Software developers interested in developing Corporate EFILE software must also complete the application form for the testing and certification processes.

Which corporation returns can you file electronically?

You can file most corporation income tax returns using Corporate EFILE. The exceptions are returns:

- for tax years ending before 2000;
- for insurance corporations involved in underwriting;
- that include a claim for scientific research and experimental development (SR&ED) expenditures carried on in Canada; and
- for non-resident corporations.

In future releases of Corporate EFILE, we will look at how all information can be submitted electronically.

Note

When you file your corporation income tax return electronically, you can ask for a loss or tax credit carry-back to a prior year return by completing the appropriate schedule(s) with the return. This will result in a faster reassessment and refund. All other reassessment requests will have to be submitted on paper to the applicable tax administration.

What are the benefits of Corporate EFILE?

There are several benefits:

Faster processing and quicker refunds – By eliminating our manual keying of tax data and by implementing a series of front-end computer checks, Corporate EFILE allows us to process tax data faster and more accurately.

Electronic acknowledgements – You will know within three hours if your return has been transmitted successfully in the proper EDI format.

You will receive a second acknowledgement the next working day to indicate if there is sufficient data to start processing your return. This acknowledgement will provide error messages so you can correct and resubmit the return immediately, and avoid costly delays.

Secure – With Corporate EFILE, tax data will be encrypted to protect its confidentiality.

Savings in time, paper, and mailing costs – A paper copy of a return does not have to be filed with us. Corporations will be able to file separate tax returns to federal and provincial tax administrations at the same time without generating paper. This will also save time and money spent on photocopying, collating, and mailing paper returns.

Government savings – Reduced handling and manual processing means cost savings in government operations which benefits all Canadians.

Chapter 2 – Information for Transmitters Providing Corporate EFILE Services

This section describes the Corporate EFILE process for transmitters planning to provide transmission services to their clients. Refer to Chapter 3 for information for corporations transmitting their own returns.

Application

To transmit corporation income tax returns electronically, you have to complete a one-time application and submit it to the Canada Customs and Revenue Agency. For more details, see “Chapter 4 – Form T200 CORP, *Corporate EFILE Application*.”

You have to complete a new application if:

- the ownership in your organization changes;
- you change your VAN service provider; or
- your electronic address changes.

Screening

The Canada Customs and Revenue Agency conducts screening on behalf of Alberta Treasury and the Ontario Ministry of Finance. The screening process verifies the suitability of prospective transmitters to send tax data for their clients.

All transmitters who transmit corporation income tax returns for their clients are screened before obtaining approval to access the Corporate EFILE system.

Applicants who meet and continue to meet the following criteria may electronically file corporation income tax returns, as long as they have:

- not been convicted under the *Income Tax Act*, the *Excise Tax Act*, or an income tax act of a province or territory;
- not been assessed a penalty under the *Income Tax Act*, the *Excise Tax Act*, or an income tax act of a province or territory;
- not failed to file personal, corporate, GST/HST, or information returns as required, under the *Income Tax Act*, the *Excise Tax Act*, or an income tax act of a province or territory;

- not failed to comply with the requirement to pay, collect, or remit taxes as required under the *Income Tax Act*, the *Excise Tax Act*, or an income tax act of a province or territory;
- not failed to comply with the requirement to register under the *Excise Tax Act*;
- not failed to comply with the requirement to keep adequate books and records under the *Income Tax Act* or the *Excise Tax Act*;
- no tax liability under the *Income Tax Act*, the *Excise Tax Act*, or an income tax act of a province or territory, or has a tax liability and has reached a repayment agreement with the collections section of the tax services office, or a similar provincial authority, and has not breached the repayment agreement;
- not been convicted of an offence under the *Tax Rebate Discounting Act*;
- not made any misrepresentations on Form T200, or in any correspondence or conversations relevant to the application;
- not engaged in any activities that resulted in suspension of electronic filing privileges, or that would have led to suspension if they had been discovered;
- not had a Form T200 rejected for either of the previous two years (other than one that was conditionally rejected but later met the required conditions);
- not or does not knowingly, directly or indirectly, employ or accept help from any person who has been, or who would have been, denied acceptance into the program or who has been suspended from the program. This includes any individual whose actions resulted in the rejection or suspension of a corporation or a partnership from the program; and
- not engaged in fraud, financial dishonesty, or breach of trust that would render the applicant to be of a disreputable nature.

