

Organization: British Columbia, Ministry of Finance
Created: 24-Jul-2019
Author: Sarah Lise

Amendment/Save and Continue

- The taxpayer cannot submit a new web request by using the same letter ID and Declaration Code. If they attempt to submit a new declaration when we've already received one for the same declaration code/letter id combination, an error message will be displayed.
- If the taxpayer wants to change their existing declaration, and they provide valid letter ID and confirmation number, the previous declaration data will be pre-populated with the exception of SIN, DOB, DL, BN, Incorpor Info, PN, PN Date issued, Deceased SIN, DOB, DOD which will not be pre-populated
- If the taxpayer saved a request and wants to continue, they will provide valid letter ID and confirmation number, the previous declaration data will be pre-populated

Annual Outreach Mailout

The annual outreach mail-out would be needed to allow property owners to find and use eTaxBC to declare their ownership and possibly claim exemptions.

- Volume (stats based on 2018 BCA data derived from early numbers)
 - Properties ~1.1 Million
 - The volume of envelopes: One per owner ID on eligible folios ~1.5 million unique owner IDs (based on available BCA Data)
 - Each owner id has a unique name and address but each name and address can be associated to multiple owner IDs, we are not going through BCA data and name matching to sort this out. The result is that some owners may get multiple letters each with different folios.
- Content
 - A letter containing property information and owner name
 - Each letter will be sent to one BCA owner ID and can include multiple properties, will include a Declaration Number and Letter ID which will allow the declaration to pre-populate the property on eTax
 - Black and white letter
 - The letter will be printed using no colour to mitigate risk at BC Mail and reduce costs
- Names and Addresses to be used
 - Driven via leads created from BCA data
 - BCA Data would be reviewed by business to identify any owners that clearly should not receive declaration (covered by interface definitions)
 - Each BCA owner ID should have a single lead created for them and a letter sent each year
- BC Mail and logistical requirements
 - Ordering envelopes - the Special envelope for outreach, Lisa is working on the order
 - Ordering paper - Paper type may vary for the insert, Lisa should be able to provide this Mid-September at the latest
 - Narrowed down to two main types for testing with BC Mail
 - Queens Printer Insert
 - This will be included with every envelope sent and will be colour printed and 'C' folded at QP and will be provided to BC Mail
 - Configuring and testing job beforehand
 - Internal unit testing
 - Internal volume testing
 - BC Mail unit testing
 - BC Mail volume testing (how long will this take, what size of files can we provide, can they fold/stuff everything in a timely manner)
 - BC Mail should be provided full test to avoid any issues similar to RPT issues from May 2018
 - BC Mail Interface file/API - Separate Definition
- Timing
 - Start sending files to BC Mail - Jan 18
 - Complete sending files to BC Mail - Feb 8
 - BC Mail to send the last file by - Feb 14
- Questions/Decisions
 - If we have multiple owner IDs that declare on the same form one year should we only send a single letter the next year?
 - No, this would mean saving a little on envelopes/paper but could introduce an unnecessary risk that could cause letters to go to the wrong owners.
 - What wording do we use on the header to specify second code owner would enter (Letter ID

- and something like "Access Code" or "Validation Number")
 - TBD, Meeting with Louise & Andrey about this on Aug 16.
 - Decision: "Declaration Code" and Letter ID will be provided, the declaration code being a 'random' 5 digit number.
- How spread out will we want the staggering?
 - 100k per night should work, the approximate timing would be 3 weeks. This reduces the strain on the system and will also allow some staggering of phone calls.
- Colour printing decision
 - If we use colour printing at BC Mail we risk using their only colour printer
 - Alternative 1: Order Pre-printed forms with QP, this also introduces stocking risk and some small risk while printing
 - Alternative 2: Use black and white printing for letter only, would proceed like a 'normal' job
 - **Decision: Grayscale printing only**, mitigates risk and reduces cost and complexity of print.
- BC Mail Interface file vs BC Mail API - **API** - Covered in interface definition
- Reporting
 - Will need to provide business and call center users with daily updates on mail-out, areas that have been sent letters, areas of large numbers of returned items etc.
 - See Report Items

Testing should include:

- Template testing:
 - Verify wording
 - Verify spacing
 - Test when two or more properties are on the declaration that it goes onto a second page with a property list
 - Test when one or more properties are included in Jurisdiction 200 (City of Vancouver) that the optional paragraph specifying that this is not the empty home tax is included in the letter.
 - Run with a date between March 2 and March 31 to make sure declaration due date gets updated to be 30 days from when letter is added
 - Run in a future year (2020 or later) to test that wording in opening paragraph changes from "a new annual tax" to "an annual tax".
- Mail batch testing:
 - Load testing and batch generation testing will be done in B2S through end to end testing (no scenarios needed)
 - BC Mail will provide samples from their test runs which we will want to verify as a group meet our expectations
 - Verifying that envelopes work with the letter and the address block appears in the window
 - Verifying that the folding is consistent and that everything looks okay when removed from the envelope

Corporation

ID types to be collected: BN (Optional) and incorporation details are captured.

BN is now a required field for Incorporation Country is Canada and the taxpayer type is either Corporation or Section 20, COOP ASSOCIATION, MUNICIPAL CORPORATION, REGIONAL DISTRICT CORPORATION, ENACTMENT.

For widely-held corporations and widely-held trusts, since they cannot reasonably demonstrate they fall into the lower tax categories, we may assign them to the "highest" tax rate group for the purposes of the declaration.

Residency: Residency test is as follows:

Only show this question for corporations:

Are corporation's shares publicly traded on a designated stock exchange as defined by the federal Income Tax Act?

IF YES: set at highest tax rate

IF NO: proceed

Does the corporation have corporate interest holders?

IF NO: set at highest tax rate

IF YES: proceed

Do any Corporate Interest Holders* or their spouses have significant worldwide income untaxed in Canada?

To calculate this, add together the individual's and the spouse's income reported in Canada for the taxation year. If this combined amount is 50% or less of the **worldwide** combined income of the individual and the spouse, then answer "yes".

IF YES: set at highest tax rate

IF NO: proceed to 2

Are all Corporate Interest Holders* Canadian Citizens or Permanent Residents?

IF YES: proceed

IF NO: set at highest tax rate

Are all Corporate Interest Holders* BC Residents for income tax purposes?

IF YES: set at lowest tax rate

IF NO, set at middle tax rate

Exemptions: Please refer to exemptions spreadsheet.

Envelopes and Print Groups

SPT will get a new envelope, likely #10 standard envelope. In addition a special "outreach" envelope will be needed. SPT will not have any return envelopes.

R1 Print groups will need to include:

1. Outreach print group
2. Standard print group for accounts

Each would need to be tested with BC Mail to ensure the file format, volume, and any markups work with their system.

General Information and Declaration Layout

Requirements

- Request has to be lightweight and easy to complete.
- Any complex terms need to be broken down with a label next to the field.
- The wording has to be short and use plain language.

Devices, Resolution Support

- The application will be developed for all screen sizes: desktops, laptops, mobile, tablets.
- Resolution: 1024x768 and above. The lower resolutions are still supported however additional scrolling will be required.
- Devices: iPhone 5/SE and above. Samsung Galaxy S5 and above. The lower, older models are supported however additional scrolling will be required.

Layout of the request

- Request has to be one entry point for multiple flows: corporation, individuals, none of these, partnerships and trusts.

Declaration Steps:

Getting Started

- The user will choose if they are creating a new declaration or changing existing.
- If new one, the user will enter their Letter ID, and declaration code, if incorrect they can try again. 15 times before they are locked out for 5 minutes.
- If the information entered is correct, all the properties associated with that letter ID will be pre-populated into property table.
- If existing, the user will enter the confirmation number and email. If correct, then previous web request data will prepoped into it.
-

Taxpayer Type

- Owner entity type: corporation, individuals, partnership and trusts, none of these.

Residency

- The test will be applied to Individuals, Corporations, Partnerships and Trusts.

IDs

- SIN is mandatory if Canadian is selected on the Can, BC Residency test for individuals.
- SIN is a question if not Canadian for individuals, if no SIN, ITN, TTN, an additional ID will be required, drop down for allowed IDs (Drivers License and BCID) and field for entry of the ID.
- BN (optional) and BN incorporation details are mandatory for Corporations
- BN (optional) for partnerships
- CRA trust account number is asked for trusts and if also applying on behalf of deceased owner, SIN, DOB, Date of Death are also asked.

Properties (Table)

- The properties are pre-populated based on the letter ID they provided on Getting Started step. The notice will group all their applicable properties.
- The user must complete all the properties that are included on the letter they have received. They cannot delete properties or add properties.

For each property pre-populated based on the letter ID, they will indicate:

- They will indicate whether or not its their primary residency. If they are they will go directly to summary.
- They will indicate whether or not they qualify for occupancy exemption. If they are they will go directly to summary.
- If the above two exemptions do not cover their status, they will indicate whether or not they qualify for other exemptions. If they are they will go directly to summary.

- If there are no exemptions applicable to them they will go to Name and Address step.

Name and Address

- In event where one of the properties is not exempt, they will be asked to confirm that their first property they claimed BCA Address is correct and that is where they want to receive the bill.
- If the address is incorrect or they want to receive to a different address, they can specify at this point.
- If the BCA name is also not up to date they can provide their most up to date legal name.

Certification & Summary

- Summary will summarize the owner level information, properties declared for, income, address
- User will provide their name, phone number and certify the declaration.
- User can specify their email address for later on amending, withdrawing, viewing.
- In case user is filing on behalf on someone, they can specify their relationship to the owner.

Additional Requirements

Possible relationships for the purposes of this declaration

- Owner (includes registered leaseholder)
- Relative of owner
- Spouse of owner
- Lawyer/Notary
- Paid Preparer
- Service BC

Individual

ID types to be collected: SIN for individuals (Required for Canadian/Permanent citizens, optional for PN and foreigners)

- Date of birth for individuals (Required)
- Drivers License or BCID, no copy required for attachment

Residency: Test would be provided to Individuals. Refer to residency definition item for more information.

Exemptions: Please refer to exemptions spreadsheet.

Maintain BCA Folios for SPT

Make BCA folio and ownership data available to create list of Folio Owners liable for Speculation Tax.

BCA folio data must be loaded from various roll products, as with Rural Property Tax. The same Case "BCA Roll Load" process will be used. Previously this case only added/updated RPT Folio entities in TACS. With SPT, the BCA Roll Load case will also add/update non-registered SPT Folio data in TACS.

This SPT folio data will be made available to downstream processes like eTax declarations, Registration, and Returns calculations.

Viewing

Provide a method to easily view BCA Folio data.

Currently only Rural folio data can really be viewed, by looking at the registered folio customer. Speculation Tax will include Muni folios, so must have a location to view roll data

Editing

Some attribute(s) occasionally need to be overridden by users

- SPT assessed value
 - Allow users to override through the Folio Viewing screen
 - When new Roll comes in (SUPP) replace overridden values. Returns will handle creating work items or suspending the return as needed, see returns definition item.

Data elements

Folio

- Jurisdiction
- Roll Number
 - Change: Add Folio
 - Change: Delete Folio (Not on Roll)
 - Change: Delete Folio (SUPP)
 - Change: Renumber
- Property Location Address
 - Change: Location Address Change

Folio-Period

Must be maintained separately for each tax year.

- Folio Description
 - (informational, used by BCA to set Spec Tax Candidate flag)
 - Actual Use code
 - Neighbourhood code
 - Tenure Code
 - Regional District
 - Regional Hospital District
 - School District
 - Land Dimension
 - Flags:

- Vacant
 - Additional School Tax
 - Police Tax
 - BC Transit
- Change: Update any above fields
- Candidate for Speculation Tax flag
 - Change: SPT Candidate Added
 - Change: SPT Candidate Removed
- Speculation Tax Assessed Value
 - (school based class 01 land and improvement **gross** values) - (**gross** farm outbuilding values)
 - Gross farm outbuilding value (FOB) = improvement value under exemption code 21
 - Change: Valuation Increased
 - Change: Valuation Decreased
 - Change: Overridden Value Replaced
- Legal Description
 - (used for LTSA-owner matching)
 - Change: PID added
 - Change: PID removed
- Exempt Tax Codes
 - (Informational, part of deriving Spec Tax assessed value)
 - Change: ETC added
 - Change: ETC removed
- Minor Tax Codes
 - (Informational)
- Manufactured Home Numbers
 - (Informational)
- Sales
 - (used to determine if a ownership change was effective before Dec 31st cutoff)
 - Change: Sale added
 - (no removal, as BCA provides top 3 latest sales, rather than the full history. We must save all sales they provide)

Folio-Period Owners

Must be maintained separately for each tax year.

- Ownership set as of Dec 31 determines liability. Note, Ownership **Groups** are ignored for the purpose of SPT. Liability is at the individual level.
 - Change: Owner Added
 - Change: Owner Removed
 - Change: Owner Reinstated
- Equity Type
 - Change: Equity Type Change

Folio Owner data

Shared across all periods - to facilitate name/address updates

- Name
 - Change: Name Change
 - Change: Name Change - Cosmetic
- Mailing Address
 - Change: Owner Address Change

- Change: Owner Address Change - Cosmetic

Owners potentially liable for Speculation Tax are defined as:

- Folios with BCA flag "Candidate for Speculation Tax"
- BCA Ownership on Folio as of Dec 31 on the tax year
 - Largely set by Complete Tax Roll for the tax year
 - Exception:
 - Applications submitted to LTSA on or before Dec 31, but registered later. TACS must monitor Weekly Rolls produced after Dec 31 for owner changes related to "Sales" with application dates prior to Dec 31st.

Production Impact

Changes to the BCA interface will impact some existing RPT functionality. These will be updated and tested in SQRs linked to this definition item (see the tab 'Other'-'>'SQRs')

- **Jagroop**
 - BC_maPTB
 - SQL
 - GetOwnershipChange
- **Brian**
 - BC_raRtn
 - SQL
 - UpdateRPTAsProcessed
 - GetUnprocessedChangesRPT
 - GetMTJChangesRPT
 - Scanjob:
 - BC.RTAMDRPT - RPT Return Amend BCA Supp
- **MacNeil**
 - BC_taCCI
 - SQL
 - ProcessBCAAddressChanges
 - CheckScanJobRecipients
 - Scanjob
 - BC.BLLRPTTNS – tax notice
- **Jackson**
 - Reports
 - BCA Roll Folio Address Change
 - BCA Roll Folio Errors
 - BCA Roll Change Summary (Rural)
 - BCA Roll Totals
 - RPT - Levy changes from Supp Rolls
 - Scanjob
 - BC.DwhBCA* - BCA interface scanjobs
 - BC.RPTSUPROL - RPT Tax Roll report
- **Donner**
 - Report: RPT Boundary Extension BCA Official List of Folios

- **Kristyn**
 - Report: RPT Deferment Renumbered Folios
- **Andy**
 - Report: RPT Credit Anomalies
 - (OwnershipChanges SQL)

Name/Address Rules

For R1 names and addresses will be two-fold:

1. Names and addresses derived from BCA data on
2. Names and addresses are driven by registration data confirmed/updated on the declaration.

Outreach letters will always use the lead name and address on the lead. The lead will be populated from one of the two places above.

For this definition only testing that the letter pulls in the lead name correctly is needed. Name and addresses on the lead will be covered by lead definitions.

Other - None of These

None of these, previously known as other, will now stop the flow and advise taxpayers to call in to Tier 1 support to help them fill out the application.

Partnership

ID types: BN (Optional)

Residency: The test is as follows:

Only show these two questions for partnerships:

Are any of the partners in this partnership comprised of another partnership?

IF YES: set at highest tax rate

IF NO: proceed

Are any of the partners a corporation with no corporate interest holders?

IF YES: set at highest tax rate

IF NO: proceed

Do any *Partnership Interest Holders** or their spouses have significant worldwide income untaxed in Canada?

To calculate this, add together the individual's and the spouse's income reported in Canada for the taxation year. If this combined amount is 50% or less of the **worldwide** combined income of the individual and the spouse, then answer "yes".

IF YES: set at highest tax rate

IF NO: proceed to 2

Are all *Partnership Interest Holders** Canadian Citizens or Permanent Residents?

IF YES: proceed

IF NO: set at highest tax rate

Are all *Partnership Interest Holders** BC Residents for income tax purposes?

IF YES: set at lowest tax rate

IF NO, set at middle tax rate

Exemptions: Please refer to exemptions spreadsheet.

Residency

Residency Test:

- Are you a Canadian Citizen or Permanent Resident of Canada?
- Are you a resident of BC as of December 31, 2018 for tax purposes?
- Are you a confirmed Provincial Nominee?
- Do you or your spouse have worldwide income not reported on a Canadian tax return?
- Is your and your spousal worldwide income is double the BC income?

Residency results:

- If Canadian, no world-wide income and BC Resident: **Canadian, BC Resident.**
- If Canadian, no world-wide income, not BC Resident: **Canadian, other.**
- If not Canadian, no PN: **Foreigner (untaxed income earners)**
- If not Canadian, PN, PN Certificate Date issued in current tax year or tax year before, income information is not asked: **Canadian, BC Resident.**
- If not Canadian, PN, PN Certificate Date is expired, income is not double the BC income: **Canadian, BC Resident**
- If not Canadian, PN, PN Certificate Date is expired, income is double the BC income: **Foreigner (untaxed income earners)**
- If Canadian, World Wide Income, BC Resident or not BC Resident: **Foreigner (untaxed income earners)**

Corporations:

- Are corporation's shares publicly traded on a designated stock exchange as defined by the federal Income Tax Act? **(if yes, Foreigner)**
- Does the corporation have corporate interest holders? **(if no, Foreigner)**
- Are all Corporate Interest Holders* Canadian Citizens or Permanent Residents? **(if no, Foreigner)**
- Are all Corporate Interest Holders* BC Residents for income tax purposes? **(if yes, BC, if no, Can Other)**
- Do any Corporate Interest Holders* or their spouses have significant worldwide income untaxed in Canada? **(if no, Foreigner, if yes, then either BC or CAN)**

Trusts:

- Are the investments in the trust listed or traded on a designated exchange as defined by the Income Tax Act (Canada) or is the trust any of the following (as defined by the Income Tax Act (Canada)): a mutual fund trust, a real estate investment trust, or a SIFT trust? **(if yes, Foreigner)**
- Are all beneficial owners* Canadian Citizens or Permanent Residents? **(if no, Foreigner)**
- Are all beneficial owners* BC Residents for income tax purposes? **(if yes, BC, if no, Can Other)**
- Do any beneficial owners* or their spouses have significant worldwide income untaxed in Canada? **(if no, Foreigner, if yes, then either BC or CAN)**

Partnerships:

- Is any of the partners in this partnership another partnership? **(if yes, Foreigner)**
- Is any of the partners a corporation with no corporate interest holders? **(if yes, Foreigner)**
- Are all partners in this partnership Canadian Citizens or Permanent Residents? **(if no, Foreigner)**
- Are all partners in this partnership BC Residents for income tax purposes? **(if yes, BC, if no, Can Other)**
- Do any partners in this partnership or their spouses have significant worldwide income untaxed in Canada? **(if no, Foreigner, if yes, then either BC or CAN)**

SPT - Headers/Footers

<h2>HEADER</h2>

<p>This definition should include the pertinent information that will be included on the header and to confirm that the standard header can be used for most mail, additional headers may be needed for R2 (Billing) and possibly R3 (Audit).</p>

<p>Header: Standard Header</p>

<p>Mail Item Source: Gentax (Taxpayer/Account/Period/Folder level)</p>

Issue Date - Shows date letter is added to the system

Address block - Appears in envelope window with recipient's name and address (based on rules in separate definitions)

ID Block - Typically holds searchable IDs used when a taxpayer calls in with a question to quickly reference their entity

Primary IDs (Taxpayer ID Number aka TIN and Account ID) - Will use Account ID, will not use TIN as it is not very helpful and could confuse taxpayers

Letter ID (Unique, searchable identifier for letter)

Secondary IDs - No secondary ID.

Barcode - Used for returned mail (contains Letter ID)

<p>Header: Standard Case Header</p>

<p>Mail Item Source: Case</p>

Issue Date

Address Block - Separate rules apply for case letters than for Gentax level letters

ID Block

Case ID (Unique, searchable identifier for a case)

Letter ID

Barcode - Used for returned mail

<p>Header: Standard Lead/Outreach Header</p>

Issue Date

Image - "Declare Now"

- Address Block
- ID Block

-

- Letter ID
- Declaration Code (5 digit number used on declaration)
- Barcode - Used for returned mail

-

-
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<h2>FOOTER</h2>

<p>Each area has a unique footer for their own tax type, a footer is a standard way of displaying information that the recipient of the letter can use to contact the branch in a variety of ways. < The layout of footers in the system is standardized so we'll just need to confirm the following information to configure one.</p>

<p>The standard format has 4 columns with the following information:</p>

<p>Column 1</p>

- Ministry of Finance

<p>Column 2</p>

- Program Name ("Speculation and Vacancy Tax")
- Branch Name ("Property Taxation Branch")

<p>Column 3 & 4 (layouts vary based on optional items)</p>

- Mailing Address - PO Box 9472 Stn Prov Govt Victoria BC < V8W 9W6
- Toll Free - 1 833 554-2323
- Phone - 604 660-2421
- Website - gov.bc.ca/spectaxinfo
- eTax - etax.gov.bc.ca/spectaxdeclare
- Email - spectaxinfo@gov.bc.ca

<p> </p>

Trust

ID types to be collected: CRA Trust account number (Optional)

If applying on behalf of deceased owner, additional information will be captured:

- Date of birth
- Date of death
- SIN

For widely-held corporations and widely-held trusts, since they cannot reasonably demonstrate they fall into the lower tax categories, we may assign them to the "highest" tax rate group for the purposes of the declaration.

Residency: Residency test is as follows:

Only show this question for trusts:

Are the investments in the trust listed or traded on a designated exchange as defined by the Income Tax Act (Canada) or is the trust any of the following (as defined by the Income Tax Act (Canada)): a mutual fund trust, a real estate investment trust, or a SIFT trust?

IF YES: set at highest tax rate

IF NO: proceed

Do any *Beneficial Owner* * or their spouses have significant worldwide income untaxed in Canada?

To calculate this, add together the individual's and the spouse's income reported in Canada for the taxation year. If this combined amount is 50% or less of the **worldwide** combined income of the individual and the spouse, then answer "yes".

IF YES: set at highest tax rate

IF NO: proceed to 2

Are all *Beneficial Owner* * Canadian Citizens or Permanent Residents?

IF YES: proceed

IF NO: set at highest tax rate

Are all *Beneficial Owner* * BC Residents for income tax purposes?

IF YES: set at lowest tax rate

IF NO: set at highest tax rate

IF NO, set at middle tax rate

Exemptions: Please refer to exemption spreadsheet.

Organization: British Columbia, Ministry of Finance
Created: 24-Jul-2019
Author: Sarah Lise

01 - Lead Creation

- One SPT Lead will be generated per year for BCA Owner ID for owners marked by BC Assessment as owning folios which are liable for Speculation Tax.
 - Rules:
 - Leads will begin generating automatically on or after 18-Jan of the following Speculation Tax year.
 - Example: Speculation Tax Year is 2018, the Speculation Tax Lead will be created on or after 18-Jan-2019.
 - Generated 110,000 Leads per business day for roughly three weeks, until all available SPT leads are created.
 - Prioritized for creation by furthest to nearest mailing address distance (to the best of our abilities).
 - Only up to one SPT Lead should be generated per BCA Owner ID and SPT Tax Year
 - If an existing SPT account exists for the corresponding BCA Owner ID and the owner has previously filed a declaration either confirming or modifying their mailing address, we will use that mailing address for subsequent year SPT Lead creation over the one provided by BCA (Year 2 onward).
 - **Updated:** If an account exists, the subsequent year lead will be linked to the taxpayer account
- Exclusions:
 - Owners on the Non-Candidate Owner List (Maintained by Business Area).
 - Owners who are listed as having Non-Candidate Equity Types (current list is below):
 - 02 - Registered Owner But Registered Agreement For Sale Given
 - 05 - Registered Owner But Life Tenancy Or Lease For Life Given
 - 11 - Unregistered Holder Of Agreement For Sale/Right To Purchase
 - 12 - Unregistered Holder Of Deed
 - 18 - Simply Occupies Crown Land
 - 20 - Unsurveyed/Unregistered Crown Land
 - 21 - Parks vested by statute-Munic/Reg Dist/Crown Prov
 - 27 - Simply Occupies Municipal Property
 - 28 - Simply Occupies Otherwise Exempt Property
 - 99 - Other Interested Parties

- Duplicate owners on a single folio as sent to us by BCA.
 - Caveats:
 - Owners flagged by BCA with "pending transfers" will be marked as the lowest priority when generating these leads and therefore sent out last to allow as much time to process BCA weekly updates to ownership to prevent creating invalidate SPT Leads and Outreach letters.
 -
- Updated: Here is a high-level breakdown of the ordering we will be using to generate and send the Outreach Letters. There are three distinct groupings and we will send 110,000 letters per business day until the list is exhausted (in order below):

- **Non-Canadian Mailing Addresses:**
 1. Sort in reverse alphabetical order by the country name.
 2. Sub-sort in reverse alphabetical order by the State name (if applicable).
 3. Sub-sort in alphabetical order by the Zip code (if applicable).
- **Canadian Non-BC Mailing Addresses:**
 1. Sort in reverse alphabetical order by the Province name.
 2. Sub-sort in alphabetical order by the Postal code.
- **Canadian BC Mailing Addresses:**
 1. Sort in alphabetical order by the Postal Code.
- **Caveats:**
 1. Owners with "Pending Transfers" at LTSA will send out last (if they are still listed on the title at that point).
 2. Nanaimo letters will be sent last.
 - They will be generated independently on their own day so no insert is included.

