

## CPA Canada / Provincial Accounting Bodies Questions to CRA - 2022

**Introduction:** Earlier this year, CPA Canada and the CPA Provincial Accounting Bodies worked together to canvas members across Canada for questions they wanted to ask the Canada Revenue Agency (CRA). From this, the top questions were provided to CRA and their responses (in blue) are in this document. We will continue to work with CRA on some of the issues highlighted here and we encourage you to check our [Tax News Page](#) and [Tax Blog](#) for any developments.

Question #	Question to CRA
1.	<p><b>Dealing with CRA on Assessments and Reassessments</b></p> <p>It appears that practitioners have experienced a significant increase in the time spent with CRA on tax compliance matters, specifically dealing with tax assessments and/or reassessments issued by CRA, principally on individual T1 filings and also on T3 estate tax filings. Many of the issues fall into one of the following categories:</p> <ul style="list-style-type: none"> <li>• CRA will issue a pre-assessment letter and a response is provided by the practitioner for what is asked. However, we have been told by members that CRA may reassess the return and ignore the information provided and/or cite in the Notice of Assessment that the information they have on file does not support the claim made without providing an explanation.</li> <li>• Where a T1 REFILE request is made, perhaps to claim a deduction (such as an RRSP deduction) or a credit (such as charitable donations that were missed), we have been told that the CRA will often make other changes to the T1 as well that were not requested. This creates a need for follow up which can take several months to resolve. The ultimate remedy is often the filing of another REFILE request which creates unnecessary costs for taxpayers.</li> <li>• Practitioners also spend a significant amount of time with CRA regarding the processing of T3 Trust and estate tax returns (for example, asking for support of nominal amounts of foreign taxes paid – generated from a T3 slip), or the time spent to co-ordinate a 164(6) application of a capital loss to a T1 terminal return.</li> </ul> <p>Based on this, we would like to better understand CRA's processes around assessments and reassessments, and more specifically:</p>

	<p>a) What level of review exists before a Notice of Reassessment is issued to ensure the reassessment is correct?</p> <p>Currently, incoming ReFILE transmissions are only compared against the last software transmission. As a result, the incoming adjustment request does not take into account any changes made on the return between the last software submission and the new ReFILE submission.</p> <p>Changes planned for 2023 include restructuring the ReFILE foundation to ensure that all the taxpayer's latest assessed data are considered automatically. These changes are expected to improve the processing timeframes for taxpayers using ReFILE.</p> <p>b) Is there a comparison of taxpayer generated T1 REFILE information to the Notice of Reassessment issued by CRA? If the two are inconsistent, this may mean that the adjustment to be processed by CRA is incorrect.</p> <p>Review processes are in place to support the production of accurate notices of reassessment. System validities and checks are built into CRA's system, which may result in additional changes to the tax return.</p> <p>Please refer to the comment above regarding ReFILE changes that are being implemented for the 2023 filing season (2022 tax year).</p> <p>c) Does CRA have a service standard based on the time to deal with outstanding files and unresolved taxpayer enquiries?</p> <p>The Canada Revenue Agency's (CRA) goal in responding to taxpayer requested adjustments submitted electronically, through Change my return (CMR) or ReFILE, is to issue a notice of reassessment within two weeks. For those requests submitted on paper, the goal is to issue a notice of reassessment within eight weeks. Processing timeframes apply to routine adjustment requests. Some change requests are considered complex and will take longer.</p> <p>Due to COVID-19, the timeframe for processing adjustment requests submitted by paper can be 10 to 12 weeks.</p> <p>d) What is the best approach to resolve these issues? Some may simply file an objection rather than having to do multiple adjustments.</p> <p>e) Is the CRA examining ways to encourage a more streamlined approach for T1 adjustments as it relates to documentation issues?</p> <p><u>Response d) &amp; e):</u></p>
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	<p>Providing all the supporting documentation and clearly indicating the fields to adjust could help prevent issues with the requested reassessment.</p> <p>CRA's planned changes for T1 Adjustments will improve the process for requesting supporting documentation when it is required to process a reassessment. For example, if a taxpayer/representative uses one of the digital channels to submit the adjustment request, and supporting documentation is required, they will be automatically notified, immediately following the submission, that additional information needs to be provided.</p> <p><b>CPA Canada Comment:</b> – We understand that this question is raising concerns around the entire reassessment process (from the information being requested, to the review process and to how the reassessment is calculated) . We will continue to work with CRA on this issue.</p>
2.	<p><b>Corporation Change in Address</b></p> <p>Can the CRA provide an update on when corporation change of address functionality will be available again as part of Represent a Client? We understand the ability to do this was removed a year or so ago. Having to do this by telephone has been extremely time consuming.</p> <p>The CRA is continuing to examine the feasibility of re-establishing this service. We apologize for the inconvenience this may have caused and thank Canadian businesses for their patience as we work to restore and improve our online services and enhance their security.</p>
3.	<p><b>Guidance on Digital Currencies</b></p> <p>What are CRA's plans around providing further guidance on preparing tax returns related to NFT, digital currencies, crypto, digital steaming, other digital assets buy and sales?</p> <p>The CRA is aware that crypto assets are the result of a relatively recent innovation that is evolving very quickly and that can create a degree of uncertainty for Canadian taxpayers about their tax obligations in this area. In that respect, the CRA's "Guide for cryptocurrency users and tax professionals" provides general guidelines explaining to taxpayers their tax obligations in respect of cryptocurrency. For additional details, go to <a href="#">Guide for cryptocurrency users and tax professionals - Canada.ca</a></p>

