



TaxNewsFlash Canada

Reminder — Don't Miss Your GST/HST June 30 Deadlines

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Many businesses across Canada only have a short amount of time to gather all the details they will need to fully meet their GST/HST and QST filing obligations by June 30, 2016. In addition to filing GST/HST and QST annual information returns by this date, some businesses will also have to file their GST/HST and/or QST annual final return for selected listed financial institutions. Whether your business is required to file one (or both) of these returns generally depends on your type of business.

KPMG observations

The following entities and persons may be required to file one or both of the annual returns on their own behalf or for other entities, depending on their particular circumstances:

- Financial institutions, including banks, insurers, security dealers, brokers, trust and loan companies
- Businesses that have elected to deem certain supplies to be financial services
- Pension entities of registered pension plans
- Businesses that are considered to be financial institutions for GST/HST purposes (e.g., a construction business that has more than \$1 million of financial revenue)
- Mutual funds, REITS, segregated funds and similar investment vehicles that have or could have activities in multiple provinces

- Mutual fund managers and segregated funds managers.

The deadline to file these returns may also vary based on the entity's year-end.

GST/HST and QST annual information return

In general, a person that qualifies as a "reporting institution" must file a GST/HST annual information return no later than six months after its year-end. Whether a person is considered a reporting institution depends on three conditions:

- Type of entity — The person must be a financial institution or be considered a financial institution for GST/HST purposes
- Registration status — The person must be a registrant for GST/HST purposes
- Total income — The person's annual income must exceed \$1 million.

For a reporting institution with a December 31 year-end, the deadline to file the annual information return for the 2015 fiscal year is June 30, 2016.

Employers that offer registered pension plans to their employees should determine whether the plans' pension entities qualify as reporting institutions. Certain pension entities are excluded from the definition "reporting institution" and do not have to file the GST/HST annual information returns.

Financial institutions and businesses that are required to file annual information returns must determine whether to use 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".

Similar rules apply for QST purposes. 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".

KPMG observations

Reporting institutions must ensure that their annual information return is filed on time and as required. 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. A financial institution or a business that is required to file the annual information return should:

- Determine whether it has to file the return with the CRA or with Revenue Quebec
- Determine which form to use and whether it is using the most current return

- Review and collect all the required information to file the return
- Compare all the amounts that will be included in the annual information return to the amounts included in other returns (e.g., GST/HST and QST returns, income tax information, transfer pricing information)
- Determine if any other entity in its group is required to file the form (e.g., an entity that made the closely related group election under section 150 of the *Excise Tax Act* to deem certain supplies to be financial services)
- Determine if any entity is exempt from filing the annual information return.

For details, see Canadian Tax Adviser "[GST/HST and QST Annual Information Returns - Do You Have to File by June 30 Deadline?](#)"(March 8, 2016).

GST/HST and QST annual final return

Financial institutions across Canada that qualify as SLFIs must file the annual GST/HST and/or QST final return for SLFIs within six months of their fiscal year-end, regardless of whether they are registered for GST/HST and QST purposes. As such, SLFIs with a December 31 year-end must file an annual final return by June 30, 2016.

A SLFI is generally a listed financial institution that has a permanent establishment in an HST province and a permanent establishment in another province. For QST purposes, the permanent establishments must be in Quebec and in another province.

In order to complete the final return, SLFIs must use a complicated formula known as the special attribution method (SAM). The SAM formula essentially calculates tax adjustments (credits and/or liabilities) related to the provincial component of the HST in each HST province or for QST in Quebec, even where the entity may not have a physical presence in the province.

SLFIs should also carefully determine whether they are required to use form GST494 "Goods and Services Tax/Harmonized Sales Tax (GST/HST) Final Return for Selected Listed Financial Institutions" or form RC7294 "Goods and Services Tax/Harmonized Sales Tax (GST/HST) and Quebec Sales Tax (QST) Final Return for Selected Listed Financial Institutions".

KPMG observations

Because many errors can arise when making these calculations, SLFIs should ensure that they review their SAM calculations, as well as their ITC allocation methods, before their filing deadlines. Many GST/HST and QST provisions can also affect the SAM calculations.

For details, see Canadian Tax Adviser "[SLFI Final Returns Due June 30 - Last Chance for Missed ITCs and SAM Deductions](#)" (March 8, 2016).

We can help

Your KPMG adviser can help you understand and fulfill your indirect tax compliance requirements related to all your GST/HST returns. We can also help you manage your indirect tax obligations in other jurisdictions and help you ensure that you are not missing refund opportunities. For details, please contact your KPMG adviser.

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