



IMPACT

The Newsletter of the
EFILE Association
of Canada/
Association de
TED du Canada

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No. 45

New EAC/ATC Website Launched

Our new EAC/ATC website was officially launched on July 1, 2009. Please note that our URL has not changed: www.efile.ca - if the previous version of the website appears, simply refresh your browser to update the link.

The new website has many of the features contained in our original version of the website, with a few new ones.

An **EVENTS** tab will facilitate members keeping up to date with upcoming events of the EAC/ATC and other professional organizations.

The expanded **MEMBER LOGIN** section will assist members in keeping their information up to date. It will also be the access point for members to view previous editions of the *IMPACT* Newsletter, Annual CRA Submissions and CRA Tax Centre Directory and other documents produced by the EAC/ATC.

Although the full *IMPACT* Newsletter library will be available to members, only selected EAC/ATC documents will be made available to non-EAC/ATC members. It seems our *IMPACT* Newsletter and Annual Submissions to the CRA are very popular documents – used by the general public and non-member practitioners in their dealings with the CRA. Limiting access will ease this free rider problem.

A password will be sent to members allowing access to all sections of the website.

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AGM set for St. John's Newfoundland

Official notice is hereby given of the 16th Annual General Meeting of the *EFILE Association of Canada / Association de TED du Canada*. It is to be held at 1:30PM on **Thursday September 17, 2009 in St. John's, Newfoundland** at the Battery Hotel and Suites, 100 Signal Hill Road, St. John's, Newfoundland.

Registration for the meeting is not required and there is no cost to attend. A senior CRA manager is expected to take questions after the meeting, so this is your chance to share your views and get some answers.

To book a room at the hotel at *EFILE Association* group rate (\$109 per night), call 1-709-576-0040 **before Friday August 14, 2009**. Note that the number of rooms available is limited and rooms will be allocated on a first-come first-served basis.

In addition to the regular business of the meeting, there will be an election of Directors, with five vacancies to be filled. Director perquisites include reimbursement of AGM travel expenses, and the opportunity to participate in our annual daylong meeting with senior CRA managers. If you would like to run, or would like to nominate someone else, complete the nomination form at the bottom of page 2.

Nominations must be received at the EAC/ATC office on or before Friday, August 21, 2009. ★

New EAC/ATC Website Launched ...

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Passwords will be sent via email to members at the end of July.

Members will be able to change their password once they have accessed the new website for the first time.

Also accessible within the **MEMBER LOGIN** section is the member lookup function providing contact details for current EAC/ATC members. A search engine will allow for searches by member name, city, province or postal code.

Membership renewals will continue to be accepted through the website using a secure channel access. The system continues to accept both Visa and MasterCard payment methods and the web registration discount will continue to apply.

Members will also be able to renew memberships with via mail or fax, with payments by cheque or credit card.

A member **BENEFITS** section has been added and will provide a full list of additional benefits to members, including discounts from selected service providers and retail merchants.

Direct website links will be included where available, making it even easier for members to take advantage of member benefits.

Lastly, we have a new webmaster responsible for the administration of the EAC/ATC website.

The technological glitches we encountered at the start of 2009 were due to the inability of the previous webmaster to properly manage the EAC/ATC account. That has now been rectified with the hiring of a new webmaster.

We apologize for any inconvenience caused by the former webmaster's actions. ★

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NOMINATION TO EAC/ATC BOARD OF DIRECTORS

As a member in good standing, I wish to nominate for election to the Board of Directors of the *EFILE Association of Canada / Association de TED du Canada*:

Nominee Name (please print) _____

Nominee Phone: _____ (We will call the nominee with information.)

Member Signature: _____ Membership Number: _____

(Please fax to 1-866-511-6879 by Friday, August 21, 2009)

Current CRA Issues

Thank you to the hundreds of EAC/ATC members who sent us emails about various CRA issues and irritants from the previous tax year. Your feedback is critical to our success in providing detailed feedback to CRA about failed protocols and misguided administrative policy.

Outlined below is a sampling of the issues we will be presenting to the CRA.

One irritant affecting a vast majority of members is the continued late issuance of tax slips.

The EAC/ATC provided a succinct analysis of the issue and the consequences of allowing the persistent issuance of late slips to the CRA in 2007. We subsequently followed up on this issue in our 2008 Submission to the CRA, pressing for action on this file.

