TAX EXECUTIVES INSTITUTE, INC.'s

INCOME TAX QUESTIONS and

CANADA REVENUE AGENCY's RESPONSES

November 18, 2025 MEETING

Tax Executives Institute, Inc. ("TEI") welcomes the opportunity to present the following comments and questions on income tax issues, which will be discussed with representatives of the Canada Revenue Agency ("CRA") during the November 18, 2025, liaison meeting. Please do not hesitate to contact Polly Mah, TEI's Vice President for Canadian Affairs, pmah@maximumpowercorp.com, or Sandy Shanks, Chair of TEI's Canadian Income Tax Committee, at sandy.shanks@conocophillips.com if you have any questions regarding the issues below.

A. Introduction

Question A.1. Vision and Priorities for the CRA's International and Large Business Directorate

We invite the Director General of the CRA's International and Large Business Directorate to discuss the Agency's priorities for the next 12 months, the vision for the future of the branch, and feedback on the role TEI can play in achieving that vision. The Liberal party platform outlined several tax fairness initiatives including an expert review of the corporate tax system based on the principles of fairness, transparency, simplicity, sustainability and competitiveness. In addition, the government committed to an extensive operational review of government departments. TEI is particularly interested in the CRA's progress regarding corporate tax system fairness, simplicity and competitiveness, and plans for improvements to CRA departmental productivity, efficiency, and digital transformation.

CRA Response:

The past year has been stable for the International and Large Business Directorate (ILBD). We continue to work on our core audit mandate, while implementing and strengthening compliance activities for recent initiatives such as the mandatory disclosure rules (MDR), the excessive interest and financing expenses limitation (EIFEL) rules, hybrid mismatch arrangements, and the enhanced general anti-avoidance rule (GAAR). We are also actively working to have the Global Minimum Tax (GMT) framework in place for June 30, 2026.

Regarding TEI's interest in an expert review of the corporate tax system and the government's commitment to operational review of government departments, we encourage TEI to discuss this with the Department of Finance.

From an ILBD perspective, we were pleased to see Budget 2025 announce administrative funding of $221M over 5 years ("Administrative Funding for Global Tax Fairness") for the Canada Revenue Agency (CRA). This funding will go towards compliance activities in relation to MDR, EIFEL and GMT, as well as technology advancements to process the volume of data we expect to receive under these measures.

From an audit program delivery perspective, efficiency and timeliness remain central to our strategy. We continue to work towards enabling early tax certainty.

Audit program changes to note for the upcoming year:

- Starting for taxation years 2023 and 2024, ILBD has implemented a 2-year workplan for audit files where similar audit issues exist from year to year. As a result, taxpayers can expect to receive requests for records for more than one year, and it is our expectation that taxpayers will cooperate with auditors to provide the required documentation.
- ILBD will be conducting focused reviews; for example, in relation to mandatory disclosures and EIFEL, paying special attention to filings for transitional years which set the stage for future year filings.
- ILBD will continue to encourage travel by auditors to meet with taxpayers face-to-face to strengthen communication and engagement.
- ILBD continues to focus efforts to grow technical capacity, leveraging the private sector and specialized tax programs as feeder groups.

There are many interesting projects underway at the Agency regarding generative AI. The CRA has access to Copilot, as well as an in-house CRA AI tool called "GENNI". Agency usage of Genni is still in the beginning stages but is growing. As always, security, confidentiality, and accuracy of information is a priority during these evolving times.

B. Audit/Appeal Matters

Question B.1 Audit Settlement and File Closure

Members have observed inconsistent communication from field auditors regarding settling and closing audit files. For example, members have heard from field auditors that they wish to settle a file, a settlement offer is prepared, and the field auditor reverts indicating that the decision is not theirs and head office does not want to settle. Could the CRA clarify what internal

guidelines or principles are provided to auditors to ensure consistency in settlement discussions and file closure decisions?

CRA Response:

The CRA supports efficient dispute resolution where that outcome is consistent with our mandate to administer the tax law on behalf of Canadians. While the facts of each taxpayer are unique, CRA strives to administer the law as consistently as possible and in a manner that is consistent with the object and spirit of the tax law. Headquarters may be unable to support a settlement proposal where it considers the settlement would not be consistent with the CRA's best interpretation of tax law or where the proposed settlement raises issues of inconsistency. Matters of valuation and arm's length pricing are inherently subjective, but nevertheless, the CRA works to achieve consistency and to protect the interests of Canadians in general.

A number of referral processes are in place, prior to reassessment, that ensure supportable technical positions, promote audit quality and improve sustainability of reassessments, including:

- technical support provided by Regional & National Technical Advisors and Industry Specialists,
- the mandatory referral process to HQ on the application of the general anti-avoidance rule and transfer pricing penalties,
- the National Early Warning System to notify HQ of significant audit issues, and
- the guidance provided by the Audit File Resolution Committee.

The Audit File Resolution Committee (AFRC) was established in 2017 to:

- formalize oversight and due diligence over audit agreements;
- support the reasonable application of the tax laws to ensure protection of the tax base;
- provide consistency, predictability, fairness; and when possible
- identify options that promote timely and efficient file resolution at the audit stage.

The AFRC membership is made up of senior representatives from the Compliance Programs Branch, the Legislative Policy and Regulatory Affairs Branch, various tax services offices, as well as the Department of Justice.

There are criteria for mandatory AFRC referrals which includes cases that relate to a significant amount, transaction or discrepancy; that could affect the resolution of other cases, are unusual, or could have public interest.

- Since 2019, 42 proposals have been brought before the committee. Of those 42 proposals, the committee recommended: 19 be accepted; and 23 be rejected and/or countered.

Question B.2 Appeal Level for Recurring Issues

In cases where similar issues are reassessed across multiple years, it has been observed that Appeals Officers may propose settlements for the years currently under appeal but advise taxpayers to allow Audit to reassess subsequent years and then appeal those reassessments to benefit from the same settlement terms. From a taxpayer's perspective, it would be more efficient for Appeals Officers to proactively coordinate with field auditors to ensure that Audit reassessments reflect the position that Appeals would ultimately sustain. While TEI understands the importance of maintaining separation between Audit and Appeals, some level of coordination would improve efficiency and reduce unnecessary appeals. Could the CRA clarify its policy regarding coordination between Appeals and Audit in such cases?

CRA Response:

The Canada Revenue Agency (CRA) appreciates the concern described in the question. General guidance issued by the Agency on the topic includes the *Protocol between the Appeals Branch and the Compliance Programs Branch of the Canada Revenue Agency*[1] as well as *The Settlement Process*.[2] For the purposes of responding to your question, we feel it would be beneficial to distinguish between resolving disputes at the objections stage versus the appeal, or litigation, stage as the nature of the engagement between the Appeals program and the Audit program is very different depending on what stage the dispute is at. An objection is an internal administrative review by the CRA, while an appeal is a formal legal proceeding before an independent judicial body, specifically the Tax Court of Canada.

As alluded to in the question and as explained in the Protocol document, the distinct separation between the Audit and Appeals programs at the objection stage is paramount to ensure a fair and impartial review of the issue(s) in question after a compliance review by the Audit program.

