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7.5 Electronic Filing and Remitting

April 1998

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Overview

This section provides information on the electronic filing of GST/HST returns and electronic GST/HST payments. It sets out the criteria that a registrant must meet to qualify to become an electronic filer, the technology or services required and how to apply.

General

Place of filing
ss 278(1) and s 278.1

1. GST/HST registrants are required to file their returns with the Department in the manner authorized by the Department. Registrants have the option of filing their returns electronically.

Place of payment
ss 278(2) and (3)

2. Generally, registrants are required to pay or remit the amount (i.e., any amount required to be paid or remitted under Part IX of the *Excise Tax Act* (the Act)) to the Receiver General except where the amount is required under section 221 to be collected by another person. Where the amount is \$50,000 or more, the payment or remittance must be made to the account of the Receiver General at a bank, a credit union, a corporation authorized under the laws of Canada or a province to carry on the business of offering its services as a trustee to the public, or a corporation authorized under the laws of Canada or a province to accept deposits from the public and that carries on the business of lending money on the security of real estate or investing in mortgages on real estate. Electronic remitting of amounts of \$50,000 or more is considered by the Department to meet this requirement.

Meaning of electronic filing
ss 278.1(1)

3. Electronic filing means using electronic media in a manner specified in writing by the Department.

Application for electronic filing
ss 278.1(2)

4. A registrant who meets the criteria specified in writing by the Department may file a prescribed application in prescribed manner for authorization to file the returns by way of electronic filing. The prescribed application is form GST 446, *GST/HST Electronic Filing and Remitting Application for Registrants* (sample attached as Appendix A), which should be mailed to the following address:

Revenue Canada
GST/HST - EDI Operations
4th Floor, Tower C
25 McArthur Avenue
Ottawa ON K1A 0L5

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Authorization
ss 278.1(3)

5. Where the Department receives an application for electronic filing and is satisfied that the person meets the specified criteria, the Department may authorize, in writing, the person to file the returns electronically subject to such conditions as it may at any time impose.

Revocation

Revocation by the Department
ss 278.1(4)

6. The Department may revoke its approval for electronic filing granted to a person under subsection 278.1(3) where:

- (a) the person requests revocation in writing;
- (b) the person fails to comply with any condition imposed in respect of the authorization or any provision of Part IX of the Act,

- (c) the Department is no longer satisfied that the criteria referred to in paragraph 23 of this section are met; or
- (d) the Department considers that authorization is no longer required.

The Department will notify the person in writing of the effective date of revocation.

Revocation by the person
para 278.1(4)(a)

7. The person can request a revocation of electronic filing privileges by completing form GST 449, *Request to Revoke the Authorization for GST/HST Electronic Filing and Remitting*, or by providing written notification to the EDI Operations Unit (for the address refer to paragraph 4 of this section). For parent companies with branches/divisions, a separate GST 449 form is required for each of the branches/divisions approved for electronic filing as well as the parent. A sample of form GST 449 is attached as Appendix B.

Warning

8. In most cases, the Department will send a warning letter to the GST/HST electronic filing and remitting participant prior to taking revocation action. The purpose of the letter is to inform the participant of any problems and to request that corrective action be taken. If the participant does not comply with the request, authorization to file and remit electronically may be revoked. In the case of serious problems, a participant's authorization may be revoked without notice, and without the possibility of reinstatement. Where this is the case, the participant will be immediately notified in writing concerning the revocation and will be required to file all future returns and remittances by conventional means.

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Filing

Deemed filing
ss 278.1(5)

9. Where the person files a return by way of electronic filing, it is deemed to be a return in prescribed form filed with the Department on the day the Department acknowledges acceptance of it. Where a third-party service provider files the return electronically on behalf of a person, it is the person's responsibility to obtain and retain copies of the acknowledgments sent by the Department to the third-party service provider. In the case of an incomplete or faulty transmission, or where the Department has not acknowledged acceptance, the return will not be deemed to have been filed, and any amounts owing will be subject to interest and penalties should the correct re-transmission of the return not be received by the due date.

