PBTS ACCOUNTING &TAX SERVICE

In the event of a death of a family member or loved one

Talk to us to find out more info

What should I do when a loved one passes away?

Notify the Canada Revenue Agency!

Provide the CRA with the deceased date of death as soon as possible by calling 1-800-959-8281. You will need the last tax return filed for the deceased in front of you in order to answer security questions.

2. Obtain authorization with the CRA;

- ✓ Auth Form Signed by ALL Executors
- ✓ A copy of the Death Certificate
- ✓ A copy of the Will, Grant of Probate, Letter of Administration or Affidavit appointing you as the Legal Representative and/or Trustee of the deceased's estate.
- ✓ Update the mailing address for the estate.

PBTS can assist you with all of the above. In the absence of a Last Will & Testament, another form is required by the CRA. PBTS is well versed in filing FINAL & Trust Tax Returns. Executors/Trustees can expect up to 18 months of paperwork following the death of a loved one. We will follow up with the CRA and strongly suggest our clients obtain a Clearance Certificate.

As the Legal Representative

As the Legal Representative, under the Income Tax Act, you are responsible for:

- ✓ filing all required returns for the deceased,
- ✓ ensure all taxes owing to the CRA are paid,
- ✓ advise the Beneficiaries, if any, which amounts they receive from the estate that are taxable i.e. the CPP Death Benefit and
- ✓ obtaining a Clearance Certificate from CRA

There are 2 types of returns to file for a deceased person;

A Final Return (T1 Return) The Final Returns have to report all income for the period from January 1 of the year of death to the date of death. If the death occurred between January 1st and October 31st, you have until April 30th of the following year to file. If the death was between November 1st and December 31st, the Final Return is due 6 months after the date of death.

What information do you need for the deceased's tax return? You have to know the deceased's income from all sources, from January 1st of the year of death up to and including the Date of Death. You will probably have to look at previous returns and may have to contact employers, banks, trust companies, stock brokers, financial advisors and pension plan managers. You will need to gather all information slips and any other documentation to indicate or estimate income and deductions. The Final Return must be paper filed with the CRA.

A Trust Return (T3 return) The Trust Return requires a Trust Number which is only obtained by

submitting a T3APP Form to the CRA. A Trust Return is required if there was any unreported income after death, in the event of probate or if the Will is being disputed. This Trust is a graduated rate estate (GRE). A GRE is an estate that arose on and as a consequence of an individual's death. Only one GRE can exist in respect of a deceased individual, and it can exist only for a 36 month period after the date of death to allow for the administration of the estate. The filing deadline is 90 days after the period of the Trust Year Ending. The CPP Death Benefit can either be included as income on the tax return of the Beneficiary's tax return for the year in which it was received or it can be included on the T3 Return for the Testamentary Trust created either by the will of the deceased or by a court order.

When certain income is received by the estate after the Date of Death, it should be reported on a T3 return for the year in which it is received.

Plan for the inevitable

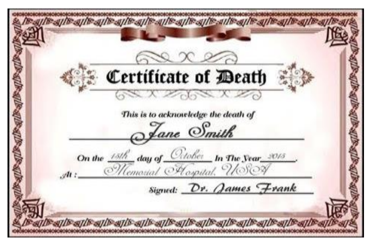
Paper work is the last thing you want to deal with when you loose a loved one. Many people are unaware of the interest, penalties and costs if a Final Tax Return is allowed to lapse. Planning for the inevitable, having your affairs in order, assigning an Executor and completing a legal Last Will & Testament can greatly reduce stress for your grieving loved ones.

Our deepest condolences for your loss

What documents do I need when a family member or loved one passes away?

The two most important documents you require are;

The official Death Certificate



The Last Will and Testament

Who We Are

About Us

For over 30 years, PBTS has provided professional and affordable income tax preparation services for both personal taxes as well as business taxes. Whether you are thinking of starting your own company or are looking for a new accounting firm, we are ready to help!

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