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How Do I Correct My GST/HST Return?

It isn't uncommon that you find an error in your accounting records after you have already filed your GST/HST return. The Canada Revenue Agency (CRA) has stated policies on their website about how to fix common problems such as forgetting to claim input tax credits (ITC) or correcting your GST/HST collected amount.

Forgotten ITCs

The CRA states that if you forgot to include an ITC, which you were entitled to, you are not to adjust your return. Instead, they require you to include any missed ITCs in your next GST/HST filing. In most instances, you have up to four years to claim your ITCs. Other than lost cash flow, you will eventually get to claim the credit you are eligible for. For more on the time limits for claiming ITCs please refer to [CRA's website](#).

Correcting a previously filed GST/HST return

If you need to change the amount of GST/HST collected or collectible, or make any other change to another line, the CRA states not to file another return. Instead, they ask that you request an adjustment for the reporting period that contains the incorrect or missing amount, indicating:

- your 9 digit business number;
- the GST/HST reporting period to be amended; and
- the corrected or revised amounts for each line number on your GST/HST return.



Most changes can be made either through the online service, My Business Account (if you are registered for this service), or by sending a letter to your tax centre. A change that cannot be done online is one related to recaptured input tax credits. You will need to send a letter to your tax centre following the guidelines above.

If you had significant errors on your return, especially unreported amounts, you may want to consider filing any adjustments through the [CRA's Voluntary Disclosure Program](#).

If you are having issues getting the correct information from your accounting software, or have noticed prior errors in your GST/HST filings, we would be pleased to help correct these returns, in addition to implementing an appropriate reporting system for you and your company.

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Cannabis and Your Workplace



The Government of Ontario has strict rules in place to ensure a safe workplace. Consuming recreational cannabis in the workplace is illegal (and will continue to be) even after legalization on October 17, 2018. Once legalized, the consumption of recreational cannabis would only be permitted in specific places, as outlined in the **Cannabis Act, 2017**.

Medical marijuana is a different story. Medical Marijuana must be treated like any other prescription medication and is subject to the rules outlined in **Ontario's Occupational Health and Safety Act (OHSA)**. Both the employee and employer should be aware of their obligations as it relates to cannabis in the workplace.

Employer Responsibilities

Under section 25 of the OHSA, employers have the duty to "take every precaution reasonable in the circumstances for the protection of a worker." Therefore, employees do not have the right to be impaired in the workplace where their impairment may endanger their own safety or the safety of co-workers.

In order to gauge the employee's ability to safely perform their job under the influence of prescription marijuana, the employer can request

medical documentation from the employee. If the inquiry discloses a meaningful impairment in the employee's capacity to carry out his or her job, then the employer is not necessarily required to accommodate the employee's request to use medical marijuana, particularly where the position involves the use of safety-sensitive equipment.

Employers are required to prepare and review (at a minimum annually) a written occupational health and safety policy. As part of this policy, employers should consider adding a section (or a stand-alone workplace drug and alcohol policy) that specifically addresses workplace impairment arising from substance use. Employers should also strive to effectively communicate the responsibilities of employees seeking to use medical marijuana. One example could be to provide training to workers and supervisors on the dangers of using equipment or machinery while impaired, including how to recognize the signs of workplace impairment.

Employee Responsibilities

Even though workers do not share the same obligations as employers for ensuring every reasonable precaution for the protection of a worker is carried out, they do have general duties that would require them to take certain steps if they encounter a hazard arising from workplace impairment due to substance use. This may include hazards caused by their own impairment, or awareness of other workers who may be impaired and who may pose a hazard in the workplace.

A worker must report any contravention of the OHSA or any known hazard to their employer or supervisor.

Employees in safety-sensitive positions are required under the

OHSA to inform their employers if they are going to be using medical marijuana. Safety-sensitive positions are defined as a position where the employee holding the position has the responsibility for his or her own safety or the safety of others.

Under the OHSA, employees are prohibited from using or operating any equipment, machine, device or thing, or working in a manner that may endanger themselves or any other worker.