	<p>To facilitate reporting of crypto assets, the CRA is currently in the process of amending certain forms, schedules and guides. Specifically, the CRA is working on providing further guidance on preparing tax returns for crypto-asset dispositions by updating the T1 Federal Income Tax and Benefit Guide, T1 Schedule 3 and the T4037 Capital Gains Guide for the 2022 tax year.</p>
4.	<p><b>Online Services for Trusts</b></p> <p>Will CRA be making Testamentary and Inter Vivos Trust information available online in the same manner that is done currently for T1 returns in My Account and T2 returns in My Business Account (and by extension, Represent a Client), and if so, when? This would greatly help all firms' time.</p> <p>The CRA plans to have information available to view online for Trusts, including Testamentary and Inter Vivos, which will also include a range of self-service options similar to those available for other CRA programs (e.g. those currently available for individuals in My Account and businesses in My Business Account). There will be a phased-in approach, where an initial offering of select services may be ready as early as 2023 and more available at the beginning of 2024.</p>
5.	<p><b>Transfer of Personal Tax Instalments</b></p> <p>Does CRA have any plans to allow taxpayers and professional advisors be able to transfer “misappropriated” personal tax instalments (where CRA takes an instalment amount from one year to pay for another tax liability without waiting for the taxpayer payment)? When the practitioner discovers that a client's personal income tax instalment has been credited to an incorrect year, the only way it can be rectified currently is for the practitioner to call the general inquires line which is inefficient and time consuming.</p> <p>The CRA is examining ways to further facilitate the transfer process.</p>
6.	<p><b>Payments Made on T1 Filing</b></p> <p>Another common T1 payment concern is the issue of a Notice of Assessment with interest charges because a return has been assessed but the payment made at the time of filing is not reflected on the assessment due to a delay in processing the payment. Although the interest is ultimately reversed, many clients still contact their advisor to ask about the interest charge and how the advisor will deal with this.</p>

	<p>Will the CRA take steps to make it clearer to taxpayers that these sorts of issues will be reversed once the payment is processed? For example, the CRA should consider including a bold, highlighted note on personal notices of assessments that the balance owing will NOT reflect the payments made on filing and how many days it will take for payments to appear in the CRA's systems.</p> <p>Under the <b>Explanation of changes and other important information</b> section of the Notice of Assessment, the following is stated:</p> <p>“We assessed your return and you have a balance owing. If you paid this balance and your payment is not appearing on this notice, please note it may take up to 10 business days for your payment to be reflected in our system. If you have not paid this balance, you can avoid additional interest charges by paying the full amount by MM/DD/YYYY. You can view your account balance and statement of account online using My Account.”</p> <p><b>CPA Canada Comment:</b> We will work with CRA to determine whether this statement can be displayed more prominently. In addition, we will ask if the CRA can include a statement which states that if a balance has been paid by the due date, any interest indicated on the notice of assessment will be automatically reversed.</p>
7.	<p><b>CRA IVR Telephone System Navigation Shortcuts</b></p> <p>In 2019, CRA provided CPA Canada with an “IVR Telephone System Navigation Shortcuts Sheet” which helped users quickly and easily find their way to their intended destination without having to listen to the full IVR menu when contacting the CRA. Is it possible to provide a revised navigation sheet?</p> <p><b>CPA Canada Comment:</b> The CRA has provided the updated IVR Navigation Shortcuts Sheets (subject to change without notice)</p> <p></p> <p>ITR_ITE-NAVIGATION_SHORTCUT-ENG.pdf</p>
8.	<p><b>Privacy Concerns</b></p> <p>With many CRA personnel still working from home, how is the CRA handling concerns from taxpayers that agents are using their personal cell phones and working from their homes which exposes the risk of breaches of confidentiality?</p>

