

VIDEO TAX NEWS

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1 Government Releases

540(1)

FINANCE RELEASES

1. **Late-Breaking News: July 23, 2026** – The **Department of Finance** released **four packages** of **draft legislation** for **consultation**, as follows:

- **Legislative proposals** to implement items previously announced, including announcements from the **2026 Spring Economic Update** (see VTN [537\(8725\)](#)) and **Budget 2025** (see VTN [532\(8470\)](#)), as follows:
 - **streamlining the disability tax credit (DTC) certification process** by implementing measures to reduce medical certification for certain long-lasting conditions and expanding the persons who can make certain certifications first announced in the 2026 Spring Economic Update, effective for 2027;
 - confirming that the **Red Seal completion bonus** proposed in the 2026 Spring Economic Update will be **taxable**, and integrating this new benefit, to be administered by Employment and Social Development Canada, into existing income tax provisions impacting Red Seal apprentices;
 - implementing **accelerated CCA** in respect of certified **LNG facilities** (see VTN [532\(8483\)](#));

proposals to streamline disability tax credit moving forward

- amending the **carbon capture, utilization and storage** (CCUS) credit, including amendments announced in the 2026 Spring Economic Update;
- modifying the treatment of **investment income** derived by **foreign affiliates** from assets supporting **Canadian insurance risks** as announced in Budget 2025;
- setting out the **prescribed conditions** that must be met for a taxpayer or partnership to prepare **simplified transfer pricing contemporaneous documentation** as first announced in Budget 2025; and
- addressing **hybrid mismatch arrangements** primarily used by multinational organizations, first announced in **Budget 2021** (see VTN [489\(13\)](#)).

which clients these simplified transfer pricing rules will apply to

Explanatory notes were also released.

- **Legislative proposals** relating to the **Global Minimum Tax Act**. **Explanatory notes** were also released.
- **Legislative proposals** classified as **income tax technical amendments** (typically these are primarily housekeeping matters). Explanatory notes were not included.
- **Legislative proposals** relating to **GST/HST, customs** matters, the **air travellers security charge** and the **luxury tax** including a **GST/HST reverse charge** mechanism for certain supplies in the **telecommunications sector** to help **prevent carousel fraud** first announced in Budget 2025 (see VTN [532\(8476\)](#)). **Explanatory notes** were also released.

The **consultation** will **close** on **September 4, 2026**.

2. **July 6, 2026** – The **Department of Finance** announced the **commencement** of **pre-budget consultations** for the 2026 Federal Budget. Canadians can provide input by completing an online survey or sending more detailed submissions until **September 8, 2026**. No date was announced for the release of the Federal Budget.

providing your views on Budget 2026 priorities

CRA RELEASES

See Appendix A (VTN [540\(8870\)](#)) for a listing of **resources prepared** by **Video Tax News** that are available on the Video Tax News portal and for recently released/updated **CRA publications and forms**.

2 Canada's COVID-19 Response

540(2)

CERS – NON-ARM'S LENGTH PAYMENTS

A May 5, 2026 **Tax Court of Canada** case ([Balanovsky vs. HMK, 2024-2515\(IT\)I](#)) reviewed a **denied Canada Emergency Rent Subsidy** (CERS) claim where the taxpayer rented property from his mother.

Taxpayer loses

A **qualifying rent expense** (defined in Subsection 125.7(1)) **requires** that the rent be paid to an **arm's length** party. As the **taxpayer** was **related** to his **mother** (the landlord), they were deemed **not** to **deal** with each other **at arm's length** (Paragraphs 251(1)(a) and 251(2)(a)). As a result, the rent was **not** a **qualifying rent expense** and the court upheld the denial.

payments to non-arm's length persons do not qualify

COVID-19 BENEFIT ELIGIBILITY ROUND-UP

As CRA continues their **post-payment reviews** related to the **Canada Emergency Response Benefit** (CERB), **Canada Recovery Benefit** (CRB), **Canada Recovery Caregiving Benefit** (CRCB) and related programs, the Federal Court also continues to consider applications for judicial review of the reasonableness of CRA's decisions to deny benefits.

Communication via phone

A June 11, 2026 **Federal Court** case ([Yaseer vs. AGC, T-3895-25](#)) reviewed CRA's denial of **CERB, CRB and CRSB** benefits. The taxpayer argued that CRA acted unfairly by **insisting on telephone communication** despite his **security concerns** and by failing to specify their concerns in writing. CRA had repeatedly **advised** the taxpayer in writing of the **documentation required**, explained the reasons for the initial denial, offered a **second review** and **provided a secure callback procedure** so the taxpayer could verify the reviewing officer's identity. When the **taxpayer chose not to return the officer's call**, CRA made a determination based on the information that they had. The court found that CRA's **decision was reasonable and procedurally fair**.

CRA can communicate by phone if they choose

Editors' comment

This case contrasts with an earlier decision (see VTN [538\(8766\)](#)), where the court found that CRA's denial was procedurally unfair because it violated the taxpayer's right to be heard. In the earlier case, the taxpayer questioned the legitimacy of the agent who contacted them by phone. The court noted that the agent's conduct, including imposing an artificially urgent deadline, reasonably heightened the taxpayer's suspicions.

Income averaging

A June 22, 2026 **Federal Court** case ([Parsons vs. AGC, T-2899-25](#)) reviewed CRA's denial of **CERB** on the basis that the taxpayer earned more than **\$1,000** of **employment income** during the applicable periods that she received CERB. CRA had allocated the taxpayer's employment income by averaging her earnings over each pay period and then **assigning a daily amount** to the **overlapping CERB** periods. The court found that using this **methodology was unreasonable** because it **assumed** she earned **income evenly every day**, despite evidence that she **worked irregular and sporadic** shifts. Further, the court noted that **CRA never advised** the taxpayer that they intended to use an averaging methodology or that additional evidence, such as timesheets, might be necessary to challenge that approach.

*income averaging
unreasonable where
individual worked irregular
shifts*

3 Personal Tax

540(3)

STUDENT LOAN FORGIVENESS

A June 16, 2026 **Tax Court of Canada** case ([Tchiakoua vs. HMK, 2025-2047\(IT\)I](#)) reviewed whether a \$5,423 **provincial student loan remission** was properly **included** in the taxpayer's **income** as a **bursary** (Paragraph 56(1)(n)). The court cited a past Federal Court of Appeal decision ([Simser vs. HMQ; A-284-03](#)) that concluded that "**bursaries** are **grants** given to **students in need of financial help** to allow them to **continue their studies**." As the taxpayer had **graduated two years earlier**, they were neither a student nor continuing their studies. Neither was the remission "on account of a bursary" as it was on account of a **student loan** which was clearly **not a bursary**. As such, the remission was **not properly included** in the taxpayer's income as a bursary.

*student loan remission is
not a bursary*

Editors' comment

The court did not discuss whether the remission might have been some other form of income, as no such arguments had been advanced. CRA had previously opined (see VTN [451\(4489\)](#)) that a provincial government program offering repayments of student loans would not be included in the individual's income.

CANADIAN RESIDENCY

A May 1, 2026 French **Court of Quebec** case ([Beraud vs. QRA, 2026 QCCQ 1833](#)) reviewed whether the taxpayer was a **resident of Canada and Quebec** or a **non-resident of Canada** as she had claimed. The taxpayer worked in the **broadcasting industry** and had **worked overseas on a series of assignments** for her **Canadian employer** since the **early 2000s**. Her employment history included the following:

- From August 2010 to August 2014, she was **assigned** to work in **Paris, France**, where she met her **future husband** in 2012, resided in **his apartment** and **participated in renovations** of that property. She **retained** her Canadian **condo** in **Gatineau**, but it was **rented out**.
- When her Paris assignment ended, she **returned to Montreal** where she **acquired a condo** and worked until January, 2017.
- From January 2017 to October 2020, she was **assigned** to work in **Beijing, China**, dividing her time between China, Quebec and France (where her future husband still resided).
- From November 2020 to January 2021, she was assigned to **Washington, USA**.
- She then **returned** to work in **Montreal**, where she **remained** until the trial in 2026.
- While working overseas, she **returned** to Canada at least **once a year** for **Correspondents' Week** in connection with her **employment** and also **regularly visited** her **siblings** and **daughter** in Quebec.
- The taxpayer's costs of **travel and accommodation overseas** were largely or entirely **paid** by her **employer**.

the challenges of determining residency for people with international employment and activities

The taxpayer claimed she was a **non-resident of Canada** for the period from 2017 through January 2021, returning to Canadian residency at the end of her Washington assignment. It appears that the 2017 return was conceded to be statute-barred, and 2020 was not under appeal for reasons not stated in the decision. The taxpayer first asserted that she was **resident where she was assigned** (China, then briefly the USA) and then that she **resided in France** with her **husband** before returning to work in Montreal.

Taxpayer loses

The court noted several **inconsistencies** in the taxpayer's claims, including the following:

- The taxpayer's **marital relationship** was **unchanged** from 2018 (when she became engaged) to the present date, so it was **unclear** why she only asserted **non-residency** for the four years in question, rather than asserting ongoing residency with her fiancé, later husband, in France (they were engaged in 2018 and subsequently married in 2021).
- The taxpayer claimed that her **employer required** that she be a **resident of Quebec** while working in Canada, preventing her from asserting non-residency based on her continued ties to France;

careful consideration of filing positions

however, **no evidence** of this requirement was presented, and the court found this unlikely.

- Her claims of **residency in Quebec** based on the physical location of her **employment** were **not consistent** with her assertion of **residency in France** when she was **employed in China**.
- Her **initial claim** of **residency in China** was **inconsistent** with her **later claims** of **residency in France**. **No explanation** was provided for this inconsistency.