Our Recommendations

Medical marijuana can be prescribed to cope with a number of conditions such as arthritis, cancer, chronic pain, or sleeping disorders. As such, employers should accommodate as they would any other prescription drug.

Employers should review their workplace policies and proactively communicate the responsibilities of employees seeking to use medical marijuana. Employers should also consider engaging employees and/or the health and safety committee when deciding on accommodation plans and workplace policy changes. Be sure to include appropriate examples of accommodation plans and what kinds of disclosure protocols to implement (especially as it relates to safety-sensitive positions). Employers are encouraged to fully understand their obligations with regards to accommodation, the appropriate circumstances for drug testing, and the degree of reimbursement they must provide employees who require medical marijuana.

*More information can be found on the **Ontario Government website**. Do you require assistance writing a policy or would you like help implementing these new regulations in your workplace? Please contact one of our **HR advisors** and we would be pleased to assist you.*

Estate Planning – Don't Forget About the Tax Clearance Certificate!

If you are an executor of an estate, one of the last questions that you will need to consider is applying for a Tax Clearance Certificate.

What is a Tax Clearance Certificate?

A Tax Clearance Certificate issued by the Canada Revenue Agency (CRA) confirms that all amounts owing to the CRA by the deceased and the deceased's estate have been paid. The executor is free to distribute all assets of the estate.

What happens if you don't have a Tax Clearance Certificate?

If the executor distributes the estate assets to the beneficiaries without obtaining clearance, the CRA can hold the executor of an estate personally liable for any unpaid tax debts up to the amount distributed. This includes unknown taxes that come to light because of a future tax audit. For example, the CRA could decide to audit that unreported transfer of the family cottage to the next generation (which actually happened 15 years ago). If a clearance certificate has been issued then the executor is free and clear. If not, the CRA would then try to collect the unpaid taxes from the executor.

When should you ask for clearance?

When an estate is ready for final distribution. This means that all tax returns for the deceased and the deceased's estate have been filed, (re) assessed, and that any outstanding tax balances owing have been paid in full. Only then should the final Tax Clearance Certificate be requested.

The final Tax Clearance Certificate covers the period up to the designated tax wind-up date (date of the final T3 estate tax return). A final Tax Clearance Certificate covers both the deceased's T1 tax returns and the estate T3 tax returns.

If T3 estate tax returns were not required, then you can request and obtain a date of death Tax Clearance Certificate. As the name suggests, a date of death Tax Clearance Certificate covers the period up to the date of death. It may be desirable in some

circumstances to obtain a date of death Tax Clearance Certificate or an "interim" Tax Clearance Certificate where the final distribution of estate assets will not occur for several years.

How do you request a Tax Clearance Certificate?

To request a Tax Clearance Certificate, complete **Form TX19**—Asking for a Clearance Certificate and send it with the appropriate documentation to your local tax services office, "Attention: Audit – Clearance Certificates". An authorized representative, such as a DJB accountant, can complete and file the TX19 on behalf of the executor(s).

As part of the TX19 submission, the following items are required by the CRA:

- a completed and signed copy of the taxpayer's will, including any codicils, renunciations, disclaimers, and all probate documents if applicable. If the taxpayer died intestate (without a will), attach a copy of the document appointing an administrator;
- a detailed list of the assets that were owned by the deceased at the date of death, including all assets that were held jointly and all registered retirement savings plans and registered retirement income funds (including those with a named or designated beneficiary), their adjusted cost base (ACB) and fair market value (FMV);
- a copy of Schedule 3, Capital Gains or Losses from the final tax return of the deceased;
- a list of all assets transferred to a trust, including description, ACB and FMV;
- a detailed statement of distribution of the assets of the deceased's estate to date;
- a statement of proposed distribution of any holdback or residual amount or property;

Protected B
when completed

Canada Revenue Agency Agence du revenu du Canada

ASKING FOR A CLEARANCE CERTIFICATE

Identification area

Name of deceased, corporation, or trust, whichever applies

Address

Social insurance number Trial account number Business number

Legal representative's name (if there is more than one, please provide the details on a separate sheet)

Legal representative's address (we will send the clearance certificate to this address)

Legal representative's capacity (for example, executor, administrator, liquidator, or trustee)

Telephone number

DO NOT USE THIS AREA

Type of clearance certificate requested

Indicate what type of tax return(s) you filed. For more information, see guides T4011, Preparing Returns for Deceased Persons, T4012, T2 Corporation – Income Tax Guide, or T4013, T3 Trust Guide, whichever applies.