	<p>Protecting the personal information of employees and taxpayers is a top priority for the CRA. We have strict safeguards in place to make sure that personal information is secure and that our employees are well trained and diligent in their efforts to protect the information that is in their care.</p> <p>All CRA employees are provided with specific guidance on how to securely manage sensitive information. Any employee working remotely must complete a virtual telework agreement and ensure that their workspace adheres to CRA security policies and procedures. CRA employees with the capacity to telework or work offsite connect remotely to the CRA network via a fully secure virtual private network and must use CRA-approved equipment with appropriate safeguards. To be clear, CRA employees are not permitted to use personal cell phones to discuss protected information.</p> <p>Any incident involving a potential breach of information must be reported to the Security Branch (Agency Operations Centre) for thorough investigation. In the event that a privacy breach is confirmed, corrective measures are applied and affected individuals are notified, as appropriate.</p>
<p>9.</p>	<p><b>T1 Adjustments</b></p> <p>a) Could CRA please provide an update on service times for simple adjustment requests? Our members have indicated simple adjustment requests often take months for CRA to process.</p> <p>The Canada Revenue Agency's (CRA) goal in responding to taxpayer requested adjustments submitted electronically, through Change my return (CMR) or ReFILE, is to issue a notice of reassessment within two weeks. For those requests submitted on paper, the goal is to issue a notice of reassessment within eight weeks. Processing timeframes apply to routine adjustment requests. Some change requests are considered complex and will take longer to process.</p> <p>Due to COVID-19, the timeframe for processing adjustment requests may be longer than normal.</p> <p><b>CPA Canada Comment:</b> CRA has a tool, Check CRA processing times which provides an estimated targeted processing time for tax returns and other tax-related requests.</p>

	<p>b) Why does Change my Return/ReFILE no longer allow you to do T1 Adjustments for multiple years at once. It is quite time consuming to only be able to do one T1 adjustment at a time? (Note from CPAC: It was not clear to us based on the question received whether this issue was in both Change my Return and ReFILE)</p> <p>In reviewing its programs, CRA discovered that if a taxpayer/representative accesses the Change my return (CMR) application from the View my return (VMR) page in My Account, they are currently unable to add additional years to the CMR request. This appears to be a bug in the link between the VMR and CMR applications.</p> <p>This situation will be fixed as part of changes scheduled for the 2023 filing season, and users will be able to submit CMR requests for multiple tax years at once, regardless of how they arrived at the CMR application.</p> <p>In addition, beginning in 2023, users will be able to submit ReFILE requests for a series of tax years, one after the other.</p>
10.	<p><b>Home office expenses</b></p> <p>Is the CRA considering an administrative position that accepts meeting clients on a regular and continuous basis primarily (90% or more) via virtual meetings as meeting the test for the use of workspace in the home deductions?</p> <p>In order to deduct expenses related to a work space in the home, an employee must, among other things, satisfy one of the conditions outlined in paragraph 8(13)(a) of the Income Tax Act (“Act”). If an individual is a sole proprietor, the conditions that must be met in order to deduct such expenses are found in paragraph 18(12)(a) of the Act.</p> <p>Subparagraph 8(13)(a)(ii) of the Act provides that expenses related to a work space in the home which are otherwise deductible under paragraphs 8(1)(f) and (i) of the Act cannot be deducted unless the work space is used exclusively during the period in respect of which the amount relates for the purpose of earning income from the office or employment and used on a regular and continuous basis for meeting customers or other persons in the ordinary course of performing the duties of the office or employment.</p> <p>Subparagraph 18(12)(a)(ii) of the Act provides that no expenses related to a work space in the home can be deducted unless the work space is used exclusively for the purpose of earning income from business and</p>

