



## Details

**Service:** Tax, Indirect Tax (GST, PST, HST, etc.) Services

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## GST/HST and QST Annual Information Returns - Do You Have to File by June 30 Deadline?

### Canadian Tax Adviser

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Many financial institutions and some businesses across Canada that have a December 31 year-end must file the GST/HST and/or QST annual information returns by June 30, 2016. This return applies to financial institutions as well as certain businesses that are deemed to be financial institutions. While the GST/HST and/or QST annual information returns are not related to any GST/HST and QST payments, financial institutions and qualifying businesses could face GST/HST and QST penalties if they do not file this return correctly and on time.

Taxpayers should ensure they file the correct annual information return, which can vary based on the type of entity and whether the entity is administered by the CRA or Revenue Quebec for GST/HST and QST purposes. If the entity is required to file the return with the CRA, it must file form GST111, "Financial Institution GST/HST Annual Information Return", or the combined form RC7291, "GST/HST and QST Annual Information Return for Selected Listed Financial Institutions". If the entity is required to file the return with Revenue Quebec, it must file form FP-2111 "Financial Institution GST/HST and QST Annual Information Return".

#### Who has to file the information return?

Whether a financial institution (other than certain investment plans) or a business that is deemed to be a "financial institution" must file the annual information return depends on its registration status and its total amount of revenue.

In general, financial institutions that are registered for GST/HST and have annual income exceeding \$1 million must file an annual information return no later than six months after their year-end. For financial institutions with a December 31 year-end, the deadline is June 30, 2016 for the 2015 fiscal year. Similar rules apply for QST.

Some businesses, generally known as "*de minimis* financial institutions", are included in the definition of "financial institution" if they have revenues related to qualifying financial services, including interest earned from receivables and guaranteed income certificates (GICs) that meet the following thresholds:

- ▶ The businesses have "financial revenue" that is greater than 10% of their total revenues and that is more than \$10 million or
- ▶ The businesses have more than \$1 million of income with respect to lending of money.

For example, a construction company may have a significant amount of interest generated from deposits that may trigger the company to qualify as a "financial institution".

#### Penalties - Fill out the form correctly and on time

The GST/HST and QST annual information returns must be carefully completed. The CRA can assess a penalty of up to \$1,000 per each qualifying line on the form for failure to file or for misreporting amounts on the return. This could add up to more than \$100,000 in penalties. Similar rules apply for QST purposes.

#### KPMG observation

It is important that entities ensure that the information included in their annual information returns corresponds with their GST/HST and QST returns, income tax information and transfer pricing information.

Under the GST/HST rules, certain investment plans that qualify as selected listed financial institutions (SLFIs) are exempt from filing the annual information returns, and a similar exemption is expected for QST. However, some investment plans qualify as a SLFI only for HST or for QST purposes. As such, some of these plans may still be required to file an annual information return for GST/HST or QST.

#### We can help

Your KPMG adviser can help you determine whether you are required to file the GST/HST and QST annual information return. We can assist you with your indirect tax compliance obligations. We can also help identify areas where certain tax costs may be reviewed.

## Publications

Canadian companies may be interested in these recent publications:

- ▶ [TaxNewsFlash](#)
- ▶ [Global Tax Adviser](#)
- ▶ [Canadian Tax Adviser](#)
- ▶ [Transfer Pricing Highlights](#)
- ▶ [Trade Matters](#)
- ▶ These publications, among many others, are available at [www.kpmg.ca](http://www.kpmg.ca).

KPMG's Financial Institutions Indirect Tax Compliance Centre has a team of multi-disciplinary professionals who specialize in indirect tax compliance requirements for the financial services sector. These professionals use sophisticated proprietary compliance software developed specifically for financial institutions with partly exempt businesses to help you extract the required data from your systems, fulfill your filing requirements and perform checks to help manage compliance indirect tax risks.

For more information, contact your KPMG adviser.

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