02 - Lead Document Population

- SPT Lead Document will be populated with corresponding SPT folio information based on BCA data for all folios owned by that specific BCA Owner which are marked as SPT liable and pass all other exclusionary rules (see other definition for Lead creation).
- The Lead Document will display Owner level information as well as all the corresponding folio information for a given SPT Tax Year / BCA Owner combination.
- Updated: Spreadsheet with applicable fields to review as populated is attached to this definition.

03 - Outreach Letter Generation

- One SPT Outreach letter will be automatically sent per SPT Lead on the same night it is created.
- A subsequent Outreach letter can be sent either manually or via automated processes:
 - **Manual:**
 - A business user goes into the Lead and either update the Lead address and then stages the Lead to "SPT - Declaration Issued" which regenerates the letter.
 - This newly provided address will be the one added to the taxpayers account for correspondence if past the declaration due date and the taxpayer has yet to file.
 - A business user will go into the previously generated letter and use standard system "Reprint"/"Resend" functionality.
 - **Automated:**
 - A new Outreach letter will be automatically generated in the following situations:
 - A folio is newly liable for a given SPT Tax Year and we are on or after the generation date.
 - A folio is newly liable for a given SPT Tax Year due to a BCA update beyond the generation date.
 - An address change is received for a given SPT Tax Year from a BCA Weekly file and the corresponding BCA Owner has yet to complete their SPT declaration and it is after the generation date but before the SPT Declaration due date.

04 - Web Declarations

- On the given night the Annual SPT Lead is created and the Outreach letter is generated, all the Outreach letters will be published to eTaxBC so taxpayers can submit their declarations by keying in their Outreach Letter ID and Outreach Letter Declaration code.
 - Any Letter ID/Declaration Code combination sent to the taxpayer for a given SPT year should be available for use as a valid combination in eTaxBC.
 - At the time of inputting these combinations, the list of folios populated for the taxpayer to declare should be current as of the most recent information on the SPT Lead (once the eTax publishing job has been run).
- If no folios remain for the taxpayer to declare for a given SPT year due to change of ownership/equity types/candidacy, etc. based on BCA files received, then a message will be displayed to the taxpayer that their declaration is no longer required (see the declaration definitions for full details).
- **Updated:**
 - Taxpayers will be able to declare in eTaxBC for a given SPT Period until the latest date of the end of the year three years after the Speculation Tax period **OR** 90 days from the date the lead is created,
 - Example 1:
 - 2018 Spec Tax
 - Lead created 18-Jan-2019
 - Last day to declare in eTaxBC before being locked out is 31-Dec-2021.
 - Example 2:
 - 2018 Spec Tax
 - Lead created 15-Dec-2021
 - Last day to declare in eTaxBC before being locked out is 15-Mar-2022.
- When a taxpayer submits a declaration:
 - The corresponding SPT Lead will be updated based on what information was provided by the taxpayer.
 - If the taxpayer submits as a "non-candidate" (Entity Exempt Under Section 20) they will be added to a list to be excluded for the following years (year two onward).
 - This should be removed if a subsequent declaration is received the same day, contradicting the previous submission.
 - If the taxpayer attempts a subsequent declaration on another date, they will see the same message as the "no folios remain" scenario above.
 - If any of the folios for a given SPT Lead are declared for and non-fully exempt, the registration process will initiate that night.
 - Declarations are due 31-Mar of a given year OR 30 days from the SPT Lead creation date, whichever is later, to ensure the taxpayer always has a minimum of 30 days to receive the letter and declare.
 - If the taxpayer declares as fully exempt for all properties:
 - The SPT Lead will be updated.
 - The current speculation tax period will be updated accordingly (if applicable).

- The current speculation tax return will be updated accordingly (if applicable).
 - Any open registration cases will be closed.
 - The SPT lead will be closed.
- Fields based on the declaration submission will be searchable (see Lead Searching definition for full details).

05 - Taxpayer Registration/Updates

- Each time the registration process is initiated, i.e. new non-fully exempt, an SPT Registration case will be updated (if an open one for that given lead exists) or created otherwise, and populated with the most current declaration information.
- This process may also be initiated by passing the declaration due date without a declaration being received, due date is 31-Mar-YYYY.
- If the registration case successfully links up with an existing account or creates a new account the lead processing will continue, otherwise, it will wait until the registration case has been completed manually by a business user.

**PLEASE NOTE: ALL TEST SCENARIOS WILL BE HOUSED UNDER THE DEFINITION =
DISCOVERY - 06. Account Creation/Updates (#37522)**

06 - Account Creation/Updates

Auto-registration when property owners failed to submit their declaration. An SPT account will be created for the following situations:

- Overdue declaration for an applicable SPT Lead.
 - All owners who received a notice but failed to file their declaration for their properties will need to be created in Gentax provided that they had at least 30 days to respond after they received the notice.
- BCA Owner ID will be utilized to search for existing SPT accounts if there is one created for the property owner from the previous taxation years. Otherwise, they will be created automatically as taxpayers. Name and address are not reliable information to search for existing entities in the system. Clean up of these entities will need to occur after their declaration has been received for these taxpayers.
- List of properties targeted for Spec Tax can change when BCA Supp is received. Owners of those properties that are still deemed as liable for Speculation Tax before mass billing in April are candidates for auto-registration.
- We will be able to match late registrations to existing accounts through the enrolment code and initial BCA data that sent out the notices.
- A declaration is received signifying the taxpayer is not fully exempt.

Updated:

- Entity Type rules for SPT registration:
 - When an owner fails to declare before the due date and is deemed liable for Speculation & Vacancy Tax, they will be automatically registered in the system and sent a bill. The Entity Type is automatically assigned based on the owner's name from BC Assessment data as either an Individual or a Corporation. If the owner declares at a later date and selects a different Entity Type than the one automatically assigned, the Registration Case will be stopped for review due to an Entity Type mismatch.

Example:

ABC Trust Company LTD failed to declare by the due date and was automatically registered in the system as a Corporation.

ABC Trust Company LTD submits their declaration one month late and declares that they are in fact a Trust, not a Corporation.

The Registration Case will attempt to find the BCA Ownership ID in the system and will recognize it was already registered as a Corporation.

The Registration Case suspends with an error prompting a manual review of the Entity Type.

- If the BCA Ownership ID matches an existing Entity in the system, it will use the existing Entity Type when creating a registration case rather than attempting to infer the type from the BCA Owner Name again.

07 - Period Creation/Updates

- An SPT period will be automatically updated by the lead in the following situations:
 - A declaration is received signifying the taxpayer is not fully SPT exempt.
 - An overdue declaration.
 - BCA changes are received relating to assessment values.
 - Manual assessment value updates by a business user (see interface definitions for full details).

08 - Return Creation/Updates

An SPT return will be automatically updated by the lead in the following situations:

- A declaration is received signifying the taxpayer is not fully SPT exempt.
- An overdue declaration.
- BCA changes are received relating to assessment values.
- Manual assessment value updates by a business user (see interface definitions for full details).

09 - Processing BCA Changes

Overview:

This definition will cover the requirements for processing BCA changes that result in a new 'Notice to Declare' letter being sent which may initiate an SPT account creation.

It is possible that a supplementary assessment could result in an owner becoming subject to the tax after our annual mass mail out.

For example, a property that was initially classified as class 6 could be reclassified as split class 1 and 6 through the assessment appeal process. In those situations, we want to give the owner the opportunity to complete a Speculation Tax Declaration before we issue a NOFA.

Our preferred process is that a letter similar to the mass mail out letter be sent to the owner with an access code so they can use the Speculation Tax Declaration.

The letter will give the owner a deadline for completing the declaration, which will be 30 days from the date of the letter.

If the declaration is not completed by the deadline, the NOFA will be issued as soon as practicable. Please see details below.

- Potential BCA Changes handled automatically by the SPT Lead:
 1. Folio added as SPT Liable.
 - Situation 1:
 - An owner has an existing SPT lead for the given SPT year, due to one or more other owned potentially liable properties.
 - Corresponding lead will be updated and kick off any corresponding processes.
 - **Updated:** If an account exists the period attributes and the return will be updated after either the 30 declaration deadline has passed or if a declaration has been received in the 30-day window.
 - Declaration due date will be extended to the later of the current due date or 30 dates from the date this BCA folio addition is processed.
 - A new Outreach letter will be sent to the taxpayer asking them to declare.
 - Situation 2:
 - An owner does not have an existing SPT lead for the given SPT year.
 - **Updated:** One will be created and kick off the initial stages of the declaration process.
 - Declaration due date will be the later of the original due date (31-Mar) or 30 dates from the date this BCA folio addition is processed.
 - A new Outreach letter will be sent to the taxpayer asking them to declare.
 2. Folio removed as SPT Liable.
 - Situation 1:
 - An owner has an existing SPT lead for the given SPT year, due to one or more other owned potentially liable properties.
 - Corresponding lead will be updated and kick off any corresponding processes.
 - **Updated:** If an account exists the period attributes and the return will be updated immediately as no new additional information is required by the taxpayer to complete the existing declaration.

- Declaration due date will remain the same as no new information is need by the taxpayer to complete their declaration.
 - No Outreach letter will be sent as it would not provide any new information to the taxpayer.
- Situation 2:
 - An owner does not have an existing SPT lead for the given SPT year.
 - Updated: One will only be created if the owner has one or more other potential SPT liable properties and kick off the initial stages of the declaration process.
3. Owner added to folio for an SPT year.
- See Number 1. (above).
4. Owner removed from a folio for an SPT year.
- See Number 2. (above).
5. BCA Assessed Value(s) change:
- Situation 1:
 - The owner has an existing account/period/return for the SPT year.
 - The period attributes will be updated.
 - The return will be updated.
 - Downstream processes such as financials and billing should function accordingly.
 - Situation 2:
 - The owner does not have an existing period/return for the SPT year.
 - It will be ignored as it will be part of the normal registration process should the account/period/return become necessary (see other definitions for account/period/return creation or update).
6. BCA Address Change:
- The BCA Address on the SPT account will be updated accordingly (if the account exists).
 - The SPT Lead address will be updated.
 - A new Outreach letter will be generated if the taxpayer has not yet declared and it is before the original declaration due date.
 - A new Outreach letter will not be generated if the taxpayer has not yet declared and it is after the original declaration due date, however, a work item will be created for manual the business to manually review as the NOFA may have gone out to an outdated address and needs to be manually resent.

10 - Supporting Documents Case (Attachments)

New case type will need to be created to house supporting documents related to Speculation and Vacancy Tax such as

- Authorization Form (FIN 146)
- Power of Attorney
- Other correspondence

These documents can come to the branch in the way of email or mail, through Registration and Closure Section (RCS), or Correspondence Image (mail via ESIT).

ESIT will continue to create a corresponding image case when they receive any correspondence for SPT. Existing stage that has already been created for SPT will be used to direct the case to the branch. SPT Staff reviewing the correspondence images from ESIT will attach the correspondence image to the SPT Supporting Documents Case.

RCS receives the Authorization Form (FIN 146) via mail or (fax to) email; RCS will attach these to the SPT Supporting Documents case.

Service BC will send all paper correspondence to ESIT to be loaded in GenTax (see Service BC Workplan).

If these documents get to the branch directly, PTB staff will look up the lead where the case can be added, and upload the supporting documents.

The Supporting Documents Case will be associated to the SPT account whenever the owner becomes liable for the tax.

The existing Supporting Documents Case will also be added to future leads for subsequent years to make the case visible across multiple taxation years. This way staff can easily reference the case when necessary instead of going over all the leads to find the document. It could eventually be buried under so many leads otherwise.

The supporting document case cannot be added outside the lead and duplicate cases cannot be added.

Approval Levels and Review Stages

Business Requirement:

The SPT refund will use the following approval level thresholds:

- Requested amounts of \$5,000 and under, inclusive: **Supervisor Approval**
 - Analyst Review
 - Supervisor Review
- Requested amounts of \$5,000.01 to \$250,000.00 inclusive: **Director Approval**
 - Analyst Review
 - Supervisor Review
 - Manager Review
 - Director Review
- Requested amounts over \$250,000: **Exec Director Approval**
 - Analyst Review
 - Supervisor Review
 - Manager Review
 - Director Review
 - Executive Director Review

Auto-approval of refunds is out of scope for the initial rollout, but is likely to be implemented after a year of operations, during which the program will take the opportunity to assess the specific needs around it.

To ensure segregation of duties, the following safeguards will be put in place:

- Regardless of security configuration, a refund will always require two *different* users to provide approval. If the current user provided the previous stage's approval, they cannot provide the current stage's approval; this will override group security permissions.
- No user will be able to override the refund recipient after its first level of approval (thus guaranteeing two sets of eyes across it).

System Implementation:

The system will designate an Approval Level for all refunds, at the time of refund creation, based on the total requested amount of the refund. The approval level determines the stages that the refund must flow through.

Automated Refund Transfers (Cross Account Offsets)

Business Requirement:

Spec Tax will be participating in Division-wide refund transfers: all program areas that currently allow their refunds to be 'skimmed' to pay off external debts will now include Spec Tax in their offset hierarchy, and Spec Tax will in turn allow their refunds to be 'skimmed' to pay off debts on other program's accounts.

Spec Tax's account offset hierarchy, divided by branch:

- SPT
 - SPT - Speculation Tax
- PTB (PTT)
 - PTT - Property Transfer Tax
- CTB
 - SST - Social Service Tax
 - HTL - Hotel Room Tax
 - TDP - Tax on Designated Property
 - PST - Provincial Sales Tax
 - FTA - IFTA Carrier
 - TRA - Tobacco Retail Authorization
 - TWS - Tobacco Wholesaler
 - TWI - Tobacco Wholesaler Inventory
 - FDR - Fuel Disabled Registrants
 - TES - Exempt Sale Retail Dealer
 - ENC - Energy Rebate
- ITB
 - LOG - Logging Tax
 - INS - Insurance Premium Tax - Taxable
 - INU - Insurance Premium Tax - Unlicensed
 - LNG - Liquefied Natural Gas
 - LNV - LNG Volumetric Information
 - LNC - Natural Gas Tax Credit
 - EHT - Employer Health Tax
- MOG
 - MTR - Mineral Tax - Regular
 - MTQ - Mineral Tax - Quarry
 - MTP - Mineral Tax - Placer Gold
 - OGR - Oil & Gas Royalty and Freehold Production Tax
 - OGD - Oil & Gas Deemed Royalty & Penalty

System Implementation:

When a Gentax refund is created on an SPT account in credit, where the parent entity has a separate account that is in debt, the system will automatically offset the debt with the refunded amount by performing a transfer when the refund is approved by an user. The remainder will be released to the taxpayer and an offset letter will be generated to inform them of what has happened.

During validation, the transfer amount can be overridden or cancelled outright.

Creation of Refund Tasks (Auto and Manual)

Business Requirement:

The baseline refund requirement is that credits with an open balance can be refunded to the taxpayer.

- Automatic
 - The system should automatically create refund tasks where the credit/account/taxpayer satisfies the following criteria:
 - Current date (RunDate) is at least 21 calendar days past credit effective date
 - Current date (RunDate) is not before the tax due date (July 2) for the filing period the credit resides on
 - e.g. Payment effective Feb 1 2018: Refund created July 3 2018
 - e.g. Payment effective July 2 2018: Refund created July 3 2018
 - e.g. Payment effective July 3 2018: Refund created July 3 2019
 - e.g. Payment effective Nov 30 2018: Refund created July 3 2019
 - And there are none of the following
 - Pending adjustment work items
 - Suspended Returns
 - Pending audit or 'financial case' (e.g. credit claims being worked)
 - alusk - I suspect this will manifest as a return correction work item
 - Stop Refund or Stop Mail indicators
- Manual
 - The program staff should be able to manually create refunds for taxpayers in credit on their Speculation Tax accounts, when
 - there are none of the following:
 - Pending adjustment work items
 - Pending audit or 'financial case' (e.g. credit claims being worked)
 - Stop Refund or Stop Mail indicators

System Implementation:

Users with appropriate security will be able to click the 'Add' button the Account springboard, Refund tab, in order to add a refund.

The job "Create Refunds," which is a configured job in the Nightly jobstream, will scan for SPT accounts with open credits and create refund tasks where the credit/account/taxpayer satisfies the criteria above.

CRM, Notes, Searches, Indicators & Links

This definition will cover if any additional Searches, Indicators or Notes are required for SPT.

SPT will make use of the common Gentax functionality for searching:

- IDs
 - Existing Gentax ID Types:
 - SIN
 - BN
 - Drivers Licence
 - Firm Number
 - Incorporation Number
 - New ID Types:
 - BCID
 - BCA Ownership ID
- Names
- Addresses
- Contact Details
 - Phone
 - Email
 - Contact name

Indicators and Links as per standard Gentax configuration outlined in file in FCR content manager.

Delivery Methods (Cheque, Direct Deposit EFT)

Business Requirement:

Speculation Tax refunds will be subject to the Divisional standard delivery behaviours, namely that:

- OCG Supplier Numbers can be configured on the customer and / or account level.
 - During the course of refund review, the Analyst should visit the Customer springboard and confirm if there is a Supplier Number on the Registration > IDs tab.
 - An OCG Supplier Number maps to a real-world bank account in the CAS Oracle database maintained by Treasury.
 - When a refund is approved on an entity/account with a valid Supplier Number, the refund will be delivered via direct deposit (Electronic Funds Transfer).
 - To override this (for situations where an OCG Supplier Number exists but it is preferred to send a cheque anyway), the "Cheque Only" flag on the refund doc can be set to True.

The following text should be displayed on refund cheques:

Property Taxation Branch - Refund Speculation Tax

Refund Id: @pstrRefundId

Refund: @pstrRefundAmount

For enquiries about this refund please contact spectaxinfo@gov.bc.ca

Letter and Declaration Search

Once the notice to declare letter goes out, searches relevant to Speculation and Vacancy Tax for the particular taxation year will yield results.

Search can be performed via the:

1. Search Manager >> *Search*
 - for entities created having SPT account when deemed liable
2. External Services >> *Declaration Search*
 - for Tier 1 when providing information about the letter and verification for submitted declaration (existence of the confirmation #)
 - there is no limit for Tier 1 to resend the letter per property owners' requests. Address can be manually overridden as necessary
3. Search Manager >> All Searches
 - *SPT Declaration Search*
 - *SPT Folio/Owner Search*

SPT Declaration Search and *SPT Folio/Owner Search* give user access to the:

- Notice to Declare letter
- Most recent declaration submitted
- SPT Account
- Lead

SPT Folio/Owner Search provides a link that will take the user to the folio/property which is also available when viewing Leads.

External Services > Declaration Search gives Tier 1 access to:

- Notice to Declare letter
- Account Balance
- Confirmation Number

The list below contains information that can be used when doing searches:

Searching Notice to Declare letters

- Owner name
- Address
- Folio number (Jurisdiction and Roll Number)

Searching Declarations (Leads)

- Folio Number
- Identification provided on the declaration (SIN, BN, Incorporation Number, other IDs)
- Letter ID
- Letter info
 - Declaration code
 - Mailing address
 - Owner name
 - Property address(es) listed on the letter
- BCA Owner ID

Account ID can also be used by Tier 1 when accommodating calls from property owners asking for the *total* balance.

Payment Revenue Accounting

Revenue accounts to be debited/credited for each payment movement. Payments can move between statuses such as suspense, post, pend, and reverse. Each movement must be mapped and configured. See the Payments Procedures tab on the Mapping Procedures document attached to this item.

Refund Interest

Business Requirements:

- Applicability
 - SPT refunds will be eligible for refund interest.
- Basis
 - The interest basis (amount \$) for ST refunds will be equal to the amount of credit being refunded.
 - The interest start date, **S**, for any credit being refunded, will be subject to manual override but determined programmatically with the following algorithm:
 - Start by setting **S** = the greater of
 - "July 2*, [Credit.FilingPeriod.Year]", or;
 - Credit.EffectiveDate
 - If the return on Credit.FilingPeriod has a change reason of "SPT Declaration Update" or "Amended"
 - then set **S** = the greater of
 - **S**'s current value, or;
 - Return.AmendmentDate
 - *July 2 or next business day
 - See the attached spreadsheet under "Files" for example scenarios and resultant date selection.
 - The interest window ends on the day the refund receives its final approval (system RunDate), plus two business days.
 - Caveats:
 - A return can only have one change reason at a time, but can be changed for multiple reasons over time. Only the most current reason would be checked.
 - Cross-period offset transactions would be treated as payments for whatever period they landed on.
 - Split payments, e.g. when a payment has to pay debts on multiple periods, will result in two transactions and each one would be treated as a payment for its specific filing period.
 - Rate
 - The rate of interest for SPT refunds will be as per the FAA: currently Prime - 2%.
 - Grace
 - By default, SPT refunds will grant 60 days of interest grace per the FAA. This will be added to **S** above to calculate the "Actual Interest Start" date.
 - Compounding
 - SPT refund interest will use standard TACS compound refund interest logic.
 - Minimum
 - Per the FAA Interest on Overdue Accounts Payable reg, interest on SPT refunds will be rounded down to \$0 if it calculates to an amount less than \$5.

System Implementation:

Whenever a user lands on a Refund Detail screen for any given refund, potential interest is calculated for each credit in the refund and displayed on screen. The interest amount for each credit is based on the transaction effective date, current system date (RunDate) and the default refund interest rate of Prime-2% (including any historical rate changes over the life of the credit).

When a refund receives its final approval, the refund interest is posted as a new transaction, independent of the other credits being refunded. Simultaneously, a refund interest debit is posted to reflect that the interest is "going out the door" along with the principal balances.

Registration & Tasks - Manual or from Declaration

SPT Registration:

- The SPT registration case will be the way to register SPT accounts & taxpayers into the system
- Registration cases can be created manually or generated from a taxpayer's submission through eTax
- ETax cases will be automatically processed overnight.
- Registration cases can also be added and must then be worked through to completion manually.

Reasons for manual review of an SPT registration case:

- Doc Error.
 - Business will need to review the case and correct the error.
 - Once the case is edited it must be completed manually as well.
 - Examples
 - Incorporation Number format different from the format enforced by the Incorporation Type
 - Chose "Alberta Corporation" but entered "BC1234567" as the ID. Or "BC Corporation" but formatted the ID wrong, such as "1234567" (no "BC" in front).
 - Birthdate under 16 years old will require review
- User Modified and Manually Added registration cases:
 - Will not auto-complete and must be worked through to the end by a user.
- Multiple Entities Found.
 - ID matches were found on two or more existing Gentax Entities.
 - There is potential for multiple BCA Ownership IDs that match to different taxpayers.
- Duplicate Entity.
 - Occurs when a user is trying to add a new entity to the system when it's identifiers were already found on an existing taxpayer within the system.
 - If somebody liable for spec tax failed to declare for a year, and has more than one BCA Ownership ID, they may have been created in the system as separate sets of entities and accounts.
 - If they choose to declare after this has occurred, the business will need to review the account to consolidate the accounts/periods/returns, associate the Lead to the successor account, and close the predecessor account.
- Partnerships
 - New Partnerships only. Existing Partnerships will have already been reviewed.
 - Perhaps utilize a taxpayer review work item for staff to review legal name details to ensure we can collect on the true legal entity
 - Review work items would only be required on New taxpayer adds*
 - These items need to be reviewed prior to collection, not necessarily filing
- If Existing Taxpayer Matches on SIN:
 - But the Last Name does not match
 - Date of Birth does not match

The following taxpayer level IDs may be collected within registration

- Social Insurance Number
 - Includes ITN (Individual Tax Number)
 - ID begins with a '0'
 - Includes TTN (Temporary Tax Number)
 - ID begins with a '9'
- Business Number
- Incorporation Number

- Driver's Licence
- BCID
- Trust Account Number
- Indian Band Number

To following account level IDs may be collected within registration

- BCA Ownership ID
- Firm Number

See attached SPT Registration Overview diagram for the registration process validation flow.