	<p>used on a regular and continuous basis for meeting clients, customers or patients of the individual in respect of the business.</p> <p>It is the long-standing position of the Canada Revenue Agency (“CRA”) that the term “meeting”, as used in both subparagraph 8(13)(a)(ii) and 18(12)(a)(ii) of the Act includes only face to face encounters.</p> <p>At the present time, the CRA is not considering an administrative position that would include virtual encounters for purposes of the test in subparagraph 8(13)(a)(ii) or 18(12)(a)(ii) of the Act.</p> <p>However, depending on the particular facts, an individual who meets with clients on a regular and continuous basis primarily via virtual meetings may be eligible to deduct expenses related to a work space in the home if the condition in subparagraph 8(13)(a)(i) or 18(12)(a)(i) of the Act is otherwise met.</p>
<p>11.</p>	<p><b>Foreign Tax Credit Verifications</b></p> <p>a) Members are finding inconsistencies with how the CRA has been auditing the Foreign Tax Credit. Submission of the suggested supporting documents (such as bank statement to show proof of payment or tax authority printouts) as detailed in CRA's list of accepted documents can still result in a denial of the claim. The rationale provided for the denial can be that the support does not come in the same format that Canadian tax documents come in, such as tax slips or official notice of assessments/returns.</p> <p>Can CRA clarify what its expectations are in terms of accepted supported documentation and what taxpayers and their advisors should provide to ensure expeditious processing of the FTC claim?</p> <p>The CRA provides all officers in their review programs standard procedures related to the review of the foreign tax credit (FTC). However, the application of the procedures rests with the officers who actually review the files. Although we try to avoid it, it is possible that inconsistencies happen.</p> <p>When foreign taxes are withheld on T-slips the CRA will try to match the amount with what we have available on file. If the amount claimed corresponds with the T-slips available on file, the claim should be accepted without contacting the taxpayer or representative. When the amount claimed does not correspond with the T-slips available, a contact is made to request the</p>

	<p>supporting documents. When files are selected for review, there is a possibility that the T-slip is not yet updated on the system. If this is the case, a contact will be made to request the supporting documents.</p> <p>When a taxpayer sends in supporting documents, all supporting documents should be clear and precise. However, it doesn't have to be in the same format as Canadian forms or slips. Any document that is in a foreign language needs to be translated following the "document in a foreign language" criteria.</p> <p>If any of the documents are in a foreign language, we need a copy of the original documents written in the foreign language with an acceptable English or French translation.</p> <p>To be acceptable, the signatory's name has to be printed, in the Latin alphabet, and the translation has to meet one of the following conditions:</p> <ul style="list-style-type: none"><li>- be certified by an official with the authority to administer an oath or solemn declaration (commissioner of oaths, notary public, or lawyer) unless it was done by a translator who is a member in good standing of one of the provincial or territorial organizations of translators and interpreters of Canada</li><li>- have the seal and signature of an official from the foreign country's embassy, high commission, or consulate confirming it is a true translation</li><li>- have a written statement indicating the profession and the signature of a teacher, professor, or a religious leader confirming it is a true translation</li></ul> <p>Note: To be acceptable, the taxpayer's name cannot be the same as the signatory's.</p> <p>b) The current CRA verification letter for FTC claims is lengthy and not focused on the nature of the claim. In addition, the letters ask for information already available to the CRA through T-slips. We assume that part of the issue is that the CRA does not get sufficient information when a T1 is EFILED to determine the nature of the FTC.</p> <p>Can the CRA take steps to make sure the filing and verification process for FTCs is enhanced and streamlined so that the CRA understands the</p>
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	<p>nature of the FTCs claimed so that they can provide more directed guidance on what documentation will be required?</p> <p>The CRA tries to conduct its review activities fairly and to find and maintain a balance between the need to review tax returns and the possibility of causing an undue burden on taxpayers.</p> <p>Before a taxpayer is asked to provide information, the CRA first tries to confirm the individual's eligibility to a claim or deduction based on the information available on file. If more information is needed, or if we are unable to resolve the discrepancy internally, we send a request for information and supporting documents to confirm and substantiate the taxpayer's claim. Individuals who have difficulty getting the documents we ask for or who need more time are encouraged to contact us as soon as possible.</p> <p>The review letters issued by the Canada Revenue Agency (CRA), in their current format, were designed to include detailed requirements for the most common types of claims made at the applicable line of the T1 General income tax and benefit return or schedule. The goal of this approach is to reduce the need for additional follow-up contact with taxpayers or their representatives. It is for this reason that our letters indicate that the taxpayer or their representative should provide the information that is applicable to their situation.</p> <p>That being said, the CRA is committed to reviewing and improving its existing letters with the objective that all correspondence be clear, concise, and easily understood. To meet this objective, letters are revised on an ongoing basis to provide taxpayers with as clear an understanding as possible of what information is required. The initial contact letter for foreign tax credit is lengthy because not all the information is available through the CRA system.</p> <p>Another FTC issue is that the documentation needed may not be available at the time of filing or verification as the foreign country has different filing deadlines or is slower than the CRA when it comes to processing personal tax returns.</p> <p>Is there a process whereby the individual's Canadian T1 return can be held in abeyance for a reasonable period of time until the required information from a foreign country becomes available rather than simply denying the FTC? In many situations, the issue is simply timing, and the</p>
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	<p>same issue comes up annually. A denied claim followed by reinstatement of the same claim after the filing of a notice of objection is an inefficient process.</p> <p>The 30-day response time indicated in our initial contact letters is a long-standing standard that the CRA deems to be a reasonable amount of time to provide the requested documents or information. However, it should be noted that you also have the option of requesting extensions to this timeframe if needed. In addition, the CRA will review your return upon receipt of any previously requested documents or information in cases where they were not provided in the initial 30 days.</p> <p>There is no requirement to file a Notice of Objection if the claim is denied because the taxpayer or their representative is unable to provide the requested supporting documents. A taxpayer can choose to file a Notice of Objection; however, we recommend that they simply request a reassessment once the required documents are available to support the claim. In addition, an extension can be requested by the taxpayer or their representative to avoid having the claim initially denied.</p> <p><b>CPA Comment:</b> We understand that many taxpayers and their advisors may choose to object to ensure the taxpayer's rights are maintained. We have raised this issue with CRA and will continue our discussions on this matter with them.</p>
12.	<p><b>Interpretation – Excluded Business</b></p> <p>The definition of excluded business in subsection 120.4(1) of the Income Tax Act (ITA) requires a specified individual to be actively engaged on a regular, continuous, and substantial basis in the activities of the business in either the taxation year, or any five taxation years of the specified individual. Paragraph 120.4(1.1) (a) deems an individual to be actively engaged on a regular, continuous, and substantial basis in the activities of a business in a taxation year if the individual works in the business at least an average of 20 hours per week during the portion of the year in which the business operates.</p> <p>The Department of Finance explanatory notes related to excluded business provides an exception to meeting the 20 hours per week criteria in certain situations where the individual was unable to work for the full year. It provides an example where an individual works 30 hours per week in a year-round business up to the start of July, after which they are unable to continue to work throughout the remainder of the year (due to for example, injury, birth of a child etc.) could be considered meet the requirements of ITA subsection 120.4(1).</p>