The court acknowledged the **unique reality** of **foreign correspondents** whose lives are **fragmented** between **different jurisdictions**. The court noted that the **taxpayer needed** to demonstrate that she had **severed residential ties to Quebec**. However, the **evidence indicated** that **Quebec** remained her **home port**, the place to which she **returned between foreign assignments** and where she **maintained a residence** and other residential ties consistently. The **foreign locations** were **temporary places of employment, not places of residence**. Despite her **relationship** with her husband in France, she had **not changed her residence** to align with his. She therefore was **resident in Quebec** for all relevant years.

the possibility that spouses reside in different countries

PROVINCIAL RESIDENCY

A May 28, 2026 French **Court of Quebec** case ([Mecteau vs. QRA, 2026 QCCQ 2466](#)) considered **whether** a worker **employed in Alberta** remained a **tax resident of Quebec** from 2013 to 2018.

The **taxpayer** argued that he had been **resident in Alberta** from 2005 to 2021, from the beginning of his **employment** on refinery projects **until** his return to Quebec following his **retirement**. During the period at issue, the taxpayer held **Alberta-issued identification**, such as vehicle registration and **health coverage**, had a **bank account** in **Alberta** and **rented a room** in the home of a friend in **Alberta**.

Revenu Québec (RQ) argued that the **taxpayer** was a **resident of Quebec** based on his **continuing residential ties to Quebec**. The taxpayer **owned a home** in **Quebec** where a friend lived rent-free, while the taxpayer covered the home's expenses and stayed there when in Quebec. While the taxpayer estimated he stayed in Quebec for three to four months annually, **geolocation data** from his **cell phone** showed he **spent between four and eight months in Quebec** each year. This **presence in Quebec** was corroborated by an **analysis** of his **bank statements** that revealed **frequent transactions** in that province during the **same period**. Furthermore, the **tax statements** issued by his various **employers** all indicated an **address located in Quebec**.

cell phone geolocation records and bank transactions can be examined

Taxpayer loses

The court accepted RQ's argument that the **taxpayer** was a **resident of Quebec** and upheld the assessments. The court found that the **taxpayer** had a **house in Quebec** that was **available to him at all times** and thus consistently maintained a residence in Quebec, demonstrating a **clear intention to maintain residential ties** in Quebec. The taxpayer's **presence in Quebec** was **regular, sustained and recurring**, as he stayed there whenever he was not at work. The court found that the taxpayer's **Alberta connections** were largely **employment-related**, while his **residential, personal and long-term ties remained** centred in **Quebec**.

long-term work outside the province does not automatically change tax residency

4 Employment Income

540(4)

TRAVEL FROM HOME TO WORK – LONG COMMUTE

In a June 23, 2026 **Tax Court of Canada** case ([Paetz vs. HMK, 2024-2430\(IT\)I](#)), the taxpayer deducted **lodging expenses, vehicle expenses and hydro and internet costs** against his 2021 and 2022 employment income. The taxpayer **resided in Kimberly, BC**. After being **unable to find work** closer to home, he took a job in Salmon Arm and then switched to a position in Kelowna, both of which required **driving more than five hours** from Kimberly. As the taxpayer's spouse was not willing to move from Kimberly for personal reasons, the taxpayer **rented an apartment** near each city where he worked and **returned to Kimberly** once or twice **each month**. While the taxpayer largely worked at the employer's office, he performed **some work** at his **rented apartment**.

Taxpayer loses

As the taxpayer provided **no evidence to support** that he was **ordinarily required to carry on** the duties of the office or **employment away** from the **employer's place of business or in different places**, the court found that he did not meet the requirements to claim either motor vehicle expenses (Paragraph 8(1)(h.1)) or lodging expenses as a travel expense (Paragraph 8(1)(h)). The court reiterated the **well-established principle** that **travel from home to a place of work is personal**, whether the distance travelled is short or long, as in this case.

travel from home to work is personal regardless of the length of the commute

In addition, the employer did **not** state on the **T2200** that the taxpayer was **required to incur hydro or internet costs** in performing his duties of employment (Paragraph 8(1)(i)). The court further noted that, even if the T2200 provided the appropriate confirmation, the fact that there **was personal internet use** (as admitted by the taxpayer) but **no evidence allocating internet usage between personal and employment** left the court unable to conclude that any portion of the internet usage was consumed directly in the performance of employment duties.

The court **upheld** CRA's **denial** of the employment expenses.

EMPLOYMENT EXPENSES – COMMISSION SALESPERSONS

A June 17, 2026 **Tax Court of Canada** case ([Thorburn vs. HMK, 2022-2928\(1T\)G](#)) reviewed the taxpayer's **deduction** of \$86,231 in **fees paid to a corporation he controlled** against his **commission income** (Paragraph 8(1)(f)) for the 2014 year. The corporation prepared a **business plan** intended to **increase future sales**, with the work subcontracted to the taxpayer's son. The court also noted that the corporation had non-capital losses of \$500,000, meaning that the fee would not attract corporate tax. It was **undisputed** that the taxpayer's employer **required the preparation of a business plan** and that the taxpayer's **remuneration** was based on **5% of his employer's total sales**, the bulk of which the taxpayer generated.

The taxpayer was not a shareholder of his employer but was president and reported directly to the shareholders or their representatives.

Taxpayer loses

The court found that, while the **employer required the taxpayer to prepare the business plan**, the employment contract did **not require** the taxpayer to hire or **pay a third party** to prepare it. The court noted that prior **jurisprudence** (see VTN [418\(2615\)](#)) states that the **contract of employment** must require the taxpayer not only **to perform a task** but **also to incur the cost** without any reimbursement by the employer. The court also provided the example that a commissioned salesperson cannot deduct the costs of hiring an assistant unless the contract of employment requires the taxpayer to incur the cost (see VTN [439\(3922\)](#)).

only costs the employee is required to incur are deductible

In addition, to be deductible, an amount must be **expended in the year, requiring actual payment** rather than merely incurring costs in the year of deduction. The court **rejected** the taxpayer's **argument** that the amount was **paid** in the year through **shareholder loan journal entries**, finding that accounting entries cannot establish payment where the underlying legal obligation did not yet exist. The court noted that the **corporation did not report the sale** of the business plan in their **GST return** for the relevant period in 2014 and that the working paper supporting the shareholder loan balance was dated April 2015. As the court concluded that the **payment was not made** before the end of **2014**, this requirement was **not met**.

journal entries do not change substance of transaction

The court further noted that, even if the taxpayer met all conditions for deducting costs incurred to earn commission income, the **expense was unreasonably high** and that the **maximum** reasonable amount would be **\$21,558**. The court arrived at this amount by finding that **both the hours worked** and the **hourly value for the services** were **overstated** and reduced each by 50%.

supporting a reasonable fee, especially in non-arm's length relationships

Although the deduction was denied for the reasons above, the court found that there was a **sufficient tie** between the **taxpayer's remuneration** and the **corporation's sales**, rather than sales made personally, to satisfy the requirement that the taxpayer was remunerated in whole or part **by commission**. The court also held that the required **purpose to earn employment income** was met because the **expenditure** was **incurred** both to **preserve** the taxpayer's **employment** and to **enhance future commission income**, even though the benefits of the business plan were expected to arise in later years.

commissions based on overall employer sales, rather than personal sales, may be sufficient

5 Business/Property Income

540(5)

SUPPORTING DOCUMENTATION

A June 19, 2026 **Tax Court of Canada** case ([Bobic vs. HMK, 2019-4453\(IT\)](#)) considered the **extent** to which **expenses incurred** by a trucking business were **deductible**. There was no dispute that the taxpayer carried on a business.

CRA disallowed many of the claimed **expenses** during the **audit** because the taxpayer **failed** to adequately **substantiate** them. The **deficiencies** included **illegible** or **faint invoices**, **insufficient evidence** that the expenses were incurred to **earn business income**, potential **personal expenses** and **missing supporting** documentation.

Taxpayer wins

During the course of the **Tax Court appeal**, the **taxpayer produced additional supporting documents**, and CRA conducted a **further review**, making **substantial concessions**. The court noted that CRA appeared to have applied a "**benefit of the doubt**" approach, **conceding more than the court** itself would have **allowed**. The court provided the following guidelines for determining whether to allow expenses:

- any **essential element** in an invoice must be **legible**;
- the invoice must bear a **date** and such date must **fall within the taxation period** claimed;
- for **meals** and **clothing** (uniforms), the expense must have been expended in a **locality situated** on the taxpayer's **normal trucking runs**;
- fuel and expenses** for a **dedicated business vehicle** required some **identifiable factor**, license/serial number or location between residence and yard;
- Canadian **dollar conversions** of US dollars were calculated at the **average yearly rate** of the currency exchange;

these factors to assess before sending receipts to CRA

- f. **no personal expenses** falling outside of (c) above were allowed; and
- g. **expenses more likely than not** associated with trucking or carrier services were **allowed**.

As CRA had allowed more than the court would have, no additional expenses were allowed.