SPT Profile Information

This definition will cover the Name, Address, IDs & Contact Details required for SPT.

Taxpayers may be contacted or identified through the following on the SPT account:

- Contacts
 - Audit
 - Lawyer
 - Power of Attorney
 - Principal
 - Representative
 - Tax Preparer
- Names
 - DBA
 - Firm Name where applicable
- Addresses
 - Mailing
 - Audit Assessment
 - Location of Business
 - Power of Attorney
 - Returns
 - Tax Preparer
 - Location of records
- Account level IDs
 - BCA Ownership IDs
 - Taxpayer may have multiple ownership IDs per account
 - A BCA ownership ID may only ever be active on 1 SPT account in the system
 - Supplier ID
 - Firm Number (required if Firm Name is entered, and vice-versa)
 - Only available for:
 - Corporation
 - Partnership
 - Sole Proprietor/Individual

SPT R1 Task queues and work groups

SPT R1 Tasks

- SPT Registration Case
 - Task queue: SPT – Registration Case
 - Work group: PTB – Spec Tax– Compliance Analysts
- Returned Mail – n/a for SPT R1
- Lead
 - Task queue: SPT – Notice to Declare Leads
 - Work group: n/a
- Paper Declaration - moved to SPT R2
 - Task queue: SPT – Paper Declaration Case
 - Work group: PTB – Spec Tax– Compliance Analysts

ST - Adjustments

- Write-offs
- Extinguishments
- Remissions
- P&I Waivers

We will specifically cover P&I waivers. Collections team will elaborate further on the extinguishment, remissions and write off process as it relates to RMO

The existing P&I waiver reasons are sufficient

ST - Credit Transfers

- Credit transfers are applicable between SPT and the following account types:
 - CAM - Carbon Tax Air and Marine
 - CIV - Carbon Tax Inventory
 - CNG - Carbon Tax Natural Gas
 - CRC - Carbon Tax Registered Consumer
 - CRF - Carbon Tax Refunds
 - CSA - Carbon Tax Self Assessor
 - CTA - Carbon Tax Collector
 - EHT - Employer Health Tax
 - NC - Energy Rebate
 - FBT - Motor Fuel Tax BC Transit
 - FCO - Motor Fuel Tax Collector
 - FDR - Disabled Registrants
 - FIV - Motor Fuel Tax Inventory
 - FNG - Natural Gas Consumers
 - FNR - Exempt Fuel Retailer
 - FRF - Motor Fuel Refunds
 - FSA - Motor Fuel Tax Self Assessor
 - FSC - Motor Fuel Tax SCTT
 - FTA - IFTA Carrier
 - HOG - Property Tax - HOG
 - HTL - Hotel Room Tax
 - INS - Ins Prm Tax - Taxable Insurers
 - INU - Ins Prm Tax - Unlicensed
 - LNC - Natural Gas Tax Credit
 - LNG - Liquefied Natural Gas
 - LNV - LNG Volumetric Report
 - LOG - Logging Tax
 - MTP - Mineral Tax - Placer Gold
 - MTQ - Mineral Tax - Quarry
 - MTR - Mineral Tax - Regular
 - OGR - Oil and Gas
 - OGC - Oil and Gas Commission
 - OGD - Oil and Gas Deemed Royalty
 - PST - Provincial Sales Tax
 - PTT - Property Transfer Tax
 - RPT - Property Tax - Rural
 - SST - Social Service Tax
 - TDP - Tax on Designated Property
 - TES - Exempt Sale Retail Dealer
 - TRA - Tobacco Retailer Authorization
 - TWI - Tobacco Wholesaler Inventory
 - TWS - Tobacco Wholesaler
- Credit transfers are most often added at filing period level
- The effective date of a credit transfer is user-editable

ST - Cross Period Offsets

- Normal Gentax CPO behavior is acceptable. CPOs should be effective the same date as the source credit's effective date.
- Cross period offsets are automatically posted when a debit and credit exist on different periods on the same account.
- If this behavior is not desired for a given filing period, the credit/debit lock indicators can be added to the period.

ST - ESIT Payments

- Direct payments
 - Verify cheque images as well when the response comes from ESIT

ST - Income Based Tax Credits

No Financials development or testing required.

ST tax credits based on income will function purely as a reduction of tax owing. From a financials/posting perspective, this is no different than any other return amendment.

See the Tax credit based on income definition item under Returns for further detail.

ST - Interest

DEBIT INTEREST

- The debt is due the later of July 2nd and 30 days after its posting
- Interest begins to accrue at the due date on any outstanding tax (and penalty)
 - From the due date to the next 23rd is the gap period. Interest can calculate and post at any time during this period.
 - Between subsequent 23rds is SOFA grace. If full payment is received (based on the balance on the last 23rd), no additional interest will be charged.
 - Amendments are to be effective as defined in the returns posting definition.
- Example
 - Original tax of \$2000 for a declared BC resident was paid on time.
 - In September 2019, the taxpayer amends their declaration to say they are an other Canadian, resulting in a \$6000 increase
 - The \$6k increase is backdated to the original due date
 - Penalty of \$600 and interest from July 2nd are posted immediately
- Example 2
 - Original tax of \$2000 for a declared BC resident was paid on time.
 - In September 2019, BC assessment increases their property's assessed value, resulting in a \$1000 increase
 - The \$1k increase is effective 30 days from the date of posting
 - If the \$1k increase remains unpaid after the 30 days, penalty will be assessed and interest will begin to accrue.
- NSF fees (manual and automatic)
 - From the fee effective date to the next 23rd is to be treated as the gap period (interest can calculate and post at any time). SOFA grace will apply from the 23rd onward.
- Erroneous refunds
 - From the refund effective date to the next 23rd is to be treated as the gap period (interest can calculate and post at any time). SOFA grace will apply from the 23rd onward.
- Manual penalties
 - From the penalty effective date to the next 23rd is to be treated as the gap period (interest can calculate and post at any time). SOFA grace will apply from the 23rd onward.

CREDIT INTEREST

- No credit interest will be awarded outside of refunds.

No NOFA will be sent for gross taxes less than \$10. Thus no penalty or interest may accrue on such debts.

- This scenario would only occur for properties with many many owners, each of whom would incur a very small percentage of the total tax due.
- On debts reduced to under \$10 by either the BC resident credit or the income based credit, a NOFA would still be sent (thus P&I may still be applied before SBAing).

ST - Offset Order

- Verify that payment is applied to the oldest period first, oldest debt first

ST - Payment Allocation

Testing:

Verify SPT payments can be directed/allocated in the following ways:

- Unapply/reapply
- Split (unapply, change directions, reapply)
- Redirect
- Resubmit
- Effective date can be changed (but not future dated)

These allocations can apply to:

- a different period within the same account
- a different account within the same entity
- a different account on a different entity - not pertinent to SPT, taxpayer will only ever have one SPT account for all properties.

ST - Payment Effective Date

Payments received by ESIT are to be effective the BAPC received date

ST - Payment Sources

Confirmed

- Direct
- Online Bill Pay
- Internal Paper JV
- PAD
- EFT
- Government Agent

Testing:

Verify each payment source can be added when creating a payment batch

ST - Payment Work Items

Payments can come in and suspend, creating a work item if it needs to be reviewed by a user. Work Item types currently configured for all tax types include:

- Cannot Find Account
 - created when the account cannot be found in the system. This happens because the account ID is invalid or blank
- Duplicate Media Number
 - created when the media number associated to the payment already exists in the system for a different account and period
- Stop Payment
 - created when the account or period the payment is directed to has a Stop Payment indicator. The payment only stops for review, it can still be posted afterwards
- Invalid Period
 - created when the period the payment is directed to does not exist for the account. This can be if the period is prior to the account start date, or if the period filing does not allow that period (i.e: payment's filing period is 10-Dec-2017 when the filing frequency is only every 25th of the month - 10-Dec-2017 is an invalid period and thus the payment will suspend)
- Invalid Received
 - created when the effective date of the payment is in the future

ST - Penalties

- Late pay penalties
 - The taxpayer is to be penalized 10% of outstanding tax balance. Penalty will be effective and posted on the due date.
 - Note that due date may differ for original tax and supp increase - penalty will be posted on the appropriate date for the appropriate basis
 - An original assessment of \$10,000 is unpaid as of July 2nd. So a \$1,000 penalty is assessed.
 - A September 1st supp increases the assessment by \$2,000.
 - The original \$1,000 penalty remains, and if the \$2,000 increase remains unpaid after October 1st, an additional penalty of \$200 will be assessed.
 - Reductions of tax will result in reassessment of penalty (since all downward amendments are effective the original due date).
 - No late pay penalties are to be assessed on the 2018 or 2019 filing period (including on any supps or amendments to these debts). Only filings for the 2020 period (i.e. billed in spring 2021) and later are to receive penalty.
- Manual penalties
 - Manual penalties can be posted
- NSF fees (manual and automatic)
 - NSF fees can be automatically and manually posted
- Late declaration penalties
 - Though the legislation does allow for a prescribed late declaration penalty, none will be implemented at this time. An SQR will be raised if and when a separate regulation takes effect.

No NOFA will be sent for gross taxes less than \$10. Thus no penalty or interest may accrue on such debts.

- This scenario would only occur for properties with many owners, each of whom would incur a very small percentage of the total tax due.
- On debts reduced to under \$10 by either the BC resident credit or the income based credit, a NOFA would still be sent (thus P&I may still be applied before SBAing).

ST - PT Payments

- PAD payments
- Billpay for new existing BC Statement of Account CCIN
 - No coordination with PT or RBC required

ST - Return Postings

Generally:

- Any decrease is to be effective the original due date
 - Original due date should be the maximum of July 2nd (next business day), or posted date+30 (next business day). This accounts for circumstances where the taxpayer received their initial assessment late, due to program area error.
- An increase resulting from a change in BCA/property data (ownership %, valuation) is to be due 30 days in the future
- An increase resulting from a declaration change is to be due the original due date
 - There is potential for declaration amendments to arise from the business's error (user keying error), but interest/penalty can be waived as appropriate in such a scenario
- This approach offers simplicity in understanding and legibility to both program area staff and the taxpayer.
- Income based credits and the BC resident credit are to post as their own transaction (reverse/replace) effective the original due date.

Specific examples:

- Upward amendment
 - Due to change of property value (via BC assessment)
 - Should be due and eligible for interest/penalty 30 days from now
 - Same for program area staff amending the return
 - Ownership percentage
 - Manual BC assessment change (assessed value changes but is not communicable via interface)
 - Due to change of declaration (e.g. owner declared as BC resident, but was in fact other Canadian)
 - Should be due and eligible for interest/penalty retroactively
- Downward amendment
 - Due to change of property value (via BC assessment)
 - Should be effective the original due date
 - Due to change of declaration (e.g. owner declared as other Canadian, but was in fact a BC resident)
 - Should be effective the original due date
 - If the change is to declare the owner exempt, a delta will post for the equivalent credit value, reducing the tax to \$0
- Change in income credit applied
 - The Income Credit will be posted as distinct transactions effective the original due date. It will offset (reduce) the tax accordingly
 - If this amount is amended, the posted Income Credit will be reversed/replaced as appropriate
 - This will improve readability by reducing the number of transactions on the period and explicitly stating what credit has been applied
- Caveats Emptor (these discrepancies are acceptable to the business, but should be noted)
 - Two otherwise equal taxpayers (one who amends their declaration and is then supped, and one who is supped and then amends their declaration), may not have equal penalty
 - TP1:
 - Assessed \$2000, paid on time.
 - Supp increase of \$500, due 30 days later. Paid on time.
 - Declaration increase of \$2500 (e.g. went from BC resident to Other Canadian) - effective the original due date. **10% penalty of \$250 assessed.**

- TP2:
 - Assessed \$2000, paid on time.
 - Declaration increase of \$2000 (e.g. went from BC resident to Other Canadian)
- effective the original due date. **10% penalty of \$200 assessed.**
 - Supp increase of \$1000, due 30 days later. Paid on time
- Supp increases are extremely rare (only 500 total have been received in RPT). The combination of a supp increase and a declaration increase will be even rarer.
- If both a supp increase and a declaration amendment increase in the same day, the declaration increase should be applied first before the supp (in the best interest of the taxpayer)

ST - Reversal Reasons

Payment Reversal Reasons:

- Account Closed
- Account Frozen
- Account Not Found
- Currency/Account Mismatch
- Edit Reject
- Funds Not Cleared
- Incorrect Payor/Payee Name
- Institution in Default
- Invalid/Incorrect Account No.
- No Agreement
- No Debit Allowed
- Not for TACS (No Fee)
- NSF
- Other
- Other (No Fee)
- Payment Stopped/Recalled
- Payor/Payee Deceased
- Post/Stale Dated

Testing:

Verify a payment can reverse with each of the reason codes.

Verify whether a fee was posted or not (if applicable)

ST - SBAs

- The standard -9.99 to 9.99 thresholds are acceptable
- SBAs are not to be applied before the due date (RPT model)

No NOFA will be sent for gross taxes less than \$10. Thus no penalty or interest may accrue on such debts.

- This scenario would only occur for properties with many many owners, each of whom would incur a very small percentage of the total tax due.
- On debts reduced to under \$10 by either the BC resident credit or the income based credit, a NOFA would still be sent (thus P&I may still be applied before SBAing)

ST - Voucher Types

See spreadsheet for ST voucher types

- Account Payment
- Bailiff Payment
- Demand Payment
- OCG Setoff Payment
- Proposal Payment
- Trustee Payment
- CRA Setoff Payment

No need for return or audit voucher types, nor for director liability (confirmed by Lidia)

Testing:

Verify you can add a voucher on the account/period for each voucher type

Verify you can post a payment for each voucher type

Statute Barred Credits

Business Requirement

Credits on SPT accounts are statute-barred after **six years**. These are not eligible for refund and must be written off (called a "write up" by Receivables Management Office).

Implementation

Credits over six years old will be automatically put into a "Write Up" adjustment work item. Upon approval, the credit is removed from the account.

Taxpayer & Account Structure

Taxpayers liable for Speculation:

- Corporations
- Individuals
- Sole Proprietors
- Partnerships
- Other
 - Trusts are of entity type "Other" with Sub Type of "Trust"
- Indian Band

Note:

- Indian Bands should never be liable for speculation tax since property owned by an Indian Band should fall under the federal government's jurisdiction which will not be eligible for Speculation Tax, **except** when:
 - An Indian Band purchases land outside of the reserve, they will be subject to the Speculation Tax.

Speculation tax accounts will only be created for taxpayers that are not exempt and liable for tax.

Administrators should be empowered to collect information needed to determine the eligibility of an owner, occupant or tenant to receive an exemption. This should include requiring the collection of **Social Insurance Number (including ITN "Individual Tax Number" and TTN "Temporary Tax Number", where the individual is not eligible for a SIN), Business Incorporation Number, BCID, Drivers licence and any other documentation necessary.**

How to implement the new ID's above, ITN and BCID? Validation?

- ITN
 - Already included within the existing ID type "SIN"
- BCID
 - Being worked in SQR 20899 and included with this program

Account Attributes: Will store the filing frequency and account start date for liable SPT taxpayers

- Account Start Date:
 - May not be prior to Jan 01, 2018
- Filing Frequency:
 - Casual Annual
- Closure Reasons:
 - Amalgamation
 - Bankruptcy
 - Deceased
 - Dissolved
 - Duplicate
 - Forfeiture
 - Incorporated
 - Ownership Change
 - Receivership
 - Registered In Error

Period Attributes: Will be utilized to store the 'last received' declaration/amendments for liable SPT taxpayers

Owner Attributes:

- Did Not Register
- BC Resident
- Other Canadian

- Untaxed Income Earner

Liabile Properties:

- Active - True if property should be included on Spec Tax return
- Jurisdiction - Folio Jurisdiction
- Roll Number - Folio Roll Numebr
- SPT Taxable Value - Taxable assessment value for speculation ta
- SPT Value Overridden - True if SPT Taxable Value was manually overridden by a use
- Source - Indicates the source where the property info is from. I will be eTax Declaration, Paper Declaration, or BCA Roll if the owner did not register.
- BCA Roll - Indicates the BCA Roll where the folio was originally retrieved from
- Supp # - BCA Supp #

Transaction Revenue Accounting

Validation Procedure (Checklist)

Business Requirement:

SPT refund analysts require the ability to:

- Override the interest start date on a per-credit basis.
- Override direct deposit configuration on customers/accounts that have it (and send a cheque instead), on a per-refund basis.
 - Mark the refund as D Voucher to send the cheque to the branch first.
- Track and report on the following attributes of SPT refunds:
 - Recipient has a foreign address (non Canada/US)
 - The credit is statute barred - 6 years past credit effective
 - RunDate is less than 21 days *after* the effective date of the newest (specifically in regards to effective date) credit in the refund.
 - The refund contains a credit on a filing period that has had its Spec Tax notice updated due to a BCA supplementary assessment
 - The refund contains a credit from a payment made in non-CAD currency
 - The refund contains a credit existing on a period that also has a payment with a Collection voucher type
 - Bailiff, CRA Setoff, Director Liability, Demand, OCG Setoff, Proposal, Trustee
 - Debt exists under this taxpayer (this is native functionality already)
 - Stop Refund indicator exists on account (Prevent approval)
 - Stop Mail indicator exists on the account

System Implementation:

The refund doc will contain the common tabs found on most TACS refunds:

- Refund Detail
 - D Voucher - send the cheque back to the branch for post-processing before manually mailing.
 - Cheque Only - override Direct Deposit configuration on the account and / or customer and send a cheque instead.
 - SPT specific refund verifications, as in the above attributes
- Interest Details
 - Here there will be checkboxes to waive the 60 days of interest grace, to enable interest windows greater than statute would normally bar, and to manually key a new interest start date.

Attachments Types and Security

General attachment functionality

- Adding an attachment
- Checking in and out an attachment
- Downloading an attachment
- Selecting correct attachment types

Attachments will need to be secured because of sensitive information included in standard SPT registration

New Attachment type: SPT Supporting Documents (function 4012)

Back End Imaging

Image index sheets will be used in their normal capacity, this should require little to no set up for SPT, but should be tested at ESIT.

BC Mail - Batch Status Interface

An interface would be set up with BC Mail in order to receive a daily status for mail batches. This would allow us to report and drive business processes/staffing at call centers to the needs around large mailouts.

From Interface Plan:

Two types of print files provided by TACS (covered in other definitions)

Interface

1. Reconciliation – set up some sort of systematic way of knowing which print files have been sent out (or a status otherwise).
 - This will be crucial to the process as the expected volume of phone calls will be large and call centre planning will reflect the mailout's progress.
 - BC Mail API would be the two ways of achieving this API vs Direct File Transfer
 - API
 - Would be able to track files throughout process not just when they are completed, may provide valuable information before letters actually get mailed out
 - Development on BC Mail side mostly complete
 - API is actually simpler on our side than a direct file transfer
 - Brad and Timothy (BC Mail) to discuss details
 - Testing – Two stages
 - Initial testing – Brad and Timothy/Debi-Lee, set up with mocked up files
 - Full Mock Batch testing – TACS sends a file, it gets processed, printed, folded stuffed, returned to PTB for review and BC Mail sends a file to TACS noting the file has been 'Inducted at Canada Post'.

Collection (Account) Letters

Letters and Tax Sections. Waiting on legislation sections to be finalized, hopefully in a week or two (as of Oct 1)

Collection Auto-Legal Notices & Auto-Assignment

Auto-Assignment Overview:

- Intention is that all unassigned Collections including Spec Tax debt should be assigned.
- Runs once on Sept 23 or the next business day.
- Collections created after are manually assigned.

Legal Notices:

- Display the collectible debt amount i.e. bill items that sent a NOFA >30 days ago
- Unassigned collections, whether new or not, receive both legal notices
- If there is not a collection with SPT debt, there will not be a legal notice

Situation 1: SPT debt creates a new collection (only current year SPT debt)

- receives both legal notices
- will be auto assigned on 9/23

Situation 2: SPT debt joins existing assigned collection

1. Collection contains prior SPT debt:

- no legal notices
- don't override assignment

2. Collection does not contain prior SPT debt:

- send legal notice 1 and 2
- don't override assignment

Situation 3: SPT debt joins existing unassigned collection

- receives both legal notices
- auto assigned on 9/23

Situation 4: Sup Increase

- send all debts available on auto Legal Notice dates and accept the risk of "potential" BCA increases or LTSA/program area issues in between the cycle days where these may occur will be accepted. This means that a BCA increase will not exclude the debts from receiving auto Legal Notice 1 and/or Legal Notice 2.

Collection Categories, Types and Stages

s.15

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Withheld pursuant to/removed as

s.15

Collection Risk Rules

Taxpayers outside of BC or Corporations are considered high risk accounts. However, identifying these and managing them will not be done through risk rules.

Existing Risk rules are applicable:

Account RegisteredOldest Account Registered Age in months Score: 0-6 = 5 6-12 = 4 12-18=3 18-24 = 2 24+ = 1Account StatusStatus Score: Open/Non-Casual = 2 Closed = 7AddressOut of province location address Score: 4AddressUnknown Address Score: 3Age of Oldest DebtOldest Debt Age in days Score: 30-60 = 3 60-90 = 5 90-120 = 6 120-150 = 7 150-180 = 5 180-210 = 1Assessment TypeBank Chargeback Assessment Score: 6Assessment TypeAudit Assessment Score: 5Assessment TypeOther Assessment Score: 3Assessment TypeEstimated Return Assessment Score: 10Assessment TypeOriginal Return Assessment, No Payment Score: 7Assessment TypeOriginal Return Assessment, Underpaid Score: 5Assessment TypeMiscellaneous Debts Assessment Score: 6Bank ChargebacksMultiple Payment Fees (3+ in 2 years) Score: 3Business TypeBusiness Type Score: Proprietor = 1 Partnership = 1 Limited Company = 4Account BalanceTaxpayer Balance Score: 0-1000 = 2 1000-5000 = 4 5000-40000 = 7 40000+ = 24Previous Collection HistoryPrevious Collection History (12 months) Score: 7Legal Action OutstandingOpen Lien or Open Demand Score: 7Manual Risk AmountManual Risk Amount

Collection Work Items

Will use existing WIs.

Collection-related Indicators

Existing indicators will be used:

- RMO - COLLECTIONS DO NOT CALL
- High Risk Billing: might be used for out-of-province companies.
- Stop Billing - This indicator will stop account driver processes, halting bill item staging.
- Stop Collection Close - entity/account level - This indicator stops collections from being closed for this account/taxpayer.
- Stop Collection Work
- Stop Interest - account/period level- This indicator will stop all interest from accruing.

Stop Statement Indicator - This will stop the statement of account from being generated. Billing would still proceed. Legal Notices are only added when the statement of account is added. If the situation ever arises when stop statement indicator is in place, and the bill item moves into collection without legal notices issued, a legal notice can be issued from the collection.

CRA Set-Off

CRA Setoff Program

- Collection tool used by RMO.
 - When an entity has a credit in CRA we may off set provincial debt using the CRA Setoff program.
 - Debt must be in a collection
 - Can collect debt that has already been written off
 - ESIT directs the payments from CRA and allocates them to GenTax accounts based off predefined priorities.
- RMO creates a CRA Master case that consolidates an individuals provincial debt through the use of CRA Origin Cases.
- CRA Setoff Process is **automatic** once master cases and origins are created properly (unless overridden.)
- CRA setoff is synonymous with RSO (Refund Set Off)
- For SPT there is currently no CRA Program code. **SQR 21290** has been raised to track development.
- SPT will **not** be configured to use **SIN** (even when a SIN is available)
- CRA Setoff (RSO) is **not** the same as **BRSO (Business Refund Set Off.)** Used for corporations and is being defined through SQR 19409

Declaration Exceptions

Property no longer eligible, declaration not filed

The properties should still show in case of only one property is not eligible out of many.

The declaration should not go into properties or capture any information if none of the properties are liable.

A new property added

If a new property added then it will be added to the declaration.

If the user haven't filed or started a new declaration instead of amending, they will go through each property.

If the user have filed and now amending a new property will be in error until filled out.

A user selected a different address from their bca address

They will reconfirm their BCA address or newly provided address each time they make a declaration

A user is exempt under section 20

Extra button for section 20: this is for organizations (charities, school boards, etc.) which are "Exempt Without Declaration". The solution agreed was to provide a new button at the initial level, and then a pull-down menu of options to choose from, each of which would ask for other data.

types defined by legislation

info to request

rationale

a registered charity as defined in section 248 (1) of the federal *Income Tax Act*;

charity number

business number (optional)

this seems likely to be a substantial list

an association as defined in section 1 (1) of the *Cooperative Association Act*;

incorporation number

country of formation

date of formation

business number (optional if incorporation country is not Canada)

again likely to be substantial

an Indigenous nation

Name and contact information of Indigenous nation?