Three scenarios were presented to CRA in question 18 at the 2019 APFF CRA roundtable (2019-0812771C6). The first scenario had an individual give birth on December 31, 2019, followed by parental leave for all the 2020 taxation year. The other two scenarios deal with an individual that suffered a work accident on January 1, 2020 and went on sick leave or permanent disability for the rest of the 2020 taxation year. In all three scenarios, the individual was not actively engaged on a regular, continuous, and substantial basis for more than five years prior to the 2020 taxation year. In all three scenarios, CRA concluded that the business of the corporation would not constitute an excluded business of the individual for her taxation year 2020 because the individual will not be actively engaged on a regular, continuous and substantial basis in the activities of the business for the year (but for a portion of January 1, 2020 in Situations 2 and 3).

CRA's response indicates that being actively engaged for only one day is not sufficient to meet paragraph (a) of the definition of excluded business in subsection 120.4(1) even if the employment was interrupted by injury, illness or the birth or adoption of a child; whereas, Department of Finance's explanatory notes indicates that being actively engaged for six months could be sufficient to meet paragraph (a) of the definition of excluded business in subsection 120.4(1) if the employment was interrupted by injury, illness or the birth or adoption of a child.

Can CRA reconcile the difference between CRA and Department of Finance positions and provide more clarity on when the rule will and will not apply?

An individual who is 17 years of age or over at the beginning of a taxation year and who derives split income from a related business is not subject to TOSI if the split income was derived from an "excluded business". Subsection 120.4(1) defines an "excluded business" of an individual to mean a business in which the individual was actively engaged on a regular, continuous and substantial basis for the year or in any five previous years. The TOSI rules also include a deeming provision which provides a degree of certainty when determining whether a particular individual should be considered to be actively engaged on a regular, continuous and substantial basis. Paragraph 120.4(1.1)(a) provides that an individual will be deemed to be actively engaged on a regular, continuous and substantial basis in a particular taxation year if the individual works in the business at least an average of 20 hours per week during the portion of the taxation year of the individual that the business operates.