MANUFACTURING OR PROCESSING OF GOODS

Whether a taxpayer is engaged in the **manufacturing or processing of goods for sale or lease** is relevant for **many purposes**, including the following provisions:

- **immediate CCA** expensing for **manufacturing or processing machinery and equipment** (see VTN [522\(8071\)](#) and [532\(8470\)](#));
- **immediate CCA** expensing for **manufacturing or processing buildings** (see VTN [532\(8483\)](#) and [532\(8470\)](#));
- the corporate **manufacturing or processing tax credit** (typically used only for income in jurisdictions with provincial or territorial credits, as the credit does not presently result in a federal tax reduction);
- **reduced corporate tax rate** on eligible **zero-emission** manufacturing or processing **profits** (see VTN [487\(6449\)](#)); and
- **investment tax credit** for certain new buildings, machinery and equipment (see VTN [527\(8287\)](#)).

tax incentives for manufacturing or processing

There is no universal definition of the term **manufacturing or processing** in the legislation. Because the legislation does **not confirm** which **activities constitute manufacturing or processing**, this term is defined by its **ordinary meaning**. Each specific use of the term **excludes certain activities** such as farming, fishing, logging, construction and certain resource activities (Subsection 125.1(3) for corporate tax credits; Subsection 127(11) for investment tax credits; Regulations Subsection 1104(9) for CCA). Further requirements apply to each **specific manufacturing or processing provision**, including requirements that the activities be undertaken **in Canada** or that revenues from manufacturing or processing activities constitute a significant portion of the entity's revenues.

reviewing the specific requirements for the relevant tax benefit

CRA has stated that **manufacturing** goods normally involves **creating something** (for example, making or assembling machines, clothing) or **shaping, stamping or forming an object** out of something (for example, making steel rails, wire nails, rubber balls, wood moulding). **Processing** goods usually refers to a **technique of preparation, handling or other activity** designed to effect a **physical or chemical change** in an article or substance, other than natural growth. Examples of such activities include galvanizing iron, creosoting fence posts, dyeing cloth, dehydrating foods, cooking foods and homogenizing and pasteurizing dairy products. See Folio [S4-F15-C1, Manufacturing and Processing](#) for further commentary.

cooking food is a processing activity

The common use of the term manufacturing or processing sometimes results in the **requirement** that the **goods be manufactured or processed for sale or lease** being overlooked. The courts have found that a manufactured good that is not sold or leased, but is provided as part of a service, does not meet this criterion (e.g. see VTN [527\(8287\)](#) and [520\(7926\)](#)).

whether the manufactured good is sold or leased

MANUFACTURING GOODS FOR SALE

A May 8, 2026 French **Court of Quebec** case ([Lainco Inc. vs. QRA, 2026 QCCQ 2004](#)) reviewed **whether equipment** purchased by the taxpayer to **manufacture steel structures**, frames and metal components was eligible for the **manufacturing and processing** investment tax credit (ITC; Quebec Taxation Act Section 1029.8.36.166.40). To be eligible for the ITC, the taxpayer must use the machinery or equipment primarily to **manufacture or process goods in Canada for sale or lease** (see VTN [540\(8841\)](#)).

To make this determination, the court examined the following **two issues**:

whether the primary use of the equipment was manufacturing outside the taxpayer's construction activities

- **whether the equipment** was used **primarily in manufacturing**, which does **not include construction** (Quebec Taxation Regulations Article 130R12, which parallels the definitions of manufacturing or processing in the federal law); and
- **whether the goods manufactured were for sale.**

The **taxpayer manufactured steel frames**, steel structures and metal parts to **customer specifications** or using its proprietary design concepts. When required by the customer, the taxpayer engaged subcontractors responsible for the installation and assembly of the steel structures under the **supervision** of the taxpayer's **project managers** to ensure compliance with customer requirements. In **2017**, the **taxpayer** acted as a **general contractor** for two projects because its **partner lacked the required permits**; revenues from these projects accounted for 41% of the taxpayer's total revenues for the year.

Revenu Québec (RQ) denied ITCs for 2015, 2016 and 2017 on the basis that the **equipment was not used primarily in manufacturing of goods for sale**. RQ argued that the **equipment was not used primarily in manufacturing** because it was used **primarily in construction**, which is specifically excluded from **manufacturing**. RQ further argued that, if the equipment was used primarily in manufacturing, the taxpayer would still be **ineligible**, as the taxpayer provided **steel structures** that constituted the **foundations** of the **buildings** that their **customers constructed** and thus the taxpayer's **activities depended on construction** activities. In other words, the taxpayer was **not selling the goods manufactured** but rather working under a **service contract** integrated into the **construction** of a building. RQ's positions were based, at least in part, on information from websites and media articles.

Taxpayer wins – not primarily construction

The court found that the **manufactured goods** were sometimes **installed or assembled by** the **taxpayer** and sometimes **sold directly** to their customers. The taxpayer's **total costs** associated with **installation and assembly activities** (largely subcontractor costs and limited costs to rent cranes) were **less than 50%** of the taxpayer's total costs in 2016 and 2017 and 53% in 2015. The **court excluded costs** for the **two general contractor projects** in 2017 from this analysis, as these contracts were **exceptional** and not part of the taxpayer's normal operations, **arising** from a **regulatory requirement** due to the taxpayer's partner's inability to obtain the required permit.

providing installation services does not necessarily preclude manufacturing classification

The court also noted that the taxpayer's revenues from **installation and assembly** of the goods were **30% or less** of the total in **all three years**.

While the taxpayer used the **equipment** in **both construction and manufacturing** activities, the court found that the **equipment** was **used primarily for manufacturing**.

Taxpayer wins – selling goods

The court further found that the **value** of the **contracts** relating to the **installation and assembly** was an **accessory** to that of the **manufacturing** of structures for sale. As such, the court found that the **equipment** was used to **manufacture goods for sale** and not for some other purpose.

whether the goods manufactured were sold or used for some other purpose

As a result of the above, the court ruled that the **equipment** was used **primarily for manufacturing goods for sale**. As such, the taxpayer was eligible for the investment tax credits claimed.

6 Owner-Manager Remuneration

540(6)

DIRECTOR LIABILITY – DUE DILIGENCE

A June 26, 2026 French **Court of Quebec** case ([Pépin vs. QRA, 2026 QCCQ 2866](#)) reviewed whether an individual **director** was **duly diligent**, such that he could avoid **personal liability** for the **corporation's unremitted QST** (Quebec Taxation Act Article 24.0.1, which parallels Excise Tax Act Subsection 323(1)). The taxpayer was the **sole shareholder** of the corporation.

Taxpayer wins

The court found that the **taxpayer exercised** the required degree of care, **diligence** and skill based on the following actions that he took:

- **actively monitored** corporation's **tax remittances**;
- switched to cash-basis accounting in an effort to **prevent remittance problems** caused by unpaid invoices;
- took **proactive steps** to address the corporation's **financial difficulties**, including reducing his salary and borrowing funds from family;
- **investigated** and **corrected** the **accounting errors** once they were discovered;
- entered into a **payment arrangement** with Revenu Québec until circumstances beyond his control prevented further payments; and
- demonstrated a **consistent intention** to meet the **corporation's tax obligations** rather than divert tax funds for other purposes.

*high bar to meet to be
duly diligent*

FAIR MARKET VALUE (FMV) OF REAL ESTATE TRANSFERRED

A July 2, 2026 French **Court of Quebec** case ([Hébert-Blanchard et al. vs. QRA, 2026 QCCQ 2936](#)) reviewed the **FMV** of **two buildings sold by a corporation to one of its shareholders**. **Revenu Québec** (RQ) argued that the buildings were **sold for less than FMV** and reassessed the shareholder with a **shareholder benefit** and the corporation with **additional capital gains**. RQ largely based their valuation on **municipal assessments** and an analysis of six comparable sales.

Taxpayer wins

The **court preferred** the **taxpayer's expert valuation evidence** because it used **recognized valuation methodologies**, considered **significant defects** affecting the buildings and did **not rely on municipal assessments** as a proxy for FMV. The expert also explained that the properties were **sold on an "as is" basis**, without the seller's statutory warranty against defects. Based on a market study, he applied a 9% discount to reflect the market impact of those terms, an adjustment the court accepted.

*more specific valuation
provided by an individual
appraisal*

The court **rejected RQ's** use of **municipal assessments**, noting that they are **mass appraisals for property tax purposes** and are only one factor in determining FMV. RQ's reliance on municipal assessments and limited comparable sales was insufficient where detailed expert evidence existed.

The court accepted the **taxpayer's valuation** and **allowed the appeal**.

7 Corporate Reorganization

540(7)

INDIRECT TRANSFER OR LOAN – CORPORATE ATTRIBUTION

Where an **individual taxpayer transfers** or loans property **to a corporation, directly or indirectly** (through a trust or any other means), the **transferor** may be deemed to **receive annual income** (Subsection 74.4(2)) at the prescribed rate (Regulation 4301(c)) going forward (commonly referred to as “corporate attribution”). This **income** is **reduced** by the **interest** or **dividends** actually **received** on the **loan** or on the shares obtained from the corporation in consideration for the transfer. Corporate attribution can apply if **one** of the **main purposes** of the transfer or loan was to **reduce the individual's income** and to **benefit a designated person**, provided that no exceptions are applicable. See VTN [488\(6502\)](#) for more commentary.

An April 2, 2026 French **Technical Interpretation** ([2025-1085691E5](#), Simon Lemieux) discussed the application of **corporate attribution** in respect of an **indirect loan**. CRA considered the situation where an **individual loaned** \$100,000 at **6%** to their **wholly-owned corporation** that, in turn, **loaned** the funds at **6%** to **another corporation wholly owned** by the individual's **spouse**. In another **variation**, the \$100,000 **loan** to the **first corporation** was used to **subscribe** for **non-voting preferred shares** of the **second corporation** bearing a **6% dividend**. CRA opined that each of these transactions would constitute an **indirect loan** from the individual to their spouse's corporation. However, the **6% interest** or **dividend** would **reduce** the **imputed income**. As long as the prescribed rate did not exceed 6%, there would be no net income inclusion.

arranging to receive real income rather than deemed income

In a further situation, the **second corporation** used **funds** from its **operating retained earnings** to **make a non-interest-bearing loan** to the **first corporation**. CRA opined that it is their **long-standing position** not to apply **corporate attribution** to a transfer or loan from one corporation to another out of the **equity** of the lending corporation, unless it can be shown that an individual has, indirectly, through a trust or otherwise, transferred or loaned property to the corporation advancing the loan.

SECTION 55 – SIBLINGS

Owners of a corporation may decide to part ways and continue their businesses separately. Such corporate divisions may be done on a **tax-deferred basis** when structured appropriately. This is easier where the shareholders are **related** as **fewer limitations** apply (Paragraph 55(3)(a)). For this purpose, **siblings** are **deemed not** to be **related** (Subparagraph 55(5)(e)(i)). When the shareholders are **not related**, the **complexity** level is significantly **increased**, requiring a **proportionate division** of each type of property between the shareholders.

a careful review where siblings are involved in a corporate division

An **exception** from siblings being deemed not to be related (also included in Subparagraph 55(5)(e)(i)) applies where a **dividend** was received or paid in a series of transactions by a **qualified small business corporation** (QSBC) or a **family farm or fishing corporation** (FFFC; defined in Subsection 110.6(1)). A **simpler reorganization** between siblings is then possible.