Indigenous lands should largely be excluded from the tax base and thus this exclusion would be for lands not known to be Indigenous but nevertheless owned by an Indigenous nation.

an organization included in the government reporting entity as defined in section 1 (1) of the *Budget Transparency and Accountability Act*;

Name of body and another pull-down of the legislation under which the exception is expected?

Ideally these organizations would be known and removed beforehand. At least in the first year, 100% success seems unlikely.

Since these are defined by legislative reference, I suggest they are unlikely to be misused.

government body as defined in section 1 of the *Financial Administration Act*

a local public body as defined in Schedule 1 [Definitions] of the *Freedom of Information and Protection of Privacy Act*;

a body referred to in Schedule 2 [Public Bodies] of the *Freedom of Information and Protection of Privacy Act*;

a corporation owned by a municipality

incorporation number

country of formation

date of formation

business number (optional if incorporation country is not Canada)

text name of municipal owner

a corporation owned by a regional district

incorporation number

country of formation

date of formation

business number (optional if incorporation country is not Canada)

text name of district owner

a corporation owned by an Indigenous nation

incorporation number

country of formation

date of formation

business number (optional if incorporation country is not Canada)

text name of nation owner

a corporation incorporated or continued by an enactment

incorporation number

country of formation

date of formation

business number (optional if incorporation country is not Canada)

Suspect comparatively few of these that are not obvious Crown corporations.

DO NOT OFFER THESE

a municipality

1. I suspect we are capable of determining owners who are local or provincial government.
2. In public perception, "government is government" and revealing an inability to recognize governments is perhaps a reputational risk
3. These could be maintained manually by the business. Presumably volume is low, so municipal/government recipients could contact SPT branch.

the government

an agent of the government

Demands

All 4 demand types currently in the system will be applicable for SPT (identical to PTT):

- Bank Demand
- Multi-Bank Demand
- 3rd Party Demand
- Wage Demand

Dunning Process

The collection will not go through automated dunning cycle if there is a SPT debt in it.

Envelopes and Print Groups

New envelope from R1 would be used for R2 as well.

Print groups should be same as R1 and should include an additional

- Standard
- Outreach - Lead
- Case **
- NOFA*
- NOSO*

*New for R2

**New for R3 - No cases identified for R2

SOFA will always include SPT contact information and only sometimes include RMO contacts at certain points so SOFAs will go out with SPT envelopes in separate SOFA print group.

NOFA and SOFA would be grouped together and go out in the same envelope (NOSO group).

Testing should cover NOFA, and NOSO group testing at BC Mail and internal testing for NOSO grouping.

eTaxBC Calculator for estimating amount due

eTaxBC Calculator for estimating amount due

At the end of SPT Declaration, on confirmation page, user can estimate their amount due by entering the ownership percentage.

The step is optional for people who are not exempt.

The request cannot be submitted.

The request will have clear labels in place that it is only for estimation.

BC Resident Credit / Income Based Credit

The request will offer BC Resident credit breakdown per property for BC residents. The BC resident credit allocations follows the same rules as the return.

The request is simple and only provides tax due for non BC residents.

eTaxBC Enrolment

Enrolment

Enrolment will be available to taxpayers who are liable for speculation tax and will be receiving a bill.

A bill sent to them will contain information on how to enrol into eTaxBC as well as what they can do with their logon (pay through PAD agreement, provide income tax based credit information).

For consistency and training of the taxpayers instead of enrolment code or access code, a letter id from the header will be required to enrol into eTaxBC. This is consistent with initial speculation tax declaration letter.

The user can either use NOFA/SOFA and account number.

eTaxBC Generic Configuration

Contact Ministry

- Default message subjects will be used:
 - Account Change
 - Audit
 - Billing
 - General
 - Payments
 - Returns

View Letters

- Ability to view letters on eTax if enrolled

Third-Party Tax Preparers

- Taxpayers who are liable for Speculation Tax and have created a logon, can grant access to a third-party bookkeeper or accountant.
- Third-Party must enrol into eTaxBC as a third-party logon and create their own username/password. Then they can request access to client's SPT account.
- If third-party is already managing existing taxpayers in the system, they can request access to client's SPT account.
- SPT account holder (taxpayer who is liable for Spec Tax) logon will then approve access to their account.

eTaxBC Payments

Taxpayers who are liable for Speculation Tax, and have created a logon, can make payments using Pre-authorized Debit Agreement (PAD).

They can make full payment or partial payment.

Payment type:

Account Payment only.

Front End Imaging

Front-end imaging will create a new incoming stage in the correspondence imaging case (SPT Correspondence), this can be automatically set when ESIT scans an incoming image. An additional manual stage for paper declaration forms will also be available.

The process for paper declarations is as follows:

- A paper form is received at ESIT
- ESIT scans the form and creates both an image file and a corresponding XML file through the normal front end imaging process
- ESIT sends a file to TACS which loads XML file and creates a case, attaching each image to a new case
- The image on the case is keyed into a declaration by a user similar to a phone-in the declaration
- The case is associated with the web request so it can be referenced at a later date
 - The case is then closed

Additional testing will be needed for the paper declaration stage testing that a user can add an association to a declaration web request after keying it in. This functionality should only be available on that particular stage and the association should be able to link a user back to the case from the web request as well as from the case to the web request.

Headers/Footers

Only change from R1: Header IDs for NOFA should not display reference number (account number and letter ID only). Testing completed under Billing definition and linked to this definition.

Image Types and Security

General Image functionality

- Add an image
- View an image
- Select correct image types

Create secure SPT Image type that will be able to secure images with sensitive ids and information on it.

Secured Image types (function 4012):

SPT Supporting Documents - manually addable

SPT Correspondence - Front end imaging default (may be paper declaration with SIN)

Insolvency

Standard types (existing configuration, same pre/post petition debt definitions) are applicable for SPT (identical to PTT):

Collection Insolvency Types

- Bankruptcy
- Bankruptcy Proposal
- CCAA
- Partnership Bankruptcy
- Partnership Bankruptcy Prop
- Partnership CCAA
- Receivership

Insolvency Claim Types:

- 6 Month Bare Tax Claim
- Proof of Claim

Joint Liabilities

Linked Collection will be used to pursue the **Joint and Several Liability** (separately and severally liability).

- Use the new SPT Owner Co-owner link for linked debt - SPT account to customer level link.
 - This will act similarly to the existing Taxpayer-Debtor link but should be used specifically for SPT.
- Use a Standard collection for the linked customer (codebtor) to pull in debt from the SPT account (primary)
- DL letters will be available in the collection, we will work through these letters (through the letter inventory items) for wording updates -
 - Writ Warning
 - OCG Set Off
 - Info Request
 - Credit Report
 - Judgment Notice
 - Demand Info
 - NOFA
 - SOFA
 - Legal Notice 1
 - Legal Notice 2
 - Thank You Letter - will be added
 - Warning Letter
 - Payment Proposal - was mentioned in a meeting but is not necessarily a collection letter. will be available.

Liens

All 4 types of liens will be applicable for SPT (identical to PTT)

- LTO
- PPR
- Certificate
- Writ Auth

Logged off/logged on functionality

Logged off functionality (no logon required):

SPT Declaration

Logged on functionality (logon required):

Income Tax Based Credit Return

Pay using PAD (Pre-authorized Debit Agreement)

SPT Declaration

Ability to review all declarations

Manually Resending Declaration Letter

Resending the outreach letter manually will need to be handled in a way that allows for logging of the new letter in tblLeadAction in order to let it work alongside the web declaration and the lead. Core does not provide this by default so a site solution will be created. This should look very similar to a normal resend and somehow notify the user that a letter will be resent overnight.

Testing should include:

- Verifying that when the overnight process is simulated that a new letter is added using the address entered
- Verifying that the user is notified that a letter will be resent using the new address

OCG Set-Off

RMO will check if we have provisions to use OCG Set-Off. No active development is required since OCG Setoff is a purely manual process.

Payment Proposal

Standard and Custom Payment Proposals are applicable for SPT (identical to PTT).

Returned Mail

- Returned SOFAs will create SPT work item (goes out in their envelopes), may need to manually stage to RMO if necessary, may be able to redirect if there is a collection but would need to look into if that is possible.
 - Plan is to map letter data to see if RMO contact information is included. If it is then the returned mail item should go to RMO, if not it should go to SPT business area.
- Returned declaration letters will not trigger work item, but will add notes (too large of volume to work manually)
 - Further development with R3 may automate process with TransUnion

Write Off & Extinguishment Adjustments

Will use existing Write Off and Extinguishment adjustment processes for SPT (identical to PTT). This includes the batching thresholds and schedules.

Content Manager > Explorer > Production Support > Billing & Collection > Documentation

- Extinguishment.vsd
- Write Off Batch Schedule.xlsx
- Write Off Batching.vsd

LTSA Title Ownership Interest

Overview

LTSA will send files for properties that could be in-scope for Speculation Tax. These files will contain owner and charge information relevant to Spec Tax. The ownership will be current as of Dec 31 of the tax year. Primarily we need this info in order to determine ownership percent.

Load these files into application tables.

Viewing

A report is available on the BCA Folio viewing screen, listing LTSA ownership data on related PIDs.

File Format

See attached Interface Control Document from LTSA.

SPT Statement of Account

Speculation Tax Statement of Account (SOFA)

The Speculation Tax Statement of Account (SOFA) will serve as a single bill for all outstanding debt on a Speculation Tax account that has been assessed (had a NOFA sent for it). The debts on a SOFA can span all properties and all years and total up to a current account balance.

Timing/Generation

- The first SOFA will be generated in the same night that an original NOFA is generated for a new Spec Tax debt, provided the account has an unpaid debt balance. Otherwise no SOFA needs to be sent.
- The SOFA will be automatically generated and sent on the billing cycle date: the 23rd of each month, or next business day.
 - SPT SOFAs for a given tax year will not be sent until the May cycle date for the next year.
 - For example, for the 2018 tax year:
 - A pre-April filer will get their NOFA+first SOFA whenever they file their declaration (Jan.13 - Mar 31, 2019).
 - This pre-April filer will not receive SOFAs on the cycle date until the May 2019 cycle date, unless they have unpaid debt from an older period.
 - The un-declared will get billed their first NOFA+SOFA on Apr^{s.1}₃ 15, 2019, and have their first cycle SOFA sent on May 23 2019.
 - The system will not generate a SOFA on a Spec Tax account if a SOFA was issued in the last three (3) days and the balance has not changed since then.
 - The SOFA will *not* include the header text "Notice of Assessment for Interest."
- s.13
 - NOTE that manual generation has been temporarily disabled. Legislation currently mandates a 30 days interest grace period following the issue of a SOFA, so manual generation mid-month can alter actual interest accrued since the July 2nd due date. The ED plans to bring up the issue soon with policy-makers (as of mid-July/2019).
 - The current workaround is to have the business take screenshots of the taxpayer's account and emailing it to them.

Content

Front

- Business Contact Block: Yes PO Box 9472 Stn Prov Govt Victoria BC V8W 9W6
- RMO Contact Block: Yes
- This will be displayed conditionally - only if the account has an unpaid debt balance on it.
- Period Column Header: Tax Year
- Principal Column Header: Tax Payable
- Second paragraph:

If you have any questions about your account, please call Toll Free 1 833 554-2323, (within Canada), or 1 604 660-2421 (outside Canada), or send an email to spectaxinfo@gov.bc.ca. Information is also available on our website [ef at gov.bc.ca/spectax](http://gov.bc.ca/spectax).

Payment Voucher

- The SOFA will contain a single payment voucher to cover all outstanding debt.
- When a SOFA payment is processed, the oldest debts will be paid first. Any unpaid amounts will continue to be SOFA'd and then go to Collection.

Back

- Payment Methods:
 - Online via eTaxBC: Yes
 - Financial Institution: Yes. CCIN: "BC - Stmt of Acct": Yes
 - EFT: Yes
 - Service BC: Yes
 - By Mail: Yes PO Box 9472 Stn Prov Govt Victoria BC V8W 9W6
 - By Courier: No

Executive Director Approval

Security spreadsheet needs approval from the SPT Executive Director, Steven Emery.

No testing required for this definition item.

Functions

SPT functions to be added to existing PTB Levy groups. See attached spreadsheet in Files tab for group assignments.

New functions added:

- 1405 - SPT Non Candidate Owner Data Store
- 4012 - Spec Tax Supporting Documentation Attachments
- 4675 - SPT Refund Analyst Approval
- 4676 - SPT Refund Supervisor Approval: \$0 - \$5000
- 4677 - SPT Refund Director Approval: \$5000.01 - \$250,000
- 4678 - SPT Refund Exec Dir Approval: \$250,000+
- 4679 - SPT Reject/Reverse Refund
- 4684 - SPT Override Folio Value

Security Groups

Existing PTB Levy security groups will be used for new SPT functions. May be some shuffling around of groups and users after go-live.

No testing required for this definition item.

SPT Debt Impact on SOFA

SOFA Impact

- This debt will be consolidated into the monthly Statement of Account.
 - The tax debt will contribute to the "Tax" amount;
 - Interest accumulated on speculation tax will contribute to the "Interest" amount;
 - Penalty charged on underpaid/overdue speculation tax will contribute to the "Penalty" amount.
- The interest line on the backside of the SOFA has had wording changed:
 - "Interest will continue to accumulate and compound monthly on ~~the Total Amount Due~~ **overdue balances**"
 - This change was made to reflect the fact that SOFAs are sent out before Spec Tax debt is due, so technically interest does not accrue on the Total Amount Due at the time that the first SOFA is sent out.

SPT Debt Transactions

After an SPT return posts on a period, the debt transaction(s) for each property should be contained in a unique, independent "Return" bill item(s) on the return period. All penalty and interest transactions related to a speculation tax debt (specific property+year) should live within the same bill item.

SPT Notice of Assessment

The Spec Tax NOFA will be an assessment of speculation tax on **one** owner's particular share of **one** property for **one** given tax year.

The system will add a NOFA when any of the following conditions are met:

- an SPT return is posted for the first time
 - one bill item (and thus NOFA) per property, to assess tax on the owner's share of each property for the given tax year, even if the tax amount is \$0.
- Any re-assessment (Return change+save), regardless of old or new tax amount, that changes any of the following for a given property
 - address, jurisdiction, roll number, taxable assessment, ownership %, tax rate, tax before credit, BC resident credit, credit based on income, net tax amount.
 - Exemptions *also* trigger re-assessments. If a taxpayer amends their return in eTaxBC and declares they were exempt for medical reasons, this would also trigger a NOFA update (but not a SOFA if their debt was brought to zero or negative/credit)

For example, John Smith will receive one NOFA for \$1000 speculation tax, assessed on his 50% ownership of Folio 001123456.001 for the year ended 2018. He will also receive a NOFA for \$1000 for his 100% ownership of Folio 001123456.002. He will also receive a \$0 (nil) NOFA for his 20% ownership of Folio 001123456.003, since his BC Resident Credit-s.13 fully offsets the tax he would have owed. At the same time, John will also receive a single Statement of Account (SOFA) for all his outstanding debt, across all properties and all years, with a payment voucher for the total amount.

Small Balance Adjusted amounts should be included on the NOFA.

Letter Layout

- Front of page:
 - Header:
 - BC FIN Logo
 - Document Title:
 - "Notice of Assessment"
 - if the assessment is a revision, the header will read "Notice of Reassessment"
 - Reference to Legislation:
 - "issued under the Speculation and Vacancy Tax Act"
 - Issue date (NOFA date)
 - Recipient name & address
 - ID Block:
 - Account number
 - Letter ID
 - s.13
 - This has been removed.
 - Barcode
 - Legal authority for assessment and interest

- SOFA reference
- Body
 - Declaration introduction, direction to reverse page
 - This is displayed only if the taxpayer did not file an SPT declaration with the Province.
 - "You are receiving this assessment because you have not completed a declaration for the Speculation and Vacancy Tax. See reverse for more information."
 - Charge introduction/explanation
 - "The details of your speculation and vacancy tax assessment dated [issue date] are as follows:"
 - When the NOFA is revised, the introduction will substitute the phrase "details of your speculation tax reassessment" (no italics in actual text).
 - Property information
 - s.13
 - This should always be clearly indicated in the recipient line.
 - Property Address
 - Jurisdiction, with number and description
 - Roll Number, masked
 - Tax Year
 - s.13
 - These are not relevant since the notice is specific to the owner and their share.
 - Charge breakdown table (see attached XLSX file)
 - See attached "ST NOFA Charge breakdown table.xlsx", 'Wordy NOFA' tab
 - BCA Assessed Value
 - Ownership (% Share)
 - Ownership (Value)
 - Tax Rate
 - Tax Amount
 - BC Resident Credit
 - Hide row if \$0
 - BC Tax Credit Based on Income
 - Hide row if \$0
 - Tax Due
 - Penalty
 - Interest
 - Payments and other credits
 - Balance
 - Income-based credit eligibility (when not a BC resident)
 - If you earned BC income you may be eligible for an income-based tax credit. To learn more, please go to gov.bc.ca/spectaxinfo
 - Credit verbiage (if account is in credit)
 - "Your speculation and vacancy tax account SPT-1234-5678 is currently showing a credit balance of \$X. If you do not receive a refund, this credit will remain on your account toward next year's s.13 tax."
 - Reference to attached (within envelope) SOFA
 - "Please refer to the attached Statement of Account for the full balance owing on your account and payment instructions.
 - These highlighted sentences should be removed from the NOFA:
 - "Payment is due immediately. If payment is not received, collection

- action may be taken without further notice." <-- This is done.
 - s.13 should appear on the NOFA where it currently says "payment is due immediately."
 - New wording: "Payment of the above amount is due by _____."
 - "Important additional information on reverse"
- Back of page
 - Managing refund expectations
 - s.13
 - Being confirmed, action item logged. Remove refund wording from back of page.
 - "Why Have I Received This Notice?"
 - (This is only displayed if the taxpayer has not filed a declaration
 - You are receiving this notice because you have not submitted a Speculation and Vacancy Tax declaration for this property. Everyone who owns a property in a taxable region *must* declare otherwise they will be taxed at the maximum rate of __% of your property's assessed value. Completing a declaration may give you benefits of an exemption, tax credits or a lower tax rate.
 - Please declare:
 - ONLINE at etax.gov.bc.ca/spectaxdeclare
 - Call toll free at 1 833 554-2323 or 604 660-2421
 - To declare, you will require the following information:
 - Declaration Code: #####
 - Letter ID: L#####
 - Your Social Insurance Number
 - Assessment Contact Information
 - Mail
 - Property Taxation Branch
 - Ministry of Finance
 - PO Box 9472 Stn Prov Govt
 - Victoria BC V8W 9W6
 - Phone
 - Telephone: 604 660-2421
 - Toll free: 1 833 554-2323
 - Website
 - gov.bc.ca/spectaxinfo
 - Email
 - spectaxinfo@gov.bc.ca
 - s.13
 - Taxpayer can amend their declaration or appeal assessed values with BCA - no need for appeals except for Audit
 - s.13
 - There is to be no RMO contact info on the NOFA.

Users

Existing users in the PTB Levy groups to remain the same. Once there are new people hired, they will be added to the appropriate groups. There may be some shuffling around of users in the existing groups after go-live.

No testing required for this definition item.

Identifying Candidate Owners

Even on SPT Candidate Folios, many **BCA Owners** should not receive declaration notices.

We need to identify these owners prior to the declaration mailout, and allow them to declare as 'non-candidate' entities.

Non-candidate Entity

Non-candidate Entities are never liable for Spec Tax on any folio.

Types: Registered Charity, Association, Municipality, Government, etc... see Appendix A.

TACS must allow maintaining a list of 'non-candidate owners'.

Actions

1. Prepare list prior to rollout
 1. Risk of suppressing declaration to owner that should declare. List should err on the side of sending more declarations.
 2. Will be loaded as part of rollout. List should be in specific format, see Appendix B.
2. Allow adding new owners to list
 1. Self-declare as non-candidate owner using declaration
 2. Allow users to add owners
3. Removing owners
 1. Owners can technically stop being non-candidate owners. Business should have ability to manually cease the exemption going forward.

User interface

- Visible under 'Data Warehouse -> Search -> Data Stores', 'SPT, Non-Candidate Owners'
 - To search, click into datastore, select a filter criteria on the left, and click 'search'
 - To add a record, click the add icon ()

Sources for Non-Candidate Owners:

- Manual
 - Added manually by business users through TACS
 - 'Reviewed' date should be set
- File
 - Loaded from initial spreadsheet prepared by business
 - 'Reviewed' date should be set
- Declaration
 - Added by self-declared owners
 - 'Reviewed' date should be blank
 - 'Period To' should be set to next period, to make this record auto-expire within a year, without manual intervention.

Non-candidate Equity in Folio

Owners with Non-candidate equity in folio are not liable for Speculation Tax on the folio based on the nature of ownership, but they may be liable on others.

Fee Simple Owners are not liable when these owners exist:

- a registered holder of the last registered agreement for sale
- a life tenant under a registered life estate
- registered leaseholders only if the property is assessed under section 26 [*fee is in the Crown*], 27 [*exempt land held by occupier*], or 28 [*fee is in the municipality*] of the Assessment Act

Use BCA Equity Type to exclude owners from declaration

1. Note - even if non-registered owners receive a declaration, this will be handled downstream when finding LTSA interest percent. If they have no registered title or charge, their interest % will be 0 and they will not be taxed, short of manual intervention.
2. List of excluded BCA Equity Types:
 - 02 - Registered Owner But Registered Agreement For Sale Given
 - 05 - Registered Owner But Life Tenancy Or Lease For Life Given
 - 11 - Unregistered Holder Of Agreement For Sale/Right To Purchase
 - 12 - Unregistered Holder Of Deed
 - 18 - Simply Occupies Crown Land
 - 20 - Unsurveyed/Unregistered Crown Land
 - 21 - Parks vested by statute-Munic/Reg Dist/Crown Prov
 - 27 - Simply Occupies Municipal Property
 - 28 - Simply Occupies Otherwise Exempt Property
 - 99 - Other Interested Parties

Appendix A

Types of Non-Candidate Entities

Code ValueShort NameFull NameAllow Selecting on DeclarationCOOPASSOCCo-op
associationAssociation as defined in section 1 (1) of the Cooperative Association
ActTrueENACTMENTEnactment CorporationCorporation incorporated or continued by an
enactmentTrueFIRSTNATIndigenous nationIndigenous nationTrueFIRSTNATCOIndigenous
CorporationCorporation owned by an Indigenous nationTrueFOIPPABODFOIPPA BodyBody referred to
in Schedule 2 [Public Bodies] of the Freedom of Information and Protection of Privacy
ActTrueFOIPPAPUBFOIPPA Public BodyLocal public body as defined in Schedule 1 [Definitions] of the

Freedom of Information and Protection of Privacy ActTrueGOVFINADMGov Fin AdmGovernment body as defined in section 1 of the Financial Administration ActTrueGOVRPTENTGov Rpt EntOrganization included in the government reporting entity as defined in section 1 (1) of the Budget Transparency and Accountability ActTrueMUNICORPMunicipal CorpCorporation owned by a municipalityTrueREGCHARReg CharityRegistered charity as defined in section 248 (1) of the Federal Income Tax ActTrueREGDISTCORReg District CorpCorporation owned by a regional districtTrueGOVAGNTGovernment or Agent of GovernmentGovernment, Agent of Government, or MunicipalityTrue

Appendix B

Format of Non-Candidate Owner list file to load into system.

File should be *.csv, with columns in exactly this order, and no headers.

PositionNameType1Owner IDText2NameText3Non Candidate TypeText4CommentsText5Business NumberText6Charity NumberText7Incorporation TypeText8Incorporation CountryText9FormationDate (yyyy-MM-dd)10Incorporation NumberText11Other NameText12Period FromDate (yyyy-MM-dd)13Period ToDate (yyyy-MM-dd)14ActiveTrue/False

* Period From should be 2018-12-31 to start with Speculation Tax. Period To can be left blank to indicate no cease.

Code Values

- Non-Candidate Type should be the Code Values identified in Appendix A
- Incorporation Country should be as follows
 - CAN for Canada
 - USA for United States
 - MEX for Mexico
 - UNK for United Kingdom
 - ... if others needed, check with developer (reference: "rfrCountry"). "Other" or "Unknown" must be left blank.
- Incorporation Type

Code Value	Description
ABCRPA	Alberta Incorporation
CRPBC	Incorporation
FEDCRPF	Federal Incorporation
FGNCRPF	Foreign Non-USA Incorporation
MBCRPM	Manitoba Incorporation
NBCRPN	New Brunswick Incorporation
NLCRPN	Newfoundland Incorporation
NSCRPN	Nova Scotia Incorporation
NTCRPN	NWT Incorporation
NTOCR	PBC Incorporation (NT)
NUCRPN	Nunavut Incorporation
ONCRP	Ontario Incorporation
PECRPE	PEI Incorporation
QCCRP	Quebec Incorporation
SKCRPS	Saskatchewan Incorporation
USCRP	USA Incorporation
YTCRP	Yukon Incorporation

Reversed Payment Debt Transactions

- These transactions will be posted automatically from Payment reversal operations, when the reversal reason bears a fee. The debt will live in a 'Reversed Payment Fee' bill item.
- The debt (bill item) will also include interest stemming from unpaid reversed payment fees.
- TACS will stage the bill item to "**Pre-Collect**" upon the debt's creation, as long as it has an unpaid balance. There is no NOFA for a reversed payment fee; the fee itself is neither tax, nor penalty, nor interest, but it is collected under the applicable Act for the account's program area (Speculation and Vacancy Tax Act in this case).