Further, as described in the Settlement document, Appeals Branch staff is encouraged to make every effort to settle disputes. Settlements may be entered into by the Appeals Branch at either the objection or litigation stages; however, the Audit program always retains the discretion to reassess any taxation year under audit.

In a scenario where settlement by the taxpayer and the Appeals Branch is being considered for a particular taxation year or set of years, and the taxpayer is concurrently under audit in respect of subsequent taxation years, the possibility for a coordinated or "global" settlement exists. In such a situation, it would generally be the responsibility of the taxpayer to inform the

Agency of their desire to enter into a global settlement. Moreover, negotiations of a global agreement with the taxpayer would involve officials from both Appeals and Audit as neither area is authorized to cede their respective authorities to the other.

Furthermore, it is important to note that formal mechanisms exist within the CRA to ensure that lessons learned from a dispute that progresses to the objection or litigation stages are shared between the Appeals Branch with upstream functions. This commitment to feedback exists within the context of seeking to promote fairness, efficiencies and file sustainability across the continuum.

Question B.3 Department of Justice Involvement during Audit

The CRA appears to be reluctant to seek the Department of Justice's ("Justice") opinion on tax matters during an audit. In certain cases, the CRA has indicated it does not want to request an opinion from Justice because the CRA already has a position on the matter. If the CRA has previously consulted with Justice, we understand not revisiting the issue. However, in cases where there is no prior consultation, or where the broader tax community holds a different view, it would be prudent and resource-efficient for the CRA to seek Justice's input.

In addition to consultation with Justice, our members are also interested in understanding the CRA's approach to (i) consulting with the Rulings Directorate during the audit stage, particularly in cases involving complex legal issues; and (ii) the process and criteria for accessing technical guidance from Ottawa head office before finalizing audit positions.

In sum, could the CRA clarify its policy and practices regarding consultation with the Department of Justice, the Rulings Directorate, and Ottawa head office during the audit stage for legal interpretation matters and technical guidance?

CRA Response:

The CRA has a number of resources available - ranging from technical tax experts and industry specialists to Department of Justice counsel - and utilizes these resources as appropriate.

Collaboration between the CRA's audit teams and the Department of Justice offers significant benefits; including proactive risk management, addressing complex legal issues early, and ensuring audits are grounded in strong legal frameworks. This partnership streamlines case handling, conserves resources, and fosters consistency by aligning CRA actions with legal precedents and policy objectives.

Legal opinions are sought regularly in complex scenarios or novel interpretations to assess risks and strengthen CRA positions, particularly in high-risk or high-impact cases involving substantial tax amounts or important legal precedents.

Mandatory referrals, like those for the general anti-avoidance rule (GAAR) or transfer pricing, further ensure consistent and effective handling of sensitive cases.

The Department of Justice also assists during audits by providing the following services:
Counsel at Audit Stage, which:

- provides legal advice to assist audit staff in effectively addressing tax compliance issues, related particularly to aggressive tax planning;
- enhances the national coordination of legal advice given by the DoJ and positions taken by audit staff on substantive and procedural matters, such as compliance orders and use of other information gathering tools; and
- assists in the early identification of issues which may adversely impact the CRA policies or assessing positions and potential legislative deficiencies with a view to collaborating with the CRA on timely recommendations to the Department of Finance Canada.

Pre-assessment Litigation (PAL) Services for High Risk and High Impact Cases provides the services of a litigation team in high risk and high impact matters to:

- support the audit,
- assess litigation risks,
- identify evidentiary issues, and
- assist in the early resolution of the matters and/or ensure their effective transition into litigation.

Regarding the Income Tax Rulings Directorate, we have a Memorandum of Understanding (MOU) between the Compliance Programs Branch and the Income Tax Rulings Directorate which mandates referrals for complex, novel, or high-impact issues requiring specialized expertise. This MOU helps ensure consistency and proper application of tax laws.

Question B.4 General Anti-Avoidance Rule (GAAR) Reporting Form

To avoid a potential 25% penalty if the CRA successfully asserts GAAR applies to a transaction, new subsection 245(5.1) provides that a taxpayer must have disclosed the transaction to the CRA under section 237.3 or 237.4 (the reportable and notifiable transaction disclosure

rules).[1] Reporting is due at the same time as a taxpayer's tax return. As noted at the 2024 liaison meeting, many taxpayers may protectively disclose transactions they do not believe are subject to the GAAR because the penalty is so punitive and to avoid tolling of any statutory limitation period. We understand that the CRA welcomes and encourages such proactive disclosure.

Taxpayers must disclose reportable and notifiable transactions on Form RC312 – Reportable Transaction and Notifiable Transaction Information Return. RC312 was updated in 2025 to reflect that taxpayers can make an optional filing to disclose transactions under subsection 237.3(12.1) for transactions potentially subject to the GAAR (that are neither reportable nor notifiable transactions). However, RC312 continues to presuppose that a disclosed transaction includes both a tax benefit and an avoidance transaction. The existence of tax benefit and/or avoidance transaction may be uncertain. A taxpayer may genuinely believe that the GAAR does not apply to a particular transaction on the basis that a tax benefit and/or an avoidance transaction do not exist but may wish to report such transaction in recognition that the CRA may disagree with that position. Further, while subsection 237.3(12) provides that filing an RC312 form is not an admission that subsection 245 applies, it does not provide that it is not an admission with respect to statements contained in the form (e.g., the existence of a tax benefit or an avoidance transaction) that may be relevant to the application of subsection 245.

As recommended at the 2024 liaison meetings, we believe the RC312 should permit a taxpayer to indicate that, in its view, the transaction does not result in a tax benefit and/or is not an avoidance transaction but is being disclosed solely to protect against penalties in the event CRA challenges that position (for example, by adding a section to the form with the question "Does the relevant transaction result in a tax benefit? Does the relevant transaction constitute an avoidance transaction?").

B.4.a Can the CRA please comment on when it intends to revise the form to make these changes to allow taxpayers to make proactive disclosure while accurately reporting their tax reporting positions?

CRA Response:

An updated RC312 Reportable Transaction and Notifiable Transaction Information Return (RC312) was released in August 2025 to reflect that taxpayers can make an optional filing to disclose transactions under subsection 237.3(12.1) (that are neither reportable nor notifiable transactions). As the form utilizes the terminology "for transactions potentially subject to the GAAR", we disagree with TEI's statement that the RC312 form continues to presuppose that a disclosed transaction includes both a tax benefit and an avoidance transaction. Furthermore, the

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[1] Subject to the due diligence defense in subsection 245(5.2).

wording of the RC312 form aligns with subsection 237.3(12) of the Income Tax Act (Canada) which provides that the filing an RC312 form is not an admission that subsection 245 applies in respect of any transaction or any transaction is part of a series of transactions. Accordingly, the CRA does not intend to revise the form.

B.4.b If the CRA does not intend to revise the form as suggested, could the CRA please comment on how taxpayers should complete the form if they do not believe they have a tax benefit and/or avoidance transaction?