A July 2026 Tax for the Owner-Manager article (**Butterfly Transactions** for Siblings After **Bill C-208**: CRA Guidance Brings Needed **Clarity**, Caroline Morin) discussed CRA comments (Advance Tax Ruling [2023-0980661R3](#) as amended by Technical Interpretations [2024-1021891R3](#) and [2024-1031861R3](#)) that confirmed that **QSBC or FFFC** status must be **present** only **immediately before** a butterfly transaction begins and **immediately after** the cancellation of the **offsetting promissory notes**. Before these comments, there was concern that the reorganization may cause shares to lose status partway through the transaction, resulting in loss of access to the exception and the need to meet the more stringent requirements for unrelated parties.

point at which the QSBC or FFFC status must be met

These **reorganizations** generally involve **some variation** of the **following steps**:

- the **shares** of the **distributing corporation** (DC) are **transferred** to a **transferee corporation** (TC) in exchange for shares of TC;
- **DC transfers assets** to **TC** in exchange for **additional shares** of TC;
- **DC redeems** the **TC shares** it holds in exchange for a **promissory note**;
- **TC's shares** of **DC** are **redeemed** or purchased for cancellation in exchange for a **promissory note**, or DC is wound up; and
- the **two promissory notes** are **set off** and cancelled.

8 Corporate Tax

540(8)

CAPITAL DIVIDEND ACCOUNT – LIFE INSURANCE

A May 5, 2026 **Technical Interpretation** ([2026-1089351C6](#), Sylvie Danis) reiterated previous CRA interpretations (see VTN [444\(4204\)](#) and [434\(3704\)](#)) that, where there are **multiple beneficiaries** of a **life insurance policy**, the **capital dividend account addition** for each corporate beneficiary would be calculated as the **corporation's share** of the **death benefit** less the **adjusted cost basis** of the **entire policy**. CRA **confirmed** that this was the case, resulting in **double counting** of the adjusted cost basis where **two corporations** were equal **beneficiaries**.

careful consideration of corporate beneficiaries

CRA also discussed the **capital dividend account** reductions that can apply where a policy was **transferred from a shareholder for consideration** after 1999 and before March 22, 2016, which reflects the **full consideration** paid for the policy. This reduction is similarly **fully applied** to **multiple corporate beneficiaries**.

asking about the history of corporate policies to determine whether this reduction applies

ACQUISITION OF CONTROL – CHANGE OF TRUSTEES

A June 2, 2026 **Technical Interpretation** ([2026-1089221C6](#), Olivier Bergeron) reviewed the potential **acquisition of control** of a corporation whose **controlling shares** are held by an **alter-ego** or **joint partner trust** where the **trustee changes**. The question addressed by CRA noted that it is **common** for the **settlor** to act as **trustee** until their **incapacity or death**.

CRA first noted that, where a **trust controls** a corporation, and its **trustee changes**, there is a provision that **deems no acquisition of control** to occur (Paragraph 256(7)(i)) provided that the following **conditions** are **met**:

- i. the **change in trustees** is **not part of a series** of transactions that includes a **change in the beneficial ownership** of the **trust's property**; and
- ii. **no amount** of the **trust's income or capital** to be distributed is subject to **any discretionary power** of any person or partnership.

CRA opined that, if the **trustees** possess the power to **encroach on income or capital**, condition (ii) would not be met and the **deemed exception** would **not apply**.

whether the trustees possess any discretionary powers over income or capital

Assuming the **exception** does **not apply**, it is CRA's long-standing position (see VTN [368\(1392\)](#)) that the **trustees** of the trust possess **legal ownership** and the **right to vote** the **shares**. They therefore would **control the corporation**. Where a trust has **multiple trustees**, the determination as to **which trustee or group** of trustees **controls** the corporation is a **question of fact** requiring a review of all the pertinent facts, **including the terms** of

the **trust document**. However, CRA would **presume** that the **trustees** constitute a **group that controls** the corporation, absent evidence to the contrary. If the **replacement trustee(s)** were **related** to the **former trustees**, there would be **no acquisition of control** (Paragraph 256(7)(a)). Where an **unrelated person**, such as a **trust company**, becomes the **new trustee**, the **acquisition of control** rules would apply to any corporations controlled by the trust.

9 CRA

540(9)

TAX ID NUMBERS – OBTAINING FOR REQUIRED DISCLOSURES

Taxpayers are required to make a **reasonable effort** to **obtain** the **social insurance number** (SIN), **trust number** or **business number** of another person or partnership **if required** to include it in the filing of an **information return** under the Income Tax Act or Regulations (Subsection 237(2)).

This requirement can apply in **many situations**, such as obtaining **information** on **trustees, settlors, beneficiaries** and **controlling persons** for disclosure on **Schedule 15, Beneficial Ownership Information of a Trust**, for T3 trust filing purposes. It is also relevant when preparing an array of information slips, such as **T4As** for **reporting fees paid for services received**.

A June 2, 2026 **Technical Interpretation** ([2026-1088421C6](#), Kate Li) discussed what constitutes **reasonable effort** in respect of **obtaining these numbers**. **Failure** of the collecting person to make a reasonable effort may result in that **person** being subject to **various penalties** (e.g. Subsections 162(5) and (7), or Subsection 163(5)).

advising clients of the penalty risk if they do not obtain this information

Reasonable effort

While determining whether a collecting person has made **reasonable effort** to obtain a tax ID number is a **question of fact**, CRA stated that they will generally have made a reasonable effort where they have taken **bona fide steps** to **request** the **number** using the **contact information reasonably available** to them and have **maintained adequate records** of those **efforts**.

advising clients to maintain records of steps taken to obtain information

CRA noted that **information slip preparers have to ask** their **clients** to give their SIN and other personal data, such as their name and address and that this **request** can take **any form** that is **practical** for the preparers. Information slip preparers should **keep** any **documents** they need to **prove** a **reasonable effort** was made to get their clients' SIN.

In [IC82-2R2 Social Insurance Number Legislation that Relates to the Preparation of Information Slips](#), CRA stated that, when a collecting person sends a **request by mail**, they should **keep a record** of the **date of the request**, an **example** of the **request form** and the **names** of the **people contacted** (e.g. shareholders of record at the date of the request, members of a co-operative or holders of deposit accounts). CRA also noted that, if individuals **do not respond** to a SIN request, **slip preparers** should leave the SIN area of the slip blank and **file** the information returns by their **due** date.

Additional commentary can be found on CRA's [get the social insurance number \(SIN\) from the individual](#) webpage, which provided the following **example of reasonable effort**. After **asking** the recipient for their SIN **many times**, a collecting person may **contact** the **individual in writing** to request their SIN. They should **make notes** of the **dates they asked** for the SIN **verbally** and **keep copies** of any **written requests**.

additional steps clients should take if their first attempts to obtain information fail

CRA finally **cautioned** that **reasonableness** can only be determined on a **case-by-case basis**. For example, if **mail sent** to a person's **last known address** is **returned undelivered**, **continuing to send mail** only to that **same address** may **not**, by itself, be considered reasonable effort, when the person has **other means** of contacting the person (such as a phone number or an email address) that were left **unused**.

TAXPAYER INFORMATION – PRIVACY COMMISSIONER REPORT

On [May 6, 2026](#), the **Privacy Commissioner** of Canada issued a special report to Parliament ([Investigation of unauthorized disclosures and modifications of taxpayer personal information at the Canada Revenue Agency](#)) examining unauthorized access to CRA taxpayer accounts since 2020.

The report found more than **42,000 confirmed breaches** where bad actors gained unauthorized access to, or modified, taxpayer accounts. Bad actors may have **redirected refunds** or benefit payments, **changed taxpayer information** or submitted **fraudulent claims**, causing **financial losses** and significant **hardship** for affected taxpayers. The Commissioner concluded that, while CRA has strengthened their security since 2024, **gaps remain** in its prevention, detection, monitoring, remediation and governance of privacy breaches.

data security continues to be an issue

The Commissioner made **nine recommendations**, of which **CRA accepted eight in full** and one in part. CRA provided the following comments related to the recommendations:

- CRA indicated that it plans to **update** its **efilers screening processes** in the **Fall of 2026** to strengthen the **accountability** of efilers. As part of this update, efilers will be required to **attest** to their **awareness** of, and compliance with, their **obligations to protect taxpayer information** under the Personal Information Protection and Electronic Documents Act (PIPEDA).
- CRA accepted the recommendation to determine the **effectiveness** of its **security controls** and overall security program, including but not limited to **multi-factor authentication**. CRA stated that, while it implemented multi-factor authentication as a mandatory security measure in October 2021, CRA has continued to increase the associated security since then and plans to make backup multi-factor authentication mandatory later in 2026.
- CRA accepted the recommendation to review whether a **zero-trust approach** would be appropriate and make relevant adjustments to meet this approach. Broadly, this approach is based on the concept of **“never trust, always verify.”** The report provides the following principles of this approach, such as per-session access with regular re-authentication when sessions expire and dynamic access determined by factors such as who is requesting access, from what device and when and whether their behaviour matches how they normally behave.
- CRA accepted the recommendation to consider **alternatives** or enhancements to its current **knowledge-based authentications** over the **phone** and to develop an implementation plan to ensure that it effectively **minimizes risk**.

efile screening process to be updated in Fall 2026

security enhancements for phone calls

See VTN [520\(7932\)](#) for **further discussion** of CRA’s security measures to protect taxpayer information, **what to do if taxpayers suspect** that their account is **compromised** and what **CRA does** if they suspect an account is **compromised**.

JUDICIAL REVIEW – EXTENSION FOR APPLICATION

Applications for judicial review should be submitted **within 30 days** of **CRA’s decision**. However, **extensions** are **possible** if the taxpayer can show continuing intent, potential merit, lack of prejudice to CRA and a reasonable excuse for delay (see VTN [530\(8410\)](#)).

