

#### IN THIS CHAPTER

- » Introducing bookkeeping and its basic purpose
- » Maintaining an electronic or paper trail
- » Managing daily business finances
- » Making sure everything's accurate
- » Putting on a financial show
- » Getting ready to report to the government

## Chapter **1**

# So You Want to Do the Books

**F**ew small-business owners hire accountants to work full time for them because that expense is probably excessive for a small business. Instead, the owner hires a *bookkeeper* who serves as the business accountant's eyes and ears. In return, the accountant helps the bookkeeper develop good bookkeeping practices and reviews his or her work periodically (usually monthly).

In this chapter, we provide an overview of a bookkeeper's work. If you're just starting a business, you may be your own bookkeeper for a while until you can afford to hire one, so think of this chapter as your to-do list.

## Delving into Bookkeeping Basics

Like most businesspeople, you probably have great ideas for running your own business and just want to get started. You don't want to sweat the small stuff,

such as keeping detailed records of every penny spent; you just want to quickly build a business that can make a lot of money.

Well, slow down — starting a business isn't a race! If you don't carefully plan your bookkeeping operation and figure out exactly what financial detail you want to track, and how, you will have absolutely no way to measure the success (or failure, unfortunately) of your business efforts.

Bookkeeping, when done properly, gives you an excellent gauge of how well your business is doing. When done in a timely manner, bookkeeping gives you quick feedback on how your business is doing. It also provides you with a lot of information throughout the year so that you can test the financial success of your business strategies and make course corrections as soon as possible, if and when necessary, to ensure that you reach your year-end profit goals.



TIP

Bookkeeping can become your best friend when it comes to managing your financial assets, meeting your obligations, and testing your business strategies, so don't short-change it. Take the time to develop your bookkeeping system with your accountant before you even open your business's doors and make your first sale.

## Choosing your accounting method

You can't keep books unless you know how you want to go about doing so. The two basic accounting methods you have to choose from are cash-basis accounting and accrual accounting. The key difference between these two accounting methods is the point at which you record sales and purchases in your books. If you choose *cash-basis accounting*, you record transactions only when cash changes hands. (Only a very limited number of Canadian businesses are allowed to use cash-basis accounting to report taxes.) If you use *accrual accounting*, you record a transaction when the products are delivered or services are provided, even if cash doesn't change hands.

For example, suppose your business buys products to sell from a vendor but doesn't pay for those products for 30 days. If you're using cash-basis accounting, you don't record the purchase until you lay out the cash to the vendor. If you're using accrual accounting, you record the purchase when you receive the products, and you also record the obligation to pay the vendor in an account called Accounts Payable.

We talk about the pros and cons of each type of accounting method in Chapter 2.

# Understanding assets, liabilities, and equity

Every business has three key financial parts that you must keep in balance: assets, liabilities, and equity. *Assets* include everything the business owns and uses, such as cash, inventory, buildings, equipment, and vehicles. *Liabilities* include everything the business owes to others, such as vendor bills, credit card balances, and bank loans. *Equity* includes the claims that owners have on the assets, based on each owner's portion of ownership in the business.

These three elements make up the formula for keeping your books in balance:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Because balancing your books is so important, we talk a lot about how to keep your books and accounting records in balance throughout this book. You can find an introduction to this concept in Chapter 2.

## Introducing debits and credits

To keep the books, you need to revise your thinking about two common financial terms: debits and credits. Most non-bookkeepers and non-accountants think of debits as subtractions from their bank accounts and credits as additions to their accounts (in most cases, in the form of refunds or corrections in favour of the account holders).

Well, forget all you thought you knew about debits and credits. Debits and credits are different animals in the world of bookkeeping. Because keeping the books involves a method called *double-entry bookkeeping*, you have to make a least two entries — a debit and a credit — into your bookkeeping system for every transaction. Whether that debit or credit adds or subtracts from an account depends solely on the type of account.

We know that all this debit, credit, and double-entry stuff sounds confusing, but we promise you can understand it if you work through this book. We start explaining this critical, yet somewhat confusing, concept in Chapter 2.

