



Canada Revenue
Agency

Agence du revenu
du Canada

Keeping Records

Is this guide for you?

This guide uses plain language to explain the most common requirements for keeping records.

Use this guide if you:

- carry on a business;
 - have to pay or collect taxes or other amounts such as payroll deductions and the goods and services tax/harmonized sales tax (GST/HST);
 - make an application for a GST/HST rebate or refund;
 - are any of the following:
 - a trust;
 - a municipal corporation;
 - a university;
 - a college;
 - a non-profit organization;
 - a hospital;
- a school authority;
 - a payroll services provider; or
 - a third party record keeper.
- are a qualified donee such as:
 - a registered charity;
 - a registered Canadian amateur athletic association;
 - a registered housing corporation resident in Canada that is exempt from tax under Part 1 of the *Income Tax Act (ITA)* because of paragraph 149(1)(i);
 - a registered municipality in Canada;
 - a registered municipal or public body performing a function of government in Canada;
 - a registered university outside Canada that is prescribed to be a university the student body of which ordinarily includes students from Canada; or
 - a registered charitable organization outside Canada to which Her Majesty in right of Canada has made a gift.

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La version française de ce guide est intitulée *Conservation de registres*.

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Chapter 1 – General Information

All the information in this chapter applies to record keeping for income taxes, GST/HST, payroll, trusts, registered pensions, registered charities, registered Canadian amateur athletic associations, registered agents for registered political parties, official agents for candidates in a federal election, agents authorized under the *Senate Appointment Consultations Act*, municipal corporations, hospitals, and non-profit organizations. This chapter applies to records in paper format, electronic format, or a combination of both.

Why you should keep complete and organized records

You are required by law

You are required to keep complete and organized records as stated in the:

- *Income Tax Act* (ITA);
- *Excise Tax Act* (ETA);
- *Excise Act, 2001* (EA 2001);
- Canada Pension Plan (CPP);
- *Employment Insurance Act* (EIA);
- *Air Travellers Security Charge Act* (ATSCA); and
- *Softwood Lumber Products Export Charge Act, 2006* (SLPECA).

For further information go to www.cra.gc.ca/bt/fq-eng.html.

There are benefits for you

Complete and organized records will:

- help you identify the sources of your income;
- remind you of expenses you can deduct and tax credits you can claim;
- make it easier for you to determine your taxes owing;
- provide you with information on the past and present financial positions of your business or other organization;
- help you make good business decisions;
- assist you in getting loans from banks and other lenders;
- help to prevent problems if we audit your returns; and
- possibly help you in selling your business or bringing in new partners.

Consequences of not keeping adequate records

We may disallow expenses that you are unable to support.

Also, there are penalties and/or sanctions if you:

- do not keep adequate records;

- do not provide CRA officials with access to your records, when requested; or
- do not give information to CRA officials, when asked.

See Information Circular IC78-10R5, *Books and Records Retention/Destruction*, and GST/HST Memorandum 15.1, *General Requirements for Books and Records*, for more information on possible penalties, sanctions, and other legal action.

What are records?

Records are accounting and other financial documents that should be kept in an organized way.

Records were traditionally kept in paper format, and were called “books and records.” Today many kinds of electronic records are kept on computer systems.

Records include ledgers, journals, vouchers, financial statements and accounts, and income tax and excise tax records. They are generally substantiated by supporting documents. Records normally summarize the information contained in the supporting documents.

Records can include a statement of account, a book, a chart or table, or a return. The records can be either in writing, on paper, or in an electronic format created by a computer system.

Supporting documents provide documentary evidence of transactions. To the extent that they record binding agreements, they can be relied upon when disagreements arise between transacting parties.

Supporting documents include, but are not limited to the following:

- sales invoices;
- purchase receipts, contracts;
- guarantees;
- bank deposit slips, cancelled cheques;
- cash register slips, credit card receipts; purchase orders;
- work orders;
- delivery slips;
- emails; and
- general correspondence in support of the transaction.

Methods of keeping records

The CRA recognizes:

- books, records, and supporting documents produced and retained in paper format;
- books, records, and supporting documents produced on paper, and subsequently converted to and stored in an electronically accessible and readable format; and
- electronic records and supporting documents produced and retained in an electronically accessible and readable format.

Supporting documents are required in each of the above cases and may be kept in either paper or electronic format (including electronic imaging formats).