CRA Response:

For those taxpayers that may genuinely believe that the general anti-avoidance rule (GAAR) does not apply to a particular transaction on the basis that a tax benefit and/or an avoidance transaction does not exist but may wish to report such transaction in recognition that the CRA may disagree with that position, the revised form does provide the opportunity to reporting persons to complete the form on that basis.

If a reporting person believes there is no tax benefit but wishes to file an optional disclosure, the person would check the field on page 1 of the RC312 form indicating the disclosure is in respect of an optional filing under subsection 237.3(12.1) for transaction(s) potentially subject to the GAAR in section 245 of the Act On page 4 of the RC312 form, taxpayers should provide a written explanation explaining why there is no tax benefit on page 4 of the RC312 form under the details of the transaction.

If a reporting person believes there is no avoidance transaction but wishes to file an optional disclosure, the person would check the field on page 1 of the RC312 form indicating the disclosure is in respect of an optional filing under subsection 237.3(12.1) for transaction(s) potentially subject to the GAAR in section 245 of the Act and then provide a written explanation explaining why there is no avoidance transaction on page 4 of the RC312 form under the details of the transaction.

We note that the RC312 webform can also achieve the same result.

Question B.5 GAAR Reporting

In connection with question B.4 above, could the CRA provide an update of:

B5.a The number of returns filed to date where protective disclosure of transactions potentially subject to the GAAR has been made.

CRA Response:

The number of returns filed to date where an optional filing under subsection 237.3(12.1) for transaction(s) potentially subject to the GAAR in section 245 of the Act are close to 200. We expect the number to increase, given that the legislation received Royal assent on June 20, 2024.

B.5.b How the CRA is processing and utilizing information gathered under the optional GAAR reporting rules.

CRA Response:

The CRA is reviewing each disclosure filed under the optional GAAR reporting rules and will determine on a case-by-case basis whether further audit action is needed. Audits and assessments will be consistent with regular CRA practices and procedures.

B.5.c Will the information gathered under this regime be managed centrally at head office or will it be shared contemporaneously with the large file case teams in the local offices? Is the process expected to be different for large corporations versus small corporations/taxpayers?

CRA Response:

While the information is managed centrally at head office, the information will generally be shared with large file case teams in the regional offices; the same would equally apply to small corporations/taxpayers.

Question B.6 Part XIII

It is unclear why the CRA audits Part XIII tax separately from large case audits. We understand that the CRA large case audit team assigned to a large corporate group is meant to be the main point of contact with the CRA. However, Part XIII audits seem to be conducted by a separate CRA audit team. The Part XIII audit team will often make requests for information and documentation already provided to the large case audit team, adding unnecessary work for

taxpayers. Further, the large case audit team does not appear to share information with the Part XIII auditors, and vice versa.

We recommend the CRA conduct Part XIII audits through the large case audit teams to address these issues. This would eliminate the need for the taxpayer to provide duplicate information to the CRA and allow for better co-ordination and timing of audit requests from one audit team. Further, it would allow the large case audit team to utilize its accumulated knowledge about the taxpayer's business to better assess the risk of deficient withholding tax amounts.

In addition, TEI members have noted that during large publicly held corporation audits the Part XIII auditors do not understand how the corporation pays dividends to shareholders and interest to bondholders. These shares and bonds are often held in brokerage accounts where the securities are registered in the name of Cede & Co. In these cases, the Part XIII auditors have attempted to reassess for deficient withholding tax remittances, contrary to the CRA's position on these securities in paragraph 31 of Information Circular IC76-12R9:

> Tax is not withheld on interest, dividend or trust income payments made to CDS Clearing and Depository Services Inc. (CDS) on securities registered in the name of Cede & Co. Tax on these payments is withheld by CDS based on information it receives from the Depository Trust Company (DTC) and collected by DTC participants. The supporting information required is the same as outlined in paragraph 20 of this circular.

Would the CRA confirm that its position as outlined in Information Circular IC76-12R9 is still applicable, and if so, whether Part XIII auditors are instructed to consider this when approaching the audit of a large publicly held corporation? In addition, are Part XIII auditors instructed to communicate with a taxpayer's large case audit team to better understand the taxpayer's capital structure before commencing an audit? Having large publicly held corporation Part XIII audits conducted through the corporation's large case audit teams would ensure that the assessment of Part XIII tax is being handled by auditors who are more familiar with the capital structure of the taxpayer to avoid unnecessary reassessments.

CRA Response:

The Non-Resident Audit (NRA) program is a specialized standalone compliance program. It administers compliance with the withholding, remitting, and reporting requirements for payments subject to Part XIII of the Income Tax Act, as well as Regulations 102 and 105 of the Income Tax Regulations. NRA auditors are responsible for ensuring compliance with withholding obligations for specified types of income paid to non-residents, by both resident and non-resident entities of all sizes and classifications.

While NRA auditors do operate independently due to their specialized mandate, they are expected to coordinate with the International and Large Business Case Manager (ILBCM) or auditor in cases where the entity under audit falls within the International and Large Business Audit (ILBA) population. This coordination is intended to reduce duplication of information requests and improve the efficiency of the audit processes. The CRA recognizes the importance of minimizing the administrative burden on taxpayers.

Regarding your issue related to the application of paragraph 31 of Information Circular IC76-12, CRA auditors are to consider the application of the Elective Dividend Service when reviewing the information provided.

As we review our current policies and practices between NRA and ILBA, we will reiterate and provide supplemental guidance, education and awareness, where necessary, to our auditors pertaining to the information contained in the IC76-12.

Thank you for sharing your input. We appreciate your engagement as we are continuously working to improve our audit policies and practices.

C. Administration of New Legislation

Question C.1 Creation of Prescribed Forms and Coordination with Department of Finance

The drafting of new prescribed forms has taken an unprecedented turn in the past few years. When new forms are created, there seems to be no thought given to (i) the breadth of information requested, (ii) whether the information is required for input into the applicable tax return, (iii) the amount of time that it will take taxpayers to complete the form, and (iv) whether a form is necessary at all.

The EIFEL T2 form is an example of this drafting overreach. Schedule 130 encompasses 14 pages of information that is not needed, is difficult to access and organize, and has no impact on the actual numbers included on the return itself. The requirement to complete this form for 2024 T2 filings added many unnecessary hours to corporate tax departments' workload.

TEI has previously been asked to provide feedback to the CRA on certain new forms. However, recent requests have come too late for any meaningful comments to be assembled and communicated by the pertinent deadline. TEI believes that the inability to add our input has exacerbated the issues raised by the proliferation of new reporting forms because CRA then has little taxpayer-provided checks and balances in the process.

Considering the above, TEI has the following questions:

C.1.a Who at the CRA has responsibility for drafting and reviewing new prescribed forms? Is there a separate group with this responsibility?

CRA Response:

There are a number of different areas in the CRA that have the responsibility of drafting new forms. The Information Programs Division (IPD) is responsible for drafting the majority of these forms. The content of these forms is however a joint responsibility shared across the Agency and externally. These stakeholders include subject matter experts across different branches of the CRA such as the Legislative Policy and Regulatory Affairs Branch (LPRAB), the Assessment Benefits and Service Branch (ABSB), the Compliance Programs Branch, and the Collections and Verifications Branch among others; as well as external stakeholders including the provinces and territories, Revenu Quebec and Finance Canada.

