

Applicant's Guide for Electronic Filers of Returns for Individuals

Includes forms T200 and T1154

Is this guide for you?

Welcome to EFILE, one of the Canada Customs and Revenue Agency's (CCRA) electronic filing services. This guide is for you if you are:

- thinking of offering EFILE services for returns of individuals to your clients or to your employees; or
- applying for access to the System for Electronic Notification of Debt (SEND).

This publication will give you enough information about EFILE to assist you in your decision to get involved.

If you want more information after reading this guide, contact your EFILE help desk. You can find the addresses and telephone numbers of the EFILE help desks on page 14.

Checklist

The checklist on page 15 will help you understand what you need to do to become an electronic filer.

Glossary

We define technical terms used in this guide in the glossary on page 12.

Internet

Most of our publications are available on our Web site at www.ccra.gc.ca or by calling 1-800-959-2221.

If you subscribe to the Electronic Document Distribution Site (EDDS), the following publications are also available to you:

- income tax guides, forms, and pamphlets;
- information circulars and interpretation bulletins;
- advance tax rulings and news releases; and
- goods and services tax/harmonized sales tax (GST/HST) and customs publications.

Access to EDDS is by subscription only. A non-disclosure agreement is necessary if you wish to view draft copies of the forms listed. Send your application by email to Edds-Admin@ccra-adrc.gc.ca and include the following information:

- company name and full address;
- contact name and phone number;
- email address;
- current EDDS user I.D.; and
- fax number.

What's new for 2001?

Internet filing – There are now three methods you can use to electronically file your clients' tax returns:

- EFILE proprietary system;
- EFILE EDI; and
- EFILE On-Line.

We cover the first two methods in this guide. To learn more about filing on the Internet, visit our EFILE On-Line Web site at www.netfile.gc.ca/direct.

EFILE pamphlet T4077 – This pamphlet has been revised. It is intended for tax professionals rather than for individuals. It is now titled *EFILE On-Line for Tax Professionals*. For more information on EFILE, visit our Web site at www.ccra.gc.ca/efile.

EFILE help desks – All EFILE enquiries should now be directed to your EFILE help desk.

Filing provincial income tax returns for the Province of Quebec – These returns can now be transmitted to the ministère du Revenu du Québec by Internet.

Network User Identifier (NUI) – The cost to get an NUI has increased to about \$200 plus a monthly fee.

La version française de cette publication est intitulée *Guide d'inscription pour les déclarants par voie électronique de déclarations pour les particuliers*.

Table of Contents

	Page		Page
Chapter 1 – General information	4	Chapter 5 – How to become an electronic filer	8
What is EFILE?	4	Who can apply?	8
What are the benefits of EFILE?	4	How do you apply?	8
Which returns can be filed electronically?	4	When do you need to revise your application?	8
What are the steps to file a return electronically?	4	How to complete Form T200, <i>Electronic Filing Application of Returns for Individuals</i>	9
What happens after we accept an electronic record for processing?	4	What is suitability screening?	9
Before-assessment review	4	Why do we screen applicants?	9
After-assessment review	4	Definition of an applicant	10
Chapter 2 – What services can you offer?	5	Screening criteria	10
Preparers	5	EFILE testing	10
Transmitters	5	Permission to access the EFILE system	10
Preparers/transmitters	5	Chapter 6 – System for Electronic Notification of Debt (SEND)	11
Software developers	5	What is SEND?	11
Chapter 3 – What are your responsibilities as an electronic filer?	5	How do you apply?	11
Preparers	5	Suitability screening and testing	11
Transmitters	6	Chapter 7 – EFILE support network	11
Preparers/transmitters	6	Where can you get help?	11
Advertising	6	Help desks	11
Monitoring	6	Bulletin board	11
Chapter 4 – How to transmit returns electronically	6	EDI	11
Proprietary system	6	Internet	11
Electronic Data Interchange (EDI)	7	Glossary	12
How can you transmit?	7	EFILE help desks	14
Proprietary system	7	Checklist for applicants	15
EDI	7		
Using an EFILE transmitter	7		
What will you need?	7		
Hardware	7		
Software	8		
Tax calculation and communications software	8		
Encryption software	8		
Testing	8		



For convenience and security reasons, you may want to suggest to your clients that they have their refunds directly deposited to their accounts at their financial institutions.

Chapter 1 – General information

What is EFILE?

EFILE is an automated service that allows you to electronically deliver information about an individual's return to us through communications lines. You can transmit your clients' tax data directly from your computer to our computer, or you can use the services of an EFILE transmitter to transmit the data. You no longer have to print a paper version of a computer-prepared tax return, mail it to us, and then wait to find out whether we received it.

What are the benefits of EFILE?

With EFILE, you can offer a specialized service, enhance your firm's efficiency, and lower your processing costs. Other EFILE benefits include:

Accuracy – By eliminating manual keying of tax information and implementing a series of front-end computer checks and balances, EFILE allows us to process returns more accurately. This also gives you the opportunity to correct most errors without involving your clients.