In a July 6, 2026 **Federal Court** case ([Lev vs. MNR, 26-T-207](#)), the taxpayer **applied** for an **extension of time** to file an application for **judicial review** of CRA’s denial of the Canada Recovery Caregiving Benefit and Canada Recovery Sickness Benefit. Within **four days** of learning of the **denied benefits**, the taxpayer **contacted** their local **Member of Parliament (MP)** to request assistance. The MP’s office contacted the taxpayer **36 days later**, **informing** them that CRA would **not open the case** and that an application for **judicial review** must be made. While the **30-day period** from notification had just **expired**, the taxpayer submitted an application for **judicial review**.

strict 30-day deadline for application for judicial review

Taxpayer loses

The court found that the taxpayer did **not demonstrate** that the interest of justice required that **an extension be granted** for the following reasons:

- seeking **assistance from** an **MP** instead of commencing judicial review did **not demonstrate** an **ongoing intention to pursue the court** process; the taxpayer expressly chose to resolve the matter without involving the court;
- the **application** alleged that the CRA decision was unreasonable and procedurally unfair **without identifying supporting facts** or legal errors;
- the taxpayer provided **no evidence** that the Crown would **not be prejudiced** by the delay; and
- although seeking help from an MP may appear reasonable, the court held **MPs have no authority to overturn** or interfere with administrative **decisions**.

ensure to keep dispute rights open, even if pursuing alternatives

ensuring the submission is factual

COURT APPEALS – PUBLIC DOMAIN

An October 2, 2025 French **Court of Quebec** case ([Beraud vs. QRA, 2025 QCCQ 5136](#)) reviewed the taxpayer's application for a **closed hearing**, anonymization/redaction of her name in court decisions and sealing of court documents related to her **tax dispute** as to whether she was a **resident of Quebec**. The taxpayer stated that as a **journalist** for **Radio-Canada** who worked as a **Middle East correspondent** based in Israel, she has a public profile and was often the **target of lobbying**. She also **feared** for her **safety**, especially amid demonstrations that have taken place around and within the Radio-Canada office in Montreal. She argued that **public disclosure** could **affect her security, privacy and dignity** due to her public profile and past work in the Middle East.

Taxpayer loses

The court cited prior jurisprudence holding that the **publicity of proceedings is strongly presumed**. An **exception** from a public proceeding must be based on a **serious risk** and **supported by specific evidence**. If the party requesting non-disclosure or a closed hearing merely offers **general arguments** regarding the **serious risk**, the **request** must be **denied**. The court further noted that, in everyday life, a litigant can keep their personal information private, but they cannot expect the same treatment from court proceedings.

public disclosure of private information in court

The court found that the taxpayer's **general concerns** did **not justify** the court ordering the proceedings and the **confidentiality** of the documents.

CRA'S GROWING USE OF ARTIFICIAL INTELLIGENCE (AI)

A June 14, 2026 Canadian Accountant article ([How the CRA uses artificial intelligence in Canadian tax audits: What taxpayers must know now](#), David J. Rotfleisch) discussed CRA's expanding use of AI and advanced **data analytics** in **tax administration**.

CRA is using machine learning, predictive modelling and **data analytics** to sift through **large volumes** of **taxpayer information** and **prioritize files** for audit based on risk. AI tools are used to **cross-reference tax returns** against **third-party data** sources to identify discrepancies, unusual patterns and potential non-compliance. CRA has stated that these tools help **allocate audit resources** toward **higher-risk files**, while maintaining that **humans** make the **final decisions** regarding **audits, assessments** and **benefits**.

AI to enhance CRA's risk-based audit approach

The article identified several areas where **AI** is expected to **increase audit scrutiny**:

- **differences**, even minor ones, between **reported income** and **information** received **from third parties** (such as slips from employers, financial institutions, payment processors, cryptocurrency exchanges and online digital platforms) may be sufficient to trigger an audit;
- unreported or underreported **cryptocurrency transactions**;
- self-employed individuals and small business owners claiming **expenses** that are **inconsistent** with **industry norms** or **other data available** to CRA; and
- **aggressive tax planning arrangements**, including offshore structures.

compare taxpayer-reported information to third-party information

CRA's AI tools are designed to identify **outliers** relative to **industry norms** and **historical filing patterns**; returns that depart from expected patterns may face increased **audit risk**, even when the tax **positions** are **fully supported**. Maintaining contemporaneous documentation will be increasingly important.

whether to proactively compare client data to industry norms

T1135 – TAXPAYER RELIEF

A June 15, 2026 **Federal Court** case ([Kaur et al. vs. AGC, T-551-25](#)) addressed an application for judicial review of CRA's **denial of penalty and interest relief** related to late-filed **T1135s** for the 2018 and 2019 years.

The taxpayers **immigrated** to **Canada** in late **2018** and **owned specified foreign property** with a **cost exceeding** the **\$100,000** T1135 reporting threshold. They **believed** the reporting **requirement applied only** where **foreign income**, rather than the cost of specified foreign property, exceeded \$100,000. Although they filed their tax returns for 2018 and 2019 on time, they did not file the T1135s with their returns. After filing their 2020 and 2021

not including forms overlooked in the past with a current filing

T1135s on time, they realized their error and voluntarily filed the missing T1135s with their 2021 personal tax filings in April 2022.

Taxpayers win

The court found that **CRA** was **unreasonable** in **denying relief** for the following reasons:

- CRA relied on **circular reasoning** by treating the taxpayers' failure to file the 2018 and 2019 T1135s on time as evidence of poor compliance when deciding whether relief should be granted for those same late filings.
- CRA **incorrectly assessed** the taxpayers' **filing history**, stating that only two of five T1135s had been filed on time despite one late filing resulting from a CRA technical issue for which the penalty had already been cancelled.
- CRA **failed** to properly **consider** the taxpayers' **substantial compliance history**, including that they otherwise complied with their Canadian tax obligations after immigrating and voluntarily corrected the T1135 omissions. The court noted that **substantial compliance is not sufficient**, on its own, to attract **relief** from tax penalties; however, it is a **relevant consideration** under this factor.
- CRA relied on an **irrelevant factor** by noting that the taxpayers had **not filed T1135s before 2018**, despite no indication they had any T1135 filing obligation before 2018.

whether the reasons for denied relief makes sense

The judgment did not explain why the taxpayers were required to file T1135s for 2018. **Individuals** (other than trusts) are **not required** to **file the T1135** for the **year** in which they **first became a resident** of Canada (Section 233.7; see VTN [536\(8679\)](#)). The judgment noted that the taxpayers became residents in 2018 but also referred to an earlier period of residence in Canada. While not discussed by the court, the filing exemption would not apply if 2018 was not their first year of Canadian residency.

no T1135 requirement in the year an individual immigrates, unless they had previously been a resident of Canada

UNRESOLVED OBJECTIONS FOLLOWED BY REASSESSMENTS

A June 26, 2026 **Tax Court of Canada** case ([Forrest vs. HMK, 2025-2746\(IT\)1](#)) reviewed whether the taxpayer could **object** to a **reassessment** issued upon a **taxpayer relief application**. While the history is complicated, the core issue was that the taxpayer's **2020 return** was **reassessed several times**. The taxpayer had **objected** to the **third reassessment** (NORA#3). The taxpayer **also filed** an **unrelated T1 adjustment** requesting additional **non-refundable tax credits** after the **ordinary reassessment period** had **expired**. CRA issued a **fourth reassessment** (NORA#4) that **allowed** some of the **requested credits** under the **taxpayer relief** provisions, but this **did not resolve** the **issues** under **objection**.

As **no objections** may be made to a **reassessment** issued under the **taxpayer relief** provisions (Subsection 165(1.2)), CRA argued that **NORA#4** could **not** be **objected** to even with respect to **issues** under **dispute prior** to that **reassessment**.

Taxpayer wins

The court referred to **NORA#4** as the **last assessment standing**, and it was the **only one** from which an **objection** or **appeal could be made**. In other words, **all previous assessments** and **objections** to those assessments were **nullified**. While the **taxpayer appealed NORA#3**, as NORA#3 was a **nullity** because it was **replaced by NORA#4**, this appeal did not assist the taxpayer.

new reassessment replaced all previous assessments and nullified associated objections and appeals

The court confirmed that there is **no appeal** possibility where a **reassessment** was **issued** under the **taxpayer relief provisions**. However, the court found that the **only amount** of **NORA#4** that could **not** be **appealed** related to the **portion** arising from **CRA allowing the credits** as requested in the taxpayer relief application. As such, the **taxpayer** retained the **right to object** to and appeal to the **other aspects of NORA#4**.

While the taxpayer had **previously objected** to NORA#3 in respect of these issues, they would have to **re-object** to NORA#4, or appeal it to Tax Court, as it **nullified** all **previous assessments and objections** to those assessments. The court found that, although the taxpayer's notice of appeal referred to NORA#3, it included references to NORA#4 and was therefore accepted as an appeal of the relevant reassessment.

AI (artificial intelligence) hallucinations in submissions

The **court** noted that the **taxpayer cited two fictitious cases** that were presumably the byproduct of an **AI hallucination**. After the issue was pointed out, the taxpayer filed **replacement submissions**. The court placed no weight on either the original or replacement submissions, noting that **AI** is **no substitute** for real lawyering. Self-represented litigants, like all parties, are **obligated** to **ensure** that **cited cases are real** and that the legal analysis is their own. The court noted that the cases may be fake, but the consequences of such a filing are real.

responsible use of AI

10 Estate Planning

540(10)

TRUST FILING REQUIREMENTS

Historically, a **trust** was **required to file a T3 return** only if it met one of a number of parameters, and certain arrangements commonly referred to as **bare trusts were excluded** from the definition of trusts and thus from filing requirements entirely.

Effective for trust years ended December 31, 2023 or later, further requirements were added for a trust to be excluded from the filing requirements, new requirements to disclose substantial information regarding a trust's settlors, trustees, beneficiaries and certain other persons were added (filed on Schedule 15) and bare trust arrangements were also required to file. Subsequently, the filing requirements for bare trusts were waived or removed for 2023, 2024 and 2025.

