IMPACT

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

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National Money Mart Out of the Tax Business

The EAC was advised in October 2018 by National Money Mart (commonly referred to as Money Mart) that they were getting out of the tax business.

For those of you who are not familiar with Money Mart, it is a "financial services company that provides payday loans, cheque cashing, and money transfer services to the underbanked."

The term "underbanked" is used to describe "people or organizations who do not have sufficient access to mainstream financial services and products typically offered by retail banks and thus often deprived of banking services such as credit cards or loans."

The underbanked market must be significant as Money Mart operates 550 branches across Canada. And, until this year, also provided income tax preparation services through its branch locations.

Their tax preparation business model was unique. All clients' tax documents were collected at the branch level and forwarded to the head office in Victoria, BC, where they were prepared and then returned to the branch for client sign off. Estimates are that they processed well over 100,000 returns last year.

So why are they out of the tax business? Money Mart did not say. Some of the larger players in the income tax preparation business hinted that losses in the discounting side of the business and the increasing risks with discounting likely played a role in their decision to abandon the tax preparation business altogether. ★

T1013 and RC59: A Primer on E-Signatures

Finally it seems we have acceptance for e-signatures for the authorization forms T1013 and RC59, furthering the EFILE system into a paperless system. Note that e-signatures are still <u>not</u> yet permitted on T183s.

What's the difference between wet, digital and electronic signatures?

Today, "ink on paper" isn't the only option for authorizing a document or transaction. There are three main signature categories (wet, digital and electronic signatures).

What is a wet signature?

A wet signature is created when a person physically marks a document. This is done by writing a name in a stylized, cursive format (or even a simple "X") on a piece of paper. Other forms of wet signature include the use of seals (an impression in wax) on a document.

In both cases, the word "wet" implies that the signature requires time to dry, as it was made with ink or wax.

How do signatures affect business processes?

Many business processes require signatures, such as the approval of contracts or authorizations. Wet signatures tend to slow these processes down because of their dependence on the physical exchange of paper.

The use of electronic signatures can mitigate these issues.

What is an electronic signature?

An electronic signature, or e-signature, is a legal way to get consent or approval on electronic documents or forms. One of the most relied upon definitions of an electronic signature defines an electronic signature as: "… process attached to or logically associated with a record ... adopted by a person with the intent to sign the record." Electronic signatures can be used to replace handwritten signatures in virtually every personal or business process. Examples include contracts and authorization forms. Also, they are more than just legal: the e-signature process is very secure, auditable, and verifiable.

Are electronic signatures legally binding?

Yes. Electronic signatures are legally valid and enforceable in nearly every industrialized country around the world.

Are digital signatures and electronic signatures the same?

No. Digital signatures are a subset of the larger category called "electronic signatures."

Electronic signatures refer broadly to any electronic process that indicates acceptance of an agreement or a record. The term digital signature is frequently used to refer to one specific type of electronic signature.

Typical e-signature solutions use common electronic authentication methods to verify signer identity, such as email, corporate IDs, or a phone PIN. The best e-signature solutions demonstrate proof of signing using a secure process that includes an audit trail along with the final document.

Digital signatures use a specific type of electronic signature. They use a certificate-based digital ID to authenticate signer identity and demonstrate proof of signing by binding each signature to the document with encryption — validation is done through trusted certificate authorities or Trust Service Providers.

Two e-signature software products that are currently used by EFILERS are Adobe Sign and DocuSign. Both allow you to collect legal electronic signatures from others.

The software allows you to prepare and send a document to be e-signed in a few quick clicks through the software. The document can be signed and returned via any device in minutes. The process will also be tracked from beginning to end.

It is very similar to sending an email: you enter the signer's email address, insert fields to collect e-signatures and other information and then click send. Your client simply clicks a link and then signs in a browser on their computer or mobile device.

Options are available where you get notified as soon as a document is viewed or signed. Other options include receiving automatic alerts when the document is set to expire and sending reminders to your clients to keep things moving. This option, as EFILERS know all too well, can be a very valuable time saver.

Each step of the process is recorded. All parties get a secure copy of the signed document. It's then stored, along with the audit trail, online or in the repository of your choice.

How do I create an electronic signature?

For EFILERS using the Adobe Sign system, recipients can electronically sign documents by typing or drawing their name on their computer or mobile device, or uploading an image of their signature. More advanced digital signatures that rely on certificate-based digital IDs to provide stronger signer authentication can also be used.

What document formats are used for e-signatures?

Most allow a wide range of document types when requesting e-signatures from others, including the most common document formats: Adobe PDF (.pdf) and Microsoft Word (.doc and .docx).

So definitely good news for the EFILE industry as e-signatures is one of the last steps to a fully digital system. It will require the development of new processes (in how we handle client documents) but well worth the effort. It may also take a little educating of clients, as clients will need to have at least a modicum of technological prowess to adopt the e-signature process.

If you are uncertain if the electronic signature system you use meets the CRA standard, please email us the specifics and we will ask for CRA to review it for approval. ★

No Quick ByPass of IVR System on GE Line

Last December, the CRA launched its revised general enquiries line system (GE Line). The CRA promised an upgrade of the GE line after the scathing 2017 report from the Auditor General.