Acknowledgement – When we complete the checks and balances, we send an electronic acknowledgement file to tell you whether we have accepted the return for processing. You can pass this message on to your clients.

Reduced cost – You save on paper, printing, postage, photocopying, assembly time, storage, and labour costs.

Paperless system – EFILE is an environmentally friendly, paperless system. With very few exceptions, you and your clients do not have to send us a paper copy of a return.

Fast processing – We process most of the returns filed electronically in about two weeks.

Improvement to employer's image – By helping its employees file electronically, an organization can improve its image among its employees. This option complements existing pay and benefit programs, and offers a unique benefit at little cost to the employer.

Which returns can be filed electronically?

About 95% of all returns for individuals qualify for EFILE. Certain situations—such as non-resident status, bankruptcy status, and income tax due under more than one provincial or territorial jurisdiction—make about 5% of returns ineligible for EFILE.

The *Electronic Filers Manual* has information about the returns that you cannot file electronically. After we approve your application, we will send you a copy of the manual. It will give you complete, technical, and procedural information you need to participate in EFILE.

What are the steps to file a return electronically?

Follow these steps to electronically file an individual's return:

- Prepare the return from your client's documents.
- For each return, have your client complete and sign Form T183, *Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return*, before transmitting the return, and keep a copy of it.
- Use CCRA certified tax calculation software to format the return and batch it with other selected returns for transmission.
- Encrypt the batch so you can transmit it to us. This makes sure that we are the only ones who can decrypt the data and get meaningful information.
- Transmit the batch using a modem and communications software.
 - We validate the electronic record, and either accept or reject it. The accepted records enter our processing system.
 - We then send an electronic acknowledgement file for pick-up. The acknowledgement lists the records that we have accepted and not accepted. Error codes accompany the non-accepted records. A code identifying the returns we have selected for before-assessment review also accompanies the accepted records. We explain all codes and the correct action to take for each one in the *Electronic Filers Manual*.
- Correct errors and retransmit the records.

What happens after we accept an electronic record for processing?

Before-assessment review

We review a number of EFILE and paper returns before we assess them. This review takes place after we accept the returns for processing. The electronic acknowledgement file you receive after you transmit the data to us identifies the accepted records that we will review before assessment. All returns are subject to review and we use the same criteria to choose both electronically filed and paper-filed returns.

Even when we select a return for before-assessment review, send us the client's supporting documents **only** if we ask for this information.

This review could delay the processing of the returns. If we select an electronically filed return for review, we will contact you for any supporting documents we may need, if you offer this service. Otherwise, we will contact your client.

After-assessment review

All returns, whether they are filed electronically or on paper, are subject to a routine review after we assess them. In some cases, this review will result in a request for

supporting documents. This does not necessarily mean you or your client made any errors or omissions.

If we review the return after we assess it, we will send a letter to the address we have on record requesting supporting documents. This letter will be sent to you if a client has authorized you to represent him or her by completing Part E of Form T183, *Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return*, and you have electronically transmitted this information to us.

You do not have to send us the information slips and paper documents when you first file the return electronically. However, it is important to remind your clients to keep all receipts, forms, books, records, and other documents used to prepare their returns, in case we ask to see them.

Chapter 2 – What services can you offer?

The service or combination of services you choose to provide to your clients determines what type of electronic filer you are. There are three types of electronic filers: preparers, transmitters, and preparers/transmitters.

Preparers

As a preparer, you prepare clients' tax records using approved tax calculation software that formats returns for electronic filing. The method your transmitter uses to send the data to us determines the type of software you will need. You can offer clients full tax-preparation service, data-entry service where information is keyed from the clients' prepared returns, and error-correction service.

To offer EFILE services as a preparer, you have to:

- have an EFILE number;
- pass our suitability screening process; and
- deal directly with clients.

Transmitters

As a transmitter, you send tax records to us through communications lines for approved EFILE preparers. You must also have an EFILE number. If you transmit or offer to transmit records for a tax preparer who has not yet been approved for EFILE, we can deny or suspend your participation in the EFILE program.

If you transmit using the EFILE proprietary system (see Chapter 4), you have to:

- pass our suitability screening process;
- pass the compatibility test;
- access the communications network;
- access the EFILE receiving computer and establish a transmitting session; and
- pick up acknowledgement files.

If you transmit using Electronic Data Interchange (see Chapter 4), you have to:

- pass our suitability screening process;
- pass the compatibility test;
- transmit data to us via a value-added network (VAN); and
- receive data from the VAN.

Note

If you are a preparer who uses the services of a third-party transmitter to send tax data to us, you are not a transmitter.

Preparers/transmitters

If you both prepare and transmit returns for your clients, all the preceding information on preparers and transmitters applies to you.

Software developers

Software developers produce software for retail or in-house use. To become a software developer for EFILE and receive information on return specifications, you have to complete a *Software Developer's Application for Electronic Filing*.

