

# FAQ: Income Tax

Please read prior to completing tax info form

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## 1. Why do you need my non-bankrupt spouse's income?

Married or Common-law partners are required to disclose their income on their spouse's return as it may affect their eligibility for GST/HST rebates and Child Tax Benefits. Not disclosing the non-bankrupt spouse's income will result in an overpayment (or underpayment) of these and expose the Debtor to reassessments to recover the overpayments, which are not covered by their bankruptcy proceedings.

## 2. Do you do my non-bankrupt spouse's return as well?

No. We are required to process only the bankrupt's return. A non-bankrupt spouse should have their return processed as they normally do and provide the bankrupt spouse the information with respect to their income for processing the bankrupt's return.

## 3. Why do you keep my refund?

In the year that you declare bankruptcy and for any year prior to that, the refunds become an asset in the Estate and as such vest with the Trustee for the benefit of your unsecured creditors.

## 4. Eligible Dependant Credit?

You may be able to claim this amount for one other person **if at any time in the year** you met **all** of the following conditions:

- You did not have a spouse or common-law partner or, if you did, you were not living with, supporting, or being supported by that person
- You supported a dependant in 2022.
- You lived with the dependant in a home you maintained. You cannot claim this amount for a person who was only visiting you
- The dependant must have been either: your parent or grandparent by blood, marriage, common-law partnership, or adoption; or your child, grandchild, brother or sister, by blood, marriage, common-law partnership, or adoption **and** under 18 years of age or had an impairment in physical or mental functions.

## 5. Spousal/Child Support?

Support payments for a child, spouse or common law partner, under a court order or written agreement made before May 1997, are taxable to the recipient and deductible by the payer. Only spousal support is taxable or deductible after April 1997.

- A copy of payments made and/or received must be sent to Grant Thornton along with a copy of either the court order or written agreement

## **6. Disability Tax Credit?**

Have you or any of your family members received a Notice of Determination and are therefore eligible to claim the DTC? Indicate on the tax information form who is eligible.

## **7. When do I send my tax information to you?**

Wait until you have received **all** of your information slips (ie T4's, T4E's (Employment Insurance), T4A (CPP and OAS), medical printout from your Pharmacy etc.). Fill out the tax form we send you and attach your information slips to it and send the completed package back to us.

**Frequently “forgotten” slips** (T4E & T4RSP). Did you receive EI or withdraw funds from your RRSP? Did you receive CRB or any other COVID 19 benefit payment? (T4A)

## **8. Do you need the original copies of my slips?**

Yes. You should make copies of them for your own files. Certain slips, such as donations, must be in original format for them to be claimed. PDF copies are accepted if received by email to CITaxes@ca.gt.com.

## **9. I cannot locate my T4, but I have a copy of my Record of Employment (ROE), will that suffice?**

No. The record of employment does not indicate what income taxes, CPP or EI was withheld from your pay. You should contact your employer and ask for a duplicate copy and/or call CRA and ask for a copy of the T4. Alternatively, you can log on to the CRA's website, create a My Account and view and print any slips allocated to you. (An updated CRA authorization form can be signed so that we can set up online access – if not already done at signup).

## **10. I have found an additional information slip. What should I do with it?**

Send it to us. If your returns have already been prepared and filed, we can do an adjustment. If they have not yet been processed, we can put it in the file for processing.

## **11. I am self-employed, and my accountant usually summarizes all of my receipts and expenses. Do I just send these to you to do?**

No, you are required to provide the Trustee with a **summary** of your self-employment activities and provide the Trustee with two statements. One for the pre-period of January 1, 2022 to the date of your bankruptcy and one from the date of your bankruptcy to December 31, 2022 (post-period).

## **12. I am a truck driver who claims the meal allowance. Do you need my log books?**

No, you are required to provide the Trustee with a summary of your days on the road for the period of January 1, 2022 to the date of your bankruptcy and another total from the date of your bankruptcy to December 31, 2022.

