

Estate and Trust Returns

A person's estate is a separate entity and consists of what's left of the person after they die. It refers to the assets, liabilities, properties, and money that one holds after they die.

Executor

Depending on the scenario, the beneficiary is responsible to file several returns on behalf of the estate. The person responsible for completing the estate return is generally known as the executor.

The executor has several responsibilities and obligations. For tax purposes, an executor is required to:

- Review the last Will & Testament with the lawyer
- Notify CRA regarding benefits such as OAS, pension, GIS, etc.
- Meet with all the beneficiaries of the estate
- Pay in full all debts on behalf of the estate
- File tax returns on behalf of the estate
- Obtain clearance certificate
- Distribute assets to beneficiaries according to the will of the estate

The Final Return

No matter the scenario, a T1 return must be filed from the beginning of the year up to the date of death. This form is commonly referred to as the "Final Return." Apart from the name, it is identical to the standard T1 Income Tax and Benefit Return. It is used to report any income, investments, increases in property value, belongings, and credits/deductions which maybe eligible to be claimed for that filing year. To file the Final Return, you should have on hand:

- Personal information of the deceased (name, address, date of birth, SIN, etc.)
- Income slips (any T4 slips must be included)
- Statement of gains/losses from investments (stocks, bonds, dividends, etc.)
- Receipts/statements for any expenses

Additionally, there are several optional returns that your beneficiary may have to complete to receive further deductions when it comes time for the estate to pay the taxes for the deceased.

The T3 Return

An estate may receive income after the final return is filed based on factors such as investments or unpaid payments. If this is the case, then the beneficiary must also complete and file a T3 return for any financial gain or monetary amounts paid to the estate after the person's death. Income must be reported for subsequent years until the entirety of the estate has been paid to its beneficiaries. To file a T3 return, the following information is required:

- Name
- Address
- Date of death
- SIN
- Beneficiaries' information
- Valuation of assets
- Executor details
- Copy of Will and Death Certificate
- Copy of all tax slips and investment statements

It is also important to note that any returns that have not been filed for previous years, must be filed as well.

For more information on the returns, see: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/life-events/doing-taxes-someone-died/prepare-returns/what-to-file.html#h-1>

The Clearance Certificate

Following submission of these returns, a clearance certificate should be acquired. The clearance certificate allows the legal representative of the estate to distribute possessions without being reprimanded for any unpaid taxes or debts. To acquire the form, the representative will need to complete [Form TX19 \(Asking for a Clearance Certificate\)](#). If the deceased had a GST/HST number as well, [then Form GST352, Application for Clearance Certificate](#) must be completed as well. Alongside the application, all the following documents must be submitted:

- Complete and signed copy of the deceased person's will
- If the person died without a will, then attach a copy of the document appointing an administrator
- Include any other documents that can prove that you are the legal representative

- A list of all assets held by the deceased at their time of death – with each asset, include the adjusted cost base (initial price to acquire the asset, bar any additional fees to acquire it) and the fair market value (the price of the asset if it were to be distributed today)
- A list of any assets that have been distributed already
- Name, address, and tax identification numbers of any beneficiary that is set to receive something other than cash

For more information on the clearance certificate, see:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/life-events/doing-taxes-someone-died/clearance-certificate.html>