In any particular case, it is a question of fact as to whether the specified individual was actively engaged on a regular, continuous and substantial

	<p>basis in the business, which necessitates the consideration of various factors, including, among other things, the individual’s specific involvement and the nature of the business. The following guidance was provided in the Department of Finance Explanatory Notes (the “2018 Explanatory Notes”):</p> <p>Whether an individual has been actively engaged in the activities of a business on a ‘regular, continuous and substantial basis’ in a year will depend on the circumstances including the nature of the individual’s involvement in the business and the nature of the business itself. Whether an individual is actively engaged in a business will generally turn on the time, work and energy that the individual devotes to the business. The more an individual is involved in the management and/or current activities of the business, the more likely it is that the individual will be considered to participate in the business on a regular, continuous and substantial basis. Likewise, the more an individual’s contributions are integral to the success of the business, the more substantial they would be.</p> <p>The provisions of the ITA that assign a meaning to an “excluded business” by reference to whether a specified individual is actively engaged on a regular, continuous and substantial basis in the activities of the business do not address a situation where a leave of absence is taken by a specified individual. This is also the case for the deeming provision in paragraph 120.4(1.1)(a).</p> <p>Despite the fact that the TOSI legislation is silent with respect to the impact of a leave taken by an individual in a particular year, the 2018 Explanatory Notes indicate that, under certain circumstances, a leave of absence should not negatively impact an individual’s ability to meet the requirement of being actively engaged on a regular, continuous and substantial basis in a year. In particular, the 2018 Explanatory Notes provide the following example:</p> <p>Without limiting the generality of the “regular, continuous and substantial” test described above, new paragraph 120.4(1.1)(a) contains a deeming rule that provides additional certainty in determining whether an individual is actively engaged on a regular, continuous and substantial basis in the activities of a business. This bright-line deeming rule is generally based upon an average of 20 hours per week of work throughout the portion of the year when the business operates. An average work commitment of less than 20 hours per week could qualify as regular continuous and substantial where, for example, an individual works 30 hours per week in a year-round business up to the start of July, after which they are unable to</p>
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	<p>continue working throughout the remainder of the year (e.g., because of injury, illness or the birth or adoption of a child). For more information, see the commentary on the definition “excluded amount” and paragraph 120.4(1.1)(a).</p> <p>As such, it is our view that the 2018 Explanatory Notes support a practical approach to determining whether a specified individual is (or is deemed to be) actively engaged on a regular, continuous and substantial basis in the activities of a business where the individual is on leave for part of a year and unable to continue working (e.g. due to injury, illness, or the birth/adoption of a child).</p> <p>With this in mind, the CRA is prepared to make a determination with respect to whether a specified individual is considered to be actively engaged on a regular, continuous and substantial basis for a particular taxation year based on the part of the taxation year during which the individual was working in the business. In other words, the period of time during which a specified individual was on leave will not, in and of itself, preclude the individual from meeting the requirements of an excluded business. For example, if a specified individual was on a medical leave beginning in March of 2022 and returned in September of 2022, the CRA would be prepared to disregard the 6-month temporary absence in determining if the individual was (or was deemed to be) actively engaged on a regular, continuous and substantial basis in the activities of the business. The CRA would be prepared to take this approach only in cases where the leave in question is reasonable and in line with leave taken in an arm’s length situation for similar reasons (e.g. when an individual is unable to work due to injury, illness, or the birth/adoption of a child), and where the specified individual can reasonably be expected and has demonstrated an intent to return to work on the expiration of the leave period.</p> <p>In applying the above-noted approach, we are of the view that, as noted in our response to question 18 at the 2019 APFF Roundtable (2019-0812771C6) the CRA would not consider a specified individual to have met this requirement where the specified individual was only involved in the activities of the business for one day (or a part of a day) in a taxation year.</p> <p>It is important to note that while the “excluded business” exception may not be available in certain circumstances (such as those described in the 2019 APFF Roundtable), we would emphasize that this does not mean that a specified individual would necessarily be subject to TOSI. The “excluded business” exception is one of a number of exclusions from</p>
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	TOSI. In particular, the “excluded shares” and “reasonable return” exceptions should also be taken into consideration.
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