



## Volunteers



# Steps for preparing income tax returns

Use this checklist to help you prepare income tax returns as a volunteer with the Community Volunteer Income Tax Program (CVITP). These steps apply to virtual clinics and in-person clinics.

For more detailed instructions about these steps, go to the [CVITP learning guide](#). For information on using the “Auto-fill my return” service, see [CRA electronic services](#) in the CVITP learning guide.

## Checklist

### Before preparing income tax returns

1. Register as a CVITP volunteer (annual registration is required).
2. Affiliate yourself with a CVITP organization.
3. If you are going to file returns electronically, you need to either
  - apply for a CVITP EFILE number (if you don't already have one), or
  - renew your CVITP EFILE account (annual renewal is required)
4. Contact your organization to find out if you need to provide a valid police records check. You will need to provide one if:
  - you will not file returns, but will have access to taxpayer information (screener, greeter, interpreter)
  - you will file paper returns **only**
  - you plan to use Auto-fill my return

Check with your organization to see if the cost of your police records check will be waived.

5. Get this information from your organization:
  - a. UFile CVITP activation key, which the CRA makes available mid-January
  - b. CVITP organization identification number (COIN), if available
  - c. Date and time of your shifts
  - d. Length of appointments
6. Get the supplies you need. For in-person clinics, check with your organization about what supplies you may need to bring. If doing your shift from home, you will need:

## Recommended Supplies

- a. a computer with Windows 10 operating system or newer (Apple iOS operating systems are **not** compatible.)
  - b. an Internet connection
  - c. Copies of [Form TIS60 Community Volunteer Income Tax Program Taxpayer Authorization](#) if you will file paper returns
- 7. Check that the UFile CVITP tax software is installed on the computer.
  - 8. When you open the UFile CVITP tax software, set it to “Check for updates automatically” on the start page.
  - 9. Make sure your EFILE account number and password, as well as your COIN, are entered correctly in the “EFILE-NetFile setup” settings.
  - 10. Protect taxpayer information. Turn off any technological devices such as Google Home or Alexa and make sure your conversations will not be overheard.

## Preparing income tax returns



### Tip! Use the CVITP learning guide to help you prepare tax returns.

A summary of some of the most common situations found at free tax clinics is provided in **Appendix A – Common situations**.

- 11. Check the taxpayer’s information to ensure they are eligible for the CVITP (skip this step if screening was already done).
- 12. Validate their identification following the established procedures. These procedures are explained in the CVITP training and support materials.
- 13. Get the taxpayer’s authorization to prepare their income tax return, following established procedures.
- 14. Ask these questions. You may need to ask other questions too, depending on the taxpayer’s situation:
  - a. How many tax returns do you need to complete and for what years?
  - b. Are we preparing returns for other family members, such as a spouse or common-law partner?
  - c. Do you have children and/or other dependants who reside with you? How many?
  - d. Have you, your spouse, or dependant(s) been approved for the disability tax credit?
  - e. What were your income sources this year?
  - f. Did you receive any tips?
  - g. In the last year, were there any changes to your marital status, address or dependants (such as custody changes)?
- 15. Confirm the taxpayer has all their required tax slips and receipts. Check that the information on the slips is correct (including their name and social insurance number and the issuer).
- 16. Sort the slips and documents into similar types.
- 17. Enter required information into UFile CVITP tax software.

### If filing electronically:

- 18. Get the taxpayer's consent to file the tax return electronically (using EFILE), based on established procedures.
- 19. Submit the return electronically to the Canada Revenue Agency (CRA).
- 20. Check if the return was accepted or rejected on the Federal EFILE Report:
  - Accepted status: the CRA successfully received the tax return
  - Rejected status: you need to review the errors shown on the screen:
    - a. Refer to [RC4018, Electronic Filers Manual](#), Chapter 2, for explanation of error codes.
    - b. Resolve all errors.
    - c. Re-submit the tax return.

