

FREQUENTLY ASKED QUESTIONS

2011 Versions

June 2012

Federal

T1 General - Condensed return

QUESTION

The CRA just introduced a new version of the T1 return, i.e., the T1 *General - Condensed* return. What is a T1 *General - Condensed* return?

ANSWER

The T1 *General - Condensed* return is a 3-page abbreviated version of the computer-generated T1 General Return that includes Form T1-KFS, a new keying field summary form. The CRA has introduced this new return in order to reduce the number of pages to store in its files when a preparer prepares a paper return.

The *General - Condensed* version of the T1 return will be included in *Cantax T1 2012*. For the 2011 taxation year, the CRA has exempted *Cantax* from the obligation of implementing this new return.

For this year, continue printing the regular return. It will be processed as quickly as T1 *General - Condensed* returns.

The new T1 *General - Condensed* return should only be used if you are paper filing T1 returns. For returns being electronically filed, paper reduction has already been achieved. If you wish to further reduce the amount of paper generated in your Client or Office copies, you have the option in *Cantax T1* of printing the form 2011 *Tax Return Summary* (Jump Code: **Summary-A**) which is shorter than the condensed T1 return. Note also that the CRA will continue to process paper returns by scanning bar codes, where applicable.

On February 21, the CRA sent a message to preparers with regards to the T1 *General - Condensed* return. The message mentions that a processing delay may occur in the event where the condensed return and the regular return are transmitted to the CRA at the same time. This situation will not occur with *Cantax T1 2011* and the CRA assured us that returns prepared with *Cantax* will not be subject to additional processing delays.

EFILE

T776 - EFILE and property located abroad

QUESTION:

I would like to EFILE a return including rental income from a property located abroad, but an EFILE diagnostic requires that I enter a Canadian postal code in the "Address of property" subsection. Is there a way to EFILE such a return?

11 Diagnostics**EFILE Status: This return is not eligible for electronic filing.****EFILE Error #190014: T776**

Postal code given in SFD record is missing.

ANSWER:

Starting this year, the CRA requires that a complete postal address be provided on all T776 statements filed electronically. Based on current CRA technical requirements, the address must include a Canadian postal code. This requirement causes a problem when the property is located abroad, because, in this instance, there is no Canadian postal code.

However, the CRA confirmed that rental income from a property located abroad should have no impact on EFILE eligibility. To transmit this type of return this year, the CRA accepts that preparers indicate the taxpayer's Canadian postal code shown on Form *T1 - Information (INFO)* in the field for the property's postal code of Form T776 when no other Canadian postal code is available for the property.

| INFO | T776 | T776#01-1 | T776#01-2 | T776#01-3 | SFD#01 |
|--|------|-----------|-----------|-----------|-------------|
| Income | | | | | |
| Address of property | | | | | Postal code |
| 100-A PALM DRIVE MIAMI FL USA 32212 | | | | | M4B 3K3 |
| Enter the total of your gross rents | | | | | |
| Other related income (for example, premiums and leases, sharecropping) | | | | | |
| Gross rental income (enter this amount on line 160) | | | | | |

Taxpayer's postal code