C.1.b When Finance drafts new legislation, is there a coordinated approach to determine what new forms and elections will be required? How does this process operate? Does Finance decide a prescribed form or election is needed, or does the CRA tell Finance it needs a new form or election?

CRA Response:

When Finance Canada drafts new legislation, IPD collaborates with LPRAB, who liaises with Finance Canada and our program areas in ABSB to identify the need for new forms or elections, or to assess whether changes can be made to existing ones.

C.1.c As part of this process, does Finance/CRA consider existing forms to ensure information is only requested once?

CRA Response:

When new tax measures are announced, the CRA reviews current reporting requirements including forms and schedules to support efficient implementation. Where possible, new reporting requirements are integrated into existing forms and schedules to minimize any additional burden. To effectively and efficiently administer tax programs, reported information is required for different areas across the Agency, other government departments, as well as the provinces and territories. We would be open to reviewing any specific suggestions associated with the existing reporting requirements.

C.1.d Does Finance/CRA consider the time and effort required of taxpayers to complete a new form, as is mandated under the Taxpayers Bill of Rights?

CRA Response:

Yes. Taxpayer burden is always considered when drafting new forms. Where possible, new reporting requirements are integrated into existing forms and schedules to minimize any additional burden. To effectively and efficiently administer tax programs, reported information is required for different areas across the Agency, other government departments, as well as the provinces and territories. We would be open to reviewing any specific suggestions associated with the existing reporting requirements.

Question C.2 – Elections and Filing Positions

C.2.a As noted in TEI's EIFEL submission to the CRA earlier this year, will the CRA decide that taxpayers may take filing positions pursuant to the rules rather than having to file formal elections on forms T2226, T2227, T2228, and T2229?

CRA Response:

The International and Large Business Directorate has released additional EIFEL guidance, and has contacted TEI directly on this matter.

C.2.b Would the CRA consider substantially simplifying (down to 3-4 pages) Schedule 130? The following sections can be removed without compromising the integrity of the schedule itself: Part 1B, 1C, 1D, Part 2B and 2C. Any information that flows to Part 2A from these Part's should simply be entered on the lines provided in Part 2A, rather than having the information flow from overly detailed supporting Parts. Should the CRA determine such information is important for audit purposes, taxpayers can provide the information on audit.

CRA Response:

The International and Large Business Directorate has released additional EIFEL guidance, and has contacted TEI directly on this matter.

Question C.3 – Partnerships and EIFEL

The CRA's supplemental instructions for Part 5 of the T5013 specify that no amounts should be allocated to persons or partnerships deemed to be members under subsection 18.2(2). In addition, the T5013 slip instructions provide the following clarification:

> Boxes 247 to 261 are used to calculate amounts for the purpose of determining the EIFEL on the T2 Schedule 130 if the partner is a corporation, and on the T3 Schedule 130 if the partner is a trust. If the partner is a partnership and receives a T5013 slip with any amount in these boxes, it must provide a letter to its partners informing them of their portion of each amount.

This guidance creates practical challenges. Partners who are required to report interest income or expense from lower-tier partnerships do not have the necessary supporting details through the T5013 issued by the top-tier partnership. Instead, the top-tier partnership would need to prepare supplemental letters outlining each partner's pro rata share of IFE/IFR from the lower-tier partnerships. This approach adds unnecessary complexity and increases the compliance burden for all taxpayers. Moreover, for partnerships filing T5013s through CDS, these supplemental letters cannot be attached, leading to potential information gaps for affected partners. A more practical and administratively efficient solution is for top-tier partnerships to report each partner's pro rata share of IFE/IFR—including amounts from lower-tier partnerships—directly on the T5013 slip.

Given these considerations, would the CRA amend its guidance, or alternatively provide further clarification on how taxpayers should proceed where T5013s are filed via CDS?

CRA Response:

The International and Large Business Directorate has released additional EIFEL guidance, and has contacted TEI directly on this matter.

Question C.4 – eligible group entity and excluded interest in subsection 18.2(1)

Assume that two taxable Canadian corporations, A Co and its wholly-owned subsidiary B Co are the only partners to a partnership and A Co owes interest or lease financing amounts as defined in subsection 18.2(1) to the partnership. A Co is affiliated with the partnership and with B Co. Is it the CRA's view that A Co is affiliated with itself such that the interest paid from A Co to the partnership is excluded interest pursuant to subsection 18.2(1)?

CRA Response:

The November 2023 Technical notes discuss the purpose of the "excluded interest" mechanism:

> *This election [to treat an amount as "excluded interest"] is principally intended to ensure that the EIFEL rules do not negatively impact on corporate transactions that are often undertaken*

within Canadian corporate groups to allow the losses of one group member to be offset against the income of another group member.

To qualify as "excluded interest", an amount paid by a taxable Canadian corporation to a partnership needs to satisfy the conditions in paragraphs (a) to (e) of the definition in subsection 18.2(1) (the "Definition"). We will assume that the financing structure described in the question is legally effective, and that the conditions in paragraphs (a) to (c) and (e) of the Definition would otherwise be satisfied.

In the present case, the payer would be a taxable Canadian corporation, such that the requirement in division (d)(i)(A) of the Definition could be satisfied. No member of the payee partnership would be a natural person, a trust or a corporation that is not a taxable Canadian corporation, such that the requirement in division (d)(i)(B) could also be satisfied.

In addition, division (d)(ii)(A) of the Definition requires that all the members of the payee partnership (other than another partnership) be eligible group entities in respect of the payer corporation, throughout the "relevant period" and at the time of payment (the "Condition").

Subsection 18.2(1) defines an "eligible group entity":

> […] in respect of a taxpayer resident in Canada, at any time, means a corporation, or a trust, resident in Canada
>
> (a) that is, at that time, related (other than because of a right referred to in paragraph 251(5)(b)) to the taxpayer;
>
> (b) that would, at that time, be affiliated with the taxpayer if section 251.1 were read without reference to the definition "controlled" in subsection 251.1(3);
> […]

Hence, the Condition requires that the members of the payee partnership be either related or affiliated with the payer corporation. The relationship that is relevant is the one between the partners of the payee partnership and the payer.

Subsection 251.1(1) delineates the meaning of "affiliated persons" or "persons affiliated with each other", for the purposes of the Act. It does not deem a corporation to be affiliated with itself. For the purpose of applying section 251.1, to establish whether two different entities or persons are affiliated, paragraph 251.1(4)(a) states that "persons are affiliated with themselves". There is no specific rule deeming a corporation to be affiliated with itself, for the purpose of the "excluded interest" election. Therefore, in the present case, the Condition would not be satisfied.

In reaching this conclusion, we kept in mind the main rationale of the "excluded interest" election, namely the facilitation of typical loss consolidation transactions. The situation described in the question involves a corporation making payments to a partnership of which it is a partner. We understand that any deductible expenses of the corporate payer would be partially offset by any corresponding income allocated by the partnership. At first glance, this does not appear to be the typical loss consolidation transaction, for which the "excluded interest" mechanism has been mainly designed.

