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# *Guide to the 2001 CT23 Short-Form Corporations Tax and Annual Return*



**An Information  
Guide including  
2000 budget items  
and other legislative  
amendments.**

## General Information, Forms & Publications

### Revenue Operations and Client Services Branch (ROCSB)

- English 1-800-263-7965
- French 1-800-668-5821
- TTY (Deaf) 1-800-263-7776

Ministry of Finance  
P.O. Box 622, 33 King Street West  
Oshawa ON L1H 8H6

## Corporations Tax Branch Enquiries

We want to provide you with the best service possible. You can help us answer your questions more quickly if you have all of your information ready. Before contacting us you should do all of the following:

- read the appropriate sections of this guide;
- read the appropriate sections of other publications we mention in this guide;
- prepare all the details of your situation and question;
- have on hand the working copy of your CT23, any related papers or receipts, a pencil and some paper; and
- have the following account numbers available;
  - Ontario Corporations Tax Account No. (MOF)
  - Ontario Corporation No. (MCBS) (formerly MCCR), and
  - Canada Customs and Revenue Agency Business Number (CCRA)

### Accounts

Payments, interest and penalties

- Toronto (416) 920-9048 ext. 3036; French ext. 6062
- Oshawa (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036; French ext. 6062
- Fax (905) 433-5197

### Desk Audit

General tax enquiries, (re)assessments, amended returns, loss carry-back requests

- Toronto (416) 920-9048 ext. 6559; French ext. 5639
- Oshawa (905) 433-6559
- Toll-Free 1-800-262-0784 ext. 6559; French ext. 5639
- Fax (905) 433-6998

### Returns Processing Centre

D-FILE

- Toronto (416) 920-9048 ext. 4440
- Oshawa (905) 436-4440
- Toll-Free 1-800-262-0784 ext. 4440
- Fax (905) 433-5287

Paper

- Toronto (416) 920-9048 ext. 6700
- Oshawa (905) 433-6700
- Toll-Free 1-800-262-0784 ext. 6700
- Fax (905) 433-5287

### Hours of Service:

- Monday to Friday 8:30 am to 5:00 pm

Note: Toll free numbers valid in Ontario and Quebec only.

E-FILE

- Toll-Free 1-800-959-2803  
1-800-959-2804, French  
(select option # 3 (Ontario))

### Specialty Assessments

Specified refundable tax credits

- Toronto (416) 920-9048 ext. 5450
- Oshawa (905) 433-5450
- Toll-Free 1-800-262-0784 ext. 5450
- Fax (905) 433-6137

### Quality Assurance

Ontario Business-Research Institute Tax Credit (OBRITC) advance rulings

- Toronto (416) 920-9048 ext. 6618
- Oshawa (905) 433-6618
- Toll-Free 1-800-262-0784 ext. 6618
- Fax (905) 433-6998

### Tax Roll Services

Name, address or telephone changes; dissolutions, revivals or amalgamations

- Toronto (416) 920-9048 ext. 6666; French ext. 6263
- Oshawa (905) 433-6666
- Toll-Free 1-800-262-0784 ext. 6666; French ext. 6263
- Fax (905) 433-5418

### Write to us at:

Ministry of Finance  
Corporations Tax Branch,  
Unit Name (From above)  
PO Box 622, 33 King Street West, Oshawa,  
ON L1H 8H6

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## Overview

### Format for 2001 Return

This Short-Form return may be used by certain smaller corporations that have a taxation year ending on or after January 1, 2000 (refer to eligibility criteria for using this new return on page 4 of this guide). In addition, to streamline the collection of corporate information, corporations are able to file a combined CT23 Short-Form Corporations Tax and Annual Return for the 2000 and subsequent taxation years. The CT23 Short-Form Corporations Tax Return collects the information required by the *Corporations Tax Act*. The Annual Return collects information required by the Ministry of Consumer and Business Services (MCBS) (formerly the Ministry of Consumer and Commercial Relations (MCCR)) under the authority of the *Corporations Information Act*. For information on the Annual Return please refer to pages 9 to 12 of this guide.

This guide is to be used to complete the 2001 CT23 Short-Form Corporations Tax and Annual Return.

Acronyms used in this guide are as follows:

- CT23 - refers to the CT23 Short-Form Corporations Tax Return.
- Annual Return - refers to the MCBS Annual Return.
- CT23 and Annual Return - refers to the combined CT23 Short-Form Corporations Tax and Annual Return.

- References to the *Corporations Tax Act* are noted as - s.5 (meaning refer to section 5).
- References to the Ontario Ministry of Finance Information Bulletins or Interpretation Bulletins are noted - Inf.B.2739 or Int.B.2619. Copies of these Bulletins may be obtained by calling the Revenue Operations and Client Services Branch at the numbers shown on page 2 of this guide.
- References to the federal *Income Tax Act*, Canada are noted as "fed".