Records in paper format

You have to retain all records that are in paper format, unless they are retained in acceptable microfiche, microfilm, or electronic image formats. Electronic imaging software is a popular method of keeping scanned images of paper documents, books, or records. See Chapter 2 for details on acceptable electronic imaging or microfilming of supporting documents.

Records in electronic format

We consider you to have electronic records if you create, process, maintain, and store your information in an electronic format.

You are required to retain these records in an electronically readable format, even if you have paper printouts of these records.

If any of your supporting documents are initially created, transmitted, or received electronically, they must be retained in an electronic format.

Scanned images of paper documents, records, or books of account that are maintained in electronic format are acceptable if proper imaging practices are followed and documented.

See Chapter 2 for more information on electronic record keeping.

Who has to keep records?

In this guide, “person” includes any individual, partnership, corporation, organization, or trust.

Adequate records have to be kept by:

- persons carrying on a business or engaged in commercial activity;

Note

Even inactive corporations and holding companies have to keep certain records.

- persons required to pay or collect taxes or other amounts, such as payroll deductions and the GST/HST, under the ITA, the ETA, the EA 2001, the EIA, the CPP, the ATSCA, and the SLPECA;
- persons required to file an income tax or GST/HST return;
- persons who apply for GST/HST rebates or refunds;
- payroll service providers;
- trusts;
- non-profit organizations;
- a registered agent of a registered political party;
- an official agent for a candidate in a federal election;
- agents authorized under the *Senate Appointment Consultations Act*;

- universities;
- colleges;
- municipal corporations;
- hospitals;
- school authorities; and
- qualified donees such as:
 - a registered charity;
 - a registered Canadian amateur athletic association;
 - a registered housing corporation resident in Canada that is exempt from tax under Part 1 of the ITA because of paragraph 149(1)(i);
 - a registered municipality in Canada;
 - a registered municipal or public body performing a function of government in Canada;
 - a registered university outside Canada that is prescribed to be a university the student body of which ordinarily includes students from Canada; or
 - a registered charitable organization outside Canada to which Her Majesty in right of Canada has made a gift.

Requirements for records

As a general rule, the CRA does not specify the records you need to keep.

However, your records, whether in paper or electronic format, have to:

- be reliable and complete;
- provide you with the correct information you need to assist you in fulfilling your tax obligations and to calculate the credits you are entitled to;
- be substantiated by supporting documents to verify the information contained in the records; and
- include other documents, such as appointment books, logbooks, income tax and GST/HST returns, scientific research and experimental development (SR&ED) vouchers and records, and certain accountants’ working papers, that assist in determining your obligations and entitlements.

Note

Persons carrying on more than one business have to keep separate records for each business.

See Chapter 2 for additional requirements for electronic records.

For information on the SR&ED tax incentive program go to www.cra.gc.ca/sred.

Additional records corporations have to keep

In addition to the above “Requirements for records,” corporations have to keep:

- the minutes of meetings of the directors of a corporation;
- the minutes of meetings of the shareholders of a corporation;

- any record of a corporation containing details about:
 - the ownership of the shares of the capital stock of the corporation; and
 - any transfers of these shares;
- the general ledger or other books of final entry, in paper or electronic format, containing the summaries of the year-to-year transactions of the corporation; and
- any special contracts or agreements necessary to understand the entries in the general ledger or other books of final entry.

Corporations should also retain related documentation to support their transactions. This is particularly important for businesses engaged in international non-arm's-length transactions. These businesses should retain documentation related to their transfer pricing policies.

Additional records trusts have to keep

In addition to the above "Requirements for records," trusts have to keep:

- the testator's will and codicil, if any;
- the probated list of assets and liabilities, if any;
- any trust agreement;
- any letter of wishes of the settlor;
- any books of account for income beneficiary and capital beneficiary for trust purposes required by trust law;
- any record of year-to-year allocations or designations to the beneficiary; and
- any record of transfer of trust income and capital interests.

Additional records registered charities and registered Canadian amateur athletic associations have to keep

The "Requirements for records" listed earlier in this chapter apply to all registered charities and registered Canadian amateur athletic associations.

In addition, they have to keep records:

- that confirm that they qualify for registration under the ITA;
- that allow the CRA to verify all donations that give donors tax credits or deductions;
- of the minutes of meetings of their executives;
- of the minutes of meetings of their members;
- of the documents and by-laws that govern them; and
- of a duplicate of each receipt containing prescribed information for each donation received.