## Charting your bookkeeping course

You can't just enter transactions in the books willy-nilly. You need to know exactly where those transactions fit into the larger bookkeeping system. This is where

your *Chart of Accounts* comes in; it's essentially a list of all the accounts your business has and what types of transactions go into each account.

We talk more about the Chart of Accounts in Chapter 3.

## Recognizing the Importance of an Accurate Electronic or Paper Trail

To keep the books, you need to create an accurate electronic or paper trail. You want to track all your business's financial transactions so that if a question comes up at a later date, you can turn to the books to figure out what went wrong or answer a query about an amount or a balance reported in your books.



REMEMBER

An accurate electronic or paper trail is the only way to track your financial successes and review your financial failures, tasks that are vitally important to grow your business. You need to know what works successfully so that you can repeat it in the future and build on your success. On the other hand, you need to know what failed so that you can correct it and prevent making the same mistake again.

In the general ledger, you summarize all your business's financial transactions, and you use journals to keep track of the tiniest details of each transaction. You can make your information-gathering more effective by using a computerized accounting system, which gives you access to your financial information in many different formats. Controlling who enters this financial information into your books and who can access it afterwards is smart business and involves critical planning on your part. We address all these concepts in the following sections.

### Maintaining a ledger

The granddaddy of your bookkeeping system is the general ledger. In this ledger, you keep a summary of all your accounts and the financial activities that took place involving those accounts throughout the year.

You draw upon the general ledger's account balances to develop your financial statements and reports on a monthly, quarterly, or annual basis. You can also use these account balances to develop internal reports that help you make key business decisions. We talk more about developing and maintaining the general ledger in Chapter 4.

## Keeping journals

Small businesses conduct hundreds, if not thousands, of transactions each year. If you recorded every transaction in the general ledger, that record would become unwieldy and difficult to use. Instead, most businesses keep a series of journals that detail activity in their most active accounts.

For example, almost every business has a Cash Receipts journal in which to keep the detail for all incoming cash and a Cash Disbursements journal in which to keep the detail for all outgoing cash. Other journals can detail sales, purchases, customer accounts, vendor accounts, and any other key accounts that see significant activity.

You decide which accounts for which you want to create journals based on your business operation and your need for information about key financial transactions. We talk more about the importance of journals, the accounts commonly journalized, and the process of maintaining journals in Chapter 5.

## Considering computerizing

Most businesses today use computerized accounting systems to keep their books. You should consider using one of these systems, rather than trying to keep your books on paper. Your bookkeeping takes less time and is probably more accurate with a computerized system, as compared to the old pen-and-paper method.



TIP

In addition to increasing accuracy and cutting the time it takes to do your bookkeeping, computerized accounting also makes designing reports easier. You can then use these reports to help make business decisions. Your computerized accounting system stores detailed information about every transaction, so you can group that detail in any way that may assist your decision making. We talk more about computerized accounting systems in Chapter 6.

## Instituting internal controls

Every business owner needs to be concerned with keeping tight controls on the business's cash and how it's used. One way to institute this control is to place internal restrictions on who has access to the cash, who can enter information into your books, and who has access to use that information.

You also need to carefully control who has the ability to accept cash receipts and who has the ability to pay out your business's cash. Appropriately separating duties

helps you protect your business's assets from error, theft, and fraud. We talk more about controlling your cash and protecting your financial records in Chapter 7.

## Using Bookkeeping's Tools to Manage Daily Finances

After you set up your business's books and put in place your internal controls, you're ready to use the systems you established to manage the day-to-day operations of your business. You can quickly see how a well-designed bookkeeping system can make the job of managing your business's finances much easier.

### Maintaining inventory

If your business keeps inventory on hand or in warehouses, you need to track the costs of the products you plan to sell to manage your profit potential. If you see inventory costs trending upward, you may need to adjust your own selling prices to maintain your profit margin. You certainly don't want to wait until the end of the year to find out how much your inventory cost you.

You also must keep careful watch on how much inventory you have on hand and how much you've sold. Inventory can get damaged, discarded, or stolen, which means that your physical inventory on hand may differ from the amounts you have reported in your books. Do a physical count periodically — at least monthly for most businesses, and possibly daily for active retail stores where inventory is turned over and sold quickly.