### CT23 and Short-Form Annual Return Format

The CT23 Short-Form Corporations Tax and Annual Return consists of 8 pages, including 2 pages of schedules relating solely to the MCBS Annual Return (MCBS Schedules A and K).

### The Corporations Tax Act

This guide is provided for convenience only. For legislative accuracy refer to the *Corporations Tax Act*, R.S.O. 1990, Chapter 40, as amended ("Act"). Failure to comply with the provisions of the Act may result in loss of your Ontario Charter and dissolution and forfeiture of the corporation's property to the Crown.

## 2000 Ontario Budget Changes

The 2001 CT23 Short-Form Return has been updated to include the 2-step general tax rate reduction and the enhancements and acceleration of the series of rate reductions to the IDSBC. These measures were included in Bill 72 which received Royal Assent on June 23, 2000.

The 2000 Ontario Budget proposal to increase the Ontario business limit of \$200,000 by annual increments of \$40,000 commencing January 1, 2001 until the limit reaches \$400,000 on January 1, 2005, was not incorporated into the Short-Form since the use of the Short-Form return is restricted to taxpayers having taxable income of \$200,000 or less.

## Do you have to file an Ontario Corporations Tax Return?

### Exempt from Filing (EFF)

- You may be exempt from filing a CT23 for the current taxation year, if your corporation meets **all** of the criteria listed below:
  - files a federal income tax return (T2) with Canada Customs and Revenue Agency (formerly Revenue Canada);
  - has no Ontario taxable income;
  - has no Ontario Corporations Tax payable;
  - is a Canadian-controlled private corporation (CCPC) throughout the taxation year (i.e., generally, a private corporation with 50% or more shares owned by Canadian residents as defined in subsection 125(7) of the *Income Tax Act*, (Canada);
  - has provided its Canada Customs and Revenue Agency Business Number to the Ontario Ministry of Finance's Corporations Tax Branch; **and**
  - is not subject to the Corporate Minimum Tax (i.e., alone or as part of an associated group whose total assets exceed \$5 million or whose total revenues exceed \$10 million).
- **Corporations are required to file an EFF Corporations Tax Return declaration form for every taxation year for which the status is claimed (effective for taxation years ending on or after January 1, 2000).**
- Corporations who are claiming EFF status may still be required by the Ministry of Consumer and Business Services to file an Annual Return; please refer to page 9 of this guide.
- A Notice of Assessment will not be issued for any CT23 filed by a corporation which is EFF.
- Financial Institutions (banks, credit unions, mortgage investment corporations, registered securities dealers, bank mortgage subsidiaries, loan and trust corporations and trustees to the public) and insurance corporations, **do not** qualify for the exemption from filing a CT23 for a taxation year.
- EFF corporations filing losses to be carried back and applied to prior years or applied to future years **must file** a CT23 complete with all the related schedules for the taxation year of the loss and for the taxation year to which the loss is being applied.
- Failure to file a CT23 for a loss year may result in your CT23 being processed without the loss being applied.
- A CT23 for an EFF period may be required, if requested by the Ministry of Finance.

### Ontario Corporations Tax Account No. (MOF)

In order to file a CT23 or an EFF declaration you will require an Ontario Corporations Tax Account No. (MOF). This account number will be assigned to you shortly after you register with the Ministry of Consumer and Business Services (MCBS). If you have already registered with MCBS and are still unaware of your Ontario Corporations Tax Account No. (MOF), please contact the Tax Roll Services Unit (see page 2 listing).

### Can You File a CT23 Short-Form Corporations Tax and Annual Return?

A corporation that has a permanent establishment only in Ontario, may file a CT23 Short-Form Corporations Tax and Annual Return if it meets **all** of the following criteria:

- The corporation is a Canadian-controlled private corporation (CCPC) throughout the taxation year.
- The corporation's taxation year ends on or after January 1, 2000, its gross revenue and total assets are each \$1,000,000 or less and the corporation is not a financial institution OR the corporation's taxation year ends on or after January 1, 2001, its gross revenue and total assets are each \$1,500,000 or less and the corporation is not a financial institution.
- The corporation's taxable income for the taxation year is \$200,000 or less. For a taxation year with less than 51 weeks, taxable income must be grossed-up. The gross-up equals the corporation's taxable income multiplied by 365 days and divided by the number of days in its taxation year.
- The corporation is not a member of a partnership/joint venture or a member of an associated group of corporations during the taxation year.
- The only tax credits the corporation is claiming are the Incentive Deduction for Small Business (IDSBC), the Co-operative Education Tax Credit (CETC), or the Graduate Transitions Tax Credit (GTTC).
- A Family Farm or Fishing Corporation which is not subject to the Corporate Minimum Tax (CMT) may also use the CT23 Short-Form Corporations Tax and Annual Return for a taxation year ending on or after January 1, 2000, if it meets all of the above criteria excluding the total asset and gross revenue test.