Question C.5 – Administration of the Global Minimum Tax

The CRA must implement registration and filings for the Global Minimum Tax Act ("GMTA") after implementing new processes and procedures for the Digital Services Tax ("DST") Act. The DST was applicable to a smaller number of taxpayers than the GMTA and had a convoluted registration process requiring taxpayers to communicate directly with CRA representatives. Significantly, because the DST return used a JSON format it required information technology changes from each taxpayer as well as resources from the CRA to accept the files through a unique DST API, which was burdensome. The format was also not user friendly, which would have created issues for taxpayers submitting the returns and auditors examining such information.

Moreover, taxpayers needed to contact the Special Elections and Returns System ("SERS") Development team (via e-mail) to file the DST return. SERS personnel were not equipped to answer questions about the DST itself, however. This created an additional layer of complexity and inefficiencies for taxpayers with unique filing circumstances because the taxpayers had to contact a separate CRA department for filing assistance. Considering the experience of both the CRA and taxpayers had recently with the implementation of the registration and filings for DST, TEI is concerned that similarly burdensome processes will be enacted for GMTA compliance, especially considering that such filings are going to contain far more information than those required for DST purposes.

C.5.a Can the CRA provide an update of how Pillar 2 will be implemented in Canada, such as the registration and filing requirements? The first filing due date under the GMTA is fast approaching and the OECD released its guidance to tax administrations on the XML format required for information sharing on January 15, 2025, nine months ago.

Because the GMTA will be very complex for taxpayers to implement, guidance on the filings should be released early for taxpayers to prepare accordingly.

CRA Response:

The International and Large Business Directorate has addressed these question at the November 27th Global Minimum Tax information session.

C.5.b During the CRA roundtable at the IFA conference in May 2025, the CRA confirmed that it will introduce a GMTA registration requirement, which was projected for late 2025. The CRA was supposed to release information on the registration process and form filing this past summer, but it failed to do so. The CRA indicated that various registration options will be available, including the Business Registration Online portal for resident businesses and the Non-resident Registration Webform for non-resident businesses. Can CRA confirm if there will be an easy and streamlined process that businesses could use by leveraging My Business Account?

CRA Response:

The International and Large Business Directorate has addressed these question at the November 27th Global Minimum Tax information session.

D. Administrative Matters

Question D.1 CRA Service Levels

TEI members are experiencing long call wait times when calling the CRA. Members have noted multiple instances where wait times are over an hour, receipt of automated messages noting no available agents, lack of a functioning callback feature, and dropped calls while waiting in the queue. We appreciate that the CRA is aware of this issue, among others, affecting service levels to Canadians.

Can the CRA comment on the status of the 100-day plan to strengthen service, reduce delays and improve accessibility for taxpayers?

CRA Response:

- On September 2, 2025, the CRA announced its 100-day Service Improvement Plan designed to strengthen services, improve access, and reduce delays. The CRA is committed to delivering results for Canadians by December 11, 2025 and beyond.
- The CRA committed to answering 70% of callers by mid-October 2025. Since September 8, 2025, the CRA extended term contracts and rehired more employees in its contact centres. These additional resources are helping the CRA better meet demands for

assistance and reduce wait times. As a result, the CRA is currently answering over 70% of callers, up from 35% in early July of this year.

- In addition, the CRA is working to expand and improve digital self-serve options, to help Canadians/taxpayers find answers and access services conveniently and independently, without the need to call the CRA. This work includes expanding the capabilities of the GenAI chatbot beta to cover a wider range of topics and improving our web content to make it easier to complete self-serve tasks.
- The CRA is also working to resolve the underlying factors that lead to service delays. The CRA has launched targeted teams to identify and implement key initiatives that improve processing times across programs where Canadians face service delays. These initiatives will improve the overall client experience through streamlined processes and the use of advanced technologies like generative AI and robotic process automation.
- In Fall 2024, the CRA introduced a wait time management strategy, to keep average wait times closer to 30 minutes. This approach ensures that callers no longer experience long wait times (up to 3 hours) and significant technical issues. When wait times increase such that the average will be above 30 minutes, calls are deflected to self-serve options, meaning a message is played on all new calls to the IVR stating all agents are currently busy helping other callers and only self-serve options are available.

The CRA takes reports of dropped calls very seriously. In every instance, the CRA investigates, either internally or with partners, such as its telephony system provider and Shared Services Canada, and immediately works to resolve any issues that may result in dropped calls. Further, the CRA has given contact centre service representatives the ability to phone callers back if their call is dropped prematurely. In general, a service representative can perform a callback if it occurs immediately after the line disconnects, and considering other criteria such as having identified the caller, the reason for the call being established, and the caller not blocking their number.

Question D.2 Represent a Client and My Business Account Access

In past liaison meetings, TEI has expressed its frustration with obtaining My Business Account access due to the need for "owners" to authorize access. The ability to obtain online access for non-resident entities or entities with non-resident directors remains particularly cumbersome. Currently only Canadian residents and U.S. residents with a Canadian SIN or NonResident Representative ID ("NRR ID") can access My Business or Represent a Client.

The authority to grant access to CRA accounts should rest at the same level (officer) as those who are able to sign a tax return or election. In our view, the existing system for taxpayers

would be like requiring the Minister of National Revenue or the CRA Commissioner to individually sign audit proposal letters or Notices of Reassessment because senior CRA officials were not considered to have sufficient authority. TEI invites CRA's comments in this regard, particularly its reasoning for why someone with the authority to sign tax returns is not senior enough to grant authority for online information access. The current system does not work for corporate groups that add business numbers frequently or have frequent changes to directors and officers.

D.2.a Can the CRA please comment on its efforts to make the authorization of personnel to access My Business Account or Represent a Client more efficient?

CRA Response:

The CRA continues to review these services, but do not have any updates to provide.

D.2.b Would the CRA consider having the Large File Case Manager act as a channel to assist with the issuance of an NRR ID and subsequent RepID? Would the CRA consider using the Large File Case Manager to assist in processing requests for delegations of authority, especially in cases where the "owners" are non-residents? Using existing International and Large Business Directorate channels may help to reduce concerns around security and fraud.

CRA Response:

Thank you for raising this concern related to the issuance of an NRR ID and subsequent RepID.

The CRA has several branches, each with their own specialized functions and procedures. The Large File Case Manager (LCFM) currently has a limited role in facilitating the "confirm your rep" functionality. This process leverages the LCFM to collaborate with the Assessment, Benefit, and Services Branch and is intended to help streamline the taxpayer experience.

Changes to the processes mentioned here would have to be thoughtfully considered by the Assessment, Benefit, and Services Branch, who are responsible for the registration and issuance of a Non-Resident Representative Number (NRR ID) and subsequent RepID, while respecting any impacts on safeguarding taxpayer information, consistency, and the appropriate use of resources.

D.2.c Would the CRA also consider expanding access to My Business Account to residents of other countries?

CRA Response:

The CRA recognizes the value of meeting the growing expectations for expanded and secure online access to government services.

