



# Personal Taxprep®

## Troubleshooting

T1/TP1 version 4.3 - 2013

November 2014

The following problems have been detected in *Personal Taxprep* 2013 v.4.3.

### Week of November 16, 2014

#### Planner Mode - Error when rolling forward the 2013 balance of donations to the Planner Mode

##### Problem:

The 2013 balance of Canadian donations (limited to 75%) below is not rolled forward to the Planner Mode.

Summary of Canadian donations (limited to 75%) carried forward to future years						
Year	Carryforward from prior years	Current year	Donations transferred to the spouse	Donations transferred by the spouse	Amount deducted by the taxpayer	Carryforward to future years
2008	0 00		0 00	0 00	0 00	Expired
2009	209 00		0 00	0 00	0 00	209 00
2010	210 00		0 00	0 00	0 00	210 00
2011	211 00		0 00	0 00	0 00	211 00
2012	212 00		0 00	0 00	0 00	212 00
2013		213 00	0 00	0 00	0 00	213 00
<b>Total</b>	<b>842 00</b>	<b>213 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>1,055 00</b>

##### Solution:

To correct this problem, enter the 2013 carryforward amount as the starting balance in the Planner Mode.

Summary of Canadian donations (limited to 75%) carried forward to future years						
Year	Carryforward from prior years	Current year	Donations transferred to the spouse	Donations transferred by the spouse	Amount deducted by the taxpayer	Carryforward to future years
2009	209 00		0 00	0 00	0 00	Expired
2010	210 00		0 00	0 00	0 00	210 00
2011	211 00		0 00	0 00	0 00	211 00
2012	212 00		0 00	0 00	0 00	212 00
2013	213 00		0 00	0 00	0 00	213 00
2014		0 00	0 00	0 00	0 00	0 00
<b>Total</b>	<b>1,055 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>846 00</b>

To help you identify your clients who could be affected by this problem, we have made available a customized client filter and diagnostic template that will display a diagnostic in the affected returns and will allow you to quickly access a list of those clients. To get this customized filter and diagnostic template, click [here](#).

This problem will be corrected in version 1.0 of *Personal Taxprep* 2014.

## Federal

### RC381 - Amount on line 5 in Part 3 - Insufficient CPP contributions on T4 slips and CPP contributions payable on self-employment income

(Published in June 2014)

#### Problem:

A calculation error has been detected on line 5 in Part 3 of Form RC381 when the following requirements are met:

- The taxpayer received one or more T4 slips on which CPP contributions deducted at source are not sufficient (under contributions);
- The taxpayer reports self-employment income; and
- The total of the employment income shown on the T4 slips and the self-employment income exceeds the maximum CPP pensionable earnings for the year, i.e. \$51,100.

The error stems from the fact that the actual CPP contributions amount calculated on line 5 in Part 3 of Form RC381 is equal to the CPP contributions amount that should have been paid based on pensionable earnings shown in box 26 of the T4 slips instead of the CPP contributions amount deducted at source shown in box 16 of these slips.

This procedure for calculating the actual CPP contributions amount has been implemented many years ago, in accordance with the Canada Revenue Agency (CRA) instructions. According to the Canada Pension Plan, this calculation should not have been applied to all possible situations, among which the one mentioned above. However, until 2012, the CRA tolerated the results obtained when this calculation was used generally. In 2013, as a result of the creation of Form RC381, *Inter-Provincial Calculation for CPP and QPP Contributions and Overpayments for 2013*, the CRA decided to enforce the law to the letter, and now requests that the amount entered on line 5 in Part 3 of Form RC381 is always equal to the amount of CPP contributions that were actually deducted at source. However, during the certification process, the CRA did not explicitly mention that henceforward, no difference with respect to the interpretation of the form was tolerated. Therefore, we have not modified our calculation to adapt it to the new CRA requirements.

Using, on line 5 in Part 3 of Form RC381 the CPP contributions amount that should have been deducted rather than the contributions amount actually deducted at source has the following consequences:

- The CPP contributions payable on self-employment income calculated on line 32 in Part 3 of Form RC381 are not sufficient;
- The CRA accepts EFILING of the affected returns, but assesses those returns using the amount of CPP contributions actually deducted at source calculated on line 5 in Part 3 of Form RC381; and
- As a result of the tax return's assessment by the CRA, the CPP contributions payable on employment income are higher, which creates an amount payable by the taxpayer.

#### Solution:

For returns that have not yet been prepared, use an override on line 5 in Part 3 of Form RC381. The amount to enter must be equal to the amount of CPP contributions actually deducted shown in box 16 of the T4 slips. This amount is indicated on line 18 in Part 1 of Form RC381.

For already prepared returns, the taxpayer will have to make the payment as per the CRA's Notice of Assessment.

To help you identify your clients who could be affected by this problem, we have made available a customized client filter and diagnostic template that will display a diagnostic in the affected returns and will allow you to quickly access a list of those clients. To get this customized filter and diagnostic template, click [here](#).

This problem will be corrected in version 2014 of *Personal Taxprep*.

