



Nova Scotia/Nunavut Command
The Royal Canadian Legion

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All Branch Mail Out #81

Date: November 20, 2020

TO: NS/NU Branches
NS/NU Executive Council
NS/NU Zone Commanders
NS/NU Past Presidents
NS/NU Command Staff

From: Comrade Valerie Mitchell-Veinotte
Executive Director
NS/NU Command, RCL

Subject: Income Tax Filing

Message: Comrades: The attached communication was received from National Command end of October. I had hoped to provide further information on the proposal that would have National Command engage a national firm at a cost savings for Branches. As of November 17 National Command has not moved forward with that proposal. The Federal funding program for which you received details in an all branch mailing from National Command earlier this week does provide for professional fees as an eligible cost. Branches may wish to pursue this line of funding related to the costs of having the income tax return completed and filed.

Earlier today, Danny Martin, Oksana Gorelova and myself met with Shadow Ministers MPs John Brassard (Veterans Affairs) and Philip Lawrence (National Revenue) concerning branch income tax filings and T1044 (Non-Profit Organization Information Form) submission. The issue is that some branches have not filed income tax forms or T1044 forms; there are penalties for non-filing, such as \$2500 for each missed filing year for the T1044. This has come to light as a result of branches wishing to make application for the \$40K CEBA (borrower must have filed a 2018 or 2019 tax return).

Not-for-profit organizations in Canada do not need to pay income tax but they must still file a tax return with CRA. Likewise, the submission of the T1044 form is required for those branches receiving taxable dividends, interest, rentals or royalties more than \$10K or have owned assets valued at more than \$200K in the given year.

NPOs can take advantage of CRA's Voluntary Disclosure Program where late-filing penalties are generally waived, however, CRA will only grant forgiveness for 10 years.

MP Lawrence will be speaking with the Minister of National Revenue to advocate on behalf of the Legion to guarantee forgiveness for all penalties for branch non-filing of previous income tax and T1044 forms, effectively resetting the "start line" to the 2020 tax year. He will also push for an amendment to the CEBA eligibility for Legion branches to remove the requirement for filing a tax return.

Also, we are exploring options for reducing costs that branches must pay to have their tax forms completed by an agency, i.e. have a national tax services agency offer this service for free or at a greatly reduced cost.

Finally, we have heard that some branches may have incorporated to take advantage of provincial or municipal benefits; such incorporation is inconsistent with the GBLs and not permitted within the Legion. Danny will be circulating a survey in the near future to gauge an appreciation for the situation.

We will keep you updated with progress.