Reversed Payment SOFA Impact

- The cheque fee itself will contribute to the "Penalty" amount;
- Interest accumulated on the reversed payment fee will contribute to the "Interest" amount

Search for SPT Folio

Search SPT folios using criteria:

- Jurisdiction & Roll Number
- Parcel ID
 - Can change year over year. Search pids for all periods, but grey out parcels that are not on most recent period
- Owner Name
 - Can change year over year
- Property Address
- Land Branch File #
 - From Legal Description
- Lease Licence #

Registered SPT owners can be searched through regular TACS search, using Name, Address, Owner ID. This is out of scope of this definition.

SPT Return Prepop - Declaration Info

Answers gathered through eTax declaration will be populated on periods attributes, and used for:

- determining the Speculation Tax rate for the taxpayer, and
- determining whether the taxpayer is eligible for Credit based on Income of BC Resident Credit

Specifically, the declaration info that will be populated from period attributes include (all checkboxes):

- Customer Type
- Did Not Declare
- BC Resident
- Canadian Other
- Untaxed Income Earner

The associated lead will be the source of data for the period attributes. If an ownership ID needs to be transferred to another account (because a declaration has been received) for a subsequent year. The previous year details can remain on the existing account and period unless the user would like to transfer the lead to the new period.

SPT Return Prepop - Liable Properties

Prepop Properties from Period Attributes

Properties liable for Speculation Tax will be pre-populated onto the return from the property list in period attributes. Those properties were first flagged as "Spec Tax Candidate" in the BCA data advice, and then filtered down based on the answers provided by taxpayers in the eTax declaration.

Property Info in Period Attributes

The period attributes will be first created when the taxpayer is determined to be liable for spec tax, through eTax declaration, or a one-time job prior to billing in the case no declaration is received. All spec tax candidate properties identified to be not exempt or not declared will be populated in the property table on period attributes.

When there is an amendment of declaration that changes property information:

- If new properties owned by the same taxpayer are declared to be liable for spec tax, they will be added to the property table
- If a billed property becomes exempt, it will be taken off the property table

When a folio's "Spec Tax Candidate" flag is taken off in a BCA SUPP, the Lead staging will trigger the period attribute update, and the folio will be taken off the property table.

For one-off scenarios, the user will be able to mark a property in period attributes to be inactive, so that it will be excluded from the Spec Tax Return and billing. By default, all properties populated in period attributes will be marked as active.

SPT Return Prepop - Ownership Percentage

The taxpayer's percentage of ownership for each property will be populated based on the LTSA data. The **interest percentage look-up process** is detailed as follows.

1. Check all PIDs to see if there are any pending applications at LTSA associated with them
 - If so, exit; otherwise, proceed to step 2.
 2. Check if a return exists for previous tax year
 - If so, compare LTSA ownership data of folio between current and previous years
 - If ownership did not change, use previous year's ownership percentages and exit.
 - Otherwise, move on to step 3.
 - Otherwise, move on to step 3.
 3. Validate PID(s) associated with the folio.
 - If more than one PID is found, check if all PIDs have consistent ownership structures.
 - If so, proceed to step 4; otherwise, exit.
 - If no PID is found, exit and log an error.
 - If one PID is found, proceed to step 4.
 4. Check if owner equity type is '00'
 - If yes, proceed to step 5
 - If no, check if there is any charge owner in LTSA data
 - If yes, exit and suspend return for review
 - If no, proceed to step 5
 5. Find all LTSA owners at the title level for the PID
 6. Standardize both BCA and LTSA owner names before name matching
 - For non-individual names, standardize them based on the Corporation Name Standardization Rules in the Appendix.
 - For individual names, if first and last names match but middle name doesn't:
 - Check if the middle name on one side is blank but not the other
 - Check if the middle name on one side is a partial string of the other
 - For all names, remove spaces, dots, commas, parentheses, and hyphens; For non-individual names, also remove apostrophes.
 7. Find the matching LTSA owner using name match. If no match is found, return appropriate error message and owner data for troubleshooting.
 - *** The match must be unique. If more than one matches are found under the same PID, the return will be suspended for review.
- **Potential matching errors:**
 - Charge Owner Needs Review
 - Multiple Matches Found for Same Name
 - Multiple PIDs for Same Folio, all with different ownership structures
 - No Match Found for Name
 - No PID Found for Folio
 - No LTSA Title or Charge Found for PID
 - Pending LTSA Application Exists for PID

Appendix: Corporation Name Standardization Rules

- Abbreviate Incorporation Numbers in Corporate Names
BEFOREAFTERABC Company (012345678) LtdABC Company Ltd876543210 Ltd876543210 Ltd•
Abbreviate Company and Organization Name Field
 - Do not enter "the" or "of" as the first or last word in the company or corporation name; only use if in the middle of the name.
 - Do not add a period (.) after any abbreviation.
 - Regardless of the company name element, always abbreviate the following:

DO NOT USE ABBREVIATE TO Spacing And Do add a space before and after the "&" sign. British Columbia BC Do not add a space or period (.) between B and C for British Columbia. • For the corporate designation element of the company name, the following is the list of acceptable abbreviations that are to be used:

DO NOT USE ABBREVIATE TO Attention Attn Care of C/O Company Co Corporation Corp Incorporated Inc Incorporate Inc Limited Ltd Limitee Ltee Limited Liability Company LLC Limited Liability Partnership LLP Non-Personal Liability NPL • Optional abbreviations if character count is still over 70

DO NOT USE ABBREVIATE TO Association Assn Construction Constr Cooperative Co-op Division Div Exchange Exch International INTL Management Mgmt Manufacturing Manuf Property Prop

- Exceptions

- At the request of large corporate property owners, local government customers, and PAAB, the following exceptions to the Last/Company Name Field Standard:
 - British Columbia Hydro and Power Authority
 - Shell Canada Limited
 - The Corporation of the City of White Rock
 - City of Victoria
 - City of Delta
 - City of Richmond
 - City of Surrey

Streamline WEEKLY load process

Streamline the WEEKLY roll load process to automatically accept. Previously WEEKLY rolls had to be manually staged to 'accept' by SOPS.

Exception: Do not automatically accept WEEKLY rolls if a 'Out of Order Roll Load' warning appears on any folios.

BC Resident Credit

BC Resident Credit (tax credit for residents of British Columbia)

Eligibility

- To be eligible for BC Resident Credit, the taxpayer must be:
 - an individual, and
 - BC resident as defined in the spec tax act.

Credit Calculation

- Maximum benefit of \$2000 per person and per property
 - Each property is eligible for a maximum of \$2000 credit for a given year to allocate among owners.
 - The owner can only claim an aggregate of \$2000 for a given year.
 - e.g., If an owner has multiple properties, then they get \$2000 * their % share for each property, to a max of \$2000. Residual unused resident credits cannot be transferred to other properties.
- Credit is for current year only, cannot be carried forward or carried back..
- Credit cannot be transferred between spouses.
- If the credit is less than the sum of the taxes owing, the system can determine which order the properties are awarded the credit
 - If the owner is not satisfied with the allocation, it can be manually re-allocated by the branch upon request.

Erroneous Refund Debt Transactions

- When a credit is refunded from an account, the refund is recorded as a debit transaction balancing the credit (the trans type is simply called "**Refund**").
- When some process results in a credit being amended downward or reversed (ie redirection of a payment to its correct destination), that refund debit will consequentially have an open debt balance. In essence, the refunded credit never existed on the account - in whole or in part - and as a result, the taxpayer is required to return the money.
- The debt (bill item) will also include interest associated with erroneous refunds that are not repaid.

Erroneous Refund NOFA

- **Pending NOFA**
 - The system does not automatically issue NOFAs in the event of refunded credits that are later reversed. Instead, when this debt has a balance, the system will stage the bill item into "**Pending NOFA**," which creates an "Erroneous Refund NOFA" work item on the filing period.
- **NOFA**
 - This stage is only accessed *manually* - the system will not stage the bill item here. After the Erroneous Refund NOFA work item is created, it is assigned to RMO to prompt them to investigate what has happened to cause the refund debit's open balance; they will respond by manually staging the bill item to "**NOFA**." That night, the system will generate an actual NOFA letter specific to the erroneous refund

Erroneous Refund SOFA Impact

The erroneous refund debt will contribute to the "Credit" amount, but as a debit (greater than 0) amount.

Interest accumulated on this debt will contribute to the "Interest" amount

Spec Tax Calculation

Speculation Tax Assessment General Info

Filing frequency: Annual

Taxation year end: December 31

Due date: July 2nd or the next business day

An owner is generally expected to declare their exemption from the tax by March 31 of the year in which the tax applies. However, if they wish to change their declaration, they have until the end of the third year following to do so. After that date, the original declaration will not be changed.

If a property assessment changes, or if a "Principal Residence of a Disabled Person" exemption is voided by the re-designation of that disabled person, the owner has a year after that change to submit a new declaration.

Speculation Tax Calculation

Speculation Tax = SPT Taxable Assessment Value * Rate * Ownership Interest

Where

- SPT Taxable Assessment Value, Rate, and Ownership Interest are defined as follows

SPT Taxable Assessment Value (*Updated due to SQR 22124*)

The tax will be imposed on the assessed value of the property on the latest BCA roll. For the 2018 tax year this will mean the 2019 BCA roll. The 2019 BCA roll is based on assessment value as of July 1, 2018.

SPT Taxable Assessment Value = (School based Class 01 Land and Improvement Gross Values) - (Gross Farm Outbuilding Values)

Gross *farm* outbuilding values are defined as the improvement values under exemption code 21

*****SPT Taxable Assessment Value that is < \$150 000 will be excluded from the tax (not flagged as spec tax candidate).***

Rate

2018 - 0.5% across the board for all targeted properties

2019 and subsequent years

- Highest tax rate (2%)
- This rate applies if an individual is an "untaxed worldwide earner" or is not a Canadian citizen/permanent resident.
-

This rate always applies to "untaxed worldwide earners". This term means a person who has (or

whose spouse has) substantial income which has not been taxed in Canada. An owner is taxed at this rate:

- for an owner who's an individual, if they are an untaxed worldwide earner
- for an owner that's a corporation, if any corporate interest holder is an untaxed worldwide earner
- for an owner via partnership, if any partnership interest holder is an untaxed worldwide earner
- for an owner who is trustee of a trust, if any beneficial owner is an untaxed worldwide earner

This rate always applies to:

- Corporations which have no corporate interest holders
- Partnerships in which one of the partners is a corporation with no corporate interest holders
- Partnerships in which one of the partners is a partnership

This rate applies if an owner does not file a declaration

- Intermediate tax rate (0.5%)

• This rate applies to Canadian citizens or permanent residents who are not BC residents.

• An owner is taxed at this rate:

- for an owner who's an individual, if they are in this tax rate category as described above
- for an owner that's a corporation, if every corporate interest holder is in this category, or if they are split between this category and the lowest rate
- for an owner via partnership, if every partnership interest holder is in this category, or if they are split between this category and the lowest rate
- for an owner who is trustee of a trust, if every beneficial owner is in this category, or if they are split between this category and the lowest rate

- Lowest tax rate (0.5%)

This rate applies to BC residents, who are Canadian citizens or permanent residents. Participants in the "Provincial Nominee" program are also included. For the table below, the term "BC residents" is used for clarity.

An owner is taxed at this rate:

- for an owner who's an individual, if they are a BC resident
- for an owner that's a corporation, if **every** corporate interest holder is a BC resident
- for an owner via partnership, if **every** partnership interest holder is a BC resident
- for an owner who is trustee of a trust, if **every** beneficial owner is a BC resident

Ownership Interest

- **Ownership Interest = (Ownership Numerator / Ownership Denominator) * 100**
 - 7 decimal places will be kept for Ownership Interest
- All property/folio owners in BCA assessment as of December 31st will be assessed for speculation tax. They have a time period to register and declare an exemption. Data from both BCA and LTSA by end of every taxation year will be used when assessing speculation tax. Will utilize PID information on folios to retrieve title from LTSA that has ownership % interest.
- The branch will have to manually check the property and work out the % ownership interest for each owner in cases when ownership % interest or owner group is different on multiple PIDs

- Registered lease holders of Crown and municipal property will be liable for speculation tax. However, LTSA would not have % ownership interest for these lease holders. The percentage ownership interest of the leaseholder will be based on their percentage of the leasehold interest. This information is not recorded in BCA's database so the branch will have to manually review the lease, which may be filed in the land title office and available for viewing through MyLTSA. For reference, liable lease holders will be identified through the following BCA equity types:
 - 15 - Occupier Of Crown Property Under Tenure
 - 17 - Holder - improvements only
 - 18 - Simply Occupies Crown Land - *Non-candidate equity type*
 - 24 - Occupier Of Municipal Property Under Tenure
 - 26 - Occupier - Otherwise Exempt Property under Tenure
 - 27 - Simply Occupies Municipal Property
 - 28 - Simply Occupies Otherwise Exempt Property - *Non-candidate equity type*
 - *** If owners of equity types 15,17,24,26,27 are not registered at LTSA, they are not liable for Spec Tax. Their return will be suspended for review because no percentage interest can be found, and the user will manually inactivate the folio in period attributes, then change/save the return. The user should also follow up with BCA to update the equity type of the owner so they don't get the declaration letter in the subsequent year.

Spec Tax Return Posting

Spec Tax will be posted on a per folio basis. Each folio will have a separate transaction posted.

Spec Tax Return Suspense Rules and Work Items

The Spec Tax Return will be suspended in the following cases.

- Ownership percentage of folio cannot be systematically determined and requires manual review, could be due to:
 - Incorrect folio declared for owner, ownership % cannot be found
 - BCA and LTSA data not in sync in terms of ownership, ownership % cannot be found
 - Exceptions in name matching between BCA and LTSA
 - * Covered in LTSA Interest Percentage definition
 - ** If the ownership percentage is supposed to be 0% for some folio:
 - The folio should be marked as "Inactive" in period attributes
 - Change/save the return
 - This will ensure no tax notice goes out for the folio

The above functions have been tested in "Ownership %" definition (C.Kennedy)

- If new values are received from BCA for folios whose SPT value had been manually overridden on the previous version, we will create a review work item when updating period attributes. Until the work item is resolved, the SPT return will be suspended.

Calculation of Credit based on Income

Tax Credit based on Income

Eligibility

- Applies only to owners who fall into the intermediate and high tax rate groups. In short:
 1. Applies to non-BC resident Canadians paying the (intermediate) 0.5% rate, and untaxed worldwide earners paying the (high) 2% rate.
 2. Applies to individuals, corporations, and trusts.
 3. BC Residents are not eligible to receive the Income Credit: they do not fall into the intermediate or high rate groups, and they are given a BC Resident Credit automatically.
 4. Does not apply to partnerships because they do not appear in the Eligible Taxpayer definition.
 5. Does not apply to owners who hold an interest in a residential property as a partner in a partnership.

Requirements

- Applies only to those owners defined above.
 - Note for trusts: If there are more than one trustee associated with the trust, only *one* trustee can use the trust income to claim the income credit. The interest is split along ownership lines, so if the trust is split 50/50 between two people, only one trustee has access to the trust income and 100% of that income. (No upfront verification for this, will be a downstream Audit / Discovery process.)
- Taxpayer must file declaration and must amend their return to include income information. In other words, the Income Credit must be applied for – it is not applied automatically.
- Owners in the intermediate rate group (non-BC residents paying 0.5%) must have a hypothetical BC resident exemption to qualify for the income credit, in all years
 - If an eligible owner does not qualify for a hypothetical BC resident exemption, their income credit for the year is nil
 - This requirement does not apply to owners in the high rate group: untaxed worldwide earners paying the 2% tax rate
- Income for a calendar year before 2017 can not be used to determine individual or corporations BC income.
- Deadline to apply for income credit: Application must be filed (and any other required documentation) on the later of:
 - Dec 31 in the third year after the end of the calendar year, and
 - In the case of a property assessment change or if a "Principal Residence of a Disabled Person" exemption is voided by the re-designation of that disabled person, the owner has a year after that change to submit the application.

Credit Calculation

- The **Income Credit** is the lesser of the Tax Credit Balance (the pool of available credit), and the Max Tax Credit (the max applicable to this property, subject to the Tax Credit Balance pool)
 1. **Tax Credit Balance** = [BC Income Balance – Spousal Transfer Out] * Applicable Rate * 10
 1. Applicable Rate is the rate applicable to the Eligible Taxpayer in the Calendar Year. The calendar year is the year we determine ownership as of Dec 31st each year. The 0.5% rate is applicable to the initial Spec Tax year, 2018.
 - Example 1: Spec Tax Year = 2018. Rate = 0.5% in 2018 and 2017.
 - Example 2: Spec Tax Year = 2019. Rate = 2% in 2019, 2018 and 2017. (The higher rate is used to re-calculate the previous year credit balance, regardless of the 0.5% rule in effect in the first year.)
 2. The BC Income Balance is the sum of Unused income reported for each eligible year, and income transferred *from* a spouse:
 - The Spec Tax Year is the Calendar Year. Income for the Income Credit can be reported and used for the Calendar Year and the two preceding years.

1. Example: For Calendar Year 2019, the current income year is 2019, the preceding income year is 2018, and the second preceding income year is 2017.
 2. Example: For Calendar Year 2020, the current income year is 2020, the preceding income year is 2019, and the second preceding income year is 2018.
- **Max Tax Credit** is one of the followings:
 - *Hypothetical BC Resident Exemption*: If the Eligible Taxpayer *had been a BC Resident for Spec Tax purposes*, and they had qualified for a BC Resident exemption (e.g. medical exemption), the maximum tax credit is equal to the tax payable for the Calendar Year.
 - $\text{Tax Payable} * [(\text{Applicable Rate} - \text{Lowest Rate}) / \text{Applicable Rate}]$
 - Note: If an owner does not qualify for the hypothetical exemption in 2018, then their Max Tax Credit will be \$0 for 2018.
 - Income credits cannot be claimed for/against non-declared properties. The applicable rate will always be the rate after declaration.
 - **Offsetting Rules**
 1. Orders of Use:
 1. Spouse Income transferred to taxpayer from oldest to latest income year, and then
 2. Eligible Taxpayer's own income from oldest to latest income year.
 2. Income and tax credit balances for entities must be tracked for each year, and the above calculation must be performed for each eligible year.
 - Spec Tax must be re-assessed when income information has been updated.

Spouse Transfers

- Income can be transferred from, and to, a spouse for a given income year, upon attachment of an authorization form, their Notice of Assessment from CRA for their tax return for the relevant year, and their name, SIN, and DOB. If the spouse transferring income to the Eligible Taxpayer is not on title for the property, the spouse must provide the same documents.
- Spouse Transfer is only available for Individuals.
- Income can only be transferred one way. (Individual may not transfer an amount if they have received an amount.)
- Spouses may only transfer income once per year
- GenTax must track income transferred between spouses, and be able to use this information for audit, phone support, and tracking purposes.
 - The amount the spouse transfers to the eligible taxpayer is considered to only be the amount that is used, even if more was transferred over.
- For the 2018 spec tax year an income transfer is only available if the Eligible Taxpayer is eligible for the hypothetical BC resident exemption.
 - Note: This is because the Maximum Tax Credit in 2018 solves to nil if they do not choose a hypothetical BC resident exemption, and the lesser of their Tax Credit Balance and nil, is nil. They must choose a hypothetical exemption in order to be able to receive and use income for the Credit Based On Income.

Tax Rate Groups:

1. 2% Tax Rate (High Group) includes:
 1. An owner who's an individual, if they are an untaxed income earner.
 2. An owner that's a corporation, if any corporate interest holder is an untaxed income earner.
 3. An owner who is a trustee of a trust, if any beneficial owner is an untaxed income earner.
 4. Corporations which have no corporate interest holders.
2. 0.5% Tax Rate (Intermediate Group) includes:
 1. an owner who's an individual, if they are a Canadian citizen or permanent resident, but not a BC resident.
 2. an owner that's a corporation, if every corporate interest holder is a Canadian citizen or

- permanent resident.
- 3. an owner who is trustee of a trust, if every beneficial owner is a Canadian citizen or permanent resident.
- 3. 0.5% Tax Rate (Low Group) includes:
 - 1. an owner who's an individual, if they are a BC resident or provincial nominee
 - 2. an owner that's a corporation, if every corporate interest holder is a BC resident
 - 3. an owner who is trustee of a trust, if every beneficial owner is a BC resident

Income Claim in eTax

If the taxpayer is liable for Speculation Tax and is not a "BC resident" for spec tax purposes and have created a logon, they can provide income information that might reduce their total tax due.

- **Process to be eligible to file the return:**

1. Taxpayer declares that one of the properties is liable for speculation tax and they are not a "BC resident" for spec tax purposes.
2. Customer is created in Gentax via case and a return is generated.
3. Return posts and NOFA is issued.
4. Using NOFA Letter ID taxpayer then enrolls into eTaxBC and creates a logon.
5. Taxpayer navigates to the account, period and amend the return posted in Gentax.

- **The return is split into three parts:**

1. Review their properties and amount due.
2. Specify hypothetical exemption eligibility
3. Income information. Taxpayer can see their previously entered income information for 3 years, including current year, 1 year back and 1 year forward. The income will include their total BC income, the income they transferred to their spouse, the income they received from their spouse, and the actual income to be used for the return.
 - Income entered should be the Net Income from line 236 of the T1 of the Canadian Income Tax Return. If the person/entity is multi-jurisdictional, then it is line 236 x BC%.
 - *** The system will calculate the available income to be used for the return based on what has been entered and what was used in the past.
 - The same rules for the Speculation Tax Return in Gentax will also apply to the Spec Tax Credit Based on Income Return in eTax
4. Allocate. After specifying whether or not they want to use their income/their spousal income, they can specify how they want credit to be distributed on the return among properties.

Prepop of Previously Declared Income and Balances

Income data pre-population includes:

- Eligible income years on the return
- Previously declared full income of taxpayer for eligible income years
- Previously used income for each eligible income year

SPT Amendment - BCA SUPP

BCA SUPPs will add triggers for the Lead to process. When Lead staging runs, it will find all appropriate periods & returns to amend.

- BCA SUPP amendments will always be processed after the declaration amendments if they come in on the same day.
 - Financials behave differently.
- There is no statute bar date for BCA SUPP changes.

SPT Amendment - eTax Declaration

eTax declaration re-submissions, additional submissions or late submissions will trigger spec tax period & return amendments through Lead staging.

Scenario 1 - Additional liable declaration received (on-time)

- After a new ownership ID has been added to an SPT account (through SPT registration case) and the additional liable folios have been pre-populated onto the period attributes a return amendment should be triggered
- The additional submission could result in changes to ownership level details. The **last received** ownership details will be utilized for the return rate

Scenario 2 - Declaration re-submitted (on-time)

- If a taxpayer re-submits a declaration for their given ownership ID then a return amendment should be triggered with the last received details
- The re-submission could result in changes to ownership level details. The **last received** ownership details will be utilized for the return rate

Scenario 3 - Declaration late submissions

- If the taxpayer submits their first declaration after they've been billed, their return will be updated to use the new rate based on their late declaration.

SPT Amendment - Manual Adjustments

Users will be able to manually adjust the SPT value on the folio control, which will trigger return & period amendments through Lead staging.

Examples where manual adjustments are needed: property assessment adjustment due to natural disasters, apportionment, or some other unforeseen event that can't be handled through BCA SUPPs. Values can be manually adjusted for current year plus five years prior.

If new values are received from BCA for folios whose SPT value had been manually overridden, we will create a review work item when updating period attributes. Until the work item is resolved, the SPT return will be suspended.

SPT Return and Period Add

SPT returns and periods will be added through the Lead staging. There are two scenarios:

1. Declaration is overdue, taxpayer gets billed on March 31 or the next business day.
2. After declaration is submitted on-time and the taxpayer is determined to be liable, the return/period are added on the same business day.

Organization: British Columbia, Ministry of Finance
Created: 25-Jul-2019
Author: Sarah Lise

Attachment Types and Security

Similar to images, attachments are added to different locations in the system based on attachment type. Each type can be secured down if they contain sensitive information.

Current attachment types will be made available for EHT.

Will leverage existing ITB attachment security for R1.

CRM, Notes, Searches, Indicators & Links

This definition will cover if any additional Searches, Indicators or Notes are required for EHT.