### If completing a paper return:

- 21. If the taxpayer has more than one income tax slip of the same type, add the amounts from the box numbers on all those slips and enter the total on the applicable line (for example, if the taxpayer has more than one T4 slip, you would add the amounts in box 14 from **all** their T4 slips and enter the total on line 10100)
- 22. Make sure the taxpayer signs the tax return at the bottom of page 8
- 23. In box 48700 at the bottom of page 8, enter 1 to indicate that the return was prepared by a volunteer
- 24. Attach all completed schedules, tax slips, required forms and all required receipts
- 25. Tell the taxpayer to mail their paper return to their [tax centre](#) by the filing deadline to avoid late filing penalties and delays to their benefit payments

### After preparing income tax returns

- 26. Return **all** documents to the taxpayer (including the signed Form TIS60, if applicable).
- 27. At the end of your shift, clear all of your user information from the EFILE-NetFile setup in the UFile CVITP tax software.
- 28. If you are unable to transmit a return **immediately after its preparation**, you can save the return on a USB and transmit the return as soon as the situation allows you to do so. Format your USB to delete any saved electronic documents, including tax returns, no later than **48 hours after the CRA accepts the return**.
- 29. Discard all email communications with the individual and any notes no later than 48 hours after the CRA accepts the return.
- 30. If the taxpayer has follow-up questions, refer them to the CRA's individual tax enquiries line at 1-800-959-8281.

## Appendix A – Common situations

The following scenarios are a quick guide to filing taxes for Indigenous Peoples, those with child care expenses, newcomers, and adults 65 and older. More detailed information and screen-by-screen instructions are available in the [CVITP learning guide](#).

### Remember...

Deductions are amounts that reduce an individual's income and, as a result, may lower the amount of income tax they have to pay.

## Indigenous Peoples

Individuals who have Indian status under the Indian Act are often referred to as Status Indians. Income earned by these individuals may be exempt from tax under section 87 of the Indian Act.

### What to consider when filing an income and benefits return for Indigenous Peoples

- If an individual has personal property, including income situated on a reserve, that property is exempt from tax under section 87 of the Indian Act. This may include employment income earned by a Status Indian who lives off-reserve but performs their duties of employment **on** a reserve.
- Property or income earned **off reserve** will generally be subject to tax.
- If the employment income is exempt, the following **employment-related income** will also be exempt:
  - employment insurance benefits
  - registered pension plan benefits
  - retiring allowances
  - wage-loss replacement plan benefits
  - COVID-19 benefits
  - Canada Pension Plan benefits
  - Quebec Pension Plan benefits
- If part of the employment income is exempt, the same proportion of any employment-related income arising from that income will also be exempt.
- Certain amounts cannot be claimed as deductions if they relate directly to tax-exempt income. Some examples include:
  - union dues
  - registered pension plan (RPP) contributions
  - employment expenses
- If the income is only partially exempt, the deduction will be granted in the same proportion.
- **Tax-exempt income** is not included when filing a tax return, and so is not considered when calculating many deductions, tax credits and benefits, including:
  - Canada child benefit (CCB)
  - GST/HST credit
  - RRSP deduction limits
  - charitable donations
  - medical expenses
- Individuals living in northern Canada or other remote Canadian locations may be entitled to claim the [northern residents deductions](#), which include:
  - a residency deduction (for living costs)
  - a deduction for travel benefits

## Child care expenses

Child care expenses are amounts paid to have someone look after an eligible child so that an individual and their spouse or common-law partner (if applicable) can:

- earn income from employment,
- carry on a business either alone or as an active partner,
- attend school under the conditions identified under [Educational program](#),
- carry on research or similar work for which a grant was received.

An eligible child is either of the following:

- a child of the individual or of their spouse or common-law partner,
- a child who is dependent on the individual or their spouse or common-law partner for support and whose own income for the year does not exceed the [basic personal amount](#).

The child must be under 16 at some time in the year. The age limit does not apply if they have an impairment in physical or mental function and were dependent on the individual or their spouse or common-law partner.