Additional records registered agents for registered political parties or official agents for candidates in a federal election have to keep

See Information Circular IC75-2R8, *Contributions to a Registered Party, a Registered Association or to a Candidate at a Federal Election*. It describes the documents that the agents have to keep to support the monetary contributions they receive and the expenditures they make.

Records that must be kept by other qualified donees

Other qualified donees must keep records:

- that confirm they meet the requirements for qualified donee status under the ITA;
- that allow the CRA to verify all donations for which donors can claim tax credits or deductions; and
- a duplicate of each receipt containing prescribed information for each donation received.

Your responsibilities for record keeping

The following responsibilities are in addition to the "Requirements for records" listed earlier in this chapter:

- If you are required to keep records, you are responsible for keeping, maintaining, retaining, and safeguarding your records.
- If you hire a third party to maintain your records, you are still responsible for the above requirements. Third parties include bookkeepers, accountants, Internet transaction managers, and application service providers.
- You are also responsible if third party changes occur that affect your records. Such changes might include software and/or hardware conversions and upgrades, bankruptcies, take-overs, transfers, or migration to or from other third parties.
- Other documents that assist in determining your tax obligations and entitlements are considered records and must be made available to the CRA upon request. These include supporting documents such as certain accountants' working papers.
- You are responsible for making your records available to CRA officials upon request. They may inspect, audit, or examine your records, as well as your property and processes. They may also examine the records of others to confirm the accuracy of your records.
- When CRA officials are examining your records at the address where you keep them, you, your employees, or your third party record keeper should be present and should co-operate by providing reasonable assistance and answering all questions relating to your business. In addition, CRA officials are authorized to make or have made copies of any records including electronic records.

See "Audit trails required for electronic records" in Chapter 2.

Where to keep your records

Your records must be kept at your place of business or at your residence **in Canada**, unless we give you permission to maintain them elsewhere. To request permission, write to your **tax services office**. After conducting a review, we will let you know in writing whether or not we have given you permission, and what, if any, terms and conditions apply.

Where we have given you permission to maintain your records outside of Canada, they must be made available in Canada for review by CRA upon request. Otherwise, you must allow CRA officials to review the records by travelling to the country where they are maintained at the expense of your business.

Note

You must keep your records at an address in Canada if you are one or more of the following: a registered charity, a registered Canadian amateur athletic association, a registered municipal public body performing a function of government or a registered Housing corporation resident in Canada and exempt from tax under Part 1 of the ITA.

See “Where do you have to keep your electronic records?” in Chapter 2 for additional information about electronic records.

How long do you need to keep your records?

As a general rule, you must keep all of the records and supporting documents that are required to determine your tax obligations and entitlements for a period of **six years from the end of the last tax year to which they relate**.

The six-year retention period under the ITA begins at the end of the tax year to which the records relate. The tax year is the fiscal period for corporations and the calendar year for all other taxpayers. The rules are similar for GST/HST under the ETA, as well as for the EIA, the CPP, the EA 2001, and the ATSCA.

Records and supporting documents concerning long-term acquisitions and disposal of property, the share registry, and other historical information that would have an impact upon sale or liquidation or wind-up of the business must be kept **indefinitely**.

Note

The CRA may specifically require you to keep records for an additional period of time. If this is the case, you will receive details by registered letter or by a demand served personally by CRA officials.

The following are special situations:

- If you **file an income tax return late**, keep your records for six years from the date you file the return.
- Keep all your records necessary for dealing with a **notice of objection or appeal** until one of the following dates, whichever is latest:
 - the notice of objection or appeal is disposed of;
 - the time for filing any further appeal has expired;

– the six-year period mentioned above has expired.

- When a **non-incorporated business or other organization ends**, the records have to be kept for six years from the end of the tax year in which it ceased to exist.
- When a **corporation is dissolved**, the following records have to be kept for two years after the date of dissolution:
 - all records and supporting documents to verify the tax obligations and entitlements; and
 - all the additional records that corporations have to keep, as listed above.
- When a **corporation amalgamates or merges**, business records must be retained as if the new corporation is a continuation of each of the original corporations.
- The legal representative of a **deceased taxpayer or trust** can destroy the records after receiving a clearance certificate(s) to distribute any property under his/her control.