In addition to watching for signs of theft or poor handling of inventory, make sure you have enough inventory on hand to satisfy your customers' needs. We talk more about how to use your bookkeeping system to manage inventory in Chapter 8.

### Tracking sales

Everyone wants to know how well sales are doing. If you keep your books up-to-date and accurate, you can get those numbers easily on a daily basis. You can also watch sales trends as often as you think necessary, whether that's daily, weekly, or monthly.

Use the information collected by your bookkeeping system to monitor sales, review discounts granted to customers for quick payments, and track the return of product and allowances granted to customers because of product defects. You need to know all three elements to gauge the success of the sales of your products.

If you find you need to offer price reductions more frequently to encourage sales, you may need to review your pricing, and you definitely need to research market conditions to determine the cause of this sales weakness. New activities by an aggressive competitor or simply a slow market period might be causing the sales slump. Either way, you need to understand the weakness and figure out how to maintain your profit goals in spite of any obstacles.

When tracking sales reveals an increase in the number of your products being returned, you need to research the issue and find the reason for the increase. Do the same if you find you need to grant your customers larger or more frequent sales allowances. Perhaps the product contains defects or its quality is declining, and you need to find a new supplier. Whatever the reason, an increased number of product returns usually gives you a sign of a problem that you need to research and correct.

We talk more about how to use the bookkeeping system to track sales, discounts, returns, and allowances in Chapter 9.

## Handling payroll

Many businesses find payroll a nightmare. Payroll requires you to comply with a lot of government regulations and fill out a lot of government paperwork. You also have to worry about collecting payroll taxes and paying the employer's share of those taxes. And if you pay employee benefits, you have yet another layer of record keeping to deal with.

We talk more about managing payroll and government requirements in Chapters 10 and 11. We also talk about year-end payroll reporting obligations in Chapter 20.

## Running Tests for Accuracy

You can waste all the time it takes to track your transactions if you don't periodically test to be sure you've entered those transactions accurately. The adage "Garbage in, garbage out" holds true for bookkeeping: If the numbers you put into

your bookkeeping system are garbage, the reports you develop from those numbers are garbage, as well.

## Proving out your cash

The first step in testing out your books includes proving that you accurately recorded your cash transactions. This process involves checking a number of different transactions, including the cash taken in on a daily basis by your cashiers and the accuracy of your chequing account. We talk about all the steps that you need to take to prove out your cash in Chapter 14.

## Testing your balance

After you prove out your cash (see Chapter 14), you can check that you've recorded everything else in your books just as precisely. Review the accounts for any glaring errors and then test whether they're in balance by preparing a trial balance. You can find out more about trial balances in Chapter 16.

## Doing bookkeeping corrections

You may not find your books in balance the first time you do a trial balance, but don't worry. People rarely find their books in balance on the first try. In Chapter 17, we explain common adjustments that you may need to make while you prove out your books at the end of an accounting period, and we also explain how to make the necessary corrections and adjustments.

# Showing Off Your Financial Success

Proving out your books and ensuring their balance means you finally get to develop reports to present to others to show what your business has accomplished financially. It's almost like putting your business on a stage and taking a bow — well . . . at least, you hope you've done well enough to take a bow.

If you take advantage of your bookkeeping information by reviewing and consulting it throughout the year, you'll have a good idea of how well your business is doing. You also can take course corrections throughout the year to ensure that your end-of-the-year reports look great.

## Preparing financial statements

Most businesses prepare at least two key financial statements, the balance sheet and the income statement, which you can show to outsiders, including the bank from which your business borrows money and your business's investors.



REMEMBER

The balance sheet is a snapshot of your business's financial health as of a particular date. The *balance sheet* should show that your business's assets are equal to the combined value of your liabilities and your equity. It's called a balance sheet because it's based on a balanced formula:

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

The *income statement* summarizes your business's financial transactions for a particular time period, such as a month, quarter, or year. This financial statement starts with your revenues and sales, subtracts the costs of goods sold, and then subtracts any expenses incurred in operating the business. The bottom line of the income statement shows how much profit your business made during the accounting period. If you haven't done well, the income statement shows how much you've lost.