Conceptually, a **T3 return** must be filed by **all resident trusts, including bare trust arrangements defined as deemed trusts** in [Bill C-15, Budget 2025 Implementation Act, No. 1](#), which received Royal Assent on March 26, 2026. A trust (deemed or otherwise) that falls within one of several **exceptions**, which CRA refers to as "**listed trusts**," and **does not meet** one or more of the **historical requirements** to file, does **not need to file** a T3 return. However, if a listed trust meets one or more of the historical requirements, it is required to file a T3 return but is not required to file Schedule 15.

The **first filings** for **deemed trusts** will be required for **years ended** on or after **December 31, 2026**. See VTN [529\(8377\)](#) and the VTN [T3 Trust Filing – Quick Reference Chart \(QRC\)](#) for the basic framework for T3 filing obligations.

this resource to assist with the imminent requirement to file returns for bare/deemed trusts

Bare trust arrangements

A July 14, 2026 **Technical Interpretation** ([2026-1099261E5](#), Katie Robinson) set out **CRA's interpretation** of these filing requirements, focusing on **bare trust** arrangements (Subsection 150(1.3)) that are **deemed trusts** because they do **not meet** any of the legislated **exceptions** (Subsection 150(1.31); see QRC Step 1C). Where the **deemed trust** also meets one of the **requirements** to be a **listed trust** (Subsection 150(1.2); see QRC Step 2), it would **not be required to file** a T3 return **unless** it met one of the **historical filing requirements** (Paragraph 150(1.1)(b); see QRC Step 3) that apply to all individuals, including trusts.

CRA confirmed that it is **impossible** for a **bare trust arrangement** to meet any of the **historical filing requirements**. As a consequence, the **only way** that a **deemed trust** that is **also a listed trust** could be **required to file** a T3 return would be **if** a return were **demand**ed by the Minister (Subsection 150(1.2)). The power to demand a return is delegated to CRA.

bare trusts that are listed trusts are only required to file if demanded by CRA

CRA noted that a **T3 return** is both an **income tax return** and an **information return**. The above commentary refers only to the requirement to file an income tax return. However, the rules requiring **deemed trusts** to file do **not require** that they file **information returns** (Regulations Section 204).

Income tax and information return

A November 27, 2025 **Technical Interpretation** ([2025-1072771I7](#), Katie Robinson) confirmed that a **trust** that is **not required** to file a T3 return as an **income tax return** because it **does not meet** any of the historical or new

requirements may still be **required** to file a T3 return as an **information return** (Income Tax Regulations Section 204). An information return is **required** to be filed where the trustee has **control of**, or **receives income**, gains or property in their fiduciary capacity and the **income received** in that capacity **exceeds \$500**. CRA confirmed that a **Schedule 15** would **not** be **required**; **only** an **information return** would be required because the **requirements** to file an **income tax return** were **not met**.

The interpretation was provided in the context of a **communal organization** which was **deemed** to be a **trust** (Subsection 143(1)) and was therefore not an express trust. However, the **need** to determine whether an **information return** must be filed by a **trust not required** to file an **income tax return** applies on a broader basis.

whether a trust exempt from filing an income tax return must still file a T3 as an information return

QUALIFIED DISABILITY TRUST – MULTIPLE CONTRIBUTORS

A **qualified disability trust** (QDT) is a **testamentary trust** that elects with one or more disabled beneficiaries and is subject to **several complex criteria** (see VTN [398\(1052\)](#)), including the restriction that a beneficiary may file an election with **only one trust** in any specific year. Unlike most testamentary trusts, a QDT remains eligible for **graduated tax rates** in 2016 and later years.

A June 2, 2026 **Technical Interpretation** ([2026-1091031C6](#), Katie Robinson) discussed a strategy where **multiple individuals** (e.g. two divorced parents and four grandparents of a disabled individual) structure their wills to contribute to a **single testamentary trust** for a **disabled beneficiary** (DB). Their wills would provide that, if the individual is the **first** of the individuals **to die**, a **trust** would be **created** for DB, funded with estate assets. If the deceased is **not** the **first to die**, the will provides that **estate assets** are contributed to the **existing trust**.

coordinated planning between multiple individuals wishing to benefit a person with a disability

CRA noted that a QDT must be a **testamentary trust** that **arose** on and as a consequence of a **particular individual's death** (Subparagraph (a)(i) of the definition of QDT in Subsection 122(3)). A **testamentary trust** (defined in Subsection 108(1)) means a **trust or estate** that **arose** on and as a consequence of the **death of an individual** subject to certain **exclusions**. In particular, a trust is **excluded** from being a **testamentary trust** if **any property** is **contributed** to the trust **otherwise than by an individual on or after their death** and as a consequence thereof (Paragraph (b) of the definition of a testamentary trust in Subsection 108(1)).

Based on these definitions, CRA opined that, when an **individual bequeaths property** in their will **to an existing testamentary trust**, the contribution **does not disqualify** that existing trust **as a testamentary trust** provided that the **contribution is made** by an individual **on or after** that individual's **death and as a consequence thereof**. As such, the **existing testamentary**

multiple deceased individuals could leave assets to a single QDT

trust would **remain** a **testamentary trust** and would **not** be **disqualified** from continuing to qualify as a QDT.

CRA noted that **whether a transfer is made** by an individual **on or after** that individual's **death** and **as a consequence thereof** is a **question of fact and law** that can only be determined after a review of **all the facts and circumstances** applicable to a particular situation.

legal advice on this issue

UNFUNDED TESTAMENTARY TRUSTS – TAX FILINGS

With the **expanded trust filing requirements** that commenced in 2023, concerns have been raised that **trusts** created under a **will** may be **required to file T3 returns** including Schedule 15 for periods commencing on the date of death, **prior to being funded** by assets of the estate. See VTN [529\(8377\)](#) and the VTN [T3 Trust Filing – Quick Reference Chart \(QRC\)](#) for the basic framework for T3 filing obligations.

A June 2, 2026 **Technical Interpretation** ([2026-1090991C6](#), Dawn Dannehl) addressed the common situation of a **testamentary spousal trust** that provides for **assets remaining** when the **surviving spouse dies** to be distributed to one or more **testamentary trusts** for the **remainder beneficiaries** (e.g. the children of the deceased).

Timing of creation of trusts under a will

CRA noted that it has been their **long-standing view** that **trusts created** out of the **residue of an estate** commence to exist on the **date of the individual's death**. However, the **date** on which such **trusts** are **established** is a **question of legal fact**, and this legal question determines the **filing requirements for tax returns**.

the possibility that a trust under a will must file returns for all periods subsequent to the individual's death

CRA stated that there **may be situations** where the **creation date** of a testamentary trust is **not concurrent** with the **date of death**. Where **terms of a will** provide that on the **death** of the **income and capital beneficiary** of the **first trust** created under the will (in this example, the surviving spouse who is the beneficiary of the spousal trust throughout their lifetime) the **remaining property** is to be held under one or more **new trusts** for the **remainder beneficiaries** (for example, a trust for each child of the deceased), the **new trust(s)** may be viewed as being **created at a later point** in time **than** the testator's **date of death**. Once the **trust exists**, it would be subject to the annual **filing requirements** for T3 returns and Schedule 15.

the potential requirement to file returns for unfunded trusts

Editors' comment

CRA did not discuss how the value of the right to receive assets from either the estate or a spousal or other trust would be determined. This would be relevant in determining whether exceptions based on the value of assets would be available (see QRC Step 2).

21-year deemed disposition

Generally, **trusts** are deemed to **dispose of, and reacquire**, their property at **fair market value** on the 21st anniversary of the trust's creation, and every 21 years thereafter (Subsection 104(4)). CRA further noted that, where **capital property** (and certain other property) is **transferred** between **two trusts** in various circumstances permitting a **rollover at tax cost** (Subsection 107(2) or 107.4(3) or Paragraph (f) of the definition of disposition in Subsection 248(1)), the **21-year** deemed disposition **date** for the **transferor trust** becomes the **21-year date** for the **trust receiving the property** (Subsection 104(5.8)). In other words, such a transfer cannot defer this deemed disposition.

determination of the date of deemed disposition to allow for planning as it approaches

Certain trusts, including **testamentary spousal trusts**, are **exempt** from the **21-year rule**. Instead, they are **deemed to dispose** of their assets on the **date of death** of their life interest beneficiary, the **surviving spouse** for a spousal trust. As a result, the **remainder trust** would first be **deemed to dispose** of its assets **21 years after the death** of the **surviving spouse**, regardless of when the assets are transferred from the spousal trust to the remainder trust.

TRUST REPORTING – SCHEDULE 15 PENALTIES

A June 2, 2026 **Technical Interpretation** ([2026-1089271C6](#), Dawn Dannehl) discussed information shared by CRA with CPA Canada in August 2025 (see VTN [529\(8378\)](#)) that indicated that CRA **discarded Schedule 15 information** where **filing was not required**. CRA had indicated that the **Privacy Act** prevented them from **retaining Schedule 15 data** when it was **not required**.

CRA indicated that, where Schedule 15 **information** filed with a T3 return was **not retained**, the following **note** would have been included on the trust's **notice of assessment**:

Based on the information you gave us, you did not need to report beneficial ownership information this year. As a result, we did not update our records with the information you had given us. However, you may need to submit Form T3SCH15, Beneficial Ownership Information of a Trust, in future years, depending on your situation.

CRA indicated that they **assess a penalty** where a **Schedule 15** is marked **no change** and there is **no** existing **beneficial ownership information** on **their files**. This **includes situations** where **prior year information** was **not retained** as described above.

how you will complete Schedule 15 when the notice of assessment is not available

CRA **acknowledged** that their **practice** was **problematic** because many **filers were not aware** that the information was not being retained. They advised that they **paused this practice** to re-examine their position. They have now concluded that, as the **information** was **voluntarily submitted** by the taxpayer, they **can retain** the information. Therefore, they **now retain** Schedule 15 data that was not required to be filed, including **some submitted** over the **past two years**.

the uncertainty of whether CRA retained information submitted with 2025 or earlier returns

CRA indicated that they **may consider** providing **relief** related to the Schedule 15 penalty based on the **trust's specific circumstances**.

no blanket relief from penalties

CRA advised that **tax preparers** can **ensure CRA** has complete information by preparing **Part A** of the **next Schedule 15** as follows:

- the question "Is this the **first time** the **trust** is **reporting beneficial ownership** information?" should be answered **NO** *;
- the question "Has the **beneficial ownership information** of the trust **changed** since the last time it was reported?" should be answered **YES**;

adopting this CRA guidance as a policy for 2026 T3 filings

* CRA further indicated that, where the notice of assessment included a **note** that **CRA did not retain** the **beneficial ownership information** filed, this question should be answered "YES".