Both the CT23 Short-Form Corporations Tax and Annual Return and related Guide may be obtained by contacting the Revenue Operations & Client Services Branch, at the address shown on page 2 of this guide.

## Serving You

General information, brochures and forms may be obtained by contacting the Revenue Operations & Client Services Branch (See page 2 of this guide).

Anyone wishing to electronically view or purchase Government of Ontario Publications, including Ontario Statutes and Regulations such as the *Corporations Tax Act*, *Business Corporations Act* or *Corporations Information Act* may do so by accessing web site [www.gov.on.ca/fin](http://www.gov.on.ca/fin)

### What if you need help to complete this return?

If you need more help after reading this guide, please contact us at the numbers listed on page 2 of this guide.

### Authorizing a representative

You can authorize a representative to obtain information on your tax matters by sending, or including with your return, a letter on your corporate letterhead indicating the individual or organization that you authorize to represent your interests. This letter must be signed by an authorized signing officer of the company.

## Filing Your CT23 and Annual Return

### Who must file?

Generally, every corporation carrying on a business in Ontario through a permanent establishment (as defined in s.4) **other than corporations exempt from filing** (as outlined on page 4 of this guide) must submit a Regular or Short-Form CT23 Corporations Tax and Annual Return signed by an officer of the corporation. For specific information on who must file an Annual Return please see page 9 of this guide.

### How can you file?

The following methods are available to file a CT23 and Annual Return.

- Complete and submit the pre-printed paper return received with this information guide;
- Submit a plain paper return produced with certified computer software purchased from any one of many companies; or
- Submit a return on diskette (DFILE) produced with certified software available from certified vendors.
- In the spring of 2001, electronic filing (EFILE) is expected to be available - For additional information refer to the MOF website ([www.rev.gov.on.ca/cota/html/ctieefil2.htm](http://www.rev.gov.on.ca/cota/html/ctieefil2.htm)) or call the Ministry's EFILE Services Desk listed on page 2.

Your corporation's CT23 and Annual Return will be imaged. Please ensure that the document is neat, legible and suitable for imaging. Please type or print all information in block capital letters using dark ink .

Previous versions of the CT23 including Ministry preprinted,

computer generated, or DFILE format may not be used by corporations required to file a CT23 and Annual Return. Please ensure that any software is Y2K compliant.

### Where can a corporation obtain more information about Dfile?

Information Bulletin 2749 provides the requirements for Dfiling of the CT23. If you are interested in Dfiling, copies of this Bulletin may be obtained by contacting the Ministry at the numbers listed on page 2 of this guide.

You may also contact:

Business Services Branch  
Hardware and Software Dfile Enquiries  
Oshawa (905) 433-6689  
Toronto (416) 920-9048, ext. 6689

### When must you file?

A completed CT23, Annual Return (if applicable) and supporting documents must be received within **6 months** after the end of the corporation's taxation year. The Minister considers the CT23 delivered on the date it is received by the Ministry of Finance.

### What are the penalties if you file your CT23 return late and have not made sufficient payments for the year?

#### Rules for Calculating Penalty

The following penalties may be imposed for filing incomplete or late CT23s that are required to be filed on or after December 18, 1998. A taxpayer having 1 late filed CT23 may be subject to a penalty of 5% of the deficiency in the tax account for the taxation year, plus an additional 1% for each full month that the CT23 is late, to a maximum of 12 months. A taxpayer having 2 late filed CT23s within 4 taxation years may be subject to a penalty on the latter return of 10% plus 2% for each full month that the CT23 is late to a maximum of 20 months.

### When will we pay or charge interest?

#### Rules for Calculating Daily Compound Interest for any day that is on or after August 1, 1995 (Information Bulletin 2743-R1)

#### Notice of (Re)Assessment

1. **Debit Interest** at the rate provided in the Regulations, is calculated and charged daily for every day that there is a deficiency in your account (includes unpaid taxes, interest, penalties and other unpaid amounts). A corporation's account is divided for interest purposes, by period of time, into an instalment account for the instalment period and a tax account for the period after the instalment period. The instalment period is the period from the first day of your taxation year to the day before the balance of tax due date or the day before the most recent (re)assessment for the taxation year, whichever is earlier.
2. **Instalment credit** interest at the rate provided in the Regulations, is calculated daily for each day that there is a

surplus in your instalment account, from the last day of the first month in the instalment period, to the end of the instalment period.