The response at the time was that CRA understood this to be an issue. With that, the government announced legislation intended to facilitate the dissemination of the data required for the production of T3, T5 and T5013 tax slips.

Clearly the government's legislation facilitating the issuance of these slips by financial intermediaries had little effect. Information from EAC/ATC members does not support an improvement to the issuance timelines.

The fine levied on those firms not complying is hardly a disincentive with the maximum fine of \$2,500 for failing to comply. With penalties like that, you are hardly going to get large organizations to invest in technology and personnel to get investment data out to their clients in a timely manner.

If we cannot convince the CRA to be more aggressive and find a resolution to this issue, the EAC/ATC will work to make it a political issue.

Another issue that seemed to affect many members this year is the inability of CRA to match T4A self-employment income to income as reported on the T2125. The CRA subsequently issues a Notice of Reassessment to the taxpayer adding the T4A income, plus penalties, even though the income was correctly reported initially. The CRA is basically doubling up the income.

The EAC/ATC strongly disagrees with this approach. The CRA must be more meticulous in its approach.

Another common irritant revolves around charitable donations. Client files with donations are often triggering a Code 2139 indicating pre-assessment. Adding to the problem is the level of proof required by the CRA for acceptance of the charitable donation.

Also of note this past tax season is CRAs continued inability to cross check payments sent on electronically filed returns, resulting in letters to clients indicating that a balance owing is outstanding, with accrued interest accumulating. This of course creates much angst for clients and consequently additional work for tax practitioners.

The continued growth in the use of the electronic medium is tied to all these issues. The CRA must allocate resources to finding solutions to these problems. Without some effort by the CRA, acceptance of the system will never be as high as it could be.

Many firms report that as a rule they never fax documents to the CRA. All correspondence goes via regular post.

Some firms do not use EFILE exclusively, preferring to paper file any tax return they feel may be delayed via EFILE. The rationale being it is better to paper file and wait 6 weeks than EFILE and go back and forth for 6 weeks. ★

CRA takes our lead - again

In May the CRA announced a change in administrative practices at their Call Centres. The change was a direct implementation of an administrative protocol the EAC/ATC suggested to the CRA in our annual Issues Submission to the CRA.

We suggested to the CRA in the August 2007 EAC Submission (Issue #9: Client Services Quality Control) that an ID system be developed to increase accountability of call centre staff.

At the time of our submission, the CRA response was in part “we appreciate the suggestion to have an ID system but feel that it would not serve to enhance the accountability aspect of our existing quality-monitoring program”.

Evidently, after some thought, an ID system to reinforce the call centre agent’s accountability and consistency did not seem to be such a bad idea.

Although CRA agents will continue to provide their first name in their greeting (as they have in the past), additional info will be available but only if requested. CRA agents will now have an individual CRA employee identification number and regional suffix that they will provide.

The EAC/ATC recommends that members document the employee identification number and regional suffix (as well as date and time) with every call.

We will as part of our annual “CRA Issues” survey to members request information on the quality of information from the call centres and will provide aggregate data back to the CRA.

We feel accountability for information providers at call centres is an important step forward. ★

MRQ Policy Shift – update

In December 2007 the Government of Quebec announced that starting with tax year 2007, Revenu Quebec (MRQ) would launch a pilot project using “pre-completed” income tax return forms. A pre-completed tax return form (also known as a pre-populated form) is a personalized return that the MRQ prepares for the taxpayer using the information that MRQ has on file about the taxpayer and his/her family and tax status.

The 2007 pilot year saw 100,000 selected taxpayers receiving pre-completed tax return forms. Take up for the program in the first year was approximately 35%. A respectable result given it was a new initiative and particularly good given that the forms were issued late to taxpayers.

At the outset, the MRQ indicated that the program would be scaled up and extended to one million taxpayers by 2010. However, for the 2008 tax year, the program was restricted to taxpayers who initially participated. An about face of sorts – but why? Effective lobbying efforts or too many internal conflicts?

While official information about the program is difficult to come by, our sources tell us that all is not well within the program. Notwithstanding that the MRQ invested a tremendous amount of resources into the initiative, the ambitious plan to expand the program has been delayed. Rumour has it that the initiative may well be abandoned altogether.

Who knows what type of pressure came to bear on this program. But let’s not count out the model of pre-completed tax return forms just yet.

Similar systems have been successfully used in the UK, France and other jurisdictions for many years. ★