EHT will make use of the common Gentax functionality for searching:

- IDs
- Names
- Addresses
- Contact Details
 - Phone
 - Email
 - Contact name

The indicators included within the attached indicators file will be made available for EHT, similar to other accounts within the system.

Account level links included within the attached links file will be made available for EHT, similar to other accounts within the system.

eTaxBC Access/Requests

- Third Party Access - Yes
- Contact the Ministry - Subjects are standard and no additional ones.
 - Account Change
 - Audit
 - Billing
 - General
 - Payments/Returns
 - Refund

eTaxBC Enrolment

What information we can use to identify taxpayers?

- BN, Account Number

What common secret can use to validate taxpayers?

- Letter ID of registration letter, sent to taxpayers once registration is completed. **ITB Registration Letter ID.**
- Once a first person enrolls, eTaxBC creates master logon preventing others enrolling with same letter ID.
- Master logon can then add subsequent logons.
- If master leaves, others can contact RCS and validate them and get access.
- Additional enrolment options can be configured later once return is built in eTaxBC in R2.

eTaxBC Registration

The following details will be required for EHT etax registration

Taxpayer Type

- The following taxpayer types are available on the etax registration page:
 - Corporation
 - Indian Band
 - Other
 - Partnership
 - Sole Proprietor

Name

- Formatted Name for sole proprietors
- Unformatted Name for all other taxpayer types

Incorporation Details: Required details for Corporations

- Incorporation Type: List should include all provincial incorporation IDs as well as Foreign, Federal and USA incorporation types
- Incorporation Country: Calculated based on incorporation type for Canadian & USA Incorporation Types, required for foreign incorporations
- Incorporation Province: Calculated based on incorporation type for Canadian corporations
- Date of Formation/Incorporation: Required for all corporations
- Incorporation Number: Required for all corporations

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Partnership Details: Required for partnerships

- Require a list of partner names, types and IDs

Individual Details: Required for sole proprietors

- Date of birth

Identifiers

- BN is required for all EHT registrants

Contact Details

- Require Name, Email & at least one phone number for all registrants
- s.13

Addresses

- Require a mailing address and location address if different for all EHT accounts that will be created
- s.13

Account Details

- Gather the following account details for each account that will be registered through etax
- Tax Year
 - Required
- Permanent Establishment Date
 - Optional, dependent on whether a company was permanently established in BC prior to Jan. 01, 2019

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- Charity/Non Profit Details
 - Including Registered Charity Number if applicable

Additional Notes:

Registration through eTax is required for this tax type.

It will follow standard flow of other program types with additional information capture around charities and associated corporations if applicable.

Registration web request will create a case and initiate the creation of EHT accounts through auto-processing if no errors are found.

Registration will not have enrolment as part of it. The eTax enrolment letter will be sent after and EHT account is created within Gentax as is standard

Functions

New functions added:

- 2332 - EHT Registration Case
 - *Given to ITB - Operations Staff and ITB - Operations Manager groups*

Groups & Users

Existing ITB Operations security groups will be used for EHT functions.

Headers/Footers

HEADER

Standard header currently used by ITB will suffice, ID will use BN when available in the same way as current ITB letters. Account numbers, letter IDs will be included same as normal.

FOOTER

ITB footer will be leveraged using account level configuration for EHT specific information:

- Address/Courier Address and PO Box is shared with all of ITB
- Footer configuration will be shared with the rest of generic ITB
- URL will be separate - gov.bc.ca/employerhealthtax

Initial Mailout

Initial Outreach Mail-out

1. Who should this outreach be sent to?

Every possibly eligible employer – will not limit to the employers within BC as some of the out-of-province employers might also have PE and employees in BC. The information about EHT will be disseminated through our website, media, and we are thinking posting them on CPA website and other sources.

1. Where do we get the names and addresses from and what criteria do we use to determine this?

Custom data provided to warehouse team, we'll use some payroll threshold to determine who would need to register

1. How many addresses are expected? (Initial estimate was around 30,000)

30,000-40,000 is what we'll plan for, this could change slightly when data is loaded.

1. When will this be sent out?

Likely in Jan 2019, and may be staggered over 4 weeks in order to spread out call volumes.

There will be a report included for this process as well, to give basic metrics of returned mail, registration, etc.

Discovery and leads process for mail out

Using the discovery process the EHT outreach company list can be loaded and the outreach letter sent. It is required by the discovery to add a lead first which can then be actioned to send a letter out. This step of creating\sending the letter once the lead exists is automated.

Letters are generated based on the information from the EHT outreach company list where there is one letter per row in the data source. Additional steps are taken when the BN is already registered in the TACS:

1. Ensure the lead associates to the entity.
2. Use the legal name and mailing address that is on the entity instead of what was setup on the EHT outreach company list.

Stagger mailout ordered by distance from origin (based on postal code and country)

Track which employers have gotten their letter and later registered for EHT

Name/Address Rules

Formatting of names and addresses and selecting addresses where there are multiple present is necessary to send mail accurately. ITB will go with standard mail and address rule configuration and this will be configured for each letter individually, no special name or address rules would be needed.

Profile Information

This definition will cover the Name, Address, IDs & Contact Details required for EHT

Employers may be contacted or identified through the following on the EHT account:

- Contacts
 - Business
 - Audit
 - CFO/Controller
 - Lawyer
 - Manager
 - Principal
 - Representative
 - Tax Preparer
- Names
 - DBA where applicable to the parent customer
 - Firm Name where applicable
- Addresses
 - Mailing
 - Audit Assessment
 - Location of Business
 - Power of Attorney
 - Returns
 - Tax Preparer
 - Location of records
- IDs
 - Firm ID
 - Supplier ID (EFT)
 - BN 15
- The following identifiers will be captured upon registration or return to validate the entity and their payroll and will not be required as an ID within the system since there may be multiple IDs of the same type that all contain the BN9 which is already captured in the system and searchable.
 - CRA payroll number - captured on return
 - CRA registered charity number - captured on registration case

Registration & Tasks

EHT Registration:

- The EHT registration case will be the way to register EHT accounts & taxpayers into the system
- Registration cases can be created manually or generated from a taxpayer's submission through eTax
- ETax cases will be automatically processed overnight.
- Registration cases can also be added and worked through manually.

Reasons for manual review of an EHT registration case:

- Doc Error.
 - Business will need to review the case and correct the error.
 - Once the case is edited it must be completed manually as well.
- User Modified and Manually Added registration cases:
 - Will not auto-complete and must be worked through to the end by a user.
- Multiple Entities Found.
 - Multiple ID matches were found on two or more existing Gentax Entities.
- Duplicate Entity.
 - Only applicable to manual cases. Occurs when a user is trying to add a new entity to the system when it's identifiers were already found on an existing taxpayer within the system.
- Existing EHT account.
 - Stop auto registration and stage to EHT Review
- Partnerships
 - Utilize a taxpayer review work item for staff to review legal name details to ensure we can collect on the true legal entity
 - Review work items would only be required on New taxpayer adds*
 - These items need to be reviewed prior to collection, not necessarily filing
- Foreign corporations.
 - Out of Country agreement?
 - Not required for EHT
 - No need to hold up foreign corporations from auto-registering.
- Charities/Non Profits
 - Do not hold up a case from auto-registering just to review Charity/NPO status up front. Will be reviewed downstream.

The following taxpayer level IDs may be collected within registration

- Business Number
- Incorporation Number
- Driver's License
- System Identification Number (TIN)

Any additional tasks necessary for maintaining employers and their EHT accounts:

See attached documentation for taxpayer & account maintenance work items. ITB staff may make use of these work items for their own business processes within the system.

Returned Mail

The typical set up for mail returned to the PO Box on the envelope at ESIT and the following occurs:

1. Marked as 'undeliverable' by Canada Post and delivered to ESIT
2. ESIT will open the item and will scan the barcode on upper right corner of letter
3. ESIT will then generate a file including the barcodes and send it to TACS (on a nightly basis)
4. TACS reads file and automatically:
 - Generates work items which can be worked to correct addresses and resend letters
 - Adds a note to the letter indicating that it has been returned

EHT will leverage existing ITB configuration (PO Box) but will create it's own separate work item for each letter returned based on account type.

For the initial mailout no work item will be raised for these letters but they should be marked in order to report on them and/or run discovery using that information.

SBN

Below are the same messages that are being implemented within Ministry of Finance which also applies to Employer Health Tax.

TACS

BC SBN Hub Message Type

In/Out

Result

BN15 CreateSBNCreateProgramAccount Request
OUT
BN15 RequestAddress ChangeSBNChangeAddress
OUT
-Name ChangeSBNChangeName
OUT
-Status ChangeSBNChangeStatus
OUT
-Corp Data ChangeSBNChangeCorporateData
OUT
-Client Basic Information Enquiry Request SBNClientBasicInformationEnquiryRequest
OUT
- BN15 ResponseSBNCreateProgramAccount Response
IN
BN15 Received; ID list gets updatedName ChangeSBNChangeName
IN
Auto UpdateStatus ChangeSBNChangeStatus
IN
Work ItemCorp Data ChangeSBNChangeCorporateData
IN
Work ItemAmalgamation NoticeSBNAmalgamationNotification
IN
Work ItemMove AccountSBNAccountRelationship
IN
Work ItemOwnership ChangeSBNClientOwnership
IN
Work ItemSBN Error NoticeSBNErrorNotification
IN
Work ItemSBN Acknowledgement SBNAcknowledgement
IN
-Business Activity Description SBNBusinessActivityDescription
IN
-Client Basic Information Enquiry Response SBNClientBasicInformationEnquiryResponse
IN
-Client Basic Information Search Response SBNClientBasicInformationSearchResponse
IN
-SBN Client Event Update BroadcastSBNClientEventUpdateBroadcast
IN
Work Item

Taxpayer/Employer Structure

This definition item covers the the taxpayer to account structure for Employer Health Tax

Employers

The Employer Health Tax account should apply to the following CRA taxpayer types (Employers):

- Corporation
- Indian Band
- Other
- Partnership
- Sole Proprietor

Employer Types Employer Type should be specified at the taxpayer level if applicable

- Standard Employers should only hold one account for their total remuneration
- Registered Charities/Non Profits (RC/NPOs)
 - This attribute will be captured at the entity level on the following taxpayer types:
 - Corporation
 - Indian Band
 - Other
 - Partnership
 - Sole Proprietor
 - RC/NPOs will file one return for all locations
 - Each location will be able to take advantage of the higher charity cap
 - Charities/Non profits should only have one account (will be caught in discrepancy report)
- Associated Corporation
 - Each employer within an associated group will be required to file a separate return with an additional schedule specifying their portion of the deduction
 - Associated corporations will file an additional return schedule. Appropriate filing will be handled during the audit review on a yearly basis so an account attribute will not be captured to indicate that a taxpayer should file as an associated corporation.
 - Links will *not* be used to capture the relationship of associated corporations to avoid unnecessary maintenance and the requirement to register all associated taxpayers
 - Definition of associated corporations still to be determined: **Action Item 40128**
- Multiple Accounts
 - Taxpayers will only be eligible for multiple accounts in the scenario of amalgamations. This could occur if the successor is also a predecessor and must file two returns for the same taxation year.

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- EHT accounts should not commence prior to January 1st, 2019
- Permanent Establishment in BC (PE)
 - Should be captured for all employers who were permanently established in BC after January 1st, 2019
 - If PE is *after* Jan. 01, 2019 then the tax year/account start year should be equivalent to the year of the PE date
 - If PE is *before* Jan. 01, 2019 then the tax year/account start year should be January 1st, 2019
 - This validation will occur upon registration so no rules are required on the account attributes
- Filing: EHT returns are filed annually with a filing end date of Dec. 31st
 - Due date of March 31st.
- etax & status
 - All EHT accounts will be assigned eTax access and will be e-filers only.
 - No fields are required to capture these details since it is consistent across all accounts
 - Do not reactivate
 - Closure reason of bankruptcy should flag the account as 'Do Not Reactivate'
 - Accounts that have been flagged as 'Do Not Reactivate' may not be re-opened
 - Rules should be applied similar to other account types
- Closure Reasons:
 - Amalgamation
 - Bankruptcy
 - BC Remuneration below threshold
 - Business Did Not Materialize
 - Cancellation - Non Compliance
 - Deceased
 - Duplicate
 - Foreclosure
 - Gone Out of Business

- Incorporated
- Nil Remitter
- No BC Permanent Establishment
- Moved Out Of Province
- No taxable activity-bus.active
- Other
- Ownership Change
- Receivership
- Registered In Error
- Business Sold
- Unlocated(whereabouts unknown)

Work Groups & Queues

- Current Work Groups
 - ITB Executive Director
 - ITB Director
 - ITB LGT Audit Manager
 - ITB LGT Non-Compliance
 - ITB LGT Supervisor
 - ITB LGT Audit
 - ITB ITAIR
 - ITB IPT/IPN Audit Supervisor
 - ITB IPT/IPN Audit
 - ITB Operations Manager
 - ITB Operations Analyst
 - ITB Operations Technician
 - ITB Operations Team Lead

- List of tasks

EHT will utilize the existing ITB work groups for Operations.

Please see spreadsheet under Files for the list of task queues and corresponding associated work groups.

The following new work groups will be created for EHT audit (R2):

- EHT - Audit
- EHT – Audit Supervisor
- EHT – Audit Manager

Load EHT Outreach Company List

Load a master list of the potential employers into the TACS Data Warehouse.

A downstream process will use the list to distribute the outreach letters. See downstream process definition item for mailout details.

Format

The master list will contain the following fields:

- BN9
- Legal_Name
- PGM_Acct_Name
- Mailing_Addr_Line1
- Mailing_Addr_Line2
- Mailing_City
- Mailing_Prov_Cd
- Mailing_Postal_Cd
- Mailing_Country_Cd
- Mailing_Care_Of_Line
- Contact_Phone_Number

Sample file location:

\\bct-fs.tacs.gov.bc.ca\Confidential\$\Warehouse\EHT Outreach

Viewing

Loaded data can be viewed in TACS:

- Data Warehouse Manager > Data Stores tab > **EHT Outreach Company List**

Organization: British Columbia, Ministry of Finance
Created: 25-Jul-2019
Author: Sarah Lise

Amendments and Suspension

Return Amendments

- Can the branch amend submitted returns as part any particular business processes?
 - Yes. If the return needs to be reviewed then the branch will go ahead and amend the return.
 - It will be a straightforward process where the user changes the values in the return which will result to change in the tax due
- Are there other reasons besides the list below why the return needs amending: (*copied from Insurance Premium Tax*)?
 - List of reasons for IPT excluding conversion will be applied to EHT.
 - In addition, the following will be added as reasons when amending EHT returns
 - Approval estimate
 - Return rejection
 - Revised estimate
- All amendments by the taxpayer must be done online.
- Return submitted by taxpayer for any given taxation year/filing period where there is already an existing return will be flagged as Duplicate
- Return amendments filed through eTax will be automatically processed and should not create duplicates.

Suspending Returns

All returns (and amendments) must be filed online. The general direction is to post the return as soon as possible. Rules and validations (on the return) will ensure accuracy and completeness of information and values on the return. Suspended returns will be saved but not posted.

Suspended returns after filing through eTax that do not need supervisor approval will be resolved once the branch manually amends the returns in GenTax, choosing the appropriate change reason.

The branch needs to choose Approve - Supervisor to resolve suspended returns that need supervisor approval.

Return should not be suspended when the list below has already been reviewed.

Suspending return for branch initiated amendments

- Primary supervisor approval rule:
 - Any change to Total Tax Payable from the prior return will automatically require supervisor approval, no matter what Change Reason is selected. Except when supervisor has completed second review and approves of the changes
- Secondary approval rules:
 - Below are the reasons that will merit supervisor's approval when selected by an analyst while editing a return
 - Actuals Received
 - Appeal
 - Included in Audit
 - Return rejection
 - Revised estimate
 - Revised figures received
 - Taxpayer error
 - Transferred

Suspending return for taxpayer initiated amendments:

-

Return will be reviewed the first time the taxpayer indicates the following:

- Box 78. Suspend if final taxation year is checked when the filing period is the full taxation year.
- Box 79. They do not have permanent establishment in BC at Dec 31st
- Suspend if taxpayers indicate that there was an amalgamation
- Amended return which result to increase in tax payable will be automatically processed. Return will be suspended when a decrease in the tax payable will result to refund of more than \$500 or if there is no change in tax payable. This will be added as a rule on the return.
- Amending a return that is initially an estimate

Return will not be suspended when payroll is below threshold.

Appeals

These two appeals cases that will be used for EHT

1. Ministerial Appeal ITB

2. Court Appeal

Ministerial Appeal ITB Changes that should be tested:

1. The case can be added from an EHT account.
2. The Tax Act field is in error while selecting EHT.
3. Once the appeals case is marked as "Ready to Complete" and an the EHT tax act is selected the case must be associated to an EHT Account.

Court Appeal Case for the most part his case is ready to go since you can already select Tax Act as "Employer Health Tax Act." One thing to test:

1. The case can be added from an EHT account.

Approval Levels and Review Stages

Business Requirement:

The EHT refund will use the same approval thresholds and stages as ITB's previous refund configuration:

- Requested amounts of \$50,000 and under, inclusive: **Director Approval**
 - Delinquency Review
 - Conditionally required if there are delinquent returns on the account at the time a user is reviewing.
 - Verifier Review
 - Manager Review
 - Director Review
- Requested amounts over \$50,000: **Exec Director Approval**
 - Delinquency Review
 - Conditionally required if there are delinquent returns on the account at the time a user is reviewing.
 - Verifier Review
 - Manager Review
 - Director Review
 - Executive Director Review

System Implementation:

The system will designate an Approval Level for all refunds, at the time of refund creation, based on the total requested amount of the refund. The approval level determines the stages that the refund must flow through.

Audit Header

The details that are used when adding any EHT audits

Audit Types

1. Employer Health Tax Audit

Audit Program

1. Desk
2. Field
3. Audit Adjustment
4. Appeal Adjustment

Audit Source

1. Audit
2. CRA
3. Current Audit
4. Discovery
5. Lead/Tip
6. Operations
7. Other
8. Referral
9. Registration/Closure Section
10. Taxpayer Correspondence
11. Taxpayer Information
12. Taxpayer Services
13. Third Party
14. Voluntary Disclosure

Audit Begin and Audit End - These fields cannot be edited but will be automatically calculated to Begin date of the first auditing period (i.e. January 1st) and the end date of the last auditing period (i.e. December 31st).

NOTE: If during the course of an audit the filing period range is changed a user will need to ensure that the audit begin and audit end update as well. All you need to do is click the hyperlink for the Audit Periods and the dates will be calculated again.

Filing Period From and Filing Period To - cannot be in the future and Filing Period To must be after Filing Period From.

Statute Barred Date: will be visible and required. This auditor will input the first NOFA date.

Audit Risk Assessment

Identified that Risk Assessment can still be conducted on entities that are not registered so this must be created using a **Case**. These cases are worked by the Auditing team and there is not an expectation for Operations team to work these cases.

- Can be spawned from discovery or manually added to an EHT account.
- Information from the lead will be pulled into the case.

Stages:

- New (start here)
- Research
- Create Audit - Supervisor Approval
 - Rework
 - Create Audit
 - Audit created
- Close - Supervisor Approval
 - Closed
 - Rework
- Rework goes back to research stage

Case Content:

- Entity Information
 - Name
 - Entity type
 - General
 - RCs / NPOs
 - Account number
 - Location
 - Lead Source
 - Risk Score
 - Taxation Period
- Background
 - Knowledge of entity
 - Analysis of Returns & Source Data
 - Risk Review
 - Conclusion
- Audit
 - Objectives
 - Approach

Automated Refund Transfers (Cross Account Offsets)

Business Requirement:

For EHT account/refunds, ITB will adopt the TACS standard and enable cross-account transfers **to and from** all program areas similarly participating in cross-branch offsets.

For a detailed list, see the attached file IPT Rfn Transfers.xlsx.

System Implementation:

When a Gentax refund is created on an EHT account in credit, where the parent entity has a separate account that is in debt, the system will automatically offset the debt with the refunded amount by performing a transfer when the refund gets its final approval. The remainder will be released to the taxpayer and an offset letter will be generated to inform them of what has happened.

During validation, the transfer amount can be overridden or cancelled outright.

Back End Imaging

EHT back end imaging should be able to leverage existing ITB configuration.

Testing should include adding image index sheets on new accounts and any new cases.

Clearance & Closure Tasks

This definition will be used to gather any requirements related to the maintenance of existing EHT accounts.

Account Closures: EHT will make use of the existing account closure work item

Clearance: EHT should be integrated into the existing ITB clearance case by requesting an Act and account number. Any eTax requirements will be handled in eTax definition:

Creation of Refund Tasks (Auto and Manual)

Business Requirement:

The baseline refund requirement is that credits with an open balance can be refunded to the taxpayer.

ITB should be able to manually create EHT refunds for taxpayers in credit on their Employer Health Tax accounts.

The system should automatically create refunds where the credit/account/taxpayer satisfies the following criteria:

- No stop refund/stop mail indicator processes s.13
- No audit in progress
- 21 days past effective date

Note: If there is an overdue return, the refund should go to stage 'delinquency review'

The system should automatically approve refunds where the credit/account/taxpayer satisfies the following criteria:

- \$500 or less for automatic approval
- system created
- no credits in a rejected/reversed refund
- No overdue returns
- no "Stop Auto" indicator
- no estimated returns
 - This is a period level check; each credit in the refund will belong to a filing period, and that check will be performed on every relevant period.
- no debt on other TACS accounts under the same taxpayer
- No collections in progress (this does not automatically put a Stop Refund indicator)

System Implementation:

Users with appropriate security will be able to click the 'Add' button the Account springboard, Refund tab, in order to add a refund.

The job "Create Refunds," which is a configured job in the Nightly jobstream, will scan for EHT accounts with open credits and create+approve refund tasks where the credit/account/taxpayer satisfies the above criteria.

Developer Notes:

Nightly job rfnscn is the job that picks up and auto creates refunds. caObl (open balance) is called, caObl calls caTyp which looks at rfrAccountTypeToRefundType.

rfrAccountTypeToRefundType there exist a column that lets one specify a BO. This is where all the configuration will be set for auto creating refunds. Currently for EHT, the refund type is explicitly set. In the future we should have a BO that removes the credits when the above criteria apply.

rfrBC_refundTypeToTransType may need to be used in the event there exists multiple refund types for one account. Since this isn't the case, unlikely to be relevant.

To implement 'auto approval' an approval level called 'no review' needs to be created. This will by pass the normal review process.

Delivery Methods (Cheque, Direct Deposit EFT)

Business Requirement:

EHT refund recipients will receive their refunds by cheque by default, but if they desire, they can receive their refunds via direct deposit (electronic funds transfer).

The following text should be displayed on refund cheques/EFT advice:

Income Taxation Branch - Refund Employer Health Tax
Refund Id: R1946322944
Refund: \$10,990.73
For payment inquiries please contact ITBTaxQuestions@gov.bc.ca

System Implementation:

Taxpayers can have OCG supplier numbers associated in the form of IDs under the Registration tab. Any EHT accounts or parent entities (taxpayers) with supplier IDs will, by default, receive EFTs when a refund is approved unless the 'Cheque Only' box on the refund is ticked (Additional Info tab).

EHT - Additional Maintenance Items

This definition will hold requirements for additional maintenance items:

Supply BN 15 on EHT registration letter

- The EHT Registration letter should be added to an EHT account *after* the BN15 has been received from the SBN hub. This will help us verify that the entity we are creating in Gentax is a true entity.

EHT Registration Case:

- Additional Review Items:
 - EHT registration cases for *new* Partnership Entities should be held for review.
 - EHT registration cases for *existing* partnerships (matched on BN) should be auto-processed with the standard verification & entity matching
- New Indicator Type: Charity/Non-Profit status
 - Enables point-in-time tracking of Charity/NPO status by virtue of the Indicator's Effective From/To dates
 - The Indicator will be added on New EHT registrations where the taxpayer has indicated they are a Charity or NPO
 - Maintenance of the Indicator will be performed only on the Gentax side at the account level
 - It is not editable by the taxpayer in eTax

EHT - Adjustments

- Write-offs
- Extinguishments
- Remissions
- P&I Waivers

We will specifically cover P&I waivers. Collections team will elaborate further on the extinguishment and write off process as it relates to RMO

- Additional discussion was held regarding ITB's existing outside of Gentax system for approving P&I waivers (i.e. for logging and insurance), with the hope that some of this process could be moved into the system.
 - This is best worked as an SQR post rollout, so that a process which works for all ITB's Gentax program can be designed and developed.

EHT - Bulk Payment/Filing

Definition

- Payroll companies are to be given the ability to bulk pay on behalf of their clients. The payment direction is to be communicated through an eTax web request.
- Bulk payers will be required to enrol in eTax as a third party using the existing eTax third party enrolment request.
- Bulk payers will be identified by a new customer attribute. It will be up to the bulk payer to contact the business to set the flag. Once set, the option to submit a bulk payment request will appear in eTaxBC for their login.