## T1013 – Problem with the update of the T1013 EFILE status during electronic batch transmission

(Published in April 2014)

### Problem:

When electronically transmitting T1013 forms whose T1013 EFILE status value is “Eligible” in batches of two or more forms, if one or more of the forms in the batch are not accepted by the CRA, the T1013 EFILE status of the other forms in the batch is not updated. This means that its value remains “Eligible” and the fields for the confirmation number and the transmission date remain blank.

This problem occurs when one of the T1013 forms in the batch has a CRA status of “Rejected” or “Accepted with condition.”

### Solution:

To prevent this problem, we suggest that you transmit T1013 forms whose T1013 EFILE status value is “Eligible” **one at the time**.

Note that this problem will be corrected in a future release of *Personal Taxprep*.

## Québec

### Schedule C – Error in the table of tax credit rates for childcare expenses

(Published in April 2014)

#### Problem:

On March 27, 2014, *Revenu Québec* informed us that there was an error in the table of tax credit rates for childcare expenses in Schedule C. The family income bracket associated with the 64% rate should read “\$46,235 to \$47,485” instead of “\$46,235 to \$47,845.” Consequently, the family income tax bracket associated with the 63% rate should read “\$47,485 to \$48,735” instead of “\$47,845 to \$48,735.”

Therefore, if the family income calculated on line 80 in Schedule C is between \$47,485 and \$47,845, the tax credit rate on line 92 in Schedule C is calculated at 64%, which is incorrect, because according to the new *Revenu Québec* guideline, the rate should be 63%.

#### Solution:

To correct this problem, override line 92 in Schedule C to 63%.

To help you identify your clients that could be affected by this problem, we have made available a customized diagnostic that will display in the return concerned. In addition, we made available a client filter that will allow you to quickly access a list of those clients. To get this customized diagnostic or client filter, click [here](#).

Note that because of the late receipt of this modification, the correction could not be made in versions 4.0 or 4.1.

### Schedule V – Person living outside Québec who must file a TP1 return

(Published in April 2014)

#### Problem:

Because of the optimization calculation, in certain cases, no tax credit for donations is calculated in Schedule V and on line 395 of the TP1 return when the taxpayer was not residing in Québec on December 31, 2013, but he or she must file a TP1 return. (For example, a taxpayer who reports business income attributable to more than one jurisdictions, including Québec.)

#### Solution:

The taxpayer might have made donations that are updated to the various sections of Schedule V. Refer to the appropriate solution based on the type of donations that were made.

**1. Charitable donations (Section 1 in Part A of Schedule V)**

In this case, enter the amount of donations you wish to claim on line D of the QDONS form using an override.

Total donations	=	0 00	2,000 00	2,000 00
Donations for which the credit is claimed (line 33 of Schedule V)	-	0 00	2,000 00	2,000 00 D

This amount will be updated to line 33 of Schedule V and line 393 of the TP1 return. As a result of this modification, the tax credit for donations on line 395 of the TP1 return and the carry forward of donations (if applicable) will be calculated correctly.

**2. Gifts of cultural property, ecological gifts and gifts of musical instruments (Section 2 in Part A of Schedule V)**

In this case, enter the amount of donations you wish to claim on line E of the QDONS form using an override.

Total of other gifts	=	2,000 00
Donations for which the credit is claimed (line 34 of Schedule V)	-	2,000 00 E

This amount will be updated to line 34 of Schedule V and line 393 of the TP1 return. As a result of this modification, the tax credit for donations on line 395 of the TP1 return and the carry forward of donations (if applicable) will be calculated correctly.

**3. Tax credit for large cultural donation (Part B of Schedule V)**

In this case, enter the amount of donations you wish to claim on line I of the QDONS form using an override.

<b>Additional tax credit for a large cultural donation (Part B of Schedule V)</b>				
Total donations			5,001 00	
Donations for which the credit is claimed (line 61 of Schedule V)		1,250 25	x 4	5,001 00 I
		Balance to carryforward		0 00

This amount will be updated to line 61 of Schedule V and line 393 of the TP1 return. As a result of this modification, the tax credit for donations on line 395 of the TP1 return and the carry forward of donations (if applicable) will be calculated correctly.

**4. Tax credit for cultural patronage (Part C of Schedule V)**

In this case, enter the amount of donations you wish to claim on line J of the QDONS form using an override.

<b>Tax credit for cultural patronage (Part C of Schedule V)</b>				
Total donations				25,001 00
Donations for which the credit is claimed (line 62 of Schedule V)		7,500 30	x 3.33	25001 00 J
		Balance to carryforward		0 00

This amount will be updated to line 62 of Schedule V and line 393 of the TP1 return. As a result of this modification, the tax credit for donations on line 395 of the TP1 return and the carry forward of donations (if applicable) will be calculated correctly.

To help you identify your clients who could be affected by this problem, we have made available a customized client filter and diagnostic template that will display a diagnostic in the affected returns and will allow you to quickly access a list of those clients. To get this customized filter and diagnostic template, click [here](#).