T1 final return

T1 return for rights or things

T1 return for income from a testamentary trust

Date of death: _____

- the names, addresses, and social insurance numbers or account numbers of any beneficiaries of property other than cash; and
- a completed Form T1013, Authorizing or Cancelling a Representative, signed by all executors, authorizing a representative such as an accountant or notary to act on behalf of the executor(s) and/or if the executor(s) want the CRA to send the clearance certificate to a different address.

Choosing not to have a Tax Clearance Certificate

Even though in the majority of cases a Clearance Certificate is warranted, there are some situations where the executor(s) may be willing to live with the risk of not asking for clearance. After all, asking for clearance is inviting the CRA to review the tax filings. Where the executor is the sole beneficiary and confident that there are no potential tax issues, the executor may decide not to seek clearance. This is often the case when one spouse dies leaving their entire estate to the surviving spouse who also is the sole executor. There may be similar situations depending on the family dynamics and their tolerance for risk.

If you have any questions about this topic or any other estate matters, please do not hesitate to contact a DJB professional, we would be happy to answer your questions.

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Navigating the GST/HST Implications for Cryptocurrency

Cryptocurrency is becoming more prominent in the virtual marketplace. We were originally introduced to Bitcoin as a specific type of cryptocurrency years ago; but to date the different types and uses of cryptocurrencies are ever expanding. The Oxford dictionary summarizes cryptocurrency as "a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank". This asset does not fall within our traditional experience with currency and there is not currently significant guidance from CRA on the GST/HST implications of transactions involving this type of asset.

CRA does not consider cryptocurrencies to be a legal form or unit of currency so the ruling issued forming the main cryptocurrency treatment foundation should not come as a surprise. In 2013, CRA issued a technical ruling indicating where digital cryptocurrency comprises a portion of a transaction, being provided in exchange for goods or services, the transaction will be treated as a barter transaction. A barter transaction occurs where two parties exchange goods or services without the use of a legal currency. It must be determined by both parties to a barter transaction if they are required to collect GST/HST.

The main concept in a barter transaction is the value of the good/service given up at a minimum equates to the good/service received. If the value of the good or service provided is indeterminate on a stand-alone basis, the value of the good or service received can be used to determine the value or price of the good or service given up. Though the goods or services given up were typically used to value cryptocurrency in the past, the value of cryptocurrencies is more readily available today so in more cases it may be the good or service that is more easily valued to determine the value of the taxable supply.



Under the Excise Tax Act, a person/entity is required to be registered for GST/HST provided they are not a small supplier, if in the course of their commercial activities are making taxable supplies in Canada. Though suppliers of cryptocurrency are not readily looking to register for GST/HST due to the low volume of guidance in this area, cryptocurrency as a component of a barter transaction will yield a taxable supply if it does not fall under a specific criteria for zero-rating or tax exempt status.

Where cryptocurrencies are traded for legal Canadian currency, the transaction is also considered a commodity purchase. From a broad perspective, it may appear that cryptocurrency transactions may not be subject to GST/HST as cryptocurrency may be thought of as a financial service. However, as there is not a specific country that issues cryptocurrency, sales of cryptocurrency are more suited to a commodity treatment subject to GST/HST on sale of this taxable supply. This would mean where cryptocurrency is purchased with a formal medium of currency such as the Canadian dollar, it would be subject to GST/HST on this taxable supply. Based on this, it would appear the purchaser of the cryptocurrency would then be subject to GST/HST on the fair market value of the digital currency.

It will be interesting to see CRA's stance as more legislation and guidance is issued. The only commentary from CRA thus far has indicated a registrant is required to collect GST/HST where a taxable supply is provided in exchange for cryptocurrency. There is much less guidance where cryptocurrency mining and speculation is concerned.

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