Notes

To request a clearance certificate, complete Form TX19, *Asking for a Clearance Certificate*, and send it to your tax services office.

To request a clearance certificate for GST Registrants, complete Form GST352, *Application for Clearance Certificate (under section 270 of the Excise Tax Act)*, and send it to your tax services office.

For more information on clearance certificates, see forms TX19 and GST352, go to www.cra.gc.ca/deceased or see guides T4011, *Preparing Returns for Deceased Persons*, T4013, *T3 – Trust Guide*, and Information Circular IC82-6R8, *Clearance Certificate*.

All qualified donees that are registered have to keep **duplicate donation receipts** for two years from the end of the calendar year in which the donations were made.

- When a **registered charity** or a **registered Canadian amateur athletic association has its registration revoked**, it has to keep all records and supporting documents including the additional records that registered charities and registered Canadian amateur athletic associations have to keep, as listed above, for two years after the date that registration was revoked. In the case of a registered charity that is incorporated, its records have to be kept for two years after it is dissolved. General ledgers containing summaries of year-to-year transactions of the business of a person other than the corporation, and related contracts, have to be kept for a period of six years from the end of the last tax year to which they relate. An incorporated charity may continue to exist as a non-profit organization after revocation and therefore would be required to maintain certain records until after dissolution.
- A **registered agent for a registered political party or an official agent for a candidate in a federal election** has to keep records that fully support the contributions received by the agent and the expenditures made by the agent until the day that is two years after the end of the last calendar year to which the records relate.

Refer to Information Circular IC75-2R8, *Contributions to a Registered Party, a Registered Association or to a Candidate at a Federal Election*, for more information.

Destroying records early

You may destroy your books of account and records at an earlier time than outlined above if you receive written permission from the CRA.

To get such permission, you (or an authorized representative) can:

- complete Form T137, *Request for Destruction of Books and Records*. Go to www.cra.gc.ca/forms to obtain a copy of Form T137; or
- apply in writing to your **tax services office**.

Note

The permission only applies to records that are required to be kept under the legislation administered by the CRA. The CRA has no authority to approve the destruction of records that you are required to keep under other federal, provincial/territorial, and municipal laws.

If you destroy paper or electronic records without the express permission of the CRA, you may be subject to prosecution.

Chapter 2 – Keeping Electronic Records

Electronic record keeping

Keeping electronic records means using electronic business systems to create, process, store, maintain, and provide access to the financial records of a person.

These systems include, but are not limited to:

- custom and commercial accounting software;
- point of sale systems;
- Internet based electronic commerce (e-commerce) systems;
- electronic purchasing and restocking systems; and
- income tax and GST/HST returns preparation software.

Electronic records may be stored on a computer, a network of computers, or computers held by third parties. They can also be stored on diskettes, CDs, DVDs, tapes, or cartridges.

The computers and other storage devices may be located on your premises or elsewhere if the business or other organization operates in a Local Area Network or a Wide Area Network environment. The electronic records may also be maintained on a computer file server or on server space that is outside the premises.

Your electronic records must meet the requirements for all records, as listed in Chapter 1.

E-commerce

Electronic commerce (e-commerce) can be broadly defined as the delivery of information, products, services, or payments by computer (including the Internet), by telephone, or other electronic media.

It includes the many kinds of activities that are being conducted electronically. It is much more than the purchasing of goods and services electronically.

E-commerce includes any transaction using:

- the Internet;
- telephone and fax;
- television shopping;
- secure private computer networks through electronic data interchange (EDI);
- credit and debit cards;
- electronic banking and payment systems; and
- automated banking machines (ABM).

Requirements for electronic record keeping including e-commerce records

In addition to the “Requirements for records” in Chapter 1 you must ensure that:

- your electronic record keeping system has the capacity to capture, produce, and retain sufficient details to determine your tax obligations and entitlements;
- your computerized records are supported and maintained by a system capable of producing records that are accessible to CRA officials and readable by CRA software;
- you keep your records in an electronically readable format **even if**:
 - you retain paper copies of your electronic records; and
 - your original electronic supporting documents have been transferred to another medium such as microfilm or a scanned image;
- you maintain proper backup records at all times and, preferably, store them at an off-site location within Canada;
- your electronic records are retained in an electronically accessible and readable format even if changes have taken place to your operating and/or electronic business system;
- if any of the electronic records that you are required to maintain are lost, destroyed, or damaged, you call **1-800-959-5525** to report this situation. In addition, you must recreate the files within a reasonable period of time; and
- if your records have been encrypted, they can be decrypted and produced in an accessible and electronically readable format to CRA officials.