All beneficial ownership information should be included in Parts B and C of the schedule.

RIGHTS OR THINGS – TIMING OF ELECTION

A June 26, 2026 **Technical Interpretation** ([2025-105652](#), D. Dannehl) discussed a previous CRA interpretation (see VTN [522\(8087\)](#)) regarding a **right or thing** that was **not known** to the executor until **after the deadline** for **electing** to file a **rights or things** return. CRA confirmed that, where the **terminal return** is not statute-barred and is **reassessed** (for example, to add a previously unknown right or thing), a **rights or things return** could be **filed** with **90 days** of that reassessment, as the **deadline** is the **later of one year after the date of death** and **90 days after the date of any assessment** of a tax return for the **year of death**. This would permit all **rights or things** to be reported on that **separate return** and **removed** from the **terminal tax return**.

whether a rights or things return should be filed after any reassessment for the year of death

DIGITAL ASSETS

An April 21, 2026 **Alberta Court of King's Bench** case ([Wada Estate, 2026 ABKB 309](#)) issued an **order** stating that the **Administrators** had the power at law to **deal** with the **deceased's digital assets** because the **technology company refused** to allow access without such an order. The court stated that it took the "**unusual step** of issuing **written reasons** regarding...a straightforward and unopposed chambers application because **refusals** by **large technology companies** to **deal with** personal representatives of **estates without** a specific **court order** places **unnecessary and unjustified burdens** on estates and the Court." The court further specified its intention that "**these reasons** may **be provided** by administrators and executors of estates **to explain the relevant law** in Alberta," and suggested that "**technology companies** that **demand specific court orders** despite being provided with a Grant of Administration or Grant of Probate providing for power over digital assets together with these reasons **should not be surprised** if they are met with **significant costs penalties**."

following the court's suggested process for Alberta estates with digital assets and checking for similar decisions in other provinces

11 International

540(11)

FOREIGN TAX CREDIT (FTC) – TAX WITHHELD AT SOURCE

A July 9, 2026 **Tax Court of Canada** case ([Stern vs. HMK, 2025-3683\(IT\)I](#)) reviewed whether the taxpayer could claim **foreign tax credits** of \$4,042, \$4,500 and \$4,827 for the 2022, 2023 and 2024 tax years, respectively, for **withholding tax paid** to Germany and Switzerland on **dividends** from **German and Swiss corporations** held in her investment accounts.

CRA argued that it was **not enough** for the taxpayer to **show** that **tax** was **withheld**. Rather, she had to demonstrate that she actually **paid tax** to Germany and Switzerland, which CRA argued required **foreign tax assessments**. The taxpayer did **not** have **tax assessments** because she earned too little income in those countries to justify the cost of preparing the returns.

Taxpayer wins

The court found that **CRA's position** was **contrary** to their **own policy** in Income Tax Folio [S5-F2-C1 Foreign Tax Credits](#) (paragraph 1.45), which specifically addressed situations where **tax is withheld at source**. The Folio states that "[i]f a taxpayer's **foreign tax liability** is **settled** by an **amount withheld** by the **payer** of the **related income** (that is, in a way which is analogous to tax under Part XIII of the Act), a **copy of the foreign tax information slip** is **usually satisfactory**. In most other cases, a copy of the tax return filed with the foreign government is required together with copies of

foreign tax information slip sufficient

receipts or documents establishing payment.” **CRA did not explain why the foreign tax information slips** were insufficient and the court noted that there were no **concerns** about their **authenticity or accuracy**.

CRA relied on two prior cases ([Arsove vs. HMQ, 2016-1418\(IT\)](#); [Zhang vs. HMQ, 2005-3867\(IT\)](#)) in which **tax** was **initially withheld**, but after the taxpayers **filed their foreign tax returns** they ultimately **owed no tax** due to access to various **tax credits**. The court distinguished those cases, noting that they stand for the proposition that a **taxpayer cannot claim a foreign tax credit if they did not pay foreign tax** and **not** for the proposition that **taxpayers must provide foreign tax assessments** in order to **claim foreign tax credits**.

The court concluded that the taxpayer had paid withholding tax to both Germany and Switzerland and thus was entitled to the foreign tax credit. The court **allowed the appeal**.

The court also noted that the taxpayer's **2021 appeal** was **quashed** because she did **not file a valid objection**, a precondition to filing an appeal to the Tax Court.

ensuring to properly object to keep dispute rights open

T1135 – FILING BY PARTNERSHIPS

A June 2, 2026 **Technical Interpretation** ([2026-1089181C6](#), Serena Tan) considered whether a **partnership** established under foreign laws that held **foreign investment property** with a **cost exceeding \$100,000** would have to file a [Form T1135, Foreign Income Verification Statement](#), where **Canadian residents held over 10% interest** in the partnership.

A **reporting entity** (defined in Subsection 233.3(1)) is a **specified Canadian entity** where, at any time (other than a time when the entity is non-resident) in the year or period, the total cost of all specified foreign property of the entity exceeded \$100,000. A **specified Canadian entity** (defined in Subsection 233.3(1)) includes a **partnership** where **less than 90%** of the **partnership's income or loss** for the period is attributable to **non-resident partners** or other excluded partners. If the partnership has nil income and loss for the period, its income is deemed to be \$1,000,000 for this test.

As **Canadian residents held over 10% interest** in the partnership and the cost of the partnership's specified foreign property exceeded \$100,000, CRA opined that the partnership was a **specified Canadian entity** and a **reporting entity**.

In contrast, the **Canadian resident partners** were **not reporting entities** (assuming that they have no other specified foreign property) as an **interest** in a **partnership** that is a **specified Canadian entity** is **excluded** from the definition of **specified foreign property** (Paragraph (o) of the definition of specified foreign property in Subsection 233.3(1)).

different filing obligations of partners versus the partnership

VESTING INDEFEASIBLY – EXCLUSIONS FROM 21-YEAR EXCEPTION

Generally, **trusts** are deemed to **dispose of, and reacquire**, their property at **fair market value** on the 21st anniversary of the trust's creation, and every 21 years thereafter (Subsection 104(4)).

If all **income and capital interests** of a trust **vest indefeasibly**, the trust would **not** be subject to this **21-year deemed disposition** rule (Paragraph (g) of the definition of trust in Subsection 108(1); see VTN [449\(4421\)](#)). However, there are certain situations where, **even if** the interests **vest indefeasibly** in a beneficiary, the **trust cannot avoid** the **21-year deemed disposition rule** (Subparagraphs (i) to (vi) of the definition of trust in Subsection 108(1)).

cannot always solve the 21-year deemed disposition rule by vesting interests indefeasibly

For example, where **non-resident beneficiaries** hold **more than 20%** of the **total fair market value** of all interests of a **trust resident in Canada**, vesting all interests indefeasibly would **not avoid** the **21-year deemed disposition** rule (Subparagraph (g) of the definition of trust in Subsection 108(1)).

limitations for trusts with non-resident beneficiaries

In a June 2, 2026 **Technical Interpretation** ([2026-1098051C6](#), Steven Fron), CRA opined that, while this example **describes a trust resident in Canada**, it **also applies to trusts deemed resident in Canada** (Subsection 94(3)). As such, the deemed disposition on the 21st year anniversary would apply, regardless of whether the interests vested indefeasibly.

NON-RESIDENT BENEFICIARIES – WITHHOLDING TAX TIMING ISSUES

A June 2, 2026 **Technical Interpretation** ([2026-1089191C6](#), François Fournier-Gendron) reviewed the **timing** of Part XIII **withholding tax remittances** related to an amount **made payable** by a trust to a **non-resident beneficiary**.

Where income of a **trust or estate** is **paid** or credited to a **non-resident beneficiary**, Canadian **withholding tax** applies (Paragraph 212(1)(c)). An **amount made payable** to a **non-resident beneficiary** of a **trust** is **deemed** to be **paid** to the beneficiary at the **earliest** of the following dates (Paragraph 214(3)(f)):

- the **day** on which it was **paid** or credited;
- 90 days after the end** of the estate or trust's **taxation year**; and
- immediately before** the trust becomes a **non-resident** of Canada.

amount deemed paid by trust for non-resident beneficiaries

Where a trust has a December 31 year end and the amount is **made payable** to a **non-resident beneficiary before the end** of the **year** (assuming there was no emigration and the amount was not paid), the amount would be **deemed** to be **paid 90 days after the trust's year end**,

which would **typically** be on **March 31** (assuming that it is not a leap year).

Part XIII tax should be **withheld** and remitted to CRA forthwith or without delay (Subsection 215(1)). However, provided the remittance is **received** by **CRA** on or before the **15th** day of the **following month** (April 15 in this case), CRA **administratively** considers the **remittance** to be **paid on time** and thus they would not apply penalties or interest.

Editors' comments

While not noted in the interpretation, CRA has previously indicated that the income and withholding tax should be reflected on [NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada](#) forms for the tax year of the trust and not for the subsequent year in which the income was deemed paid, resulting in the remittance being required (see VTN [486\(6416\)](#))

Some practitioners disagree with CRA's interpretation, believing that the NR4 is appropriately filed for the calendar year in which the income is either paid or deemed paid, even if that is the calendar year subsequent to the estate or trust's taxation year.

ensuring that NR4s are filed appropriately

Caution should be exercised, as tax software often treats amounts made payable to a non-resident beneficiary in the calendar year of the trust like amounts paid or payable to a Canadian beneficiary, resulting in an NR4 being produced by the tax software for the calendar year of the trust.