3. **Credit interest on overpayments** at the rate provided in the Regulations is calculated and allowed daily for each day there is a surplus in your tax account after the end of your instalment period, for the taxation year. If a return is not filed on time, no credit interest will be allowed for the period from the day your return was required to be filed, to the day after your return is filed.

### Application of Payments

Any amount paid, applied or credited (on or after August 1, 1995) in respect of amounts payable, will be applied firstly against any tax owing, secondly against any penalty owing, thirdly against any interest owing and fourthly against any other amounts owing by the corporation.

### Revised Instalments

Instalment debit and credit interest will be re-calculated to reflect revised instalments resulting from the reassessment of the tax payable on which the instalments are based, except in the case of loss carry-backs.

### Effects of Loss Carry-backs

Loss carry-backs for losses incurred in taxation years that end on or after August 1, 1995, do not affect the calculation of interest for the instalment account, the tax account or for the purposes of determining the amount of the late-filing penalty (if the CT23 due date is on or after August 1, 1995) until the date that is the later of the following:

1. The first day of the taxation year after the loss year;
2. The day on which the corporation's CT23 for the loss year is delivered to the Minister; or
3. The day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.

### Interest off-set

Debit and credit interest is netted for a particular taxation year. Netting between different taxation periods is not permitted.

### What should you include with your CT23 and what records should you keep?

With the CT23, attach completed copies of:

- The corporation's financial statements for the taxation year, completed in accordance with Generally Accepted Accounting Principles. (Refer to Inf. B. 2747 dated May 1994).
- The federal T2 Corporate Income Tax Return, including all schedules and any other information filed with the T2 return (T2 RSI is not acceptable).
- If applicable, include federal schedules T2057, T2058 and T2059.
- For information on what should be included with your Annual Return, please see page 10 of this guide.

**Send your tax payment(s) (payable to the Minister of Finance) and completed CT23 by the appropriate due dates to:**

Ministry of Finance  
PO Box 620, 33 King Street West  
Oshawa ON L1H 8E9

## After You File

### What happens to your CT23 after we receive it?

When we receive your CT23, we review it based on the information you provided and send you a Notice of Assessment based on that review.

In some cases your CT23 may be selected for a more detailed review and additional information may be requested.

### If you move, or wish to have correspondence sent to a different address, what should you do?

If you would prefer that your CT23, statements, (re)assessments and/or refunds be directed to an address other than your general mailing address, please contact the Tax Roll Services Unit (see page 2 of this guide).

### Is the monthly payment of instalments always required?

No. Monthly instalments are not required in the first year of filing or when taxes payable for either the current or previous taxation year are less than \$2,000. All taxes must be paid on or before the balance of tax due date. (refer to Balance of Tax)

Tax must be paid by monthly instalments if your tax payable for the current taxation year and for the previous taxation year are each \$2,000 or more.

Each instalment, usually due on the last day of the month, should be calculated according to one of the following methods:

- 1/12 of the tax payable for the current taxation year; or
- 1/12 of the tax payable in the previous taxation year; or
- for the first two months, 1/12th of the tax payable two years ago; and for the next ten months, 1/10th of the difference between last year's tax payable and the amount paid for the first two months.

Where instalment calculations are based on a prior short taxation year, the tax payable figure used for that year must be grossed-up to reflect the amount that would have been payable for a full year.

A corporation that is the continuing corporation of amalgamated corporations must use the predecessor corporation's tax liability in the computation of instalments.

### Balance of Tax

- The difference between the current year tax liability and the amounts paid by instalments represents the balance of tax due.

- The balance of tax due must be paid within three months after the end of your taxation year if your corporation was a Canadian-controlled private corporation throughout the taxation year and had taxable income of not more than the corporation's business limit for Ontario purposes for the previous taxation year. For additional information regarding changes to the business limit for Ontario purposes introduced in the 2000 Ontario Budget, refer to page 9 of the 2001 CT23 Guide (long version).
- If the previous taxation year was less than 51 weeks, the corporation's business limit for Ontario purposes must be prorated (i.e., \$220,000 x the number of days in taxation year ÷ 365). The taxable income must not be more than this prorated limit.

For Accounts or Payment enquiries, please call the Corporations Tax Branch Accounts Enquiry lines at the numbers listed on page 2 of this guide.

### Voluntary Disclosure

It is the policy of the Ontario Ministry of Finance that any corporation or individual, who voluntarily discloses a violation of a statute administered by the Ministry of Finance, be allowed to settle any related debt by making full payment including interest.

If the above condition is met, the Ministry will not prosecute or impose civil penalties for gross negligence, wilful evasion or late-filing. The identity of an individual or corporation making a voluntary disclosure will be held in strict confidence as are all matters between the Ministry and its clients.

