Underused Housing Tax (UHT) Update
(prepared for 2023 AGM, Nov 28, 2023, by Sheila)

Our 2022 UHT application for exemption was submitted electronically to CRA Sept 11, 2023, by Sheila.

On Oct 27, 2023, Sheila received correspondence from CRA indicating that a CRA account was opened for Signant Two Holdings Ltd. The correspondence presented a Summary of Accounts, listing the Account Type as "Underused Housing Tax." I believe that our application for exemption from the UHT was approved because I have heard nothing to the contrary and it is listed in our CRA account.

The contact information in the Oct 27th letter from CRA was out of date and only indicated Vic's and my names as Directors, likely because all the information dated back to when we first used Signant Two Holdings Ltd to manage our cabin affairs, in 1994. Our 1995 AGM Minutes indicate that Vic was Treasurer and Sheila was Secretary. The business address listed in the correspondence was Vic's office downtown, at the time (7th Floor 401 9 AVE SW) and the mailing address was at the Whitewater Bldg where we had initial AGMs (300 – 1717 – 10 ST NW). Sharyn's home address was listed as the mailing address regarding the Underused Housing Tax account, due to the fact that I had listed her address as the Mailing Address when I completed the Underused Housing Tax Return and Election Form in September of this year.

Yesterday, Nov 27, 2023, I got around to contacting the CRA to update contact information on our Signant Two Holdings Ltd account. Information is now updated on the account. Given that Joel is our secretary, in consultation with Vic, I decided to change the registered business address to his home address. If Shareholders desire otherwise, I can easily change the business address. Kindly let me know. Lastly, I have been given instructions for setting up Jen as "Our Representative" so that she can access the account as our bookkeeper. I can add any other Directors' names and their contact information, if anyone desires. Once listed as a Director on the account, you can set up access to the account through your own CRA "My Account" access. Kindly let me know if you would like me to list you on the CRA account.

Of consequence is that I noticed on the CRA account that there was an unread message. I accessed it and the message gave <u>digital access codes for submitting 2022 and 2023 corporate income tax returns</u>.

Previously, we were unaware that Signant Two needed to file income tax returns. Yesterday, I spoke with a number of agents at CRA with questions in this regard and I was transparent about the fact that we have never submitted a tax return. The message was clear: all corporations are required to submit tax returns yearly.

<u>Steps Forward</u>:

1. I have received a copy of the T2 SHORT Form which it seems we qualify to complete as opposed to the much longer T2 Corporation Return.
2. I will complete and submit this form for our 2022 corporate tax return as soon as possible.
3. I have requested a phone or videoconference meeting with a CRA "Liaison Officer." See details below in "NOTES." Their response could take 10 days or longer.
4. I will also explore with the Liaison Officer what is required for past years. Hopefully, given our unique situation, they will not require that returns be completed for previous years, but only moving forward. If, however, they do require returns for past years, I will coordinate with Jen in order to fulfil this requirement.
5. I have also completed a GST Sales Tax Information form regarding our Signant Two situation, clearly indicating that we do not sell goods or services and that we do not wish to register voluntarily for the GST/HST. Hopefully I can send this digitally rather than through Canada Post. I will explore this tomorrow.
6. I will update Shareholders at our next meeting regarding all of these issues.

<u>NOTES</u>:

<u>Liaison Officer Service Requested for Signant Two Holdings Ltd Nov 28, 2023</u>

This is a free CRA tax help service for small business owners and self-employed individuals.

I submitted a request for a visit (phone or video-conferencing) regarding the T2 SHORT Corporate Tax Return Form.

In particular, I listed two questions that I have:
"I am seeking clarification of the first condition that must be met by a corporation in order to qualify to use the T2 SHORT Return:
"it has a permanent establishment in only one province or territory."
(My uncertainty lies in the fact that last year when I registered Signant Two Holdings Ltd in the "BC Home Owners Transparency Registry," I was required to give information regarding our corporation as well as contact and other information (including SIN numbers), as you will likely recall. My desire to get clarification about whether or not this constitutes "establishment" in BC is rooted in my desire to comply with the requirements. I have consulted with Vic and he believes that Signant Two Holdings Ltd is not "established" in BC, only in AB where the incorporation took place in 1986. <u>Tomorrow I will complete the T2 SHORT to the best of my ability and be ready to submit it once I speak with the Liaison Officer</u>.)

My second question in my request for a visit with a Liaison Officer was as follows:

“Secondly, I am a director of this corporation and need clarification regarding "taxable income" in our unique situation. We are a small group of family members who use this corporation as an instrument for managing the operating costs of our family cabin which is in British Columbia. We do not sell any goods or services. We gather funds from family members via yearly, and occasionally, special levies, in order to meet the operating costs of our family cabin such as property taxes, utilities, repairs and maintenance costs.”
(In the interim, in completing the T2 SHORT form, I will list income and expenses that we have, according to Jen’s records.

If anyone has any suggestions regarding this process, please don’t hesitate to bring them forward to me.