If an individual is eligible and claims child care expenses, the profiles of all immediate family members (including any eligible children) must be entered into UFile. If you are completing returns for an individual and their spouse or common-law partner, UFile will automatically calculate the child care expense.

### Special cases when claiming childcare expenses

Generally, child care expenses are claimed by the individual with the lower net income. However, there are situations when the individual with the higher net income may claim the child care expenses. These cases occur when the person with the lower net income is:

- enrolled in a part-time or full-time educational program,
- mentally or physically infirmed,
- incarcerated.

In these special cases, child care expenses can be claimed by the higher net income individual, or in part by both. The person with the higher net income must calculate the claim first.

## Newcomers

### Residency status for tax purposes

There are different types of residency statuses for income tax purposes. You will mainly work with **newcomers and residents**.

Newcomers become residents of Canada for income tax purposes when they establish significant residential ties in Canada, usually on the date they arrive. Newcomer status applies **only** for the **first tax year**.

Residents are individuals who live in and have **at least one primary (significant) residential tie** and **several secondary ties** in Canada. Primary ties include a place to live, spouse or common-law partner, and dependants. Secondary ties include personal property, social ties (memberships in Canadian recreational or religious organizations), economic ties (such as a job and bank account), provincial medical coverage, driver's license and passport.

Residency status for **international students** is more complex, and students must determine their own [residency status](#) for tax purposes.

### What you need to consider when filing a return for newcomers

- The **date of entry** is the date when the individual became a resident of Canada for income tax purposes. This is usually the date the individual arrived in Canada.
- Complete the information about a newcomer's spouse.
- Newcomers must report the **world income**, from inside and outside Canada, that they earned while they were a **resident** of Canada. World income can include income from employment, pension, social assistance, worker's compensation or investments.
- The amount a newcomer can claim for **non-refundable tax credits** is proportional to the days in the year they were considered a resident of Canada. If their taxable income in Canada represents 90% or more of their world income, they may be able to claim all of their non-refundable credits.
- Newcomers may be able to claim the **federal foreign tax credit** for income received from outside Canada and reported on their Canadian tax return. Tax treaties may affect eligibility. Generally, individuals cannot make or claim a contribution to a **registered retirement savings plan (RRSP)** for the first year they are filing in Canada. They can check My Account or call the CRA to find out their contribution room.

### Adults 65 years and older

The most common income sources for adults aged 65 and over are:

- old age security (OAS)
- pension or superannuation
- annuity payments

In addition, some individuals may receive the guaranteed income supplement (GIS). This is a monthly non-taxable benefit for OAS recipients who have a modest income and live in Canada. The person must meet residency criteria and income threshold requirements.

If a person receives the GIS, their spouse or common-law partner may be eligible to receive the [GIS allowance](#). This is a monthly non-taxable benefit available to individuals 60 to 64 who have a modest income, are the spouse or common-law partner of a guaranteed income supplement recipient, and live in Canada.

It is important to note that if a person is between the age of 60 and 70, receives benefits under the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) **and** earns employment income, they must contribute to the CPP or QPP. Those between 65 and 70 can opt to stop contributing to the CPP by filing Form CPT30, Election to Stop Contributing to the Canada Pension Plan, or Revocation of a Prior Election. For individuals who only contribute to the Quebec Pension Plan, visit [revenuquebec.ca/en](http://revenuquebec.ca/en).

### What you need to consider when filing a return for adults 65 years and older

- GIS and OAS renewal is generally automatic, as long as the federal income tax return is filed on time.
- **Foreign pension income** must be converted to Canadian dollars and reported on their return.
- **Pension income splitting** allows an individual to transfer a portion of up to 50% of their [eligible pension income](#) to their spouse who has a lower income.

- UFile CVTIP tax software will automatically calculate the following non-refundable tax credits if the person is eligible for them:
  - the age amount (line 30100),
  - the pension income amount (line 31400),
  - the spouse or common-law partner amount (line 30300).