If you are interested in developing EFILE software, contact us at:

Tax Filer Services Section
Canada Customs and Revenue Agency
Place Vanier, Tower C
25 McArthur Avenue, Room 503
Ottawa ON K1A 0L5

Fax: (613) 957-9306

Chapter 3 – What are your responsibilities as an electronic filer?

As an electronic filer, you have to meet the following guidelines:

Preparers

If you are a preparer, you have to:

- use the EFILE number and password we assign to you and keep this information confidential;
- deal directly with clients—this means that you **cannot** accept records from an unregistered preparer;
- ensure your clients have documents (such as information slips, receipts, etc.) to support all income, deductions, and credits reported or claimed on their returns;
- verify the identity of your clients and the authenticity of information slips to protect your interests and the integrity of our tax system;

- inform clients that they must submit elections, designations, agreements, waivers, and special elective returns in paper format by the appropriate due date, in compliance with the *Income Tax Act*;
- have your clients complete and sign Form T183, *Information Return For Electronic Filing of an Individual's Income Tax and Benefit Return*, before transmitting the return;
- use CCRA certified tax calculation software;
- process only eligible returns;
- make the necessary corrections to rejected returns, provide the returns to your transmitter, and advise clients, in writing, of any changes to refunds or balances owing;
- inform clients of any delays in the transmission or acceptance of their return;
- protect the confidentiality of client information and advise us immediately of any loss, suspected loss, or unauthorized disclosure of client information obtained through EFILE;
- ensure that all documents are properly disposed of to protect your client's confidentiality;
- follow specific advertising guidelines; and
- comply with the procedures and policies contained in the *Electronic Filers Manual* and with all provisions of the *Income Tax Act*.

Transmitters

If you are a transmitter, you have to:

- ensure that each record shows the EFILE number of the approved preparer who dealt directly with the client—if you transmit records for a tax preparer (proprietor or firm) who has not yet been approved for EFILE, we can deny or suspend your participation in the EFILE program;
- ensure that a transmission unit or a group of electronic returns within an Electronic Data Interchange envelope contains transactions from only **one** EFILE preparer;
- ensure electronic records are formatted according to EFILE specifications;
- transmit only encrypted data to us;
- distribute information from acknowledgement files to the appropriate preparer;
- follow specific advertising guidelines; and
- comply with the procedures and policies in the *Electronic Filers Manual* and with all provisions of the *Income Tax Act*.

Preparers/transmitters

If you offer data-entry and transmission services to clients who prepare their own returns, we consider you to be a preparer/transmitter. If this is the case, you have to fulfill the responsibilities of both a preparer and a transmitter. This includes ensuring clients have documents (such as

information slips, receipts, etc.) to support all income, deductions, and credits reported or claimed on their returns.

Advertising

If you advertise, you have to comply with **all** of the following conditions:

- any public communication that refers to EFILE cannot contain false, fraudulent, or misleading statements or claims;
- time frames quoted for processing an electronically filed return or refund have to be consistent with the time frames we quote, which is about two weeks;
- you cannot imply a special relationship with, or an endorsement by, the Canada Customs and Revenue Agency (CCRA);
- you cannot use the CCRA's signature or marking; and
- you cannot use the words **authorized** or **agent** in the advertising.

If you want to use any part of a CCRA publication (such as a guide, return, or schedule) in your advertising, you must first request our approval. In your request, indicate which publication you want to use and provide us with a sample of the advertisement. Send your request to the following address:

Communication Canada
Crown Copyright and Licensing
Canadian Government Publishing
4th floor, 350 Albert Street
Ottawa ON K1A 0S5

Monitoring

We monitor the activities of electronic filers to ensure that they comply with our requirements as stated in the *Electronic Filers Manual*. This maintains a high standard of quality for electronic returns and transmissions. If the electronic filer does not comply with these requirements during the EFILE program, we can suspend electronic filing privileges.

Chapter 4 – How to transmit returns electronically

There are three ways to transmit returns electronically: the proprietary system, the Electronic Data Interchange (EDI), and EFILE On-Line. The first two methods differ only in how they format and transmit electronic records to us. For more information on EFILE On-Line, visit www.netfile.gc.ca/direct.

Proprietary system

When you transmit using the proprietary system, computer systems communicate directly with our EFILE receiving system through a packet-switch network. The telecommunications carrier that provides this network in

Canada is Bell Canada (Datapac). For information on Datapac and for network user identifier support, call the Datapac Customer Assistance Centre at 1-800-267-6574, Monday to Friday from 8:30 a.m. to 5:00 p.m. (Eastern Time).

Electronic Data Interchange (EDI)

EDI is a business process that allows information to pass from one computer to another using transactions in a standardized format. If you already use EDI for other business needs, such as purchase orders, invoices, and payments, you can also transmit tax returns.

With EDI, the information is exchanged through a value-added network (VAN). VANs provide electronic mailboxes where trading partners can dial up to send and retrieve messages.

The electronic filer sends the data to the VAN, which delivers it to us. We then process the information and send the acknowledgement back to the VAN, which delivers the data to the electronic filer's mailbox.