Note

Accessible format means that you must provide a copy of the electronic records in an electronically readable and useable format to CRA officials to permit them to access the electronic records. The CRA can process electronic records on most industry standard file formats. The records have to be produced for inspection, no matter where they are stored.

Electronically readable format means information supported by a system capable of producing accessible and useable copy. If requested by CRA officials, you must be able to decrypt or unlock password-protected records and provide us with a copy of your electronic records in a useable format.

Useable format means that the electronic records can be processed and analyzed with CRA software. The useable copy of the electronic records must be in a non-proprietary, commonly used data interchange format, which is compatible with software used by the CRA.

Non-proprietary, commonly used data interchange format means those formats that allow files to be used with various software. For information on the types of commonly used file formats, call 1-800-959-5525.

Doing business on the Internet

If you use the Internet to carry on your business, your requirements and responsibilities are the same as those of regular businesses or other organizations as listed in Chapters 1 and 2.

In addition, you are responsible for retaining additional information generated by Internet-based transactions. This information forms an important part of the audit trail and is relevant for tax purposes.

The information is generated either:

- during transaction processing, for example, web logs and emails used to confirm a sale or reservation; or
- as a result of security measures to preserve the authenticity and integrity of the resultant record, for example, electronic signatures.

If your business or other organization operates on the Internet and utilizes the services of transaction managers, application service providers (ASPs), re-billers, and other agents, you are responsible for ensuring this information is available.

We suggest that you retain this information or copies of this information as part of your records as these third parties may not retain your records for the period required by the CRA.

Backing up electronic files

You should make backup copies of all your business information that has been recorded on rewritable media, such as computer hard disks, floppy disks, CDs, DVDs, tapes, and cartridges. This will ensure that you do not accidentally lose, delete, or erase this information. You should store the media containing the recorded information in an environment free from hazards that could affect the

media. These hazards include magnetic fields, direct light, excessive moisture, and temperature extremes.

When you retain backup records in a different medium, you should follow the media manufacturer's suggested procedures. You should give particular attention to the suggested shelf life of the medium.

If you contract with an outside party for the retention of your electronic records, you are responsible for ensuring that they are available to CRA officials on request.

Requirements for backing up electronic files

When you retain backups of your electronic files, you have to ensure that the backed up data files can be restored in a format that will be accessible and useable by the CRA. See previous information on commonly used formats that can be accessed by CRA equipment.

See Information Circular IC05-1R1, *Electronic Record Keeping*, and GST/HST Memorandum 15.2, *Computerized Records*, for more information on ensuring the availability and reliability of backed up data.

Imaging

Imaging means generating a readable reproduction of the original paper supporting document. The images can be produced by scanning the paper supporting documents to transform them into electronic files or by creating microfiche or microfilm.

Imaging a paper supporting document generally involves:

- an accurate reproduction made with the intention of standing in place of the supporting document;
- interpreting the reproduction to ensure it provides the same information as the supporting document; and
- ensuring the reproduction is well defined and the significant details are not obscured by the limitations of the reproduction, for example, resolution, tonality, or hues.

Requirements for an acceptable imaging program

You must keep the original version of records. You may, however, produce an electronic image of a paper document, which then can be accepted as the original record provided you follow certain procedures. Imaging and microfilm (including microfiche) reproductions of books of original entry and source documents have to be produced, controlled, and maintained according to the latest national standard of Canada. For more information, see Information Circular IC78-10R5, *Books and Records Retention/Destruction*, and GST/HST Memorandum 15.1, *General Requirements for Books and Records*. Also, refer to the Canadian General Standards Board (CGSB) publication, CAN/CGSB 72.11, *Microfilm and Electronic Images as Documentary Evidence*, and its latest amendment.

Businesses using commercial software for smaller scale electronic scanning of their paper records and supporting documents should ensure that their scanned records meet the rules and guidelines set out in the latest national standard of Canada.

You can destroy paper books of account and supporting documents if they have been imaged in accordance with the above CGSB publication. These images become the permanent records. If you have any doubt, obtain legal advice first.