For complete information, please obtain a copy of the Ministry's Voluntary Disclosure Bulletin dated June 1999, by contacting the Revenue Operations and Client Services Branch at the numbers shown on page 2 of this guide.

## Identification (Page 1)

Page 1 is a common page to both the CT23 and the Annual Return. In order to avoid delays in the processing of the returns, it is essential that page 1 of the return contain **all** of the following:

- Answer to the question: MCBS Annual Return Required?(see page 9 of this guide for further information)
- Corporation's Legal Name and Mailing Address
- Ontario Corporations Tax Account No. (MOF)
- Taxation Year Start Date
- Taxation Year End Date
- Answer to the question: Has address changed since last filed CT23 Return? If yes, please indicate the date of change.
- Date of Corporation's Incorporation or Amalgamation
- Ontario Corporation No. (MCBS)
- Canada Customs and Revenue Agency Business Number
- Jurisdiction Incorporated

- If the corporation was not incorporated in Ontario, the date business activity commenced and ceased (if applicable) in Ontario

Note: If there has been a taxation year end change approved by Canada Customs and Revenue Agency, please attach a copy of the approval to the return.

### Name and Address

The "**Corporation's Legal Name**", for filing purposes, is the legal name of the corporation as stated in the articles of incorporation or subsequent amendment document. Please enter the full name, including all punctuation.

The "**Mailing Address**" is the corporation's **current** address for the purpose of receiving correspondence from the Corporations Tax Branch, i.e.: CT23 and Annual Return form; Notice of (Re)Assessment; Statement of Account; and refund cheques (if applicable).

If the "**Registered /Head Office**" Address and the "**Location of Books and Records**" are the same as the current mailing address, please indicate this by stating "same as above" in each location. If the mailing address is a P.O. Box number, the full street address, including lot, concession, unit or suite number must be provided.

The "**Name of person to contact**" refers to an individual whom the Ministry may contact for further information/clarification regarding the return.

### MCBS Information

Page 1 also includes information required by MCBS collected under the authority of the *Corporations Information Act*. If the corporation has answered "Yes" to the question "MCBS Annual Return Required?", please complete the following additional information:

- The corporation's "**Ontario Corporation No. (MCBS)**". This is the number assigned to the corporation by the MCBS.
- If the corporation is an Extra-Provincial Corporation as defined by the *Corporations Information Act* please complete the "**Address of Principal Office in Ontario**" and, if applicable the "**Former Corporation Name**".
- If more than one MCBS Schedule A is being submitted, please indicate the number in the box provided.
- Please tick the "No Change" box if there has not been any change in the Directors/Officers/Administrators information previously submitted to MCBS.

## Certification (MCBS) (Page 1)

If the corporation has answered "Yes" to the question "MCBS Annual Return Required?" please complete the certification section on page 1. The authorized person must be an Officer, Director or other person having knowledge of the affairs of the corporation.

## Identification (Page 3)

### Type of Corporation

If the corporation is one of the 3 specialty types, enter a check mark in the appropriate box.

### Amended CT23

If a CT23 was previously filed for this taxation year, enter a check mark in the "Amended Return" indicator field. Although an amended return is an acceptable method for making adjustments to tax return(s) previously filed, the preferred method is to send a letter to the attention of the Desk Audit Section (see page 2 of this guide for address).

The letter should identify the taxpayer by indicating its legal name and seven-digit Ontario Corporations Tax Account No. (MOF). The letter should clearly describe the adjustment(s) requested and should include supporting documentation, e.g., amended schedules.

Corporations may not file an "Amended Annual Return". If filing an amended CT23, please ensure the answer to the question "MCBS Annual Return Required"? is "No".

### Other Information

Indicate whether or not the corporation is requesting a refund due to the carry-back of a loss to prior year(s), an over-payment and/or a specified refundable tax credit by entering check marks in the appropriate boxes (see page 9 of this guide for details).

If the corporation has transferred assets to, or received assets from another corporation having a permanent establishment outside Ontario, enter a check mark in the appropriate box and attach copies of the related election and details of the transactions to the return.

Ontario has enacted technical changes to the Act which adopt the elective rules under fed s.85 and 97 in a more rigid fashion. Generally, these rules tie Ontario into the federal elected amounts and apply to elections in respect of dispositions made on or after May 6, 1997.

## Income Tax (Page 4)

- The 2000 Ontario Budget introduced a two step reduction to the Ontario corporate income tax rate. Effective May 2, 2000 the rate is reduced from 15.5% to 14.5% and a further reduction from 14.5% to 14.0% took effect on January 1, 2001. For a taxation year that straddles an effective date, the rates will be prorated. This measure received legislative authority through Bill 72 which received Royal Assent on June 23, 2000.