We may still permit applicants who fail to meet these criteria to file electronically if we determine that the failure does not affect the application. For instance, we may accept an applicant if the failure was an isolated incident, was minor in nature, or occurred many years before the application is filed.

If you are denied permission to offer Corporate EFILE services as a result of screening, you will receive a letter outlining the reasons for the denial. You have the right to ask for an administrative review by the Chief of Appeals at your Canada Customs and Revenue Agency tax services office. Include a copy of the letter of denial with your request.

Testing

Once we have received your application, and you have met our screening criteria, we will send you a diskette containing the *Corporate EFILE Transmitter's Manual*, information you will need to complete your connectivity testing, and encryption software free of charge. The manual, which contains complete instructions on how to

use the Corporate EFILE system, can also be downloaded from the Canada Customs and Revenue Agency's Web site.

Testing is an interactive process. We review all test material that you transmit and give you feedback and guidance. After testing, you will be able to produce records that are formatted correctly, correct errors on returns, and retransmit returns.

You will have to successfully complete connectivity testing with each tax administration to which you want to transmit returns. This testing will ensure that the data you transmit is compatible with each tax administration. You will be notified when the testing is successfully completed.

Permission to access the Corporate EFILE system

We will approve your application once you have successfully completed the connectivity testing and met our screening criteria. At that time, we will activate your Business Number "RX" suffix that will allow you to access the Corporate EFILE system.

Certifying a return

For each T2 return filed electronically, an authorized officer of the corporation must sign Form T183 CORP, *Information Return for Corporations Filing Electronically*. This form certifies some of the amounts on the return and authorizes the electronic filing of the T2 return for a taxation year. The corporation and the transmitter will each have to keep a signed copy of the form for six years.

For Ontario's CT23 returns, the *Electronic Filing Certificate* must be signed by an authorized officer of the corporation. This authorizes and certifies the submission of the electronic return. The certification form will be produced by the software package when the return is ready to be filed electronically. The corporation and the transmitter must each keep a signed copy of the form according to Ontario retention guidelines.

For Alberta's AT1 returns, no certification form is required.

Chapter 3 – Information for Corporations Transmitting Their Own Returns

This section describes the Corporate EFILE process for corporations planning to transmit their own or their subsidiaries' corporation income tax returns.

Application

To transmit your corporation income tax return electronically, you have to complete a one-time application and submit it to the Canada Customs and Revenue Agency. For more details, see "Chapter 4 – Form T200 CORP, *Corporate EFILE Application*." Corporations using the service of an approved Corporate EFILE transmitter do not have to submit an application.

You will have to complete a new application if you change your VAN service provider or your electronic address.

Screening

Suitability screening is not required for corporations that transmit only their own or their subsidiaries' returns.

Testing

Once we have received your application, we will send you a diskette containing the *Corporate EFILE Transmitter's Manual*, information you will need to complete your connectivity testing, and encryption software free of charge. The manual, which contains complete instructions on how to use the Corporate EFILE system, can also be downloaded from the Canada Customs and Revenue Agency's Web site.

Testing is an interactive process. We review all test material that you transmit and give you feedback and guidance. After testing, you will be able to produce records that are formatted correctly, correct errors on returns, and retransmit returns.

You will have to successfully complete connectivity testing with each tax administration to which you want to transmit returns. This testing will ensure that the data you transmit is compatible with each tax administration. You will be notified when the testing is successfully completed.

Permission to access the Corporate EFILE system

We will approve your application once you have successfully completed the connectivity testing. At that time, we will activate your Business Number "RX" suffix that will allow you to access the Corporate EFILE system.

Chapter 4 – Form T200 CORP, Corporate EFILE Application

This section provides completion instructions for the application form.

How do you apply?

Your first step to becoming a transmitter is to complete Form T200 CORP, *Corporate EFILE Application*. There are two copies of this form in the middle of this guide. Do not send your application to, or file separate applications with, the provinces. The Canada Customs and Revenue Agency will provide all required data to Alberta and Ontario.