10. A person who is authorized to file returns electronically must also remit electronically any positive amount of net tax reported on an electronically filed return. In addition, when a person electronically transmits a remittance form (i.e., form GST 58), the person must also electronically pay any amount (e.g., instalment payment) reported on the remittance form. Amounts remitted or paid electronically are considered to have been remitted or paid on the date indicated by the client's financial institution as the value date (i.e., the value date, BPS12, indicated in the electronic payment advice, 820, that is transmitted to the Department by the client's financial institution and then subsequently acknowledged by the Department). Penalty and interest will apply to any outstanding amounts that are not received by the due date.

Execution of documents
s 279

11. A return (other than a return filed electronically), certificate or other document required to be provided under Part IX by a person other than an individual has to be signed by an individual duly authorized for that purpose. This requirement does not apply to electronic returns filed under section 278.1 (i.e., no signature is required when filing electronically).

Records and audit procedures

12. Revenue Canada will generate and maintain a communication log of all electronically filed returns and remittances for record and audit trail purposes as well as to answer any enquiries. In the event of conflict over whether a particular electronic file was ever transmitted, the onus is on the registrant or the third-party service provider to provide proof of a successful transmission (i.e., a positive "997 message" received from Revenue Canada for the transmission in question). In the absence of clear evidence, Revenue Canada's communication log will serve as the determining record of all transmissions.

Proof of return
ss 335(12.1)

13. A document provided by the Department purporting to be a print-out of information received by means of electronic media, under section 278.1, shall be received as evidence and is, in the absence of evidence to the contrary, proof of the return filed by the registrant under section 278.1.

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System failure

14. In the event that a registrant cannot send a return or remittance electronically due to a malfunction of equipment or software, an alternative method such as filing by mail or through a financial institution must be employed until regular electronic filing and remitting is restored. Remittances must be received by the due date to avoid penalty and interest.

Forms

Form GST 34 and form GST 58

15. The returns that can be filed electronically are the equivalent of form GST 34, *Goods and Services Tax/Harmonized Sales Tax Return for Registrants*, and form GST 58, *Goods and Services Tax/Harmonized Sales Tax Remittance*.

Returns and remittance forms

16. Based on the registrant's reporting period, Revenue Canada will continue to send the personalized form GST 34, *Goods and Services Tax/ Harmonized Sales Tax Return for Registrants*, and form GST 58, *Goods and Services Tax/Harmonized Sales Tax Remittance*, to the registrant. These forms can be completed and filed in cases of system failure (refer to paragraph 14 of this section for more details).

17. If the Department does not acknowledge that it has received a registrant's return electronically, that registrant is still required to file its return with the Department on time. This may mean that the registrant must complete and submit a paper copy of the return. If a registrant is in doubt, the registrant may contact the nearest Revenue Canada tax services office.

18. If a registrant has received an acknowledgement that the Department has accepted the registrant's or a third-party service provider's transmission of an electronic return or remittance form, the registrant does not have to complete and file the paper copy of form GST 34 or GST 58 that was sent by the Department.

GST/HST rebate claim or special returns

19. It is not possible to transmit electronically returns that include a GST/HST rebate claim and special returns (e.g., forms GST 59 and 60). Generally, registrants who have claimed rebates or filed special returns in the past two years will not be accepted into the electronic filing and remitting program at this time. If an authorized GST/HST electronic filer and remitter is required to file a special return or is claiming a rebate, the person should contact the Department for further direction. In such cases, the authorization to file and remit electronically may be revoked.

Form GST 59 and form GST 60

20. Special returns such as form GST 59, *Goods and Services Tax/Harmonized Sales Tax Return for Imported Taxable Supplies Other than Goods*, and form GST 60, *Goods and Services Tax/Harmonized Sales Tax Return for Acquisition of Real Property*, cannot be filed electronically. There are circumstances when information from forms GST 59 and 60 may be included in the revised version of form GST 34. For example, if a registrant purchases real property used primarily in the course of the registrant's commercial activities, that registrant may include the information in its regular GST/HST return and file the return electronically.

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Other branches or divisions
form GST 465

21. If the registrant is authorized to file separate GST/HST returns for branches or divisions of its business or organization, the supplement to the application, form GST 465, *GST/HST Electronic Filing and Remitting Application for Filing Branches*, must also be completed for those branches that the registrant wishes to have file electronically. A sample is attached as Appendix C.