Payment Process

- See files tab for a visio diagram of the EHT bulk payment flow.
- The web request will allow the upload of a file
 - File format: a .txt file containing:
 - one header line as follows: HEADER,ItemCount,TotalAmount
 - example: HEADER,3,1000.00
 - one or more detail lines as follows: DETAIL,TaxYear,EHTAccountNumber,Amount
 - example: DETAIL,2019,EHT-1000-1001,1000.00
 - one trailer line as follows: TRAILER
 - See files tab for an example file and the file specification.
- The web request will then allow the user to make a PAD payment (not mandatory).
 - If selected, the PAD payment screen will prepopulate with the correct amount (and will not be editable), to ensure accurate payment is received
 - If not selected, the user will need to submit an EFT
- The web request will be used to create a payment batch, with the directions in the file used separate payments. If any of the accounts in the batch cannot be found (incorrect account number provided), the payment will suspend for Cannot Find Account.

Payment methods

- If a PAD payment is made
 - The payment batch will process and the payments post that night. No business/ESIT intervention is required
 - The PAD payment will display on the entity level of the bulk payer (Financial -> Payments -> PAD) as an external payment, and cannot be redirected, resubmitted, or unapplied (only reversed)
 - The individual directions will be posted as payments on the client EHT accounts
 - If the PAD payment is future dated, the payment batch will be in error until that future date, and will then be processed by the system as above
 - If the PAD payment is returned (in the PAD returned items file), the system will reverse the bulk payer's PAD payment and reverse each payment in the associated payment batch. The bulk payer's PAD reversal reason will be set according the returned item file reason. The client instalment payments will be reversed with the reason "Other - no fee".
- If no PAD payment is made,
 - We will expect an EFT payment (ESIT will be responsible for monitoring the EFT bank account for the expected amount)
 - The payment batch will be suspended in error with no entered batch date, effective date, or deposit date.
 - Once the payment is received, ESIT will correct the batch by entering the dates and re-validate it so that it can be processed and the payments posted that night.
 - If the payment received does not match the batch (i.e. does not match the file's direction)
 - The business should reach out to the payroll company to clarify the discrepancy
 - The batch may be corrected by ESIT or rejected. If rejected, the payroll company

must submit a corrected bulk payment request which accurately reflects their desired directions.

Instalments

- The payroll company is to be responsible for knowing how much to remit (i.e. their clients should communicate to them their instalment requirement)
 - TACS is not sending the payroll company (nor the taxpayer) a "required instalment amount". It is the taxpayers prerogative to know how much to remit.
- Instalment amounts owing are equal to one quarter of the lesser of
 - The previous year's employer health tax owed, or
 - The current year's employer health tax owed

EHT - Credit Transfers

Credit transfers are applicable between EHT and the following account types:

- CAM - Carbon Tax Air and Marine
- CIV - Carbon Tax Inventory
- CNG - Carbon Tax Natural Gas
- CRC - Carbon Tax Registered Consumer
- CRF - Carbon Tax Refunds
- CSA - Carbon Tax Self Assessor
- CTA - Carbon Tax Collector
- EHT - Employer Health Tax
- NC - Energy Rebate
- FBT - Motor Fuel Tax BC Transit
- FCO - Motor Fuel Tax Collector
- FDR - Disabled Registrants
- FIV - Motor Fuel Tax Inventory
- FNG - Natural Gas Consumers
- FNR - Exempt Fuel Retailer
- FRF - Motor Fuel Refunds
- FSA - Motor Fuel Tax Self Assessor
- FSC - Motor Fuel Tax SCTT
- FTA - IFTA Carrier
- HOG - Property Tax - HOG
- HTL - Hotel Room Tax
- INS - Ins Prm Tax - Taxable Insurers
- INU - Ins Prm Tax - Unlicensed
- LNC - Natural Gas Tax Credit
- LNG - Liquefied Natural Gas
- LNV - LNG Volumetric Report
- LOG - Logging Tax
- MTP - Mineral Tax - Placer Gold
- MTQ - Mineral Tax - Quarry
- MTR - Mineral Tax - Regular
- OGR - Oil and Gas
- OGC - Oil and Gas Commission
- OGD - Oil and Gas Deemed Royalty
- PST - Provincial Sales Tax
- PTT - Property Transfer Tax
- RPT - Property Tax - Rural
- SST - Social Service Tax
- TDP - Tax on Designated Property
- TES - Exempt Sale Retail Dealer
- TRA - Tobacco Retailer Authorization
- TWI - Tobacco Wholesaler Inventory
- TWS - Tobacco Wholesaler
- Credit transfers are most often added at filing period level
- The effective date of a credit transfer is user-editable

EHT - Cross Period Offsets

- Normal Gentax CPO behavior is acceptable. CPOs should be effective the same date as the source credit's effective date.
- Cross period offsets are automatically posted when a debit and credit exist on different periods on the same account.
- If this behavior is not desired for a given filing period, the credit/debit lock indicators can be added to the period.

EHT - ESIT Payments

- Direct payments
 - Verify cheque images as well when the response comes from ESIT

EHT - Interest

DEBIT INTEREST

- Review concepts of NOFA Grace, gap period (from the end of NOFA Grace until the next cycle date), and SOFA grace
 - Interest is brought up to date when a new NOFA is sent
 - If full payment is received within 30 days of the NOFA, no further interest is accrued
 - If payment is received after the end of that 30 days and the next 23rd (the SOFA date), additional interest will be posted
 - Interest is brought up to date on the 23rd, when the SOFA is sent
 - If full payment is received before the next 23rd, no additional interest is assessed
- **INSTALMENTS**
 - Due June 15th, September 15th, and December 15th
 - Required for tax payable of \$2925 or greater
 - Interest is calculated on the instalment basis balance from the time the instalment was due
 - For example, on an instalment basis of \$10,000
 - Interest is calculated on \$2,500 from June 15 to September 14
 - Interest is calculated on \$5,000 from September 15 to December 14 (plus compound interest)
 - Interest is calculated on \$7,500 from December 15 to March 30 (plus compound interest)
 - Interest is calculated on \$10,000 from March 31st until paid (plus compound interest)
 - Any payments received between instalment dates will decrease the interest basis accordingly
- **INSTALMENTS UPON CLOSE OF BUSINESS**
 - Taxpayer will file for their partial year, with the return due 90 days after their cease date
 - The taxpayer is only responsible to pay instalments for the instalment dates which fell before their cease date
 - e.x. The taxpayers prior year was 20k, they ceased business on August 1st, and filed for 10k.
 - They would be required to have paid one instalment of \$2500 on June 15th, with the balance due 90 days after August 1st.
- **INSTALMENTS UPON AMALGAMATION**
 - Predecessors and Successors will both file for their partial years, with the return due March 31st of the following year
 - There is no proration of the \$2925 threshold for instalment requirements
 - The taxpayer is only responsible to pay instalments for the instalment dates which fell before their cease date
 - If a predecessor's prior year is less than the \$2925 threshold, it is to be excluded from the successor's prior year requirement
 - e.x. The predecessor's prior year was 20k. They ceased business on August 1st, and filed for 10k.
 - They would be required to have paid one instalment of \$2500 on June 15th, with the balance due the following March 31st.
 - e.x. The successor is net new, and the sum of their predecessors' prior years is 50k. They commence business on August 1st, and filed for 30k.
 - They would be required to have paid two instalment of \$7500 on September 15th and December 15th, with the balance due the following March 31st.

CREDIT INTEREST

- No credit interest is awarded outside of refunds

EHT - Offset Order

- Verify that payment is applied to the oldest period first, oldest debt first
- Base offset order will be Tax, Penalty then Interest within each period
- Oldest periods are offset first unless a payment is directed to a specific period
- Account payments (without a specific period) will offset oldest debt if it exists or will apply to newest open period
- Return/Instalment payments will pend and wait for return to post. These credits will not offset other debt before offsetting the return first

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- Online payments made to the SOFA account will be designated as Account Payments
- There is no need to differentiate return and instalment payments so they will be grouped into Instalment Payments

EHT - Payment Allocation

Testing:

Verify EHT payments can be directed/allocated in the following ways:

- Unapply/reapply
- Split (unapply, change directions, reapply)
- Redirect
- Resubmit
- Effective date can be changed (but not future dated)

These allocations can apply to:

- a different period within the same account
- a different account within the same entity
- a different account on a different entity

EHT - Payment Effective Date

Payments received by ESIT are to be effective the BAPC received date

No testing or development required in Gentax.

EHT - Payment Sources

- Direct (accepted, even though electronic payment is mandatory)
- Online Bill Pay
- Internal Paper JV
- PAD
- EFT

Testing:

Verify each payment source can be added when creating a payment batch

EHT - Payment Work Items

Payments can come in and suspend, creating a work item if it needs to be reviewed by a user. Work Item types currently configured for all tax types include:

- Cannot Find Account
 - created when the account cannot be found in the system. This happens because the account ID is invalid or blank
- Duplicate Media Number
 - created when the media number associated to the payment already exists in the system for a different account and period
- Stop Payment
 - created when the account or period the payment is directed to has a Stop Payment indicator. The payment only stops for review, it can still be posted afterwards
- Invalid Period
 - created when the period the payment is directed to does not exist for the account. This can be if the period is prior to the account start date, or if the period filing does not allow that period (i.e: payment's filing period is 10-Dec-2017 when the filing frequency is only every 25th of the month - 10-Dec-2017 is an invalid period and thus the payment will suspend)
- Invalid Received
 - created when the effective date of the payment is in the future

EHT - Penalties

- Late filing penalty
 - 5% of unpaid tax at the due date + 1% of unpaid tax at the due date for each complete month the return was late up to 12 months
 - Filed on time but paid late results in no penalty
 - Filed 1 day late would result in 5% penalty
 - Filed 1 month + 1 day late would result in 5+1% penalty
 - Penalty basis is the balance outstanding at the due date (crystallized as at the due date)
 - This approach mimics the Canadian Income Tax Act section 162 (see below).
- Repeat failure to file penalty
 - Applies to employers who have filed late in any of the three preceding years AND been demanded to file (sent a specific delinquency letter)
 - configured to look for demand letter rL7204: EHT – Delinquency – Demand on the specific period
 - 30 days given after the date of demand to file before the doubled rate applies
 - 10% of unpaid tax at the due date + 2% of unpaid tax at the due date for each complete month the return was late up to 20 months
 - This is double the standard late filing penalty
- Late payment penalty - None
- Failure to file electronically penalties - None
- Failure to file by Trustee - None

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- Miscellaneous manual penalties
 - Failure to provide info
 - Fail to file in appropriate manner
 - Failure to comply
 - Gross negligence (General Anti Avoidance Regulation) GAAR

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First late filings

- The return includes a "1st Return – No Late Penalty" checkbox.
 - If checked, then penalty should not be assessed against the debt.
 - Financials must only look to see whether the checkbox is checked, and assess/not assess penalty accordingly. No additional logic required.
 - Interest still applies.

Canadian Income Tax Act section 162:

Failure to file return of income

162 (1) Every person who fails to file a return of income for a taxation year as and when required by

subsection 150(1) is liable to a penalty equal to the total of

(a) an amount equal to 5% of the person's tax payable under this Part for the year that was unpaid when the return was required to be filed, and

(b) the product obtained when 1% of the person's tax payable under this Part for the year that was unpaid when the return was required to be filed is multiplied by the number of complete months, not exceeding 12, from the date on which the return was required to be filed to the date on which the return was filed.

EHT - PT Payments

- PAD payments
- Billpay for new existing BC Statement of Account CCIN
 - No coordination with PT or RBC required
- Billpay for new EHT CCIN
 - This will require coordination with RBC

EHT - Return Carry Forward

If the taxpayer indicates on their return that they would like any overpayments applied to the subsequent period

- The nightly stream will evaluate such periods for outstanding credits
- The nightly stream will transfer the credit to the subsequent period
 - The transfer will be for all available credit (regardless of what amount may have been indicated on the return)
 - The transfer will be effective the later of the return due date and the transaction effective date (in the case of late payments)
 - A debit transaction for the transfer amount will post to the source period
 - A credit transaction for the transfer amount will post to the destination period
 - A debit "locking" transaction for the transfer amount will post to the destination period, and will be reversed once the return is posted
 - This ensures the credit is not used to offset a prior year reassessment
 - This credit is not "clawed back" if the prior period has an upward reassessment
 - The business can manually move this credit to other periods if required (i.e. if a prior period is reassessed)

EHT - Reversal Reasons

Payment Reversal Reasons:

- Account Closed
- Account Frozen
- Account Not Found
- Currency/Account Mismatch
- Edit Reject
- Funds Not Cleared
- Incorrect Payor/Payee Name
- Institution in Default
- Invalid/Incorrect Account No.
- No Agreement
- No Debit Allowed
- Not for TACS (No Fee)
- NSF
- Other
- Other (No Fee)
- Payment Stopped/Recalled
- Payor/Payee Deceased
- Post/Stale Dated

Testing:

Verify a payment can reverse with each of the reason codes.

Verify whether a fee was posted or not (if applicable)

EHT - SBAs

- The standard -9.99 to 9.99 thresholds are to be used
- SBAs are calculated and posted dynamically and immediately
 - SBAs are posted at the time the transaction is posted - not through a nightly job
 - If a payment is received for a debt which has been SBA'd, the SBA will be automatically reversed
 - If tax is re-evaluated any previously posted SBAs will be automatically reversed

EHT - Voucher Types

See spreadsheet for EHT voucher types

- Account Payment
- Instalment Payment
- Bailiff Payment
- Demand Payment
- OCG Setoff Payment
- Proposal Payment
- Trustee Payment
- CRA Setoff Payment

No need for return or audit voucher types. No need for Director Liability vouchers (confirmed by Cory).

Testing:

Verify you can add a voucher on the account/period for each voucher type

Verify you can post a payment for each voucher type

EHT Audit

Stages - Default stage is Work in Progress. The following staging logic then applies

- **Work In progress**
 - **Audit Submit**
 - Exclusive flow from here
 - **Working in progress**
 - **Posted**
 - **Posted Nil**
 - **Waiting for Information**
 - access to go to all the other stage
 - **Pending OOP**
 - access to go to all the other stage
 - **Cancel Submission**
 - Exclusive flow from here
 - **Working in Progress**
 - **Cancelled**

- **Reopen** - needs to be supported as a 'just in case'

Working Paper - One working paper 'EHT Audit Working Paper' this is the working paper that will allow for amendments to the return. This working paper is should be setup with the four column approach including the reference column.

- Currency columns are broken into
 - Reported - values from the return.
 - Proposed - new figure for audit.
 - Adjusted - is the difference of proposed and reported.
 - Reference - is a quick one line text identify a meaningful attachment.
- Tables on the working paper (i.e. Associated Declaration Group) will show just the proposed columns and the full details will be on another tab.
- Excel import\export will be supported.

Audit Report - Instead of a working paper housing the audit report **will** remain on the Attributes tab. This can be found from the audit springboard Audit tab> Attributes tab. This is a screen where the contents are customizable.

Audit Index - Continue the support of this feature as it was implemented in ITB. Here are the predefined headings:

- 210 Audit Proposal Working Paper
- 300 Planning Documents
- 400 Communications
- 500 Financial Documents
- 600 Tax Information

Letters used in the audit process are:

- Audit Initial Request for Information and subsequent request for additional information.
- Proposal Letter and any subsequent proposals.
- Proposal Summary
- Audit Completion\ Audit no change Completion

SPECIAL CONSIDERATIONS

1. Changing the return type from charity to a normal return.
2. Adding another site.

An auditor will be required to change the entity information directly then the working paper pre-pop would identify the change. This is enabled when the auditor presses the edit button on the working paper.

This requires the following fields to be calculated on the pre-pop of the working paper;

1. Customer Indicators (to find the charity indicator.)
2. Find all the sites associated with this account and their information.
3. Period Being and Period end dates.

eTaxBC Clearance Application

The eTax clearance application should allow taxpayers/requestors to submit a clearance request through eTax BC. The eTax request should create an ITB clearance request in Gentax for users to work and should include all required details from the internal ITB clearance case.

Please see attached file for ITB clearance details.

Allow for attachment type: Authorization Form

Fields added to internal clearance case for eTax application:

- e-mail

eTaxBC Payments

- Account Payment
- Instalment Payment
- No Audit Payment
- No Return Payment

Bulk payment functionality will be tested within the Payments group.

eTaxBC Reminders

- Notice Types (email, web message): What kind of notices are we going to be sending them?
 - Standard Return Reminders on 1st January annually or business day before if falls on a weekend.
 - Instalment reminders - 45 days or 44 days before due date. Has to be a business day.
- After meeting with Colin, business is asking for 1, 5 and 45 day reminders as well as functionality for taxpayers to select which reminders they want to receive.

We have two sets of email reminders:

1. eTax - EHT Instalment Reminders

1. To be sent 45 days, 5 days and 1 day before June 15 / September 15 / December 15 (or the closest business day)
2. The body text of the email will need to dynamically reference the specific due date in all three instalment reminders
3. In 2019, this reminder will be sent to ALL employers who has registered for EHT account (entities who has an EHT account)
4. In 2020 and thereafter, this reminder will only be sent to the accounts that meet the minimum requirements to make instalment payments
 1. The minimum requirements for installment payments are:
 - 1.6 Million for charities (BC Remuneration)
 - 600k for general employers (BC Remuneration)

2. eTax - EHT Return and Final Payment Reminders

1. To be sent on Jan 15, 5 days and 1 day before due date (i.e. Mar. 31, or the closest business day) if taxpayer's period end date is December 31
2. To be sent on the date the EHT account closure is posted, and 5 days and 1 day before due date (i.e. 90 days from EHT account closing date or the closest business day) if taxpayer's period end date is NOT December 31
3. The body text of the Jan 15/acct closure posting date email will NOT need to dynamically reference the specific due date
4. The 5 days and 1 day before due date (or the closest business day) email will dynamically reference the specific due date and since this has been configured to 5 days and 1 day before the DUE DATE, it can be used for taxpayers whose period end date is NOT December 31 because system will recognize the stub period and calculate the due date for these taxpayers
5. In 2019 and before March 31, 2020, this reminder will be sent to ALL Employers who has registered for EHT account
6. From April 1, 2020 and thereafter, these reminder will only be sent to taxpayers who has an ACTIVE EHT account
7. If the return is filed prior to March 31, reminders will no longer be sent until the next filing period.

eTaxBC Requests

Site Maintenance By Taxpayer

Registered charities and non-profit (RC/NP) will be able to submit web requests to update their sites through e-tax continuously.

- The internal validation process will involve creating a work item for an audit analyst to review and update the internal sites
- If possible add that attachment functionality to the update page so that a RC/NP can add back-up documents
- It will be helpful to avoid adding attachments directly to the account in case the RC/NP
- submits multiple web requests with the same supporting documents. Instead, the
- attachments will be held with the web request and users may attach the document to the
- account if needed.

Account Closure Requests

Allow taxpayers to submit a web request with the following information:

- Account End Date
- Account Closure Reason
 - Same as account closure reasons

Changes to EHT Registration Request

Permanent establishment date should only be required if after Jan 1st of first taxation year.

eTaxBC Returns

Return will be available for adding and amending returns.

Return is optimized for mobile devices as well.

The request is not urgent and will be processed the same night.

Layout and Flow

EHT Return will be broken out into sections for simple scenarios.

For more complex scenarios with schedules (presented as a table/table editor), there is no point to display the same sections if the user doesn't interact with them.

All sections will be shown on the summary page for simple and complex scenarios.

Closure Reasons on the return

Amalgamation

Bankruptcy

Deceased

Gone out of business

Incorporated

Receivership

BC remuneration below exemption

No BC Permanent Establishment

Other

Exclude Pre-Registered Accounts

When creating letters we should exclude sending outreach letters to taxpayers that have already registered an EHT account. This will be done by not creating a lead used to send the letters.

This was a late requirement identified when the schedule for the mail-out was determined to be taking place after SPT.

Discovery Data Source has been updated so that it will skip pulling a BN into the discovery if there is already an EHT account.

Front End Imaging

Front end imaging will leverage existing ITB configuration, including using the ITB PO Box. A separate case stage should be added for EHT to distinguish from other incoming correspondence and help separate work within the branch.

Testing should include staging the correspondence case between other ITB stages as well as some non-ITB branches.

Headers/Footers

Additional requirements to R1 Header and Footer:

The plan is to leverage existing ITB headers and footers for SOFA/NOFA and then also for general correspondence.

Letters related to an EHT account should use the following account specific data:

- URL should be gov.bc.ca\employerhealthtax
 - Will also need to be available for case-level letters (by specifying account type on them)

*Note SOFA/NOFA testing is done separately during specific letter testing.

Image Types and Security

Current image type list will be made available for EHT. ITB security will be applied same as current in production.

Current secured image types (Function 4008):

- ITB Supporting Documents
- ITB Correspondence
- Return – ITB Other

Out of Province Travel Fee

Configure support for the EHT audit and account type to be associated with this case.

- Out of Province (OOP) Travel Fee Case should have access to EHT accounts.
- The normal OOP case processes should function as expected as the case is cross program.

Outreach Envelopes and Print Groups

Will leverage using RD34 ITB envelopes and existing ITB print groups as well.

Print groups will need to be created for the following:

- Initial mailout
- General Mail (leveraging ITB current print groups)
- NOFA (R2)
- NOFA/SOFA (NOSO) (R2)

Payment Revenue Accounting

Revenue accounts to be debited/credited for each payment movement. Payments can move between statuses such as suspense, post, pend, and reverse. Each movement must be mapped and configured. See the Payments Procedures tab on the Mapping Procedures document attached to this item.

Refund Interest

Business Requirements:

- Applicability
 - EHT refunds will be eligible for refund interest.
- Basis
 - The interest basis (amount \$) for EHT refunds will be equal to the amount of credit being refunded.
 - "Instalment payments do not calculate credit interest until the due date (effective date) of the debt that the instalment is intended to offset." In IPT configuration, the refund interest start date inherits from Financials' credit interest configuration. For reference:
 - **Refund interest begin date for EHT:**
 - Instalment payments
 - Latter of
 - Effective date of credit txn+61 days
 - Due date of return + 61 days
 - All other payments / non-transferred credits
 - Effective date of transaction + 61 days
 - Cross-period offsets
 - Governed by what the root credit transaction was, as above
- Rate
 - The rate of interest for EHT refunds will be as per the FAA: currently Prime - 2%.
- Grace
 - By default, EHT refunds will grant 60 days of interest grace per the FAA.
- Compounding
 - EHT refund interest will use standard TACS compound interest as in Logging and Insurance refunds.
- Minimum
 - Per the FAA Interest on Overdue Accounts Payable reg, interest on EHT refunds will be rounded down to \$0 if it calculates to an amount less than \$5.

System Implementation:

Whenever a user lands on a Refund Detail screen for any given refund, potential interest is calculated for each credit in the refund and displayed on screen. The interest amount for each credit is based on the interest begin date as above, current system date (RunDate) and the default refund interest rate of Prime -2% (including any historical rate changes over the life of the credit).

When a refund receives its final approval, the refund interest is posted as a new transaction, independent of the other credits being refunded. Simultaneously, a refund interest debit is posted to reflect that the interest is "going out the door" along with the principal balances.

Developer Note

in rfrRfnRefundType, there exists 4 columns. interestto, interestfrom, interest type. Alternatively there exists a fstrBO.

Implication of the interest logic. If you land on the refund screen it will tell you how much interest has

accrued as of today. if approved, then those credits would actually post the interest before going out the door.

In the past, it's mostly BO. But ITB uses **from** and **to**. but the **from** has a dyn function on it: DATEADD('d',(-1),BC_CreditIntStartITB(transkey))

This calculation gets the credit interest start date for ITB based on the Trans Key - returns the latter of the effective date of the transaction or the due date of the return for installment or return payments, or the effective date of the payment for other payments + 61 days

Return Calculations

This definition will hold requirements for Return calculations. Please see attached files for Charity & General Return rules for testing.

General Return:

- Operational days are pro-rated based on taxation year start and end if no other additional schedules apply

Associated Corporation Schedules:

- Available when taxpayer is part of an associated corporation as of Dec. 31st of the taxation year
- Operational days are pro-rated based on date the first corporation was permanently established in BC, if permanently established within the taxation year
- **If an additional corporation comes into an associated group within the taxation year then they will have a deduction cap equal to the Operational Days from the additional corporation's PE date * the Deduction threshold (usually 500,000) available to the associated group as a whole?**
- Validate that PE date for all associated corps is later than the PE date stated for the whole group

Amalgamated Schedules:

- Available for successor only (period end date is greater than the amalgamation date)
- Predecessor will file an informational return

Charity/NPO schedule:

- Available if taxpayer type is charity or non-profit for that taxation year
- Registered locations should only be included in the return if the commence prior to Jan. 1st of the taxation year and ceased after Jan. 1st of the taxation year.