We explain how to prepare a balance sheet in Chapter 18, and we talk more about developing an income statement in Chapter 19. If you haven't seen them before, you may want to take a peek at what these documents look like now because it's always good to keep the end product of your bookkeeping efforts in mind.

## Paying income taxes

Most small businesses don't have to pay income taxes. Instead, the owners report the business's profits on their personal tax returns, whether the business is owned by one person (a *sole proprietorship*) or two or more people (a *partnership*). Only a company that is *incorporated* pays income taxes because it is a separate legal entity in which investors buy shares (which we explain further in Chapter 21).

We talk more about business structures and how their income is taxed in Chapter 21.

## Getting a Business Number (BN)

Any business that deals with payroll tax, goods and services tax (GST), or harmonized sales tax (HST) collection, or importing or exporting goods requires a

nine-digit business number (BN), which the Canada Revenue Agency (CRA) issues. Your BN is the root number for all your accounts with the federal government.

Each sole proprietorship, partnership, or corporation in Canada must get a BN. Sole proprietors get one BN for all their businesses, if they own more than one. Other organizations, such as trusts, clubs, and charities, may also get a BN if, for example, they have to register for GST/HST. (We discuss GST/HST in Chapter 5.) To register online or to find out more about online registration, visit [www.businessregistration.gc.ca](http://www.businessregistration.gc.ca).

Québec has its own equivalent of the BN, the NEQ, which stands for the Québec enterprise number. If you need to register in Québec, check out [www.registreentreprises.gouv.qc.ca/en/demarrer/immatriculer](http://www.registreentreprises.gouv.qc.ca/en/demarrer/immatriculer). Because you are operating in Québec, you use your NEQ to register your payroll, import-export, or corporate income tax accounts, and you must still contact the CRA for a BN.

Before you register your BN number, you need to make some important decisions about the business you plan to operate. You must know

- »» The name of the business
- »» Its physical location
- »» Its *legal structure* (whether it's a sole proprietorship, partnership, or corporation)
- »» Its fiscal year-end
- »» The estimated yearly sales in a year

Figures 1-1 through 1-7 show the many pages of the RC1 Request for a business number (BN) form.

You can get the scoop on the requirements and obligations of payroll in Chapter 10, and how to remit payroll-related taxes and benefits in Chapter 11. We look at the requirements and obligations concerning GST/HST in Chapter 5, and explore how to remit GST/HST and PST (provincial sales tax) in Chapter 21.

Because the rules around importing and exporting are complex, we don't explore that aspect of your responsibilities to the CRA. Consult with your accountant if that need comes up for your business

**Request for a business number and certain program accounts**

Fill in this form to apply for a business number (BN) and to register for certain program accounts. If you are a sole proprietor with more than one business, your BN will apply to all your businesses. Once filled in, send this form to your tax centre. The tax centres are listed at [canada.ca/tax-centres](http://canada.ca/tax-centres).

For more information, go to [canada.ca/business-number](http://canada.ca/business-number) or call 1-800-959-5525.

Do not use this form if **both** of the following apply to you:

- You are a selected listed financial institution (SLFI) for goods and services tax/harmonized sales tax (GST/HST) purposes or Quebec sales tax (QST) purposes, or both
- You want to register for GST/HST and QST purposes or you want to register for QST purposes

Instead, use Form RC7301, *Request for a business number and certain program accounts for certain selected listed financial institutions*. For more information, including the definition of an SLFI for GST/HST and QST purposes, go to [canada.ca/gst-hst-financial-institutions](http://canada.ca/gst-hst-financial-institutions).

**Note:** If your business is in the province of Quebec and you are registering for a GST/HST program account, do not use this form. Instead, contact Revenu Québec, unless you are an SLFI. If you are an SLFI and you are only registering for the GST/HST program account that will not include QST information, use this form unless you are registering because you are making or joining a consolidated filing election.