If businesses cannot meet the Canadian General Standards, they must keep their original records.

The standards are available to view at selected **libraries** in Canada. The standards are also available for purchase from the CGSB:

By mail:

Sales Centre
Canadian General Standards Board
Gatineau QC K1A 1G6

In person:

Place du Portage
11 Laurier Street
Phase 3, 6B1
Gatineau QC

By Internet: www.pwgsb.gc.ca/cgsb/home/estore-e.html

By telephone, fax, or email:

National Capital Region: 819-956-0425

Rest of Canada: 1-800-665-2472

Fax: 819-956-5740

Email: ncr.cgsb-ongc@pwgsb.gc.ca

Managing electronic records and images

When original supporting documents and records are created and maintained in electronic format, they must be kept in an electronically readable format. To ensure record availability, the original systems records, reports, and images of the reports generated also must be maintained for the required time period, usually six years.

This also applies to situations where the original records and supporting documents were subsequently transferred to another medium such as electronically scanned images.

Electronic records, required to assist you in fulfilling your tax obligations and to calculate your entitlements, should be consistent with the principles outlined in the Canadian General Standards.

To ensure the reliability, integrity and authenticity of your electronic records, see the national standard publication CAN/CGSB 72.34, *Electronic Records as Documentary Evidence*. It will outline electronic record management policies, procedures, practices and documentation that will assist you in establishing the legal validity of your electronic records.

Retention and disposal of electronic records

You must retain your electronic books, records, and images in electronically readable format for the same periods given in Chapter 1 under "How long do you need to keep your records?" and "Destroying records early."

Business systems evaluation

The CRA may undertake a review of your business systems to:

- ensure the systems meet the CRA record keeping requirements outlined earlier;
- get an overview of the system; this includes configuration options and details of the flow of information through the system and subsystems;
- evaluate the retention and content of electronic data files;
- evaluate the reliability of internal controls; and
- identify the electronic data files that will be required for subsequent audits.

As part of your obligation to provide reasonable assistance to the CRA, you must, on request, provide information on your business systems. For more information on business systems, see Information Circular IC05-1R1, *Electronic Record Keeping*.

Audit trails required for electronic records

An audit trail is the information that is required to recreate a sequence of events related to a business transaction. The electronic records must show an audit trail from the supporting documents, whether paper or electronic, to the summarized financial accounts.

In addition, the trail may include a number of links to other associated processes and events, each of which may have its own audit trails. These include front-end systems (for example, e-commerce and point of sale), receipts, payments, stock inventories, preparation software for income tax and GST/HST returns, and email systems.

For example, in Internet-based e-commerce transactions, certain records could be an important part of the audit trail. These include web logs; emails when used as part of the transaction; invoices and confirmations; and security measures such as digital signatures.

For transactions that are covered by an electronic data interchange (EDI) trading agreement, the electronic record(s) including functional acknowledgments must be retained.

Where to keep your electronic records

See "Where to keep your records?" on page 7 for information that applies to all records.

In addition, records kept outside Canada and accessed electronically from Canada are not considered to be records in Canada.

However, if the CRA gave prior permission for electronic records to be maintained outside Canada, the CRA may accept copies if:

- the CRA is satisfied that the copies of the records are true copies;
- they are made available to CRA officials in Canada in an electronically readable and useable format; and

- they contain adequate details to support the tax returns filed with the CRA.

If your systems are maintained on servers located outside Canada, you should access the servers or arrange for your staff to access the servers and provide electronic system records as required by CRA officials.

Information and advice

Call **1-800-959-5525** if you need information and advice on:

- the types of electronic file formats that are compatible with CRA software, including non-proprietary, commonly used data interchange format;
- the Electronic Commerce Audit Program; and
- other electronic record keeping issues.

For more information on electronic record keeping, see Information Circular IC05-1R1, *Electronic Record Keeping*, and GST/HST Memorandum 15.2, *Computerized Records*.

Chapter 3 – Payroll Records

The requirements in Chapters 1 and 2 also apply to payroll records.

In addition, if you are an employer or payer who has to withhold or deduct Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax from remuneration or other amounts you pay, you must keep records that:

- show the time worked by each employee; and
- support the CPP contributions, EI premiums, and taxes that you withheld.