### 13. Guaranteed Income Supplement?

Did you qualify for and receive the Guaranteed Income Supplement in 2022? Service Canada and CRA will automatically review your eligibility as of your bankruptcy date. You must reapply for the GIS in order to continue receiving this benefit. An application for renewal will be sent to you along with copies of your pre & post tax returns. We will include a letter explaining the process needed to have this renewal completed accurately. You will need to forward this to Service Canada as soon as possible to avoid any potential interruption of this benefit.

### 14. Will my returns be filed on time?

If the complete information package was received by us before **March 15, 2023**, we will have them processed by April 30<sup>th</sup>. If they were received after that date, then we cannot guarantee that they will be filed on time.

### 15. Will I still receive my Canada Child Benefit (CCB/CTB) and/or Goods & Services Tax (GST/HST)?

CRA does not process the post-bankruptcy returns right away as they require that the return be paper-filed and then it needs to be entered manually. As a result, your CCB/GST may not be calculated correctly. You may receive a notice from CRA stating that they cannot calculate your CCB because your post-bankruptcy tax return has not been submitted. Rest assured, we have sent your tax return to them, but they just haven't processed it yet. **Do not call us**, CRA will send your CCB/GST cheque once they have completed the tax returns.

### 16. COVID 19 – How does this affect my 2022 tax return?

During this pandemic there were many changes to our lives as Canadians. How does this affect your 2022 tax return? If you were employed or un-employed various emergency benefits were paid. Did you receive a payment from the Government of Canada for CERB or any other benefits paid to you during this time? (Not including the GST, CCB or pension extra payment) If so, you will receive a T4A or a T4E to represent the funds paid to you. Also, your T4 (Employment income) will look a little different as employers will need to report income earned during certain periods of 2022. We have included a line on the tax information form asking about working from home during the pandemic. If you were asked to work from home due to the ongoing COVID pandemic, please complete.

The CRA tax processing department is still working with a reduced number of agents and reduced hours. This will result in returns taking longer to be assessed. This can cause delays in Service Canada being able to make adjustments to your CCB, GST, GIS payments for 2023/2024. So, we are strongly encouraging you to submit your tax info to us **by the deadline of March 15<sup>th</sup>, 2023** so that we can do our best to prepare the returns on time. When we file your pre & post bankruptcy returns there are different methods of filing. Your pre-bankruptcy return can usually be electronically filed but the post-bankruptcy return has to be printed and mailed to CRA Processing Centres in either Sudbury, Ontario or Winnipeg, Manitoba. Service Canada needs to have both returns assessed prior to benefit calculations.

### 17. 2023 Tax Returns

If you are still bankrupt in 2024 and you (or someone on your behalf) are preparing your 2023 taxes, you WILL NOT be able to file them electronically (as per CRA regulations). You will need to paper-file the return.

### **18. What happens after my 2022 tax return has been filed by Grant Thornton?**

If the tax return information has been received prior to the deadline of March 15<sup>th</sup>, 2023 then we will prepare the pre-bankruptcy and post-bankruptcy return and file with Canada Revenue Agency's deadline. When the returns have been assessed by CRA we will receive the Notice of Assessments for both returns. These NOA's will confirm the results of the returns filed. When filing the returns, we are able to electronically file the pre-bankruptcy return so an NOA is usually available right away to view on the CRA online access site. However, the post-bankruptcy return must be printed and mailed to CRA so will take anywhere from 3-6 months to be assessed and to be available online to view. Since there are **two** returns filed for the bankruptcy year there will be **two** Notice of Assessments. If viewing your account online please ensure that you look at the PDF of the notice and review if it is a pre or post NOA before reaching out to the Grant Thornton tax team.

### **19. My tax return copy shows a balance owing?**

Review your tax return to see if pre or post bankruptcy. If there is a balance owing on the pre-bankruptcy return that debt becomes part of your bankruptcy filing. If there is an amount owing on the post-bankruptcy return this is determined to be a new incurred debt and must be paid to CRA. We will send you a copy of the tax returns as soon as they are completed so that you are aware of the upcoming balance owing. The Notice of Assessment for the post return will be sent directly to yourself by CRA. If there is a large difference between the copy you received from us and the NOA please advise the tax department at [CITaxes@ca.gt.com](mailto:CITaxes@ca.gt.com) so that we can review.