On page 4, line  enter the amount of the corporation's Income Tax that you determine. Enter NIL if reporting a non-capital loss. If applicable, please complete:

- If claiming an IDSBC, check the YES box and complete lines , , and  on page 4.

The 2000 Ontario budget introduced proposals to enhance and accelerate the series of rate reductions to the IDSBC initiated in the 1998 Ontario Budget. The 8 year period to fully implement the rate reductions announced in 1998 has been reduced to 7 years and these measures will now be fully implemented effective January 1, 2005. The schedule below outlines the IDSBC rates and the applicable periods to which the rates apply. This 2000 Budget measure obtained legislative authority through Bill 72 which received Royal Assent on June 23, 2000.

For taxation years straddling more than one rate period, each applicable rate must be prorated based on the ratio that the number of days in the period of the taxation year is to the total days in the taxation year.

| IDSBC Rate | Applicable Period              |
|------------|--------------------------------|
| 7.0%       | 1999 calendar year             |
| 7.5%       | 2000 and 2001 calendar year    |
| 8.0%       | 2002 calendar year             |
| 8.5%       | 2003 calendar year             |
| 9.0%       | 2004 calendar year             |
| 10.0%      | January 1, 2005 and thereafter |

Capital Gains - The 2000 Ontario Budget announced that Ontario would reduce the inclusion rate for capital gains from 75% to 66 <sup>2</sup>/<sub>3</sub>% effective for capital gains realized after February 27, 2000. In addition as announced in a News Release "Province Forecasts \$1.4 Billion Surplus" dated December 4, 2000 it was announced by the Minister of Finance that Ontario will further reduce the capital gains inclusion rate from to 66 <sup>2</sup>/<sub>3</sub>% to 50% effective retroactively to capital gains realized after October 17, 2000. These changes and effective dates coincide with the federal treatment regarding capital gains inclusion rate reductions.

## Specified Tax Credits (Page 5)

The following 2 tax credits are specified refundable tax credits. These tax credits must first be applied to reduce income taxes payable and any unused portion of the tax credit will be treated as a deemed payment on account of taxes payable. For administrative ease, the sum of all the credits should be entered on page 5, line .

Enter the amount of the specified tax credit applied:

- To reduce income tax on page 5, line .

Enter any unused portion to be used as a deemed payment on the summary on page 3, line .

### Co-operative Education Tax Credit (CETC)

If claiming the CETC, complete Schedule F.

### Graduate Transitions Tax Credit (GTTC)

If claiming the GTTC, complete Schedule G.

## Reconciliation of Net Income (Loss) for Federal Tax Purposes to Ontario (if different) (Page 5)

Reconcile net income (loss) for federal tax purposes with net income (loss) for Ontario purposes if amounts differ.

Transfer the net income (loss) determined on page 5, line  to page 4 of the CT23.

The following changes were introduced in the 1998 and 1999 Ontario Budgets.

### Workplace Child Care Tax Incentive

(Page 5, line  )

The Workplace Child Care Tax Incentive (WCCTI), introduced in the 1998 Ontario Budget, is a 30% deduction of qualifying capital cost expenditures, incurred by a corporation to construct new on-site licensed child care facilities in Ontario, to renovate existing facilities in Ontario or for contributions made to an unrelated party for these types of expenditures.

For additional information on the WCCTI refer to Tax Legislation Bulletin, Number 99-2, dated August 1999.

### Workplace Accessibility Tax Incentive

(Page 5, line  )

The Workplace Accessibility Tax Incentive (WATI), introduced in the 1998 Ontario Budget, provides for an additional 100% deduction of qualifying expenditures that are incurred by an employer to accommodate a newly-hired person with a disability. The maximum amount of qualifying expenditures is \$50,000 per eligible employee.

For additional information on the WATI refer to Tax Legislation Bulletin, Number 99-1, dated August 1999.

### Ontario School Bus Safety Tax Incentive (OSBSTI)

(Page 5, line  )

The Ontario School Bus Safety Tax Incentive (OSBSTI), introduced in the 1999 Ontario Budget, is a 30% deduction of the capital cost of acquiring a new school bus.

## Continuity of Losses Carried Forward - Analysis of Balance by Year of Origin (Page 6)

Complete these schedules whenever losses are incurred or losses are carried forward.

Note: Commencing with the 2001 CT23 tax return capital losses are now shown at 100% of losses (before applying the inclusion rate).

## Request for Loss Carry-back (Page 3)

Complete this schedule if the corporation is carrying back a non-capital, net-capital, farm or restricted farm loss. The onus is on the taxpayer to substantiate any loss being carried back to a prior year.