Verification

Verification criteria

22. The application is used to verify that the registrant satisfies specific criteria before being authorized to electronically file and remit GST/HST.

23. Revenue Canada will verify that:

- the person is a GST/HST registrant with a 15-digit Business Number;
- the registrant or an authorized person signs the application on behalf of the business or organization;
- the registrant has a good compliance record with Revenue Canada;

- the registrant does not have an outstanding liability with Revenue Canada; and
- the registrant has not filed any special returns or rebate applications in the previous two years.

Denial

24. If one or more specific criteria are not met, the Department may issue a denial letter listing the specific criteria that were not met.

Options

Two options

25. There are two options available for filing and remitting electronically:

- the use of the services of a third-party service provider, or
- transmitting directly from the registrant's computer to Revenue Canada using electronic data interchange (EDI) technology the registrant has developed or EDI software that the registrant has purchased.

EDI is the computer-to-computer electronic exchange of business documents in a standard format.

Third-party service provider

26. A third-party service provider is a financial institution or other company that has been approved by the Department to provide an electronic filing and remitting service to businesses registered for the GST/HST. The third-party service provider will transmit electronically the GST/HST return and remittance to the Department on the registrant's behalf.

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Departmental acknowledgment

27. Should a registrant indicate on the application that it wishes to use a third-party service provider, the Department will provide the following information, in writing, to the registrant:

- an acknowledgment of acceptance of the application for electronic filing and remittance;
- the start date after which a third-party service provider can start transmitting the GST/HST returns and remittances; and
- a list of third-party service providers that have successfully completed Revenue Canada's testing. (Note: A registrant may only use a third-party service provider that has successfully completed this testing and has been approved by the Department.)

Responsibility

28. Although the Department tests the output of the software products and services offered by third-party service providers, the Department is not responsible for the product or service itself. The registrant remains responsible for ensuring that returns are filed and remittances are made as required.

Registrant transmitting directly

29. If the registrant chooses to file directly with Revenue Canada, the registrant must either purchase a software product that can generate GST/HST EDI transmissions that meet Revenue Canada's requirements for GST/HST, or use the registrant's own software that can generate the GST/HST EDI transmissions.

GST/HST Electronic Filing and Remitting Manual

30. If the registrant indicates through the application process that EDI technology the registrant develops will be used to generate and transmit GST/HST filing and remitting information from the registrant's own computer, Revenue Canada will provide the registrant with a copy of the *GST/HST Electronic Filing and Remitting Manual*. The manual gives all the technical specifications and procedural information needed to send to the Department the required transaction sets. If the registrant indicates through the application process that it will generate and transmit GST/HST filing and remitting information utilizing a third-party service or product, then a list of the products and services approved by Revenue Canada will be provided to the registrant.

Testing

31. EDI-capable GST/HST registrants must complete compatibility and transmission testing with Revenue Canada. Compatibility testing ensures that the registrant's transmissions meet Revenue Canada's specifications and other functional and processing requirements. Transmission testing ensures that Revenue Canada can receive a registrant's transmissions and

that registrants can receive Revenue Canada acknowledgments.

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Departmental acknowledgment

32. Once the registrant's system output is successfully tested, Revenue Canada will provide the following information, in writing, to the registrant:

- an acknowledgment of acceptance for electronic filing and remittance; and
- the start date after which the registrant can start transmitting the GST/HST returns and remittances.

Further information

>Telephone

33. For more information on electronic filing and remitting, call Revenue Canada, EDI Operations, at 1-800-279-5394 (in Canada). Callers from outside Canada should use (613) 952-8746. Staff are available to take calls between 8:00 a.m. and 5:00 p.m. EST, Monday through Friday. In the event of a busy line or calling outside those hours, the registrant may leave a message. For information regarding electronic filing in Quebec, please contact the ministère du Revenu du Québec at (418) 652-5281.

>Application forms

34. The guide, *GST/HST Electronic Filing and Remitting - Information and Application Forms for Registrants*, contains the necessary application forms and is available at Revenue Canada tax services offices, by calling the telephone numbers listed above, or by writing to the following address:

Revenue Canada
GST/HST - EDI Operations
4th Floor, Tower C
25 McArthur Avenue
Ottawa ON K1A 0L5

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Appendix A

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Appendix B

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Appendix C

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