**Register for a business number**

I want to register for a business number (BN)  
Part A

**Register for program accounts**

I want to register for the following program accounts (tick all that apply):

- GST/HST (RT) Part B     Payroll deductions (RP) Part C     Corporation (RC) Part D     Information return (RZ) Part E     Import-export (RM) Part F

**Note:**

- You must have a BN if you only want to register for program accounts
- To register for additional payroll deductions, import-export, or information return program accounts, fill in another RC1 form

Based on your selections, please fill in the following parts:

- Part A, **General business information**. All businesses must fill in this part
- Part B, **Registering for a GST/HST program account (RT)**
- Part C, **Registering for a payroll deductions program account (RP)**
- Part D, **Registering for a corporation income tax program account (RC)**
- Part E, **Registering for an information return program account (RZ)**
- Part F, **Registering for an import-export program account (RM)**
- Part G, **Certification**. All businesses must fill in and sign this part

**Direct deposit**

To use this option, fill in Form RC366, *Direct Deposit Request for Businesses*. For online options and for more information, go to [canada.ca/cra-direct-deposit](http://canada.ca/cra-direct-deposit).

**Part A – General business information**

**Part A1 – Ownership type and operation type**

Indicate your ownership type (tick only one box):

- Individual     Partnership     Trust     Corporation     Other (specify) \_\_\_\_\_

Are you incorporated?

- Yes     No

If **Yes**, you have to provide one of the following (tick only one box):

- a copy of the certificate of incorporation or amalgamation  
 the information requested in Part D

Tick the box below that best describes your type of operation (if none apply, leave this section blank):

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Sole proprietor        | <input type="checkbox"/> Federal government (publicly funded)     | <input type="checkbox"/> Other government body    |
| <input type="checkbox"/> Society                | <input type="checkbox"/> Federal government (not publicly funded) | <input type="checkbox"/> Strata condo corporation |
| <input type="checkbox"/> Employer of a domestic | <input type="checkbox"/> Provincial government                    | <input type="checkbox"/> Association              |
| <input type="checkbox"/> Foster parent          | <input type="checkbox"/> Municipal government                     | <input type="checkbox"/> University/school        |
| <input type="checkbox"/> Religious body         | <input type="checkbox"/> Financial institution                    | <input type="checkbox"/> Union                    |
| <input type="checkbox"/> Hospital               | <input type="checkbox"/> Employer-sponsored plan                  | <input type="checkbox"/> Diplomat                 |

**FIGURE 1-1:**  
Page 1 of  
the Request  
for a business  
number form.

<b>Part A2 – Owners information</b>				
Enter information for the sole proprietor, or all partners, corporation directors, or officers of the business. If you need more space, include the information on a separate piece of paper.				
The social insurance number (SIN) is <b>mandatory</b> for the sole proprietor applying to register for a GST/HST program account ( <i>Social Insurance Number Disclosure Regulations, Excise Tax Act</i> ).				
First name	Last name		Social insurance number (SIN)	
Title	Work telephone number	Extension	Work fax number	Mobile number
Occupation	Home telephone number	Extension	Home fax number	
First name	Last name		Social insurance number (SIN)	
Title	Work telephone number	Extension	Work fax number	Mobile number
Occupation	Home telephone number	Extension	Home fax number	
<b>Contact person</b> – Please provide the name of a contact person for <b>registration purposes only</b> (this contact person will not be considered an authorized representative). A contact person does not have authority unless they are also an authorized representative or a delegated authority. If a contact person does not have authority on the business number program account, they cannot change information and we cannot share information.				
If you want to authorize a representative to deal with the Canada Revenue Agency (CRA) about your BN program accounts only by telephone and mail, fill in Form RC59, <i>Business Consent</i> .				
<b>Note:</b> Online access must be requested through My Business Account at <a href="http://canada.ca/my-cra-business-account">canada.ca/my-cra-business-account</a> or Represent a Client at <a href="http://canada.ca/taxes-representatives">canada.ca/taxes-representatives</a> .				
First name	Last name			
Title	Telephone number	Extension	Fax number	Mobile number
<b>Part A3 – Business information</b>				
Business name (Legal name)			Business number	
Operating, trade, or partnership name (if different from business name above). If you have more than one business or if your business operates under more than one name, enter the names here. If you need more space, include the information on a separate piece of paper.				
Physical business location			City	
Province, territory, or state		Country	Postal or ZIP code	
Mailing address (if different from the physical business location) c/o			City	
Province, territory, or state		Country	Postal or ZIP code	
Address of business records (if different from the physical business location) c/o			City	
Province, territory, or state		Country	Postal or ZIP code	
Language of correspondence: <input type="checkbox"/> English <input type="checkbox"/> French				
<b>Part A4 – Major business activity</b>				
Describe your major business activity with as much detail as possible. Use at least a noun, a verb, and an adjective to describe your activity. Example: Construction – Installing residential hardwood flooring.				
<b>Note:</b> Indicate if you are a listed financial institution or an SLFI for GST/HST purposes and a resident in Canada.				
_____				
_____				
_____				