Currently, only individuals with a social insurance number (SIN), temporary taxation number (TTN) or individual taxation number (ITN) are able to register for My Business Account.

The CRA acknowledges the challenges those without a SIN, TTN or ITN face in accessing its online services and continues to explore ways to enhance digital service delivery while maintaining the highest security and confidentiality of information. Any expansion of access must be accompanied by robust identity verification measures. In alignment with the Treasury Board of Canada Secretariat's guidelines, identity proofing ensures that individuals accessing sensitive information meet the appropriate level of assurance, safeguarding privacy, data integrity, and public trust in government services.

Question D.3 Non-Resident Account Access

Part XIII tax information is only available through offline access – it cannot be accessed online through My Business Account. In addition, accessing this information requires the filing of a separate AUT-01, despite a taxpayer's employee's authorization on the same corporation's tax accounts (i.e., RC, RT). Members have also noted instances where information that is updated on My Business Account is not concurrently updated on the Part XIII account. A simple example would be when there is an address change – currently the update made on My Business Account is not automatically applied to update the same address on file for Part XIII tax purposes.

These issues require additional time and efforts for taxpayers to correct and update. Also, if taxpayers are not aware that both accounts need to be updated, this oversight can lead to missed audit requests and assessments. Therefore, TEI would like to understand if there are any specific reasons why the Part XIII tax accounts have not been included in My Business Account; otherwise, we would suggest including them on My Business Account as a separate sub-account. This would also address the issue of applying changes made to the main corporate account to the Part XIII tax account concurrently.

CRA Response:

Part XIII tax accounts are not included in My Business Account because My Business Account is designed for accounts linked to a Business Number (BN). In contrast, a Non-Resident (NR) account, such as a Part XIII tax account, is a different type of account that may also be linked

to a Social Insurance Number (SIN) instead of a BN. As a result, Part XIII tax accounts have their own separate entry point. With recent enhancements made to the CRA portal and the introduction of CRA's single sign-in system, users can now seamlessly toggle between different account types or portals (e.g. My Business Account and Non-Resident accounts).

Question D.4 – Request for Improved Access to Correspondence through My Business Account

D.4.a When a taxpayer submits documents or inquiries through the My Business Account portal, would it be possible for all related correspondence from the CRA to be made available directly within the portal and email notification automatically provided to the taxpayer when such correspondence is uploaded? We have observed that in some cases, even when a request is submitted via My Business Account, CRA responds by issuing a physical letter sent by mail. This letter is not posted in the taxpayer's My Business Account, which creates several challenges:

- The letter is addressed only to the taxpayer, not to the authorized representative who submitted the request via the portal.
- The physical letter can be lost or misdirected, especially when it is addressed in a general manner without clear departmental attribution.
- This disconnect can lead to delays in processing and confusion regarding the status of the request.

CRA Response:

The CRA continues to modernize its services by making online information easier to find and understand. When CRA correspondence is made electronic and viewable in the Mail service within the CRA portal, the email notification can be linked to the electronic mail advising the Taxpayer/Representative of the new mail available in the portal. The CRA will continue to work towards having more correspondence available within the portal.

D.4.b Would CRA consider ensuring that all correspondence related to requests submitted through My Business Account—especially responses and follow-up communications—is also posted within the portal with automatic e-mail notification to the taxpayer? This would improve transparency, reduce the risk of lost communication, and ensure that authorized representatives can efficiently manage and respond to CRA correspondence. Where legislation specifically requires that a notification be sent to a taxpayer by registered mail, My Business Account and electronic notification should only supplement, and not replace this statutory requirement.

CRA Response:

With respect to the correspondence being made available electronically in the portal, this is at the discretion of each program area on whether they want to include it within My Business Account. The CRA is working towards having more correspondence available within the portal.

Enterprise Correspondence agrees with Digital Services that the tax programs with a mandate to correspond with taxpayers (business and individual) determine if their correspondence will be available in the portal. Enterprise Correspondence systems make electronic delivery in the portal broadly available to programs issuing correspondence. It is important to acknowledge that taxpayers must provide an email address to receive an e-mail notification, and may opt-out of receiving e-mail based on their preferences.

Question D.5 Submissions via My Business Account

The CRA's Submit Documents Online service allows businesses to upload files via My Business Account, but there is inconsistent format acceptance, such as ZIP files being allowed by Audit but not Appeals, creating significant inefficiencies. Additionally, taxpayers have reported delays between submission and acknowledgment by the Appeals Division, and in some cases, documents have not been received at all. Can the CRA confirm that there are currently different processes between Audit and Appeals and comment on whether there are plans to standardize the document submission process across all divisions to improve consistency and reliability?

CRA Response:

Thank you for raising this concern regarding the CRA's Submit Documents Online service through My Business Account.

The CRA acknowledges that there are different document format and size acceptance criteria between its Audit and Appeals divisions. For example, Audit may accept a total size of files up to 1GB per session, while Appeals can only accept 500MB.

When a taxpayer or representative submits their documents successfully, they immediately receive a confirmation screen that includes the case or reference number, and a confirmation number. An email is sent to the submitter including both the confirmation number and case or reference number, if the taxpayer or representative is signed up for email notifications. Additionally, the submission can be viewed in the History table on the Submit documents page within 24 hours of submission. Please note the CRA scans all submitted files and rejects those infected with a virus. In these cases, the submission status will be changed to "Error" in the History table.

Documents submitted through My Business Account are accessible to the Appeals officers generally within 24 hours after the submission status is updated to "Received".

The CRA is committed to promoting a document submission experience that works best for taxpayers. This includes harmonizing accepted file formats, improving system integration, and ensuring timely acknowledgment of submissions. Our objective is to provide a consistent, secure, and user-friendly experience for all taxpayers and representatives using My Business Account.

We appreciate your feedback and remain committed to improving our digital services. Updates on enhancements to the Submit Documents Online service will be communicated as they become available.

Question D.6 Updating Information in My Business Account

Several TEI members have experienced difficulties in updating addresses, phone numbers, email addresses and banking information through My Business Account, often receiving messages that the service is not available. Can the CRA comment on why this occurs and what taxpayers can do to allow this functionality on their account?

CRA Response:

The CRA offers business clients and their representatives the opportunity to update business information through the My Business Account online portal. However, each of these services may require a different level of authorization and some have rules related to the authorization levels. For example:

- Updating an address
    - Representatives require Level 2 access or higher in order to update address information in MyBA.
    - If you are authorized for the entire Business Number (BN9), you can access this service directly from the MyBA Profile page.
    - If your authorization is limited to BN11 or BN15, address updates should be made via the BN15 overview page through the "Program account information" section.

- Direct Deposit Information
    - Viewing Direct deposit information is accessible only to legal representatives (Level 4). Users with lower than Level 4 will not be able to see the direct deposit details in MyBA.

- The ability to update direct deposit information is not currently available to representatives within MyBA.

- Phone Numbers
  - To update the owner's phone number, representatives must access the Profile page, which is available only to those with Level 2 or higher for the entire BN9.
  - If your authorization is limited to BN11 or BN15, you will not be able to edit the phone number.