Note

Provincial income tax returns for the Province of Quebec can be transmitted to the ministère du Revenu du Québec using EDI or the Internet.

How can you transmit?

Proprietary system

If you use the proprietary system, there are two ways to transmit EFILE records directly to us: dial-in access or dedicated access.

With dial-in access, the end user has to dial into the packet-switch network to make a physical connection.

Dial-in with encryption offers the security you need to protect the integrity and confidentiality of the tax data you are sending.

The cost of dial-in access is much lower than dedicated access, but you are not guaranteed immediate access to the network. You may have to make several attempts before connecting because of peak traffic periods and the volume of other subscribers. However, once you connect to the network, access is as good with dial-in as with dedicated access.

For billing purposes and to access the packet-switch network, you will need to get a network user identifier (NUI) from your telecommunications carrier at a cost of about \$200 plus a monthly fee.

The access charge is about five cents per minute of connection. If you are in a remote area where a local Datapac number is not available, long-distance charges apply. Therefore, you may want to transmit to us when discount rates are available.

Dedicated access provides guaranteed access and a fixed physical connection to the packet-switch network. The telecommunications carrier usually supplies the modem when you subscribe to this service.

The average cost of a leased line is about \$500 per month.

EDI

If you intend to use EDI, you have to subscribe to an approved VAN and give us your trading partner identification number and qualifier, as well as the name of your VAN.

As an EDI trading partner, you will have to make a physical connection with the VAN before transmitting. Your VAN will tell you how to connect with it.

Contact the VAN for information about the cost of its services. Some basic costs are:

- an installation fee to set up the service;
- a monthly administration fee; and
- a minimum fee for monthly transmissions—depending on the amount of use, other charges may apply in addition to the monthly minimum fee, and charges may be calculated by the number of kilobytes sent and received.

Contact your EFILE help desk if you need more information. You can find the addresses and telephone numbers of the EFILE help desks on page 14.

Using an EFILE transmitter

As a preparer, you can use the services of a transmitter to send your clients' records to us and get your acknowledgement files. Usually, the EFILE transmitter charges a basic fee plus a cost for each return transmitted.

The proprietary system and EDI use different formatting and encryption software. Therefore, it is important to know what method your transmitter will use to transmit your clients' tax data.

Your EFILE help desk can give you a list of companies that offer national transmission services. The list is also available on our Web site at www.cca.gc.ca/eservices/efile/transm-e.html.

What will you need?

Hardware

For either the EFILE proprietary system or EDI, you will need a computer, modem, and printer.

You will need a computer with an asynchronous communications port. Your computer should be powerful enough to support the tax calculation software you use. You will also need a printer and a modem that are compatible with your computer. Our receiving system supports modem speeds ranging from 1,200 to 9,600 bits per second (bps). The baud rate must match the speed of the network carrier.

If you transmit using the proprietary system, the choice of operating systems is restricted to DOS or MAC (MAC version 7.0 or higher). This is because the encryption process operates only on these two platforms. However, you can produce a record in ASCII format on another platform before encryption and then transfer the file onto DOS or MAC for encryption.

With EDI, the operating system you use depends on the version or type of tax calculation software you choose.

If you use the services of an EFILE transmitter, your choice of operating systems is not important. However, you must be able to produce a file in ASCII format. All personal computers can produce an ASCII file.

Software

Tax calculation and communications software

As a preparer, you will need tax calculation software that sets up data according to EFILE specifications. You can buy one of the off-the-shelf packages that offers EFILE capabilities. Your EFILE help desk can provide you with a list of approved software.

With the proprietary system and EDI, the software calculates the tax the same way. However, the tax calculation software for EDI formats the electronic return and creates the transmission message differently than the software used for the proprietary system. Therefore, you will need different tax calculation software depending on how you choose to transmit your clients' returns.

If you plan to transmit using the proprietary system, you will need communications software. Most EFILE tax calculation software packages available on the market include communications software.

If you plan to transmit using EDI, you will also need communications software to transmit the data to the mailbox in the VAN. Most types of tax calculation software include communications components in the package. The VAN may provide you with the required communications software. Check with your VAN and software vendor.

Encryption software

Regardless of the option you select, all transmitted tax data has to be encrypted. We will reject any transmitted records with data that has not been encrypted.

For the **proprietary system**, Certicom Corporation offers the EFILE encryption software TAXSECRETS for about \$130.

The software encrypts records only and is not related to the yearly changes that may occur within the tax calculation module.

Certicom Corporation will send you the software and installation instructions by mail or overnight courier, depending on the option you select on the order form.

Direct all enquiries about the encryption software to Certicom Corporation at:

Certicom Corporation
Suite 103
200 Matheson Boulevard
Mississauga ON L5R 3L7

Telephone: (905) 507-9343
Fax: (905) 507-9406

For **EDI**, please check with your software developer, VAN, or EFILE help desk, all of which are familiar with EDI encryption requirements.

Testing

If you intend to prepare **and** transmit EFILE returns, see the section "EFILE testing" on page 10.