**FIGURE 1-2:**  
Page 2 of  
the Request  
for a business  
number form.

Specify up to three main products or services that you provide and the estimated percentage of revenue they each represent.		
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
<b>Part A5 – GST/HST information</b>		
Do you provide or plan to provide property or services in Canada or to export outside Canada? If <b>no</b> , you generally cannot register for GST/HST. However, certain businesses may be able to register.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are your total annual revenues from your worldwide taxable supplies, including those of any associates, more than \$30,000? If <b>yes</b> , you <b>must</b> register for GST/HST. <b>Note:</b> Special rules apply to charities and public institutions.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you a public service body whose total annual revenues from worldwide taxable supplies are more than \$50,000? If <b>yes</b> , you <b>must</b> register for GST/HST. <b>Note:</b> Special rules apply to charities and public institutions.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are all the property and services you sell or provide exempt from GST/HST? <b>Note:</b> In general, when you sell or provide only exempt property and services, you cannot register for the GST/HST.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Do you operate a taxi, commercial ride-sharing, or limousine service? If <b>yes</b> , you <b>must</b> register for GST/HST, regardless of your revenue.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you an individual whose sole activity subject to GST/HST is from commercial rental income?		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you a non-resident?		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you a non-resident who enters Canada to directly supply taxable admissions to a place of amusement, a seminar, an activity, or an event held in Canada? If <b>yes</b> , you <b>must</b> register for GST/HST, regardless of your revenue.		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Do you wish to register voluntarily? By registering voluntarily, you <b>must</b> begin to charge GST/HST on your taxable, other than zero-rated, supplies made in Canada and file returns even if your total annual revenues from your worldwide taxable supplies are \$30,000 or less (\$50,000 or less if you are a public service body).		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you an SLFI that is required to be registered because you are making a reporting entity election or a tax adjustment transfer election, and you are not making a consolidated filing election or electing to be added to an existing consolidated filing election?		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Part B – Registering for a GST/HST program account (RT)</b>		
If you want to register for a separate GST/HST program account for a branch or division of a head office, fill in Form GST10, <i>Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions</i> .		
<b>Note:</b> More information must be provided if the effective date of registration indicated below is more than 30 days before the date of application for registration. Usually, depending on the business's situation, you must provide one of the following:		
<ul style="list-style-type: none"> <li>• sale invoices or other documents proving that the business began charging the GST/HST on the effective date entered on this form if you are voluntarily registering for the GST/HST; or</li> <li>• a document (a balance sheet, a financial statement, or an information slip) proving that the business is required to register for GST/HST purposes because its revenues from taxable supplies, including zero-rated supplies, exceeded \$30,000 (or \$50,000 for a public service body) over the last four calendar quarters or in a single calendar quarter.</li> </ul>		
<b>Part B1 – GST/HST program account identification</b>		
If the information is the same as in Part A3, tick this box. <input type="checkbox"/>		
If you want to use a separate name for this program account, enter the name. For example, a section or a division name.		
Email address		
<b>Note:</b> By providing your email address, you are registering for online mail. We will send you an email when notices, letters, and statements are available to be viewed in My Business Account at <a href="http://canada.ca/my-cra-business-account">canada.ca/my-cra-business-account</a> (separate registration for My Business Account is required). Once you have registered for online mail, we will no longer print and mail these correspondence items to you.		
Physical business location		City
Province, territory, or state	Country	Postal or ZIP code
Mailing address (if different from the physical business location) for GST/HST purposes		City
c/o	Country	Postal or ZIP code
Province, territory, or state	Country	Postal or ZIP code
Language of correspondence:		
<input type="checkbox"/> English <input type="checkbox"/> French		