- Email Addresses
  - Email addresses can be updated by representatives who are Level 2 or higher.
  - If you are authorized for BN9, you can access the 'Notification Preferences" service from the MyBA Profile page.
  - If your authorization is limited to BN11/15, you will need to go to the BN15 overview page, it is within the "Program account information" section.
  - The ability to manage email addresses is part of the "Notification Preferences" service.
  - There is a separate service called "Manage Mail for My Business," which allows users to opt in or out of digital mail delivery, however it does not permit email address management which may lead to confusion.
  - The "Manage Mail for My Business" service is limited to business owners, legal representatives, and Level 3 representatives

We regret that some users are receiving an error message about service availability. We reviewed the system and have observed that on the CRA side, all of our services within My Business Account for managing and updating business information are working as intended.

Question D.7 Collections

TEI members have raised concerns regarding sweeping of funds between program accounts without notification to the taxpayer. When amounts are swept between accounts, this will often require follow-up on the part of the taxpayer and time-consuming phone calls to address the movement of funds.

D.7.a Would the CRA consider increasing the threshold for large corporations before automatic transfers occur?

CRA Response:

The CRA does not support the introduction of a threshold for large corporations for automatic transfers. The current approach ensures consistent, fair, and efficient collection of tax debts, which aligns with our organizational objectives and responsibilities.

D.7.b Would the CRA consider implementing a notification process that amounts are to be transferred and a reasonable time limit to respond to this notification?

CRA Response:

Business Accounting is unable to implement a notification process informing taxpayers that amounts are to be transferred prior to doing so. Once the accounting system is notified that a credit is available for distribution it determines actions required prior to issuance to the taxpayer. If there is an amount owing, the credit will be transferred in accordance with the section 224.1 of the Income Tax Act (ITA). Please note that the taxpayer receives notification and details of transfers displayed as "Amount transferred".

Question D.8 Certificate of Residency Request Process

A Certificate of Residency request can be submitted to the CRA via My Business Account by selecting "Submit Documents" and choosing "Certificate of Residency." Upon submission, the taxpayer receives a confirmation and reference case number, followed by a letter within a few days confirming receipt and indicating a processing time of up to ten weeks. However, the case numbers are not used for further interactions. Suggestions for improvement include enabling status tracking through these reference numbers, replacing the letter attachment requirement with a streamlined online form, offering digital certificates on demand as done in countries like Sri Lanka and India, and implementing a faster, more transparent process—potentially reverting to issuance by the Large Case File Manager for efficiency.

CRA Response:

- The confirmation and reference number provided when submitting documents online is used to locate missing documents.
- When the documents are received, by the Contact Centre Correspondence Program, they are added into inventory and can be traced by providing the account number the request was for, the way the request was submitted and the date. The Contact Centre agents would be able to trace the documents with this information. We ask that a follow-up not occur until 4 weeks after the submission date.

- If the documents cannot be located, then the confirmation and reference number can be provided so that an internal search can be completed to locate the documents and add them to inventory.
- We are currently creating a fillable form to be used with submitting certificate of residency requests that will help streamline the processing of them. This form will ensure requests are inventoried and processed together, which will ease the burden of determining which requests have been completed as currently there is no status tracking service through the submit documents service for our Certificate of Residency workload. The next step will be to explore having the option to create digital certificates as some other foreign countries have.
- Due to the volume of enquiries we will not revert back to having the Certificates issued by the Large Case File Manager. We will continue to have the Contact Centre Correspondence Program agents process the majority of the Certificate of Residency requests with the assistance from the Competent Authority Policy and Treaty Advisory Section.

Question D.9 Reporting Fees for Services

TEI has been pleased to participate in the Reporting for Services ("RFS") working group and many of our members participated in the public consultation. The CRA posted on their website the findings of the working group and survey, both of which overwhelmingly point to an excessive compliance burden for taxpayers. Can the CRA provide an update on this initiative?

CRA Response:

- A study is being conducted by the Standing Committee on Transport, Infrastructure and Communities (TRAN) on Changing Landscape of Truck Drivers in Canada, and CRA will attend on November 6.
- No updates or timeline for potential changes to the reporting at this time.
- No changes on the lifting of the moratorium on penalties.
- CRA is actively collaborating with ESDC on compliance activities.
- Once the findings of the study are released, CRA will assess and consider future actions.
- CRA acknowledges the need to notify and provide the tax community with sufficient time to adapt to any future changes.

Question D.10 Allowance Limits

The CRA sets limits on several allowances to be considered reasonable and not taxable to employees. For example, meal expenses, gifts and awards, loans, housing losses, and moving expenses among others are subject to thresholds set by the CRA. Our members have observed that some of these allowances have not changed in several years. For example, the most recent update to the meal allowance rate was made by the CRA on September 3, 2020, increasing the rate from $17 to $23. In the current economic context, there has been a significant and widespread increase in the cost of food, transportation, consumer goods, and more and current allowances are often insufficient. Is the CRA planning to reassess the current allowance limits?

CRA Response:

CRA periodically reviews its administrative policies to ensure that they remain relevant, which often includes a review of the limits referred to in your question.

Only some of the amounts and limits contained within the formal legislation are indexed to inflation and are updated annually. Relevant amounts are published by the Agency: Indexation adjustment for personal income tax and benefit amounts - Canada.ca or on the webpage devoted to that topic.

The specific amounts indexed under the Income Tax Act are found in subsection 117.1(2) and the formula laid out in subsection 117.1(1) is used to determine the adjusted amounts. Finance also announces the applicable rates used in the calculation of automobile and motor vehicle taxable benefits annually in December. Other amounts and limits remain the same over time unless subject to a specific review or legislative change.

CRA likewise only reviews the limits and amounts set in our administrative policies periodically, reviewing both for their specific relevance and in relation to other administrative positions. Our last full taxable benefits review took place in 2022. We have no plans to index the amounts referred to in your question. However, when CRA periodically reviews one of these rates or amounts, such as when the meal allowance rate was reviewed in 2020, the review generally includes an upfront inflation adjustment for several years after the announcement of the rate or amount. At present, we have no plans to review the specific amounts referenced in the question. However, if a particular limit or administrative policy should require review, we would request specific details to be provided as to how it is administratively burdensome or insufficient for us to be able to assess whether a change to that policy is warranted. Any change, however, would require extensive review with internal and external stakeholders, including the Department of Finance.

We note, though, that one of the specific amounts cited regarding housing losses isn't an amount under an administrative policy but set out in the applicable legislation (subsection 6(20) of the Income Tax Act).

Question D.11 Enhanced Trust Reporting

The Department of Finance released draft legislation on enhanced trust reporting on August 15, 2025. The comment period for this draft legislation closed on September 12, 2025 and various stakeholders have commented and are arranging discussions with the Department of Finance. Given the status of this legislation, will the CRA be extending their administrative relief for 2025 filings?

