

Implications for Corporations Failing to File CT23s or Exempt from Filing Declarations

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About this Notice

This Notice explains the implications of not filing Ontario Corporations Tax Returns (CT23) and Exempt from Filing (EFF) Declarations.

Background

In February 2003, the Minister of Finance announced that under a new plan to improve tax collection, the government will cancel the charters of corporations that fail to file their tax returns.

Corporations and their representatives are reminded of the corporation's legal obligation to file an Ontario Corporations Tax Return (CT23) or an Exempt from Filing (EFF) Declaration for each tax year.

Corporations Failing to File CT23s or EFF Declarations

In April 2003, letters will be sent to corporations requesting immediate filing. Payment of all outstanding tax is required to avoid additional penalties and interest. Corporations that file their CT23s late and have tax due to the government are charged a late filing penalty of up to 17 per cent on the outstanding balance, escalating up to 50 per cent for repeat late filers. The ministry will issue demand letters to directors of those corporations that have not filed CT23s and/or EFF Declarations. Directors are subject to prosecution under the Provincial Offences Act, and upon conviction, a fine of \$200 per day will be imposed.

Charter Cancellation

Corporations that do not comply with the Ontario requirement to file a CT23 or EFF Declaration for each tax year, face a number of serious measures including the **cancellation of their Ontario Certificate of Incorporation (charter)**. Implications of a charter cancellation can include:

- forfeiture of assets to the crown;
- loss of limited liability and insurance coverage; and
- inability to claim tax losses.

For More Information

You can find more information, the CT23 return and EFF Declaration by visiting our website at www.rev.gov.on.ca or by calling the Ministry of Finance Information Centre at 1-877-336-6632.