**FIGURE 1-3:**  
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the Request  
for a business  
number form.

**Part B2 – Filing information**

Enter the total annual revenue from your **taxable supplies in Canada** (dollar amount only — if you have no revenues, enter "0").  
\$ \_\_\_\_\_

Enter the total annual revenue from your **worldwide taxable supplies** (dollar amount only — if you have no revenues, enter "0").  
\$ \_\_\_\_\_

Enter the fiscal year-end for GST/HST purposes. If you do not enter a date, we will enter December 31.  
Date (MMDD) [ ][ ]/[ ][ ][ ][ ]

Do you want to make an election to change the fiscal year-end for GST/HST purposes?  
 Yes  No

If **yes**, enter the date you would like to use.  
Date (MMDD) [ ][ ]/[ ][ ][ ][ ]

Enter the effective date of registration for GST/HST purposes.  
Date (YYYYMMDD) [ ][ ][ ][ ]/[ ][ ][ ][ ]/[ ][ ][ ][ ]

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**Part B3 – Reporting period**

Unless you are a charity or a listed financial institution, we will assign you a reporting period based on your total annual revenues from GST/HST taxable supplies made in Canada (including those of your associates) for the **preceding year**. Tick the box in the left column that applies to you. If you want to elect to have a different reporting period than the one that you would otherwise be assigned, your options are listed below. Tick the box in the right column that applies to you.

**Reporting period election**  
Tick **yes** if you want to file more frequently than the reporting period assigned to you.  
 Yes  No

Total annual revenue from taxable supplies in Canada (including those of your associates)	Reporting period assigned to you, unless you choose to change it (see next column)	Reporting period options
<input type="checkbox"/> More than \$6,000,000	Monthly	No options available
<input type="checkbox"/> More than \$1,500,000 up to \$6,000,000	Quarterly	<input type="checkbox"/> Monthly
<input type="checkbox"/> \$1,500,000 or less	Annual	<input type="checkbox"/> Monthly <b>or</b> <input type="checkbox"/> Quarterly
<input type="checkbox"/> Charities	Annual	<input type="checkbox"/> Monthly <b>or</b> <input type="checkbox"/> Quarterly
<input type="checkbox"/> Listed financial institutions	Annual	<input type="checkbox"/> Monthly <b>or</b> <input type="checkbox"/> Quarterly*

\* Only available if your total annual GST/HST taxable supplies in Canada (including those of your associates) do not exceed \$6 million.

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**Part C – Registering for a payroll deductions program account (RP)**

Fill in parts C1 and C2 if you need a payroll deductions program account.  
Fill in a separate RC1 form for each division of your business that requires a payroll deductions program account.

**Part C1 – Payroll deductions program account identification**

If the information is the same as in Part A3, tick this box.

If you want to use a separate name for this program account, enter the name. For example, a section or a division name.

Email address \_\_\_\_\_

**Note:** By providing your email address, you are registering for online mail. We will send you an email when notices, letters, and statements are available to be viewed in My Business Account at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account) (separate registration for My Business Account is required). Once you have registered for online mail, we will no longer print and mail these correspondence items to you.

Physical business location \_\_\_\_\_ City \_\_\_\_\_

Province, territory, or state \_\_\_\_\_ Country \_\_\_\_\_ Postal or ZIP code \_\_\_\_\_

Mailing address (if different from the physical business location) \_\_\_\_\_ City \_\_\_\_\_

c/o \_\_\_\_\_

Province, territory, or state \_\_\_\_\_ Country \_\_\_\_\_ Postal or ZIP code \_\_\_\_\_

Language of correspondence:  
 English  French

**FIGURE 1-4:**  
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the Request  
for a business  
number form.

**Part C2 – General information**

a) What type of payment are you making?

Payroll deductions       Registered retirement savings plan  
 Registered retirement income fund       Other (specify) \_\_\_\_\_

b) How often will you pay your employees or payees? Please tick the pay periods that apply.

Daily       Weekly       Bi-weekly       Semi-monthly  
 Monthly       Annually       Other (specify) \_\_\_\_\_

c) What is the maximum number of employees you expect to have working for you at any time in the next 12 months? \_\_\_\_\_

d) What is the expected total of employee salaries for the next 12 months? \_\_\_\_\_

e) When will you make the first payment to your employees or payees?