CRA Response:

During the TEI Liaison meeting, the CRA indicated that it would review the Notice of Ways and Means Motion (NWWM) released on November 17, 2025, to implement certain provisions of the budget to determine its ability to administer them and will provide further guidance. On December 16, 2025, the CRA updated its What has changed page for trust reporting as follows:

Based on proposed legislation in Bill C-15, and consistent with the Explanatory Notes Relating to the Income Tax Act and Other Legislation published by the Department of Finance, the CRA does not expect bare trusts to file a T3 Trust Income Tax and Information Return (T3 return) including Beneficial Ownership Information of a Trust (Schedule 15) for taxation years ending in 2025. Certain bare trusts will be required to file for taxation years ending on or after December 31, 2026.

Among other proposed changes, for taxation years ending on or after December 31, 2025, certain trusts may not be required to file a T3 return if specific conditions are met. Where those conditions are not met and a T3 return is required to be filed, these trusts will not be required to file Schedule 15 with their T3 return for taxation years ending on or after December 31, 2025. These trusts include, but are not limited to:

- Trusts holding assets with a total fair market value (FMV) that does not exceed $50,000 throughout the year
- Trusts holding only the specific asset types as outlined in proposed paragraph 150(1.2)(b.1) of the ITA for the applicable taxation year, with a total FMV that does not exceed $250,000 throughout the year, provided certain additional conditions are met
- Specific client trust accounts holding only the specific asset types as outlined in proposed paragraph 150(1.2)(c) of the ITA for the applicable taxation year, with a total FMV that does not exceed $250,000 throughout the year

- Trusts established to comply with a statute of Canada or a province where the persons acting as trustee hold the property in trust for a specified purpose, such as those of bankruptcy trustees or provincial guardians

The CRA confirms that taxpayers **may** voluntarily file under current law, pending the enactment of Bill C-15. If the proposed legislative changes are not enacted, the CRA will provide further direction at that time.

This web page and the FAQ page will be updated as additional information becomes available.

Question D.12 Partnership Reporting

D.12.a Character Limits on T5013 Slips

The T5013 slip has a character limit of $999,999,999. This limit requires that a slip for a partner be manually broken into several slips. For internal partnerships in large organizations, it is not uncommon for amounts to be in the billions. Would the CRA consider improving systems to increase character limits for T5013s and any other limited slips/forms/returns?

CRA Response:

While the possibility of increasing the field size limit is under consideration, there are currently no plans to implement this change in the near future.

D.12.b Partnership Web Access Codes

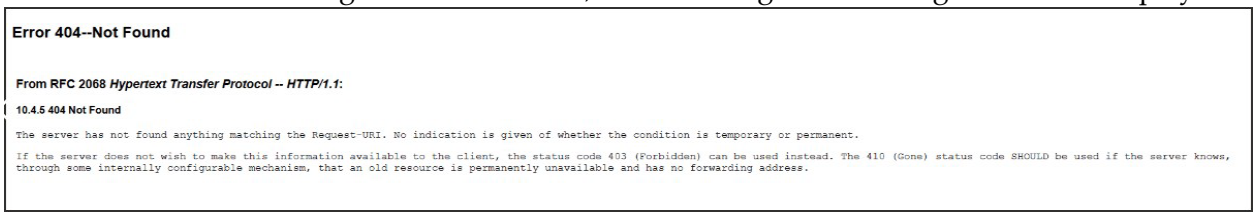
TEI has noticed that taxpayers must retrieve individual Web Access Codes ("WAC") over the phone for partnerships in order to file T5013 returns and slips. WACs cannot be requested online for this type of program account. May TEI members have multiple partnerships and it is inefficient to request multiple WACs one by one. CRA agents will often only process a small number before transferring to another agent or ending the call. Furthermore, CRA agents seem unaware that WACs could not be easily retrieved online for partnerships. Efficiencies would be gained for CRA and taxpayers alike if these could be obtained online as they are for a T2 WAC. Could the CRA comment on expanding the issuances of WACs online to partnerships?

CRA Response:

Note that the functionality to retrieve Web Access Codes (WACs) is no longer available. The two remaining options are to "create" or "replace" WACs. Regarding the broader concerns raised, additional time is required to gather the necessary information to provide a response, as the inquiry addresses multiple aspects of the WAC Online application.

D.12.c T5013 Filing Process

When filing T5013 partnership returns in spring of 2025, the "submit a return" button was inaccessible through represent a client or my business account. When navigating to the RZ account details and clicking "submit a return", the following error message would be displayed:



When speaking to CRA Agents taxpayers received mixed messages, and most Agents did not have any idea about the situation. One mentioned it was not a CRA error, but instead a generic error from a web browser which was not the case. Can the CRA comment on this issue and if it has been remedied?

CRA Response:

We acknowledge the technical issues that occurred during the 2025 filing period. The error message encountered when submitting returns via Represent a Client or My Business Account was due to a temporary system issue, which has since been resolved. We regret any confusion caused by inconsistent messaging from CRA agents and are actively working to enhance internal communications and training. These improvements aim to ensure consistent and accurate support for users moving forward.

The process for filing T5013 partnership returns was updated in MyBA in January 2025. Since this update, a small number of issues have been identified and resolved.

We have recently received a report of an issue where a user encountered an error during the filing process. This matter is currently under active review.

We are working to address and resolve this issue as quickly as possible.

E. Technical Matters

Question E.1 Qualifying Environmental Trusts – definition of "qualifying law"

Pursuant to the definition of "qualifying environmental trust" ("QET") in subsection 211.6(1), paragraph (c) requires that the trust is, or may become, required to be maintained under (i) the terms of a qualifying contract or (ii) a qualifying law. In this context, the definition of a "qualifying law" is as follows:

> qualifying law, in respect of a trust, means
> (a) a law of Canada or a province that was enacted on or before the later of January 1, 1996 and the day that is one year after the day on which the trust was created; and
> (b) if the trust was created after 2011, an order made
> (i) by a tribunal constituted under a law described by paragraph (a), and (ii) on or before the day that is one year after the day on which the trust was created.

Paragraph (b) of the definition was added in 2011 with the explanatory notes stating "this new term adds, in respect of trusts created after 2011, an order of a tribunal (such as the National Energy Board) constituted by a law of Canada or a province. For this purpose, it is sufficient that the trust be established in anticipation of the law being enacted, or the order being made, provided that the law is enacted, or the order is made, within one year after the trust is created."

Some practitioners have suggested that the use of the coordinating conjunction "and" between paragraph (a) and (b) of the definition of a qualifying law requires that for trusts created after 2011, that both paragraphs (a) and (b) must be satisfied in respect of the trust. That is, for trusts created after 2011, the trust is, or may become, required to be maintained under both a law of Canada or a province that was enacted on or before the later of January 1, 1996 and the day that is one year after the day on which the trust was created, AND by an order made by a tribunal constituted under a law described in paragraph (a).

However, arguably there is an alternative reading of the provision whereby for trusts created after 2011, a qualifying law in respect of the trust is satisfied if either paragraph (a) or (b) is met, but it is not necessary for both paragraphs to be applicable in respect of the trust.

Could the CRA provide it's view on how it interprets the "qualifying law" definition in this context?

CRA Response:

The CRA will provide a technical interpretation in response to this question.