Under the new system, instead of receiving a busy signal when all agents are busy (and when the queue is full), callers are now given the ability to "self-serve" via an Interactive Voice Response (IVR) system. While this system may work well for a taxpayer looking for information about their own file, it does not work well for tax preparers who need to talk to an agent to get the required information to push a file forward.

Tax preparers were quick to complain to us that the improved IVR system meant long wait times while they listened to the same 'messaging' every time. The old bypass system no longer worked.

With the new IVR system, tax preparers are caught in 'no man's land' between the Dedicated Telephone System (used for rulings) and the GE Line IVR system (designed for the general public).

We asked CRA for quick access workaround. While there isn't one currently available, the CRA promised to get back to us by mid-February with a solution for us.

We discussed the creation of a cheat sheet to more quickly navigate the IVR system. As soon as we get the info from CRA, we will forward it to all EAC members.

The CRA also reminded us that the GE Line is at its busiest on Mondays and Tuesdays with relatively low traffic on Saturdays (during tax season). ★

T1013 Authorizations Dropping off from RAC?

Tax preparers are reminded that for security reasons, inactive authorized representatives are removed by the CRA from accounts after two years of inactivity. ★

Message from Elections Canada

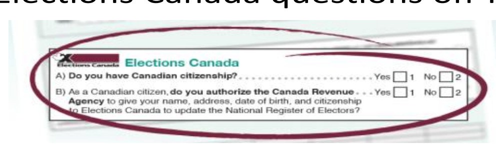
Elections Canada approached the EAC/ATC again this year and kindly requested that we remind tax preparers of the benefits of answering "yes" to the "Provide information to Elections Canada" question on page 1 of the T1 Return.

Answering "yes" authorizes the CRA to transfer a client's name, address, date of birth and citizenship to Elections Canada to update the National Register of Electors.

The Register is used to create a voters list for federal elections, ensuring your client is registered to vote and that your client will receive information cards showing them where and when to vote in a federal election.

Important stuff in a democracy. ★

Elections Canada questions on T1


Elections Canada

A) **Do you have Canadian citizenship?** . . . . Yes ☐ 1 No ☐ 2

B) As a Canadian citizen, **do you authorize the Canada Revenue Agency** to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors? . . . Yes ☐ 1 No ☐ 2

20.5M Canadian taxfilers have agreed to share their information with Elections Canada (81.5%)

Welcome New Members to the EAC/ATC

We dedicate this section to all our new members. Welcome to the EAC/ATC!

Outlined below is an overview of the work the EAC/ATC completes on your behalf and how it is reported back to you.

The EAC/ATC has been representing tax professionals from all regions of Canada to senior management of the CRA for 26 years.

Formed in 1993, the EAC/ATC is a federally registered non-profit corporation with a membership that fully represents the EFILE industry: from sole proprietors to large nationwide firms.

One of the primary goals of the EAC/ATC is to facilitate the operation of a tax practice. Running a successful tax practice takes more than strong management and excellent technical skills - it requires coordination between the CRA and front line administrators of Canadian tax policy: tax preparers.

The EAC/ATC is governed by **a national 15 member Board of Directors** elected by the membership of the EAC/ATC at the Annual General Meeting (AGM). Members of the Board of Directors serve renewable 3-year terms.

The AGM is held during the 3rd week of September. The location of the AGM alternates east and west across Canada to facilitate our membership in attending the AGM. **Guest speakers** present after each AGM. The 2018 guest speaker was Mireille Laroche, CRA Chief Services Officer.

Our primary method of communication to the membership is through our ***IMPACT* newsletter**.

The **newsletter is published three times a year** in January, July and November, and provides important updates on developments within the tax and EFILE service industry. Back editions of the newsletter can be found in our online Library (www.efile,ca).

The January newsletter is a paper edition, which is mailed out as part of the annual membership package.

The membership package includes your annual **EAC/ATC Membership Certificate** ready for framing and displaying to your clients. Membership to the EAC/ATC shows your commitment to excellence in tax preparation. It certifies that as a member in good standing, you subscribe to the principles and objects of the EFILE Association of Canada.

The **Principles and Objects** of the EAC are to further and promote honesty, truthfulness, and integrity in the preparation and filing of tax returns and other financial information, and to discourage misleading and deceptive practices and thereby increase public confidence in the services offered by members.

The January membership package also includes a copy of the **EAC/ATC Desktop Calendar** and the indispensable **EAC/ATC Tax Reference Manual**.

In June of every year we survey our members via email and document the issues and irritants that hinder their work.

This information forms the basis of the **EAC/ATC Annual Submission** to the CRA and subsequent meetings with senior management of the CRA. Through the EAC/ATC, **you have a voice** with the CRA.

The July newsletter (sent via email) includes a summary of the issues and irritants submitted to the CRA. It also contains official notice of the upcoming AGM as well as the **EAC/ATC Nomination form for the election of Directors** at the upcoming AGM. At every AGM five vacancies are filled.

Our November newsletter is also a digital copy and provides a detailed summary of our AGM and subsequent meetings with senior management of the CRA. This includes a **summary of new enhancements to the EFILE system for the upcoming tax season**. You will have advance notice of the changes to come. ★