Return Estimates

From Les

Estimated returns will result primarily from the delinquent & non-filer process. To that end, the EHT process is intended to be much the same as the LGT delinquent & non-filer process, with adjustments as required for issues peculiar to EHT.

Initially, one concern will be creating an estimated return for an employer which is part of an associated group. I'm sure other issues will appear as we put our mind to the process.

s.17

Process

The business area needs to be notified for all those non-filers. The creation of the estimated return will be a result of completing a work item added to the account with filing expectancy but without a return.

Estimating return will follow the delinquency process where letter will be sent to the taxpayer which could then lead to the branch manually adding the return. There should be a flag (checkbox) that will indicate that the it is an estimated return.

s.17

Billing will continue the discussion about delinquency process.

Discovery can also be utilized to create audits on the non-filers whenever the data from CRA is available for the taxation year.

Return update

Estimate tab on the return will have information on Section D. The tab will simply capture the summarized result of the external calculations, similar to Logging Tax.

Estimation calculations will be done on external documents (e.g. spreadsheets) which will then be attached to the related return.

Supporting documentation in determining remuneration and eligible deductions will be done externally and will be attachments on the return. He will also confirm the process when estimating taxes in the event of an amalgamation.

In the event of an amalgamation,

Predecessors:

Estimated assessments (and corresponding estimated returns) are not required for the individual predecessor accounts. Penalty assessments for failure to comply with the Act or Regulations may be issued.

Successor:

An estimated assessment of the successor account will follow the standard estimation procedures as above. The estimated tab will simply capture the summarized result of the external calculations which will include amounts determined with respect to the predecessors.

Calculation: **Manual**

Return Expectations

Return Filing Information

Filing frequency: Annual

Taxation year end: December 31

Return generation date: First business day in **January**. Return expectation for prior periods will be generated as well when taxpayers registers late.

Return will be available for filing on eTax. Reminder will also be created on their logon account. Tax will be effective 2019. First return generation will be in year 2020.

Installment starts June 15 or the business day after if it falls on a holiday in year 2019.

Return due date: March 31st or the first business day after

Short period taxation year will be created for entities that end operation. Return is due 90 calendar days after the cessation date. These are cases when entities result to bankruptcy or cease to have permanent establishment in BC.

Return generation process should pick up ceased accounts and create stub period and return expectation.

Amalgamation

The predecessor return will no longer be an "information" return ... it will be processed & posted the same as any other return.

Predecessor – final year:

- Account cease date will be the day immediately before the Date of Amalgamation
- Taxation period end date = account cease date
- Return generation should occur at the earliest opportunity after the account cease date has been entered and period end date has changed
- Return due date will be Mar. 31 of the following year

Successor – initial year

- Account commence date will be the Date of Amalgamation
- Taxation period start date = account commence date
- Taxation period end date = Dec. 31
- Return generation will occur on the standard generation date (Jan 14/15 of following year)
- Return due date will be Mar. 31 of the following year

To recap all the situations:

Description**Taxation Period****Return Generation****Return Due Date**

Standard period

Jan. 1 – Dec. 31

Jan. 01 of following year

Mar. 31 of following year

Taxpayer starts later in year

Account commence date to Dec. 31

Jan. 01 of following year

Mar. 31 of following year

Taxpayer ceases early in year

Jan. 1 to Account cease date

As soon as possible after account cease date entered

90 days after account cease date

Amalgamation - predecessor

Jan. 1 to Account cease date

As soon as possible after account cease date entered

Mar. 31 of following year

Amalgamation - successor

Account commence date to Dec. 31

Jan. 01 of following year

Mar. 31 of following year

Return Pre-Pop

The following data should be pre-populated onto the EHT return

- Registered Locations
 - Site ID & Address
 - Pre-population should not override manually added locations
 - Auto-populate the table with the addresses in the Sites tab?
Restrict the list for each tax year to sites **that are active at some point within the taxation year**
 1. Site commence date <= Period Start Date And Site cease date >= Period Start Date
OR
 2. Site commence date <= Period End Date AND Site commence date >= Period Start Date
 - Taxpayers on eTax should be able to add additional locations through eTax. However, if a site ID is blank for a location then the return should be in error until a site is registered in Gentax for the provided location address.
- Charity vs. Non Profit Status
 - Charity/Non Profit status is dependent on the EHT account level charity/NPO indicator.
 - This flag should be checked if the iemployer was a charity/npo effective **on Dec. 31st of the taxation year**.
- Instalment Payments
 - Should be a summary of all instalment payments made to date of return generation

Sites

Sites

- Sites will be available for Non Profits & Charities
- Additional details will not be captured on the site attributes so the standard 'Location' site type will be utilized

Site Maintenance By Taxpayer

Registered charities and non-profit (RC/NP) will be able to submit web requests to update their sites through e-tax continuously.

- The internal validation process will involve creating a work item for an audit analyst to review and update the internal sites
- If possible add that attachment functionality to the update page so that a RC/NP can add back-up documents
- It will be helpful to avoid adding attachments directly to the account in case the RC/NP
- submits multiple web requests with the same supporting documents. Instead, the
- attachments will be held with the web request and users may attach the document to the
- account if needed.

SOFA/NOFA - Envelopes and Print Groups

NOFA print group: Leverage ITB NOFA group

SOFA print group: Leverage ITB SOFA group

NOSO print group: NOSO Group already set up for ITB, we'll leverage the same functionality for EHT but will need to specifically add the account type to trigger this behavior.

- Main testing will be needed to verify that NOFA and SOFA go in the same envelopes.

Statute Barred Credits

Business Requirement

Credits on EHT accounts are statute-barred after four **years**. These are not eligible for refund and must be written off (called a "write up" by Receivables Management Office).

Implementation

Credits over four years old will be automatically put into a "Write Up" adjustment work item. Upon approval, the credit is removed from the account.

Credits that have passed statute barred date (that is 4 years for ITB accounts) should result in a Write Up adjustment on the filing period where the Credit resides. This write up adjustment is NOT auto approved, in alignment with ITB rules.

Note that the Write Up adjustment will be created if all of the following are true:

- The Credit has aged. i.e., the Effective Date of the credit is more than 4 years old.
- There is no active Audit on the filing period where the credit resides.
- There is no active Refund on filing period where the credit resides.

Transaction Revenue Accounting

Validation Procedure (Checklist)

Business Requirement:

There will be no EHT-specific refund checklist; everything that needs to be reported on is already tracked through core Gentax functions (as in Logging and Insurance).

System Implementation:

The refund doc will contain the following tab:

- Refund Detail
 - D Voucher - send the cheque back to the branch for post-processing before manually mailing.
 - Cheque Only - override Direct Deposit configuration on the account and / or customer and send a cheque instead.

Work Groups and Task Queues

- Current Work Groups
 - ITB Executive Director
 - ITB Director
 - ITB LGT Audit Manager
 - ITB LGT Non-Compliance
 - ITB LGT Supervisor
 - ITB LGT Audit
 - ITB ITAIR
 - ITB IPT/IPN Audit Supervisor
 - ITB IPT/IPN Audit
 - ITB Operations Manager
 - ITB Operations Analyst
 - ITB Operations Technician
 - ITB Operations Team Lead

- List of tasks

EHT will utilize the existing ITB work groups for Operations.

Please see spreadsheet under Files for the list of task queues and corresponding associated work groups.

The following new work groups will be created for EHT audit (R2):

- EHT - Audit
- EHT – Audit Supervisor
- EHT – Audit Manager

Functions

See Files tab for spreadsheet outlining all functions assigned to each group

New functions added:

- 2332 – EHT Registration Case
- 1442 – View CRA T4 Slips
- 1443 – View CRA T4 Summary
- 1444 – T4 summary EHT
- 1445 – WCB EHT
- 2350 – Reopen the EHT Audit
- 2351 – EHT Risk Assessment Case - All stages except Approval
- 2352 – EHT Manager Approval Level for Risk Assessment Case
- 1017 – Add and Change Sites
- 4107 – EHT Complete Lead Actions
- 4451 – Charity or Non Profit Organization Indicator

Gain Executive Director Approval

Francis Camilleri (Executive Director of ITB branch) to confirm security approach.

Spreadsheet detailing the ITB groups, with list of users and functions in each, sent to business area.

See attachment in Files tab for email confirmation with approval from Francis.

No testing required for this definition item.

Security Groups & Users

Existing ITB Operations security groups will be used for EHT functions.

A new EHT Audit group has been created. New users will be hired in the future.

A new group for CRA T4 data stores has been created. Given to Ting and select developers.

No testing required for this definition item.

CRA Data Sources

EHT plans to load several data sources for discovery.

To use in rollout

- T4 slips
 - Reported by employer
 - restricted to 'box 10 – province of employment is BC'
 - About 3.5 million records
- s.13
- T4 summary
 - Reported by employer
 - box 14 is total payroll
 - Use – reported on EHT return, in addition to 'non-bc remuneration'. Result should match to sum of T4 slips for BC employment.
- s.13
- restricted to employer with mailing address in BC; different from T4 slip selection
- MOU – same as T4 slips
- Timing – same as T4 slips
- WCB
 - Already loaded
 - MOU – authorized to use this for EHT.

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EHT Audit Discovery

Double check values that are filed on the EHT returns match CRA data. Handle EHT closed account with discovery (i.e. the account closed but CRA data indicates they should continue filing)

- Data sources
- Rules

EHT Audit Discovery

1. Data Source

1. All EHT accounts that have filed returns (do not exclude estimates)
 1. Account and BN9
 2. One year
 3. Stat barred

2. Sources information

1. T2
2. WCB

3. Variables\Calculation\Filters

1. **User Input:** Year
2. T4 Slips sum up Box 14 - (BN9) - Just BC
3. EHT return box 120
4. Variance between #2 & #3
5. **User Input:** Threshold for #4
6. **FILTER:** where #4 is less than threshold #5 BN9 exists on T4 slips
7. T4 Summary Box 14 total payroll income (BN 9) (this total is for all of Canada)
8. EHT return box 100
9. Variance between #7& #8
10. **User Input:** Threshold for #9
11. **FILTER:** where #9 is less than threshold #10 BN9 exists on T4 Summary
12. NO T4 Summary
13. NO T4 Slips
14. "BC percentage income" = T4Slips/T4 Summary
15. EHT Return box 190
16. WCB total payroll amount (BN 9)
17. Variance between #15 & #16
18. **User Input:** Threshold for #17
19. **FILTER:** where #17 is less than threshold #18
20. Reported - Return type (charity or not)
21. Reported - Are there associations (table exists or flag)
22. Reported - Are there locations (table exists or flag)
23. T2 (BN 9) schedule 5 (will confirm the lines)
24. T2 Filing Date

4. Lead Demographics

1. EHT Account for name and address.
2. ID - EHT Account Number

EHT Non-Filer Discovery

Non-Filer Process:

- Existing Gentax Entities or Non-Gentax Entities (external data sources) identified via discovery to require an "active" EHT account based on program area criteria.
 - Within \$50,000 of threshold as summarized at a BN 9 level.
 - Included in this discovery should be the ability to see if an account closed too early based on third party data.

EHT Non Filer Discovery

1. Data Source

1. T4 slips with BC as the province (BOX 10 as province of employment)

1. Filer BN9

2. One year

2. Sources information

1. include Gentax

3. Variables\Calculation\Filters

1. **User Input:** Year

2. Is BN registered in TACS.

3. Is an EHT account active during the **YEAR**.

4. **FILTER** where #3 is YES

5. T4 Slips sum up Box 14 - (BN9) - Just BC

6. **User Input:** Threshold for total BC payroll income (500,000)

7. **FILTER:** where #5 is less than threshold #6 BN9 exists on T4 slips

8. T4 Summary Box 14 total payroll income (BN 9) (this total is for all of Canada)

9. **User Input:** Threshold for total payroll income (500,000)

10. **FILTER:** where #8 is less than threshold #9 and BN9 exists on T4 summary

11. NO T4 Summary

12. NO T4 Slips

13. "BC percentage income" = T4Slips/T4 Summary

14. WCB total payroll amount (BN 9)

15. **User Input:** Threshold for total WCB payroll (500,000)

16. **FILTER:** where #14 is less than threshold #15

17. Lead already exists in the same year.

18. **FILTER:** where #17 is YES.

4. Lead Demographics

1. T4 Summary for name and address. Might be blank see **NOTES**.

2. First Period Issue (date) - Jan 01, **YEAR**

Lead

Lead Types

1. Non-Filer lead >> folds into the non-compliance process
2. Auditing lead >> goes directly into an audit

Lead can be **manually** added

Lead Action

s.15

Audit Travel Fee

Part of upcoming initiative, not yet rolled out. Already dedicated billing flow that EHT will be tacked on to.

Billing Flow - Stages and Delays

- Billing Date: **5 business days after the due date** (March 31st or next business day) or after receiving and posting of the return (even if it is prior to due date).
 - ?The NOFA can be issued prior to the due date once the initial return is posted, regardless of balance
- Re-Assessment = Restart billing?
 - ?Yes, like ITB rules.
- LN and Collection delays and stages:
 - ?Issue legal notice automatically before sending to collection.
 - Legal notice is skipped under any of the following conditions:
 - Large Debt ^{s.17} or Medium Debt ^{s.17} + High Risk
 - Another open bill item exists on the account and has already been legal notice'd
 - Follow timing and delays of ITB (**30 days after NOFA**)
 - Stages to collection:
 - **Immediately** if Large Debt ^{s.17} or Medium Debt ^{s.17} + High Risk
 - **After 15 days** if Medium Debt ($\geq \$3k$) + Low Risk or Small Debt ^{s.17}
 - ^{s.17}
- Statute bar date: 6 years from the date of the original NOFA.
 - Additional provision to reassess within a year of receiving notice of a specific adjustment under the Income Tax Act (Canada). This is applicable if the 6 year statute bar date has passed.
- If there is already a collection on the account, the new debt still has to wait 30 days before going into that collection. The only difference is no legal notice will be issued. This process conforms with the ITB standard.

Billing Related Indicators

Billing Indicators:

- Security for Stop Billing & Stop Statement:
 - ?Yes
 - Supervisor and above will have the security to manage these indicators.
- Any un-usual or new ones that we should be aware of?
 - ?None
 - Potentially an indicator to indicate that a registered non-filer has informed branch that they were below the threshold in a certain period

Delinquency Process

- **Non-compliance** refers to both discovery-sourced and regular delinquency.
 - **"Delinquency"** refers to EHT account but outstanding return.
 - **"Non-filer"** refers to EHT-taxable but no EHT account.

s.17

Erroneous Refunds

Erroneous Refund:

- The act allows for assessment of excess (erroneous) refund
- Will use the standard ITB model
- Would be a manual process
- Has never before been issued under any ITB tax type

Requirements:

- Are there appeal provisions for Erroneous Refunds?
 - No it cannot be appealed
- Can we use the same Erroneous Refund NOFA?
 - Yes likely can use existing NOFA

Description of Debt

- An "Erroneous Refund" debt is owned to the Ministry by a taxpayer as a result of their receiving a refund that they were not entitled to.
- The debt (bill item) will also include penalty and interest associated with overdue / underpaid employer health tax debt. (?)

Context and Posting Mechanism(s)

- When a credit is refunded from an account, the refund is recorded as a debit transaction balancing the credit.
- When some process results in a credit being amended downward or reversed (ie redirection of a payment to its correct destination), that refund debit will consequentially have a balance. In essence, the refunded credit never existed on the account - in whole or in part - and as a result, the taxpayer is required to return the money.

Timing and Triggers

- **New / Resolved**
 - This bill item is created upon a refund approval. It usually opens into the "**New**" stage with a \$0 balance - the refund debit has balanced the open credit / period / account - and when the jobstream runs that night, the bill item stages through "**Skip NOFA**" and into "**Resolved**."
- **NOFA Not App**
 - No NOFAs are issued for ITB accounts.
- **Legal Notice**
 - TACS will stage the bill item to "**Skip Legal Notice**" and send the debt directly to RMO for collection at the below specified times if any of their corresponding criteria are met:
 - Immediately
 - The entity has any accounts of the same type already in an active collection; or
 - The account has an active Stop Mail indicator process on it.
 - Thirty (30) days after original NOFA
 - The debt is s.17 or larger ('Large' debt by RMO definition); or
 - The debt is s.17 ('Medium size' debt by RMO definition), and High Risk**.
 - TACS will stage the bill item to "**Legal Notice**" and send a Legal Notice letter to the

taxpayer warning them of potential collection action at the below specified times if any of their corresponding criteria are met:

- Thirty (30) days after original NOFA
 - The debt is ^{s.17} ('Medium size' debt by RMO definition), and Low Risk**, or
 - The debt is from ^{s.17}
 - The debt is below ^{s.17}

- **Collection**

- TACS will stage the bill item to "**Collection**" and send the debt to RMO at the below specified times if any of their corresponding criteria are met:
 - Immediately
 - The entity has any accounts of the same type already in an active collection; or
 - The account has an active Stop Mail indicator process on it.
 - The debt is ^{s.17} or larger ('Large' debt by RMO definition); or
 - The debt is ^{s.17} ('Medium size' debt by RMO definition), and High Risk**.
 - Fifteen (15) days after the original NOFA
 - The debt is ^{s.17} ('Medium size' debt by RMO definition), and Low Risk**, or
 - The debt is from ^{s.17}
 - Sixty (60) days after the original NOFA
 - The debt is less than ^{s.17}

SOFA Impact

- This debt will be consolidated into the monthly Statement of Account.
 - The erroneous refund debt will contribute to the "Credit" amount, but as a debit (greater than 0) amount.
 - Interest accumulated on this debt will contribute to the "Interest" amount.
- The layout of the SOFA is addressed in "EHT > Billing > Letters > Statement of Account", which is linked from this definition item.

Notice of Assessment (NOFA)

Notice of Assessment (NOFA) triggers:

- Original filing regardless of balance.
- Change in Tax regardless of new tax balance.
- Change in Penalty after NOFA. this event will most likely result in change in Tax.
 - If adjusted via new filing from taxpayer or adjustment by operations staff, notice of reassessment will be issued w/ accompanying adjustments to penalty.
 - Reversal of Penalty: Waiving of penalty does not result in re-assessment.
- Non-Electronic Payment will not result in a penalty, therefore will not be a NOFA trigger

Questions:

- Are there any unique idiosyncrasies that we should be aware of?
 - ?Audits will be posted through the return.
- Do you see more than one NOFA type? i.e. Audit NOFA or re-assessment NOFA will be different from the original NOFA?
 - ?Original
 - Re-assessment
 - Estimated
 - No special NOFA for audit.

General Design:

- Desired to model NOFA off of ITB logging NOFA
 - Logging NOFA has a somewhat scattered appearance
 - Worked with BA to clean up design for EHT NOFA to flow cleaner, removing unneeded paragraphs:
 - Statute barred paragraph
 - RMO contact block (since it is on the SOFA in cases where there is a balance owing)
 - P&I sentence before the tax table

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- Amalgamation predecessors now have to file a stub return, which means they will be NOFA'd on March 31st of the following year exactly as if they had never amalgamated

Action Items:

- Does waiving of Penalty result in re-assessment?
 - Les - June 13th, 2018 - No. If a return is adjusted (whether by subsequent filing by taxpayer or adjustment by Operations) then a NORA will be issued, including any accompanying adjustments to penalty. But simply waiving the penalty should not trigger a NORA.
- Confirm if we issue the NOFA prior to due date if the return is filed prior to the due date regardless of balance.
 - Les - June 13th, 2018 - Yes. The NOFA can be issued prior to the due date once the initial return is posted.

Statement of Change:

- Manually created letter will be issued as per analyst's discretion along with the NOFA

NSF Fee

Standard NSF penalty billing flow. Also Misc Pen ITB bill item w/ manual penalty

P&I Waiver Notice

- Legislation indicates that the taxpayer must be notified of any change in penalty or interest s.13
- Custom notice letter has been drafted titled **tL7203 - NOFA EHT P&I Waiver**
- Letter will be manually issued as part of the P&I waiver/adjustment process
- SOFA may be manually sent out along with the notice if deemed necessary

Standalone Penalty NOFA

- 3 types of penalties:
 - Failure to provide required information
 - Failure to comply with act or regulations
 - Gross negligence
- Could be applied manually at any time of year, but NOFA would be automatically generated as per usual
- Has the same appeal provisions as for tax

Statement of Account (SOFA)

Cycle date: 23rd

Layout

- Business Contact Block: Yes
- RMO Contact Block: Yes
- Payment Methods:
 - Online via eTax: Yes
 - Financial Institution: Yes. CCIN: "BC - Stmt of Acct": Yes
 - EFT: Yes
 - Service BC: No
 - By Mail: No
 - By Courier: No
- Period Column Header: Year End
- Principal Column Header: Tax Payable

Collection (Account) Letters

Letters and Tax Sections

Collection Categories, Types and Stages

s.15

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Withheld pursuant to/removed as

s.15

Collection Risk Rules

s.15

Collection Work Items

Will use existing WIs.

Certificate Complete
Certificate Release
Contact
LTO Lien Complete
LTO Lien Release
Payment Plans Custom Defaults
Payment Plans Standard Defaults
RMO Returned Mail
Account Closed Notice
Account Closure Request
Allowance Amount
Appeal Completed
Cancellation Follow Up
Clearance
Demand Approval ^{s.17}
Demand Approval
Demand Approval
Demand Approval
Demand Approval
Field Call Request
Landlord Claim Follow Up
OCG Setoff
Payment Plan Recurring Review
Payment Proposal Custom
Pre Close Follow up
Referral
Review Balance
Searches
Suspension Follow up (Collections)
ITB Adjustment Request

Cory - July 11th, 2018: The only special work item identified for EHT Billing & Collections requirements is the "Bankruptcy Notification Work Item" to notify ITB of a bankrupt company. s.13

s.13 Can use existing work items used for LGT & IPT when notifying ITB of bankruptcy:

- Account Closure Request
- ITB Account Adjustment Request
- Taxpayer/Account Maintenance

Collection-related Indicators

No requests for new indicators have been made at this time. Existing indicators will be used:

- Insolvency
- Payment Proposal In Progress
- Collection In Progress
- Demand Exists
- RMO - COLLECTIONS DO NOT CALL
- High Risk Billing
- Stop Billing
- Stop Collection Close
- Stop Collection Work
- Stop Interest
- Stop Delinquency
- Certificate
- LTO Lien
- PPR Lien
- Write-Off / Extng In Progress

CRA Setoff

CRA Setoff Program

- Collection tool used by RMO.
 - When an entity has a credit in CRA we may off set provincial debt using the CRA Setoff program.
 - Debt must be in a collection
 - Can collect debt that has already been written off
 - ESIT directs the payments from CRA and allocates them to GenTax accounts based off predefined priorities.
- RMO creates a CRA Master case that consolidates an individuals provincial debt through the use of CRA Origin Cases.
- CRA Setoff Process is **automatic** once master cases and origins are created properly (unless overridden.)
- CRA setoff is synonymous with RSO (Refund Set Off)
- For EHT there is currently no CRA Program code. **SQR 21291** has been raised to track development.
- EHT will **not** be configured to use **SIN** (even when a SIN is available)
- CRA Setoff (RSO) is **not** the same as **BRSO (Business Refund Set Off.)** Used for corporations and is being defined through SQR 19409

Demands

II 4 demand types currently in the system will be applicable for EHT:

- Bank Demand
- Multi-Bank Demand
- 3rd Party Demand
- Wage Demand

Dunning Process

The standard dunning rules applied to TAX entities (excluding RPT folio entities) as described in the following documentation:

Content Manager > Explorer > Production Support > Billing & Collection > Documentation > Collection Automation

Section: Moving In / Out of Automated Staging (Dunning)

Insolvency

?Insolvency:

- Existing Insolvency types and configuration.
- Pre-petition, both, post-petition periods are classified using the same rules (based on filing period end date).

Collection Insolvency Types:

- Bankruptcy
- Bankruptcy Proposal
- CCAA
- Partnership Bankruptcy
- Partnership Bankruptcy Prop
- Partnership CCAA
- Receivership

Insolvency Claim Types:

- 6 Month Bare Tax Claim
- Proof of Claim

Liens

All 4 types of liens

- LTO
- PPR
- Certificate
- Writ Auth

OCG Setoff

Provision will likely be provided but will not know for sure until legislation is finalized. No active development is required since OCG setoff is purely a manual process

Payment Proposal

Standard and Custom Payment Proposals are applicable.

Signing Authorities

s.13

Write Off & Extinguishment Adjustments

Will use existing Write Off and Extinguishment adjustment processes as described in the following documentation:

Content Manager > Explorer > Production Support > Billing & Collection > Documentation

- Extinguishment.vsd
- Write Off Batch Schedule.xlsx
- Write Off Batching.vsd