DEEMED RESIDENT TRUST – T3 FILING

A June 2, 2026 **Technical Interpretation** ([2026-1091021C6](#), Katie Robinson) considered the **filing obligations** of a **non-resident trust** **deemed** to be **resident in Canada** (Subsection 94(3)), whose **only property** was a **\$20 bill** initially **contributed** on **settlement**. See VTN [529\(8377\)](#) and the VTN [T3 Trust Filing – Quick Reference Chart \(QRC\)](#) for the basic framework for T3 filing obligations.

More specifically, for **estate planning purposes**, an individual resident in Canada established a **US resident trust** that would be a **beneficiary** under that **individual's last will** and testament. The trust was settled with a \$20 bill. This planning was used to provide a legacy to a US person so that the **legacy received** would **not** form part of that **child's estate** for US estate tax purposes. **No other property** would be **transferred to the trust** until **after** the **individual dies**. As such, until other property is transferred, the trust would have no income or gains.

CRA opined that, where a **non-resident trust** is **deemed** to be **resident in Canada** throughout the year (Subsection 94(3)), it is **resident** for **many purposes**, including for **T3 filing obligations** (Section 150). The **listed trust** criterion applicable for **trusts holding assets** with a total **fair market value not exceeding \$50,000** (the "de minimis trust"; Paragraph 150(1.2)(b)) would **apply**. In addition, **no historical filing requirement** would apply, since the

no T3 nor Schedule 15 filing obligation

only asset is a **\$20 bill** and the trust **realized no income or gains nor disposed** of any **capital property** in the tax year (Paragraph 150(1.1)(b)). As such, there would be **no T3 filing obligation**. As the trust would not be required to file a T3 return, there would be **no Schedule 15 filing obligation**.

Finally, a **trust deemed** to be **resident in Canada** is **not resident** in Canada for the purposes of **reporting transfers** or loans **to foreign trusts** (Section 233.2). As such, the **\$20 settlement** constitutes a **contribution** to a **non-resident trust** (Subsection 94(1)), resulting in the **requirement** that the **settlor file Form T1141** for the year of contribution and subsequent years provided the filing conditions continued to be met, and no exclusion applied (see VTN [503\(7137\)](#)).

Form T1141 filing obligations exist

12 GST/HST

540(12)

OVERLOOKED INPUT TAX CREDITS (ITCs)

On June 23, 2026, CRA released an updated version of GST/HST policy statement [P-149, Administrative Policy Regarding Adjustment to the GST/HST Return](#). CRA noted that, while a return can be adjusted on request, they **may refuse** the request **in whole or in part**. Specifically, CRA indicated that they will **generally deny** a requested change that consists **solely** of an **increase to ITCs** with **no corresponding increase in tax** for the same period.

requests to add ITCs will generally be denied

CRA noted that the registrant **can** generally **claim ITCs** on a **subsequent return** within the **allowable time limit**, providing access to the ITCs with no amendment of prior returns. ITCs must generally be **claimed** in a return filed **by the due date** of the **last reporting period** that **ends** within **four years** after the end of the reporting period in respect of which the claim could **first be made** (Excise Tax Act Subsection 225(4)).

this four-year time limit for claiming overlooked ITCs

Editors' comment

The ability to claim overlooked ITCs in subsequent GST/HST returns is counterintuitive to many practitioners due to the inability to adjust future income tax filings to offset past errors (see VTN [472\(5596\)](#) for a court case where such an adjustment was disallowed, resulting in millions of dollars of deductions being lost).

SUPPORT FOR INPUT TAX CREDITS (ITCs)

A June 30, 2026 **Tax Court of Canada** case ([Zhen Zhen Fashion Company Ltd. vs. HMK, 2022-2614\(GST\)](#)) reviewed the taxpayer's claim for almost **\$90,000** of ITCs claimed on **payments to subcontractors**. CRA had **denied** the ITCs and assessed a **gross negligence penalty** of almost **\$22,500** on the basis that the **claims were false** or that they did **not meet** the **documentation requirements**.

Taxpayer wins – in part

Based on the evidence provided, including **credible testimony**, the court concluded that the **subcontracting arrangements** were **real** and **services were provided**. However, the taxpayer's **record keeping** was **substandard**, reflecting **numerous deficiencies, inaccuracies and inconsistencies** in the invoices, cheques and packing slips presented as evidence. As a result, the court **could not rely** on the records to **determine** the true **GST paid** and recoverable as ITCs. As the **appropriate amounts** were **indeterminable**, **none of the ITCs were allowed**.

poor record keeping could result in denial of otherwise legitimate ITCs

The court found that the **inability to determine** the **correct ITCs** did **not mean** that the taxpayers had made **misrepresentations**. However, the **poor records** were themselves **false statements** or omissions resulting from the poor record keeping and generally **disorganized business**. While the record keeping was **negligent**, that negligence **fell short** of the standard for **gross negligence** – an indifference as to whether the law was complied with. As a result, the **penalties** were ordered to be **reversed**.

13 Did You Know...

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UPCOMING COURSES

Tax Update 2026

Join us for our 42nd annual **Tax Update** seminar for a **practical** and **comprehensive review** of the **tax developments**, technical issues and administrative changes that will have the most impact **on owner-managed clients** and their advisors in the coming year.

preparing for the tax planning and compliance challenges that will shape 2026 and beyond

This 14-hour course will examine **legislative changes**, **CRA compliance initiatives**, planning **opportunities**, emerging **risks** and areas where **professional judgment** will be increasingly important. The many topics explored will include the complex new **dividend suspension rules**, the implementation of the **bare trust reporting** requirements and the latest **CRA projects** and **releases**.

Click [here](#) to see who is scheduled for your city or region. **Limited spaces** are available for in-person and virtual live offerings. In addition to securing your first choice, **early bird pricing** applies to registrations by **August 21, 2026**.

Bare Trust T3 Reporting: Practical Guide & Examples

Bare trust reporting is back, with **returns for 2026 due by March 31, 2027**. And with it comes **new exclusions, new exceptions** and **new traps** for the unwary.

*upgrading your bare trust
filing knowledge before
returns are due in early
2027*

Joint bank accounts, in-trust-for accounts, family real estate arrangements and **lawyer trust accounts** are just some arrangements that require careful consideration. In this **two-hour** pre-recorded [webinar](#), Caitlin Butler CPA, CA and Kenneth Keung CPA, CA, CPA (CO, USA), CFP, TEP, LLB, MTax explore these and other **real-world examples**, providing a **practical framework** for identifying potential **bare trust arrangements** and assessing **filing obligations**.

Registrants will receive a **brandable client letter** that can be customized and distributed to clients as part of the trust reporting preparation process. Course **access** will also be **available** until **March 31, 2027**, allowing time to refresh knowledge as specific client situations arise, right through the filing season. For further information, click [here](#).

*brandable client letter
included*

14 Appendix

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APPENDIX A

Additional Video Tax News Resources and Recently Released CRA Publications and Forms

Video Tax News Resources

- [Video Tax News Members Portal and Newsfeed](#)
- [Video Tax News Members Portal – A How To Use The Portal Video Tutorial](#) (6 mins)
- [Portal & Newsletter Guide for Monthly Tax Update Users](#)
- [T3 Trust Filing – Quick Reference Char](#)
- [Status of Recent Tax and Benefit Proposals](#)
- [Tax on Split Income \(TOSI\) – Quick Reference Chart](#)
- [Life in the Tax Lane – 10 Minute Monthly Podcast/Video](#)
- [Technical Interpretations](#)

CRA Guides/Publications

- [T4016](#) Exempt U.S. Organizations - Under Article XXI of the Canada - United States Tax Convention
- [RC4210](#) Canada Groceries and Essentials Benefit
- [T4114](#) Canada Child Benefit and related provincial and territorial programs
- [NOTICE345](#) The Application of Section 87 of the Indian Act to DFN Citizens
- [17-8](#) Credit Unions
- [9-4](#) Reimbursements
- [P-149R](#) Administrative policy regarding adjustment to the goods and services tax/harmonized sales tax return
- [GI-093](#) Harmonized Sales Tax: Ontario New Residential Rental Property Rebate
- [NOTICE346](#) Ontario Enhanced New Housing Rebate

CRA Forms/Statements>Returns

- [T2227](#) Excluded Interest Election Under Subsection 18.2(1)
- [T2226](#) Election to Transfer Cumulative Unused Excess Capacity Under Subsection 18.2(4)
- [T2228](#) Specified Pre-regime Loss Election under Subsection 18.2(1)
- [T2229](#) Election to Forgo a Foreign Accrual Property Loss Under Clause 95(2)(f.11)(ii)(E)
- [T2225](#) Group Ratio Rules Election Under Subsection 18.21(2) and Fair Value Adjustments Election Under Subsection 18.21(4)

- [GST190](#) GST/HST New Housing Rebate Application for Houses Purchased from a Builder
- [GST191](#) GST/HST New Housing Rebate Application for Owner-Built Houses
- [RC66](#) Canada Child Benefit Application includes federal, provincial, and territorial programs
- [RC151](#) Canada Groceries and Essentials Benefit Application for Individuals Who Become Residents of Canada
- [CTB9](#) Income of Non-Resident Spouse or Common-Law Partner for the Canada Child Benefit
- [RC113](#) Direct Deposit Request for Children's Special Allowances
- [RC64](#) Children's Special Allowances
- [RC65](#) Marital Status Change
- [RC66SCH](#) Status in Canada and Income Information for the Canada Child Benefit Application
- [RC66-1](#) Additional Children
- [NR304](#) Direct Deposit for Non-Resident Tax Refunds
- [GST20](#) Election for GST/HST Reporting Period
- [RC7220](#) Election for GST/HST and QST Reporting Period for a Selected Listed Financial Institution
- [RC7220-1](#) Notice of Revocation of an Election for GST/HST and QST Reporting Period by a Selected Listed Financial Institution
- [GST20-1](#) Notice of Revocation of an Election for GST/HST Reporting Period by a Listed Financial Institution
- [T2311](#) Election for a Pertinent Loan or Indebtedness Under Subsection 212.3(11)



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