

December 31, 2022

Dear Client:

RE: TRUST TAX RETURN AND T5 INVESTMENT INCOME SLIPS

It's that time of year again! The 2022 T3 Trust income tax returns must be filed with the Canada Revenue Agency on or before March 31, 2023.

In addition, the T5 slip filing deadline is February 28, 2023. The T5 slips are required to be filed by corporations which paid dividends or interest during 2022. To prepare these returns by the filing deadline, we will require the following information as soon as possible and ideally no later than January 20, 2023:

1. Trust bank statements and cancelled cheques for January to December 2022
2. Trust ledger or summary (if available) for January to December 2022

DOES YOUR TRUST TAX RETURN HAVE TO BE FILED THIS YEAR?

If your trust was inactive throughout the year, you might not have to file if:

1. No dividends (other than a small loan to cover last year's accounting fees) were paid to the trust in the calendar year by your corporation.
2. The trust did not receive any investment income (e.g., interest, capital gains or dividends).

If your trust was inactive, please advise us by email.

TRUST FILING REQUIREMENT FOR 2023 AND SUBSEQUENT YEARS

Recent tax legislation has been passed, and new trust reporting rules will be effective for 2023 and subsequent taxation years.

Under the new trust reporting rules, all non-resident trusts and express trusts resident in Canada (with certain exceptions) must file a T3 return and report additional information in the T3 return each year.

With limited exceptions, the new rules generally require an express trust resident in Canada to file a T3 return even if it does not have income to report. The new reporting rules will also require bare trusts to file a T3 return in 2023 and subsequent taxation years.

A bare trust is a specific kind of trust in which the trustee has no obligation other than to deal with trust property as instructed by the beneficiaries. The trustee holds legal title of the property, but the beneficiaries hold beneficial ownership of the property.

An example of a bare trust is when legal title of real estate is held personally, but beneficial ownership is held by a corporation.

The new reporting rules have significant penalties if a T3 return is not filed or if a false statement is included with the T3 return.

To prepare for the new reporting rules, we will send you a list of additional information required to ensure all information is disclosed when filing your 2023 T3 return.

DOCUMENT SUBMISSION

Once you have gathered all of your documents, please upload them through our portal, which you can access through our website martinhenry.ca.

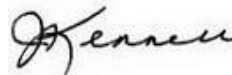
Yours truly,



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