## Summary of Taxes Payable (Page 3)

In the summary section, bring forward the amount of Income Tax, and enter on page 3, line . Enter payments made on page 3, line . If claiming the Specified Tax Credits, enter the unapplied amount (see Specified Tax Credits section) on page 3, line .

If you are requesting a refund

- for the full overpayment, complete line  - any related credit interest will also be refunded.
- if you want the total overpayment, including any related credit interest, to be applied to a particular taxation year, complete the "Apply to" field but leave line  blank.
- if you want to apply a specific amount to a taxation year, complete the "Apply to" field and put the amount in line  -any remaining balance will be refunded.

## Certification (CT23) (Page 3)

Complete the "Certification" section by providing the name of the authorized signing officer of the corporation. Be sure to sign and date the CT23.

## The Annual Return (MCBS)

The Annual Return is comprised of page 1 of the combined CT23 Corporations Tax and Annual Return and either of MCBS Schedule A or MCBS Schedule K (page 7 or 8). The information provided on these pages is collected under the authority of the *Corporations Information Act* for the purpose of maintaining a public database of corporate information. The Ministry of Finance (MOF) is collecting this information on behalf of the Ministry of Consumer and Business Services (MCBS). This collection process applies to corporations that have a taxation year ending on or after January 1, 2000.

If you answer "Yes" to the question below, most of the information on page 1 of the combined return and where applicable, MCBS Schedule A or MCBS Schedule K, will be provided to MCBS by the MOF. Authority for providing this information is given pursuant to subsection 98(4) of the *Corporations Tax Act*.

### Is An MCBS Annual Return Required?

Every corporation that is incorporated, amalgamated or continued in Ontario under the *Business Corporations Act*, Ontario must file an Annual Return. This type of corporation is referred to as an "Ontario Corporation".

Every foreign corporation which has a licence endorsed under the *Extra-Provincial Corporations Act* to carry on business in Ontario must file an Annual Return. Foreign extra-provincial corporations are those corporations that are incorporated, amalgamated or continued outside Canada. This type of

corporation is referred to as a “Foreign Business Corporation”. If neither of the above applies to the corporation then please answer “No” to the question “MCBS Annual Return Required?”.

If one of the above conditions does apply but the corporation has filed the Annual Return electronically to MCBS, then the corporation’s response to the question will be “No”.

**Note:**

A corporation that is incorporated, continued, or amalgamated in a Canadian jurisdiction other than Ontario is **not required** to file an Annual Return.

### How Can You File?

The following methods are available to file the Annual Return:

- Complete and submit the combined preprinted paper CT23 Corporations Tax and Annual Return to the Minister of Finance at the address indicated on the top of page 1 of the CT23 Corporations Tax and Annual Return.
- Complete the electronic filing version of the Annual Return found through the MCBS website, [www.ccr.gov.on.ca/mccr/companies](http://www.ccr.gov.on.ca/mccr/companies). This website will take you to the two primary service providers for electronic filing, OnCorp Direct Inc. and Cyberbahn Inc. If applicable, the corporation would submit their CT23 to the Minister of Finance separately.

### When Must You File?

A corporation with share capital that is required to deliver a CT23 (or is EFF) and an Annual Return is required to file the Annual Return within six months after the end of its taxation year. This applies whether the Annual Return is delivered to the MOF or electronically to MCBS.

A corporation is only required to file **one** Annual Return in a calendar year. This return is due at the time the first CT23 is required to be delivered to the MOF during the calendar year. A corporation’s CT23 is required to be delivered on or before the last day of the sixth month after the end of the taxation year.

The Annual Return will be considered delivered on the date it is received by the Ministry of Finance. The effective date of filing for the Annual Return is the date the information is updated in the Ontario Business Information System (ONBIS). The effective date of filing for the CT23 is the date the Minister of Finance receives it.

If the Annual Return is filed electronically during MCBS business hours, the date of receipt will be considered to be that day. Otherwise, the date of receipt will be the next business day of MCBS.

An Annual Return is considered filed if it is complete and has been recorded in the ONBIS.

Incomplete Annual Returns are considered to be deficient. MCBS will contact corporations regarding Annual Return deficiencies. The Annual Return will not be considered **filed** until the deficiency is corrected.

### What Must You File?

Ontario Corporations must complete all of the information on page 1 of the combined CT23 Corporations Tax and Annual Return. MCBS Schedule A will only be required if there has been a change in the information previously submitted to

MCBS with regard to the Directors, Officers, or Administrators of the corporation.

Foreign Business Corporations must complete all of the information on page 1 of the combined CT23 Corporations Tax and Annual Return and MCBS Schedule K. MCCR Schedule K will only be required if there has been a change in the information previously submitted to MCBS with regard to Chief Officer/Manager or Agent for Service.

All information in the Annual Return must be current as of the **date of delivery** to the Ministry of Finance or to the MCBS.