Chapter 5 – How to become an electronic filer

Who can apply?

All firms, organizations, or individuals who want to provide electronic filing services to members of the public, their clients, or their employees can apply.

How do you apply?

Your first step to becoming an electronic filer is to complete Form T200, *Electronic Filing Application of Returns for Individuals*. This is a one-time application but, in certain cases, you will have to submit a revised Form T200. For more information, see the section called "When do you need to revise your application?" on this page.

There are two copies of Form T200 in the middle of this guide. Mail, fax, or take the completed form to your EFILE help desk for processing. You can find the addresses and telephone numbers of the EFILE help desks on page 14. There is no fee to process your application.

If your firm or organization has more than one location, each location has to file a separate Form T200. With the Form T200 for the managing office, include a list indicating:

- all branches and drop-box locations; and
- the managing office under which the branches and drop-box locations are operating.

An application may take up to 30 days to process. To give us enough time to review your application before the filing season starts, we encourage you to file your application before December 31. If we cannot process your application within 30 days, we will notify you.

When do you need to revise your application?

You have to file a revised Form T200 if any of the following changes occur:

- a business is sold;
- a business's organizational structure, partnership composition, or controlling interest changes;
- branch sites or managing offices are added or deleted;
- names of firms or business names change; or
- partners or corporate officers change.

Your EFILE help desk can help you determine whether you need to file a revised Form T200 in a specific situation.

How to complete Form T200, Electronic Filing Application of Returns for Individuals

Each of the following steps corresponds to a section on Form T200. Attach a separate page if you need more space to give information or to explain something.

Identification – You have to complete this section. Enter the official or registered name of the organization and the business name you will be using, if it applies.

The permanent mailing address is the address where we will send correspondence and maintain contact throughout the year. The business address refers to the actual site where you will conduct business with your clients.

The contact person is the person who is responsible for electronic filing. Attach a separate page if you have more than one contact person.

Please tell us in which official language you want us to communicate with you.

Note

Since we use this information to contact you throughout the year, please tell your EFILE help desk of any changes to your addresses, contact person, and telephone or fax numbers.

If you were an electronic filer in a previous year and you are filing a revised application, enter the EFILE number that we assigned to you. Also, enter the number of returns you expect to file electronically this tax year.

Software – Enter the name of the tax calculation software you will be using to prepare tax returns, not the name of the company that developed the software.

Discounters – SEND – This section is for discounters requesting access to the System for Electronic Notification of Debt (SEND). For more information, see Chapter 6.

Electronic filer type – You have to complete this section. Tick the box that describes the service you will provide. For more information, see Chapter 2. If you are not sure which box you should tick, contact your EFILE help desk.

If you are a preparer who will be using the services of a third-party transmitter, enter the name of the transmitter, if available, who will send your clients' tax records to us.

Transmission – All applicants have to complete this section. For information on the proprietary system and EDI, see Chapter 4. Tick the method you, or a third-party transmitter, will use to send data to us.

Proprietary – Complete this section if you are a transmitter or a preparer/transmitter and you will use the proprietary system to transmit tax data directly to us. Tick the boxes that describe the specifications you will be using.

EDI – Complete this section if you, or a third-party transmitter, will use EDI to transmit tax data to us. The value-added network (VAN) provides the trading partner identification number and qualifier.

Disclosure – Indicate whether you give us permission to disclose the name, address, and telephone number of your

firm or organization to the public if we are asked for this information.

Business information – You have to complete this section. If you have branch offices, attach to your application for the managing office a list of all associated branches. This list should include any EFILE numbers that we may have previously assigned to associated branches.

If you use drop-off sites that you do not staff, include a list of the sites with the application for the managing office.

Note

For suitability screening purposes, we need information about each proprietor, managing partner, director, officer, controlling shareholder, and branch manager. A controlling shareholder is a person who holds the majority of the voting rights in a corporation.

Electronic Filers Manual (EFM) – You have to complete this section. Tick “Yes” if you need a copy of the EFM on diskette or “No” if you access the EFM on the Electronic Document Distribution Site (EDDS) or on our Web site.

Security – Describe the security methods you will use to protect confidential client information that you obtained from clients in order to submit their returns through EFILE, and that you have to keep in your files. Some examples of security methods used for electronic data are:

- specialized security software;
- removable hard drives stored under lock and key;
- hard disk encryption programs;
- operating systems with built-in security;
- password protection; and
- keyboard locks.

Certification – You have to complete this section.

What is suitability screening?

Suitability screening is the process of verifying the reliability of prospective and existing EFILE applicants.

We conduct suitability screening before we give applicants permission to electronically file income tax returns for their clients or to access a client's debt status through the System for Electronic Notification of Debt (SEND).

Why do we screen applicants?

We evaluate all applicants before, during, and after the filing season to:

- safeguard the system;
- maintain a high level of public confidence in EFILE; and
- ensure all participants in the program adhere to high standards of conduct and integrity.