You also have to keep the following records:

- Form TD1, *Personal Tax Credits Return*, which all employees have to complete. Form TD1 is used to determine the amount of federal and provincial or territorial tax to be deducted from an individual's income or other income such as pension income. If your employees work in the province of Quebec, they also have to complete Form TP1015.3-V, *Source Deductions Return*, which is available from Revenu Québec at www.revenu.gouv.qc.ca;
- CRA letters of authority that allow you to reduce the tax deductions for certain employees for a specific year;
- all information slips issued and all returns filed; and
- registered pension information.

You must keep all these payroll records so that CRA officials can audit or examine them, on request.

Businesses using third parties to handle the payroll functions are still responsible for maintaining records for the time period specified in Chapter 1, generally six years. Payroll records may be kept in either paper or electronic format. We recommend that electronic copies of your records be maintained at your business location.

For more information, see T4001, *Employers' Guide – Payroll Deductions and Remittances*, or go to www.cra.gc.ca/payroll.

Chapter 4 – GST/HST

Record keeping requirements

All the requirements in Chapters 1 and 2 also apply to GST/HST records.

You have to keep adequate records if you are:

- carrying on a business or engaged in a commercial activity in Canada;
- required to file a GST/HST return; or
- making an application for a rebate or refund.

In addition, if you are required to file a GST/HST return, you must ensure that your records describe the goods and services being traded in sufficient detail to determine whether they are subject to GST/HST. Your records must be kept in English or in French. Your records also have to allow you to calculate:

- the amount of tax you have to pay or collect; or
- the amount of tax to be refunded, rebated, or deducted from your net tax.

As stated in Chapter 1, you must keep your records for a period of six years from the end of the last year to which they relate.

You must keep all your records, including both paper documents and electronically stored documents, in Canada or make them available to CRA officials in Canada on request. If you wish to maintain your records at a specific location outside Canada or if you are a non-resident, you should contact your **tax services office** in writing to request permission. See Chapter 1 for more information.

Informing your customers about GST/HST

You have to let your customers know if the GST/HST is being applied to their purchases. For taxable supplies (other than zero-rated supplies), you have to show:

- that the total amount paid or payable for a supply includes the GST/HST;
- the amount paid or payable for the supply; and show the amount of the GST/HST payable on the supply separately; or
- the GST/HST rate that applies to the supply. If HST applies to the supply, show the total HST rate. Do not show the federal and provincial parts of the HST separately.

You can use cash register receipts, invoices, or contracts to inform your customers or you can post signs at your place of business.

Sales invoices for GST/HST registrants

In addition to the general rules described above, you have to give customers who are GST/HST registrants specific information on the invoices, receipts, contracts, or other business papers that you use when you supply taxable goods and services. They need this information to support their claims for ITCs or rebates for the GST/HST you charged. Similarly, when you make business purchases, the invoices from your suppliers will support your claims for ITCs. If your customers ask you for an invoice or receipt so they can claim ITCs, you have to give them specific information, depending on the amount of the sale.

Note

Did you know that the online registry at www.cra.gc.ca/gsthstregistry allows you to verify the GST/HST numbers of your suppliers?

Disclosing the HST on sales subject to the point-of-sale rebates, or the Ontario First Nations point-of-sale relief

When disclosing the HST on an invoice or receipt issued for a sale of a designated item that you have paid or credited a rebate amount for the provincial part of the HST at the point of sale, you may show:

- the total amount of the HST payable or the total HST rate;
- the total HST payable as an amount net of the rebate amount paid or credited; or
- the total price of the qualifying item that includes HST at a net rate of 5%.

Under proposed changes, you may also use these options to disclose the HST on an invoice or receipt issued for a sale of qualifying property or service on which you have paid or credited an amount for the Ontario First Nations point-of-sale relief.

For more information, see Point-of-sale rebates and Ontario First Nations point-of-sale relief in guide RC4022, *General Information for GST/HST Registrants*.