Each corporation must keep an up-to-date paper or electronic record of the prescribed information set out in the return available for examination at its registered office or principal place of business in Ontario.

**Note: If you are filing a CT23 or are claiming an exempt from filing (EFF) status, please refer to the beginning of this guide for information on completion and filing requirements.**

### Completion of Page 1

Page 1 is a common page to both the CT23 and the Annual Return. **In order to avoid delays in the processing of the return, it is essential that page 1 of the return contain all of the following:**

- Answer to the question: MCBS Annual Return Required? (see above to determine whether the corporation is required to file)
- Corporation’s Legal Name and Mailing Address
- Ontario Corporations Tax Account No. (MOF)
- Taxation Year Start Date
- Taxation Year End Date
- Answer to the question: Has address changed since last filed CT23 Return? If yes, please indicate the date of change.
- Date of Corporation’s Incorporation or Amalgamation
- Ontario Corporation No. (MCBS)
- Canada Customs and Revenue Agency Business Number
- Jurisdiction Incorporated

Note: If there has been a taxation year end change approved by Canada Customs and Revenue Agency, please attach a copy of the approval to the return.

### What If You Need Help to Complete this Annual Return?

If you need more help after reading this section, please contact the Revenue Operations and Client Services Branch at the numbers listed on page 2 of this guide.

### Fines and Penalties

Sections 13 and 14 of the *Corporations Information Act* provide penalties for failure to file an Annual Return and the appropriate MCBS Schedule(s) A or K.

A person, other than a corporation, is liable to a fine of not more than \$2,000. A corporation is liable to a fine of not more than \$25,000.

## MCBS Schedule A

MCBS Schedule A **must** report current information on all directors and the five most senior officers of the corporation. All changes that have taken place since the last filing of the Annual Return, Initial Return or Notice of Change **must** also be included. Schedule A is not required where there has not been any change in the information reported on the last filing. Senior officers include the following positions or their equivalent: president, general manager, treasurer and secretary.

- A minimum of one director is required in a non-offering business corporation and a minimum of three directors is required for all others.
- The MCBS Schedule A provides space for information on two Director/Officer positions.

- **Please photocopy the blank MCBS Schedule A if you require additional space.** Please state the number of MCBS Schedule A's being submitted in the box on page 1 of the Annual Return.
- Please complete all of the applicable fields on the schedule, ensuring that the Corporation's name includes all punctuation and that the Ontario Corporation No. (MCBS) is the number assigned by MCBS.
- If the box "Other (specify)" is applicable, in order to cease or change an officer previously reported under "Other Titles", cease the officer, then use a blank schedule "A" to add (if applicable) the new information.

### Instructions for completing MCBS Schedule A

| Field Name  | Items to include   |
|---|--|
| <b>Corporation's Legal Name</b>   | include all punctuation  |
| <b>Ontario Corporation No. (MCBS)</b>   | enter your <b>Ontario Corporation No.</b>  |
| <b>Date of Incorporation or Amalgamation</b>  | enter your incorporation or amalgamation date in the box provided  |
| <b>Director/Officer Information</b><br><b>Full Name and Address for Service:</b> <ul style="list-style-type: none"> <li>• Last Name</li> <li>• First Name</li> <li>• Middle Name(s)</li> <li>• Street Number and Street Name</li> <li>• Suite No.</li> <li>• City/Town/Village</li> <li>• Province/State</li> <li>• Country</li> <li>• Postal/Zip Code</li> </ul> | <b>complete all fields where applicable</b>  |
| <b>Director</b> <ul style="list-style-type: none"> <li>• Resident Canadian "Yes" or "No" boxes</li> <li>• Date Elected</li> <li>• Date Ceased</li> </ul>  | <b>complete all fields where applicable</b> <ul style="list-style-type: none"> <li>• check applicable box (applies for directors of business corporations only)</li> <li>• insert the date the individual became a director</li> <li>• insert the date the director ceased to hold his/her position</li> </ul>   |
| <b>Officer</b> <ul style="list-style-type: none"> <li>• "Date Appointed" boxes</li> <li>• "Other (specify)"</li> <li>• "Date Ceased" boxes</li> <li>• "Other (specify)"</li> </ul>  | <b>complete all fields where applicable</b> <ul style="list-style-type: none"> <li>• indicate the position currently held by the individual and complete the date appointed as an officer to his/her current position(s)</li> <li>• insert the date the officer was appointed and check the appropriate box under "other titles"</li> <li>• insert the date the officer ceased to hold his/her position(s)</li> <li>• please specify if "other titles" apply</li> <li>• to cease or change an officer previously reported under "Other Titles" cease the officer, then use a blank schedule "A" to add (if applicable) the new information.</li> </ul> |