We may deny someone permission to participate in EFILE if our screening reveals a history of tax fraud or tax evasion. Subsection 150.1(2) of the *Income Tax Act* gives us the authority to evaluate prospective and existing electronic filers.

Definition of an applicant

For the purposes of suitability screening, an applicant can be:

- the proprietor of a sole proprietorship;
- the members of a partnership (for large or national partnerships, the managing tax partners would be the applicants);
- the directors, officers, and controlling shareholders of a corporation;
- the managers of the branch offices;
- the proprietor, the members of a partnership, or the directors, officers, or controlling shareholders of a corporation who hold a franchise (for large or national partnerships, the managing tax partners would be the applicants); or
- any person having management and control of any of the applicants listed above.

A business applying for EFILE may have more than one person who meets the definition of an applicant.

An applicant, or any person having management and control of the applicants must:

- be 18 years of age or older;
- be a Canadian resident; and
- if applicable, be a discharged bankrupt, regardless of whether his or her trustee in bankruptcy is discharged. (A trustee in bankruptcy can be an applicant only if he or she is acting for his or her business; a trustee acting for an undischarged bankrupt is not permitted to apply.)

Screening criteria

Suitability screening criteria involves a review of the applicant's compliance with the terms and conditions of the:

- *Income Tax Act*;
- *Excise Tax Act*;
- Income Tax Act of a province or territory and;
- *Tax Rebate Discounting Act*.

During our review, we consider such items as convictions, penalties, failure to file, pay, collect or remit taxes, failure to keep adequate books and records, and the current status of any tax liabilities. We also review the applicant's electronic filing and other business practices.

We may also withhold permission to electronically file if we determine that the applicant knowingly, directly or indirectly, employs or accepts 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. Fraud, dishonesty, breach of trust, or other disreputable conduct can also result in denial of EFILE privileges.

We may still permit applicants who fail to meet our 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.

If we deny your participation in the EFILE program, we will send you a letter outlining the reasons for denial. You have the right to an administrative review. You can ask for a review by writing to the chief of appeals of your tax services office. Include a copy of the letter of denial with your request.

EFILE testing

The services you intend to offer to your clients will determine which test, if any, you have to take.

Testing is mandatory for software developers and transmitters.

Preparers who use a tax-calculation software package that we tested and approved, as well as the service of a transmitter, do not have to take a test.

We start the EFILE testing process by giving you:

- test material that you have to transmit to us in the form of an electronic tax return; and
- detailed instructions and specifications that will help you to pass the test.

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

There are three types of EFILE tests:

Compatibility test – If you are a preparer/transmitter or a transmitter, this test is mandatory. The compatibility test ensures that the data you transmit is compatible. It ensures that you can transmit data as well as receive and read an acknowledgement file. Compatibility testing is available at the end of November. We will send the test material and manuals to you as soon as we approve your application.

Certification test – This test is mandatory for software developers. The test uses current tax return specifications and starts in December.

Optional test – If you want test returns to train your staff, you can use the identification information from the compatibility test returns and transmit the returns to us. We do not provide support for this test.

Permission to access the EFILE system

After we approve your Form T200, *Electronic Filing Application of Returns for Individuals*, we will send you an EFILE number and a password.

If you are a preparer and we receive your application before we approve the tax calculation package, we will notify you when the software successfully completes the testing process.

You may use EFILE after we have completed the suitability screening and testing. The EFILE system will accept transmissions of your clients' income tax records at the end of January. However, we do not start front-end checks and balances of tax information or create acknowledgement file reports for pick-up until the beginning of February.

Chapter 6 – System for Electronic Notification of Debt (SEND)

What is SEND?

Through EFILE, SEND provides information, at the time of a request, about the debt status of a client who wants to discount his or her return. Only discounters authorized under the *Tax Rebate Discounting Act* can use SEND as an electronic alternative to the paper process. If you want to become an authorized discounter, contact us at:

Tax Filer Services Section
Canada Customs and Revenue Agency
Place Vanier, Tower C
25 McArthur Avenue, Room 536
Ottawa ON K1A 0L5

Fax: (613) 941-8868

For each client whose data you access on SEND, you have to keep a completed Form T1153, *Consent and Request Form*, on file. This form is available on our Web site at www.ccra.gc.ca or by calling 1-800-959-2221.

How do you apply?

If you are an authorized discounter and would like to use SEND, mail, fax, or take a completed Form T1154, *Application to Use the System for Electronic Notification of Debt (SEND)*, to your EFILE help desk along with your completed Form T200, *Electronic Filing Application of Returns for Individuals*. You will find two copies of both forms in the middle of this guide. Both are one-time applications unless revised applications are required as explained in the section called "When do you need to revise your application?" on page 8. We require a separate application for each discounting location (or discounter code).

File your Form T1154 by early November to give us enough time to review it before the filing season starts.

For corporate branch offices, we provide access to SEND under the terms of the agreement signed by the corporate head office.

Suitability screening and testing

The EFILE suitability screening criteria outlined in Chapter 5 also apply to SEND.