For details on the information required, see the following chart:

Information required for sales invoices from GST/HST registrants	Total sale under \$30	Total sale from \$30 to \$149.99	Total sale of \$150 or more
The vendor's business or trading name or the intermediary's name	X	X	X
Invoice date or, if an invoice has not been issued, the date on which the GST/HST is paid or payable	X	X	X
Total amount paid or payable	X	X	X
The total amount of GST/HST charged or that the amount paid or payable for each taxable supply (other than zero-rated supplies) includes GST/HST and the applicable rate of tax		X	X
When some items are subject to the GST and others to the HST on the same invoice, an indication of which items are taxed at the GST rate and which are taxed at the applicable HST rate		X	X
The vendor's Business Number or the intermediary's Business Number		X	X
The buyer's name or trading name or the name of the duly authorized agent or representative			X
A brief description of the goods or services			X
Terms of payment			X
Note: An intermediary is a registrant who, under an agreement with you, makes a supply on your behalf, or causes or facilitates the making of the supply by you.			

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Related forms and publications

Guides and pamphlets

RC4022, *General Information for GST/HST Registrants*
RC4059, *My Account for Individuals*
RC4070, *Guide for Canadian Small Businesses*
RC4188, *What You Should Know About Audits*
T4001, *Employers' Guide – Payroll Deductions and Remittances*
T4011, *Preparing Returns for Deceased Persons*
T4013, *T3 – Trust Guide*

Forms

GST352, *Application for Clearance Certificate (under section 270 of the Excise Tax Act)*
RC193, *Service-Related Complaint*
T137, *Request for Destruction of Books and Records*

TD1, *Personal Tax Credits Return*
TX19, *Asking for a Clearance Certificate*

Information circulars

IC05-1R1, *Electronic Record Keeping*
IC75-2R8, *Contributions to a Registered Party, a Registered Association or to a Candidate at a Federal Election*
IC77-9R, *Books, Records and Other Requirements for Taxpayers Having Foreign Affiliates*
IC78-10R5, *Books and Records Retention/Destruction*
IC82-6R8, *Clearance Certificate*

GST/HST memoranda

15.1, *General Requirements for Books and Records*
15.2, *Computerized Records*

For more information

What if you need help?

If you need help after reading this publication, visit www.cra.gc.ca or call 1-800-959-8281.

Forms and publications

To get our forms or publications, go to www.cra.gc.ca/forms or call 1-800-959-2221.

Electronic mailing lists

We can notify you immediately about new information on payroll, GST/HST, electronic filing for businesses, and more. To subscribe free of charge, go to www.cra.gc.ca/lists.

My Account

My Account is a secure, convenient, and time-saving way to access and manage your tax and benefit information online, seven days a week! If you are not registered with My Account but need information right away, use Quick Access to get fast, easy, and secure access to some of your information now. For more information, go to www.cra.gc.ca/myaccount or see Pamphlet RC4059, *My Account for individuals*.

My Business Account

My Business Account is a secure and convenient way to access and manage your business accounts online.

You can:

- view your account balance and transactions
- request additional remittance vouchers
- file your return and view its status
- calculate your instalment payments
- view notices, letters, and statements
- view address and banking information
- transfer payments and immediately view an updated balance

Quick. Easy. Secure. For more information, go to www.cra.gc.ca/mybusinessaccount.

Represent a Client

Authorized representatives can view account information and transact online for their business clients through the Represent a Client service. Business owners can authorize their representatives through My Business Account, or with Form RC59, *Business Consent Form*. For more information, go to www.cra.gc.ca/representatives.

Electronic payments

Make your payment online using the CRA's My Payment service at www.cra.gc.ca/mypayment or using your financial institution's telephone/Internet banking services. For more information, go to www.cra.gc.ca/electronicpayments or contact your financial institution.

Tax Information Phone Service (TIPS)

For personal and general tax information by telephone, use our automated service, TIPS, by calling 1-800-267-6999.

Teletypewriter (TTY) users

TTY users can call 1-800-665-0354 for bilingual assistance during regular business hours.

Our service complaint process

If you are not satisfied with the **service** that you have received, please contact the CRA employee you have been dealing with or call the telephone number that you have been given. If you are not pleased with the way your concerns are addressed, you can ask to discuss the matter with the employee's supervisor.

If the matter is not settled, you can then file a service complaint by completing Form RC193, *Service-Related Complaint*. If you are still not satisfied, you can file a complaint with the Office of the Taxpayers' Ombudsman.

For more information, go to www.cra.gc.ca/complaints or see Booklet RC4420, *Information on CRA – Service Complaints*.

Your opinion counts

If you have any comments or suggestions that could help us improve our publications, we would like to hear from you. Please send your comments to:



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Canada Revenue Agency
750 Heron Road
Ottawa ON K1A 0L5