For applicants in Alberta, British Columbia, Manitoba, Northwest Territories, Saskatchewan, and the Yukon Territory, mail or take the completed form to:

Corporate EFILE Help Desk
Winnipeg Tax Centre
66 Stapon Road
Winnipeg MB R3C 3M2

For applicants in New Brunswick, Newfoundland, Nova Scotia, Nunavut, Ontario, Prince Edward Island, and Quebec, mail or take the completed form to:

Corporate EFILE Help Desk
Shawinigan-Sud Tax Centre
4695 12th Avenue
Shawinigan-Sud QC G9N 7S6

Note

If your firm or organization has more than one branch office that will transmit returns, each branch office has to submit a separate Form T200 CORP.

To give us enough time to review your application, you should file it at least 30 days before you want to start transmitting.

Software developers interested in developing Corporate EFILE software must also complete an application form for the connectivity and certification processes. Send the completed form to:

T2 Processing Section
Canada Customs and Revenue Agency
Tower C, 2nd floor
25 McArthur Avenue
Vanier ON K1A 0L5

Completing the form

Part A – Identification

Enter the legal name of the business on line 1. If this is a branch office providing Corporate EFILE transmission services, the branch office's name and number (e.g., ABC – Branch No. 222) are required on line 2.

Enter your Business Number (BN) on line 3. For corporations transmitting their own or subsidiaries' returns, only the parent corporation's BN is required.

For first time applicants to Corporate EFILE, leave the four boxes after the "RX" letters blank. If you are filing an amended application, you must enter the four-digit number provided for your transmitter account.

If you do not have a BN, leave line 3 blank. The Canada Customs and Revenue Agency will contact you to register your business before assigning you a transmitter account.

If you also plan to transmit T1 income tax returns for individuals using the EFILE system, tick (☑) the "Yes" box on line 7 and enter your previously assigned EFILE number on line 8. You have to complete a separate Form T200, *Electronic Filing Application for Returns of Individuals*, to apply to transmit income tax returns for individuals.

If you want to develop Corporate EFILE tax preparation software, tick (☑) the "Yes" box on line 9 to set up your account and we will send you the required information.

The business address on line 10 refers to the actual site where you will conduct business with your clients. The mailing address on line 11 is the address where we will send Corporate EFILE correspondence.

Part B – Contact information

The Corporate EFILE business contact on line 1 is the person in your organization who is responsible for discussing the income tax error messages relating to a tax return.

The Corporate EFILE technical contact on line 2 is the person in your organization who will be mainly responsible for dealing with EDI or technical matters.

Enter your email address on line 3, if applicable.

Part C – Screening

Do not complete this area if you are a corporation transmitting only your own or your subsidiaries' income tax returns.

For transmitters offering Corporate EFILE services to clients, we will need the names and social insurance numbers of the transmitters who are:

- owner(s) of the business;
- members of the partnership (for larger or national partnerships, list the managing tax partners); or
- managers of branch offices.

Part D – Expected volume

Please estimate the number of T2, AT1, and CT23 corporation income tax returns you plan to transmit in the first and second year.

For corporations, the volume is the total number of returns you plan to transmit for the parent and subsidiary corporations.

Part E – Disclosure

For transmitters offering Corporate EFILE services to clients, indicate whether you give us permission to disclose the name, address, and telephone number of your firm or organization to the public as approved Corporate EFILE transmitters. We will post this information on our Web site.

Part F – Electronic data interchange communications information

You will have to subscribe to a value added network (VAN). The VAN you subscribe to will give you information on the cost of its services. A list of VAN service providers is available on the Canada Customs and Revenue Agency's Web site at: www.ccr-aadrc.gc.ca/t2return/

Your VAN service provider will provide you with an electronic mailbox with an X.400 address. Usually, transmitters need only one X.400 address for the production environment. Software developers will need an X.400 address to send returns in the test environment, but may also want a second address if they want to transmit returns in the production environment as an approved Corporate EFILE transmitter.

Indicate the VAN you subscribe to. In Section 1, provide the trading partner ID and the corresponding qualifier ID code for the test and production environment(s) you want to use, as provided by your VAN.