Before using SEND to access client data, you have to complete the SEND compatibility test. Your EFILE help desk will give you the test material and the *SEND Manual* when we approve your application. We test for SEND starting in late November and start processing SEND requests in mid-December.

Chapter 7 – EFILE support network

Where can you get help?

In addition to the help you will get from your telecommunications carrier, VAN, software company, and transmitter, we provide practical knowledge and ongoing help to make EFILE a success for you and your clients. To that end, we offer the following services.

Help desks

The EFILE help desks are technical support units located in each tax centre. They provide support during the testing stage and while you are transmitting your clients' records. You can find the addresses and telephone numbers of the help desks on page 14 of this guide and in the *Electronic Filers Manual*. Contact any help desk for help with:

- income tax transmissions to the CCRA;
- acknowledgement file reports;
- error messages; and
- return specifications.

Please note that the telephone numbers of the EFILE help desks and before-assessment review units are for the use of **electronic filers**. Do not give these numbers to clients or employees, since this reduces your access to the help network.

Bulletin board

Proprietary system – The electronic bulletin board for the proprietary system gives you up-to-date EFILE information such as news, revisions to manuals, and an electronic mail feature for problem reporting.

The bulletin board is open 7 days a week, 24 hours a day, subject to maintenance requirements. You need access to the packet-switch network to connect to the bulletin board. Chapter 4 and the Glossary have more information about the packet-switch network.

EDI

Whenever information is available on the proprietary system bulletin board, we send the same information in the form of EDI messages to the electronic filers using EDI.

Internet

You can get EFILE program news and updates from "T1 EFILE NEWS" on our Web site at www.ccra.gc.ca/efile.

Glossary

Acknowledgement – With EDI, we send the acknowledgement messages to the VAN to be retrieved by the preparer/transmitter or transmitter. For the proprietary system, we send the acknowledgement directly to the preparer/transmitter or transmitter. The acknowledgement lists:

- accepted records (returns that we have accepted for processing);
- an indicator code that identifies the accepted records that we have selected for before-assessment review;
- non-accepted records (returns that did not pass the front-end checks and balances) that have to be corrected or filed on paper; and
- error codes that explain why returns did not pass the front-end checks and balances.

ASCII – Before a computer can process data, it must transform the data to its binary equivalent. Translation of data into binary form is usually based on the American Standard Code for Information Interchange (ASCII). Using ASCII makes sure the data is compatible between data services. The ASCII code is commonly used on micro, mini, and personal computers.

Asynchronous transmission – In asynchronous transmission, time intervals between transmitted characters may be of unequal length. Transmission is controlled by start and stop elements at the beginning and end of each character. Asynchronous transmission is used most often by micro, mini, and personal computers.

Baud rate – A baud is a unit of signalling speed that measures the number of electrical signals sent on the line during one second. If each signal event represents only one bit, the baud rate is the same as the bps speed. If each signal event represents more than one bit, the baud rate is lower than the bps speed.

Bits per second (bps) – When data travels in a single line from one computer to another, this is called a serial transmission. The data speed for serial transmission is expressed in bits per second (bps). Asynchronous full-duplex modems operate at speeds of 300, 1200, 2400, 4800, and 9600 bps, and higher. For each of these speeds, a standard set of operating characteristics has been developed. All modem manufacturers adhere to these standards so that data can be transmitted between modems from different manufacturers.

Canada Customs and Revenue Agency's EFILE receiving system – This is the front end or EFILE host.

Communications software – The main task of communications software is to allow one computer to talk to another. It is most often used to send files between computers, to connect to an information network or bulletin board system, or for email.

Dedicated access – Dedicated access provides a permanent exclusive connection to a communications network. As soon as the terminal and modem are turned on and a

service request signal is sent, a physical connection is established to the network.

Dial-in access – Dial-in access allows a user to connect to the communications network by using public telephone lines to dial the number of public or private dial ports. Anyone with the correct modem protocol can use these numbers. Public dial ports are available in most major urban centres and the caller does not incur a charge for the access call. Access from outside of the free calling areas would incur usual long distance charges.

EDI – Electronic data interchange (EDI) is the computer-to-computer transmission of business information in a standard format.

Electronic mailbox – An electronic mailbox is similar to a post office box. It is usually provided by an EDI network and belongs to one trading partner. When using a mailbox, the user does not need dedicated hardware that waits for incoming calls. The mailbox also simplifies consolidation of EDI transactions, allowing the user to send to multiple trading partners in a single session.

Encryption – Data encryption takes clear text information and transforms it into an unintelligible collection of characters that bears no resemblance to the original text.

Modem – A modem is a device that transmits digital data over telephone lines. A modem converts digital data to sound frequencies when it sends the data. When it receives the data, it converts sound frequencies back to digital data. These two processes are called **MO**dulation and **DE**Modulation, hence the word **MODEM**.