Date (YYYYMMDD)    | | | | | | | | | | | |

f) Duration of business:

Year-round       Seasonal

If **seasonal**, tick month(s) of operation:

J	F	M	A	M	J	J	A	S	O	N	D

g) If the business is a corporation, is it a subsidiary or an affiliate of a foreign corporation?

Yes       No

If **yes**, enter the country: \_\_\_\_\_

h) Are you a franchisee?

Yes       No

If **yes**, enter the name and country of the franchisor: \_\_\_\_\_

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**Part D – Registering for a corporation income tax program account (RC)**

If you need a corporation income tax program account, fill in Part D1. If you have not provided a copy of your certificate of incorporation or amalgamation you **must** fill in parts D2 and D3.

**Part D1 – Corporation program account identification**

If the information is the same as in Part A3, tick this box.

Name (as listed on your certificate of incorporation)

\_\_\_\_\_

Email address

\_\_\_\_\_

**Note:** By providing your email address, you are registering for online mail. We will send you an email when notices, letters, and statements are available to be viewed in My Business Account at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account) (separate registration for My Business Account is required). Once you have registered for online mail, we will no longer print and mail these correspondence items to you.

Physical business location

Province, territory, or state      Country      City      Postal or ZIP code

\_\_\_\_\_

Mailing address (if different from the physical business location)

c/o      Province, territory, or state      Country      City      Postal or ZIP code

\_\_\_\_\_

Language of correspondence:

English       French

**FIGURE 1-5:**  
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the Request  
for a business  
number form.



**Part F – Registering for an import-export program account (RM)**

If you need an import-export program account for commercial purposes (you do not need to register for an import-export program account for personal importation), fill in parts F1 and F2.

Fill in a separate RC1 form for each branch or division of your business that needs an import-export program account for commercial purposes.

**Part F1 – Import-export program account identification**

If the information is the same as in Part A3, tick this box.

If you want to use a separate name for this program account, enter the name. For example, a section or a division name.

Physical business location		City
Province, territory, or state	Country	Postal or ZIP code
Mailing address (if different from the physical business location)		City
c/o	Country	Postal or ZIP code

Language of correspondence:  
 English  French

**Part F2 – Import-export information**

Type of account:  
 Importer  Exporter  Both Importer-exporter  Meeting, convention, and incentive travel

If you are applying for an exporter account, you **must** enter all of the following information:  
 Enter the type of goods you are or will be exporting:  
 \_\_\_\_\_  
 \_\_\_\_\_

Enter the estimated annual value of goods you are or will be exporting: \_\_\_\_\_

**Part G – Certification**

All businesses **must** fill in and sign this part in order for the form to be processed. After you register your program account we may contact you to confirm the information you provided. At that time we may ask you to provide more information. We can serve you better when you have complete and valid information on file for your business.

**Note**  
 Provide the name **and** social insurance number (SIN) of one of the following: owner, partner, or corporate director. The SIN is **mandatory** for individuals (sole proprietors) applying to register for a GST/HST program account (*Social Insurance Number Disclosure Regulations, Excise Tax Act*).

Social insurance number (SIN)  First name: \_\_\_\_\_  
 Last name: \_\_\_\_\_

The individual signing this form is (tick only one box):  
 an owner  a partner of a partnership  a corporate director  a corporate officer  
 an officer of a non-profit organization  a trustee of a trust  a third party requestor

First name \_\_\_\_\_ Last name \_\_\_\_\_  
 Title \_\_\_\_\_ Telephone number \_\_\_\_\_

I certify that the information given on this form is correct and complete.

Signature \_\_\_\_\_ Date (YYYYMMDD)

To administer tax, benefits, rebates, elections, and related programs, personal information is collected under the following Acts:

- Income Tax Act
- Excise Tax Act
- Customs Act
- And other legislation

It may also be used for any purpose related to the administration or enforcement of these Acts such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source at [canada.ca/cra-info-source](http://canada.ca/cra-info-source), Personal Information Bank CRA PPU 223.

**FIGURE 1-7:**  
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 the Request  
 for a business  
 number form.