Your VAN service provider will tell you how to enter your X.400 address on your Corporate EFILE application form. If your VAN service provider instructs you, enter your X.400 address(es) in Section 1. Otherwise, provide the full breakdown of your X.400 address(es) in Section 2.

Part G – Certification

An authorized business official or principal owner must sign and date the application certifying that the information is true, accurate, and complete.

Chapter 5 – How to File Returns Electronically

What will you need?

Hardware

You will need a computer, a modem, and a printer. Your computer should be powerful enough to support the tax preparation software you use. You will also need a printer and a modem that are compatible with your computer.

Software

You have to use certified tax preparation software to prepare an electronic corporation income tax return. An updated list of certified software is available on the Canada Customs and Revenue Agency's Web site at: www.ccra-adrc.gc.ca/t2return/

Encrypting

Every registered transmitter will receive the encryption software as well as installation information and user guide, free of charge from the Canada Customs and Revenue Agency.

You have to encrypt all tax data to ensure confidentiality. We will reject transmissions that are not encrypted.

Transmitting returns

Send your completed corporation income tax return(s) to the applicable tax administration through your VAN or use the services of an approved Corporate EFILE transmitter. A list of approved transmitters offering Corporate EFILE services will be available on the Canada Customs and Revenue Agency's Web site at: www.ccra-adrc.gc.ca/t2return/

Your VAN will route your transmission to the electronic address you indicate. The Canada Customs and Revenue Agency, Alberta Treasury, and the Ontario Ministry of Finance addresses are provided in the *Corporate EFILE Transmitter's Manual*.

When you use Corporate EFILE, you do not need to include paper or electronic copies of federal corporation income tax returns, schedules, and financial statements with your provincial returns.

Electronic acknowledgements

Each tax administration will acknowledge the receipt of its electronically filed corporation income tax return within three hours. If there are EDI errors, this acknowledgement will give you the information necessary to correct them and resubmit the return.

The next working day you will receive a second, more detailed tax return data acknowledgement, indicating any invalid or missing data. You will have to correct any errors and resubmit the return.

Processing a return

Each tax administration will process its own corporation income tax returns. The validation rules for electronic returns are identical to those for paper returns. If we need to clarify or get more information during processing, we will contact the person designated on the return.

Information slips and paper documents

You do not have to send information slips and paper documents when you file a corporation income tax return electronically. After assessment, we select some returns for audit, just as we do now, based on a wide range of criteria. If your return is selected for review, we may ask you for more information.

Chapter 6 – Support Network

Where can you get help?

We want Corporate EFILE to be a success for you. In addition to the help you will get from your VAN service provider and your tax preparation software company, the Canada Customs and Revenue Agency, Alberta Treasury, and the Ontario Ministry of Finance offer the following services.

Help desks

A toll-free help desk number for technical Corporate EFILE enquiries is provided in the *Corporate EFILE Transmitter's Manual*. This toll-free number will allow you to contact the Canada Customs and Revenue Agency, Alberta Treasury, or the Ontario Ministry of Finance for help with:

- scheduling and conducting connectivity testing;
- corporation income tax return transmissions;
- acknowledgement file reports;
- error messages; and
- return filing specifications.

Corporate EFILE Transmitter's Manual

The *Corporate EFILE Transmitter's Manual* gives you the information you need to participate in Corporate EFILE for T2, AT1, and CT23 returns. This manual explains technical and procedural information, such as:

- policy and security;
- testing;
- error codes and correction instructions;
- where to call for help;
- monitoring; and
- conditions for suspension.

You can download the manual from the Canada Customs and Revenue Agency's Web site. A diskette containing the *Corporate EFILE Transmitter's Manual*, information you will need to complete your connectivity testing, and encryption software is also sent out once we have received your application, and you have met our screening criteria if applicable.

Web sites

For more information about Corporate EFILE and the GIFL, check out the following Web sites:

- Canada Customs and Revenue Agency:
www.ccra-adrc.gc.ca/t2return/
- Alberta Treasury:
www.treas.gov.ab.ca/business/tax_rebates/
- Ontario Ministry of Finance:
www.rev.gov.on.ca/cota/html/ctieefil2.htm

You can also contact the enquiries staff at the appropriate tax administration. The telephone numbers are listed in the blue pages of your telephone book.