Network user identifier (NUI) – The NUI is a six-to-eight-digit code indicating an account to which the call will be billed. The NUI is similar to a calling card. The NUI is used only with dial-in access. Since anyone with a modem can call the network port, and since we are not paying the network charges incurred with EFILE, the telecommunications carrier must know who to charge for the use of the system.

Packet-switch network – A packet-switch network is a communications network built around two concepts: 1) the breaking down of data to be transmitted into smaller distinct packets; and 2) the delivery of these smaller packets by several alternative routes controlled by a sophisticated switching system.

Protocol – Communications protocols are sets of rules that govern the orderly and meaningful exchange of information between two or more parties. A computer program uses these rules to ensure the error-free transmission of data to some destination computer. Among other things, the protocol must decide how much data to send, how often to send it, how to determine that the data has arrived error-free, how to acknowledge receipt of the data, and how to request that data be retransmitted if it arrives in error. Popular asynchronous transmission protocols include XModem, 1K-XModem, ZModem, and Kermit.

Public and private ports – A port is an access line to the data communications line. A public port can be accessed through telephone numbers available to everyone. These numbers are either listed in the directory or distributed by the carrier. A private port can be accessed only by persons who have the unlisted number for that port. With a private port number, the sender does not have to contend with others who want to use the number at the same time.

RTU – A return transmission unit (RTU) is the electronic batch in which the individual formatted records are transmitted to us using the proprietary system only.

Trading partner – This is a client with whom you exchange information using EDI.

Value-added network (VAN) – This computer network handles exchanges of EDI information between two or more trading partners.

EFILE help desks

<p>St. John's Tax Centre P.O. Box 12071 Station A St. John's NF A1B 3Z1 Telephone: 1-800-563-2331 Fax: (709) 772-3611</p>	<p>Sudbury Tax Services Office 1050 Notre Dame Avenue Sudbury ON P3A 5C1 Telephone: 1-800-361-6283 Fax: (705) 670-6500</p>
<p>Summerside Tax Centre Suite 105 275 Pope Road Summerside PE C1N 6E8 Telephone: 1-877-522-2061 Fax: 1-877-522-2062</p>	<p>Winnipeg Tax Centre 66 Stapon Road Winnipeg MB R3C 3M4 Telephone: 1-800-461-1806 Fax: (204) 984-5302</p>
<p>Jonquière Tax Centre P.O. Box 1900 Station PDF Jonquière QC G7S 5J1 Telephone: 1-888-699-0735, extension 2900 Fax: (418) 699-0712</p>	<p>Surrey Tax Centre 9755 King George Highway Surrey BC V3T 5R8 Telephone: 1-800-268-1822 Fax: (604) 585-5878</p>
<p>Shawinigan-Sud Tax Centre P.O. Box 500 Station Main Shawinigan-Sud QC G9N 8M1 Telephone: 1-800-265-6201 Fax: (819) 536-5487</p>	

Checklist for applicants

This checklist will help you understand and follow the EFILE preparation process.

- Read this applicant's guide and, if you need more information, call your EFILE help desk.
- Determine the types of EFILE services you will offer to your clients, as follows.
 - Prepare returns only, using a third-party transmitter to send tax records to the Canada Customs and Revenue Agency.
 - Contact companies that transmit to determine the cost of transmissions.
 - Contact software companies to determine the tax calculation software you will use.
 - Prepare and transmit returns.
 - Decide how you want to transmit:
 - dial-in access with encryption using the proprietary system;
 - dedicated access with encryption using the proprietary system; or
 - Electronic Data Interchange (EDI) with encryption.
 - Find out what tax calculation, communications, and encryption software you will use.
 - Complete the compatibility testing in time for the filing season. This testing starts in late November. Read the testing material we send to you after we approve your application form.
 - Transmit returns only for approved EFILE preparers.
 - Decide how you want to transmit the tax records.
 - Determine the communications and encryption software you will use.
 - Complete the compatibility testing in time for the filing season. This testing starts in late November. Read the testing material we send to you after we approve your application form.
- Complete Form T200, *Electronic Filing Application of Returns for Individuals*, and mail, fax, or take it to your tax centre EFILE help desk. We encourage you to submit the application by December 31.
- If you are an authorized tax discounter, complete Form T1154, *Application to Use the System for Electronic Notification of Debt (SEND)*, and send it along with your completed Form T200.
- Make sure that you have all the necessary equipment for your operation:
 - hardware – computer, modem, and printer; and
 - software – tax calculation, communications, and encryption.
- Contact telecommunications carriers to request service for:
 - dial-in access with network user identifier;
 - dedicated access; or
 - value-added network (VAN) access for EDI applications.
- Read the *Electronic Filers Manual*, which we send to you after we approve your application form. At that time, we will send you an EFILE number and a password for the EFILE system.
- Get ready for production in February:
 - train staff;
 - develop office procedures for EFILE; and
 - consider advertising your service.
- Receive approval from your EFILE help desk to start production. Permission to access the EFILE system will be given when:
 - you have passed the suitability screening;
 - the software you plan to use has been tested and approved by the CCRA; and
 - if you are a transmitter, you have passed the necessary test.