



October 13, 2026

Chief of Appeals
Appeals Division
Canada Revenue Agency
[District Office or Taxation Centre]
[Address]

Re: Notice of Objection and Application for Extension of Time to Object, [Taxpayer Name], SIN [SIN], 2023 taxation year, Notice of Reassessment No. [Reassessment Number] dated 15 July 2026

Dear Chief of Appeals,

1. Identification

We act for the taxpayer named below and file this notice of objection in our capacity as his authorised representative. A signed authorisation (Form AUT-01) is enclosed. This objection is served in writing and addressed to the Chief of Appeals at a District Office or Taxation Centre of the Canada Revenue Agency, as subsection 165(2) requires (Income Tax Act, RSC 1985, c 1 (5th Supp), s 165). Form T400A is filed with this attachment.

Item	Particulars
Taxpayer	[Taxpayer Name], sole proprietor, Toronto, Ontario
Social insurance number	[SIN]
Business number (if assigned)	[Business Number]
Notice objected to	Notice of Reassessment No. [Reassessment Number]
Date of notice	15 July 2026
Date of sending of notice	[Date of Sending, to be confirmed from the CRA record]
Taxation year	2023
Federal and Ontario tax in dispute	\$14,900
Late-filing penalty in dispute	\$1,200
Arrears interest in dispute	[Amount of arrears interest assessed]
Income adjustments in dispute	\$43,400 (added income of \$12,000 plus disallowed expenses of \$31,400)

The taxpayer is an individual other than a trust and is not a graduated rate estate, so the particulars required of a large corporation by subsection 165(1.11), which applies only to a corporation that was a large corporation in the year within the meaning of subsection 225.1(8), are not required here (Income Tax Act, RSC 1985, c 1 (5th Supp), s 165). For completeness, each issue, the relief sought on it and the amount of that issue are set out in the issue table in section 4 below.

2. Statement of objection and relief sought

The taxpayer objects to the reassessment of his 2023 taxation year in its entirety.

He asks that the reassessment be vacated and that the 2023 return be reassessed as filed: the \$12,000 reported on the T4A slip removed from income because that amount is already included in the \$212,000 of business income reported on Form T2125, and the \$31,400 of business expenses allowed as claimed, being \$9,400 of work space in the home costs, \$14,000 of motor vehicle costs and \$8,000 of capital cost allowance on Class 50 computer equipment.

He further asks that the late-filing penalty of \$1,200 and the arrears interest be adjusted to reflect the corrected balance. No outcome is promised by this letter; the relief described is the relief requested.

3. Relevant facts

- 1. The taxpayer is a self-employed information technology consultant carrying on business as a sole proprietor in Toronto, Ontario. He is an individual and is not a trust, a graduated rate estate or a corporation.
- 2. He reported gross business revenue of \$212,000 for 2023 on Form T2125 with his 2023 income tax return, which was filed on 10 June 2024.
- 3. A client of the business issued a T4A slip to him for \$12,000 for services rendered in 2023. That \$12,000 was invoiced by the business, received by the business and included in the \$212,000 of business revenue reported on Form T2125.
- 4. The Canada Revenue Agency conducted a processing review of the 2023 return and sent a review letter requesting supporting documents. The review letter was sent to a former address of the taxpayer and he did not receive or see it, so no documents were provided in response.
- 5. By notice of reassessment dated 15 July 2026 the Minister disallowed \$31,400 of business expenses on the stated ground that no supporting documents were provided to the processing review, and added \$12,000 of income described as unreported income from the T4A slip.
- 6. The disallowed expenses comprise \$9,400 of work space in the home costs, \$14,000 of motor vehicle costs and \$8,000 of capital cost allowance claimed on computer equipment capitalized in Class 50. The three amounts total \$31,400 ($\$9,400 + \$14,000 + \$8,000 = \$31,400$).
- 7. The work space is a dedicated room occupying 14% of the taxpayer's house and used exclusively for the business.
- 8. The motor vehicle is a leased vehicle. A contemporaneous mileage log for 2023 supports 62% business use.
- 9. The reassessment assessed additional federal and Ontario tax of \$14,900, a late-filing penalty of \$1,200 and arrears interest.
- 10. The supporting documents that were not produced to the processing review are now assembled and are available for examination, and the material items are enclosed with this objection.
- 11. Today is 14 October 2026, which the taxpayer's records show is the ninety-first day after the date of the notice of reassessment. Counting from 15 July 2026, there are 16 remaining days in July, 31 days in August (47 days), 30 days in September (77 days) and 13 days in October (90 days), so the ninetieth day after 15 July 2026 is 13 October 2026.

4. Reasons for the objection

The reassessment proceeded on the footing that no supporting documents existed, when in fact the request for them never reached the taxpayer. The documents are now produced. Each issue is addressed in turn, with the amount of the issue and the relief sought on that issue.

Issue	Relief sought	Amount of the issue
T4A amount of \$12,000 added as unreported income	Delete the \$12,000 from income as a duplicate of amounts already reported on Form T2125	\$12,000 of income
Work space in the home costs disallowed	Allow the deduction, subject to the limit in paragraph 18(12)(b)	\$9,400 of deductions
Motor vehicle costs disallowed	Allow the business proportion of the lease charges, as capped, and of the operating costs	\$14,000 of deductions
Capital cost allowance on Class 50 computer equipment disallowed	Allow the capital cost allowance claimed	\$8,000 of deductions
Late-filing penalty and arrears interest	Adjust consequentially to the corrected balance	\$1,200 plus arrears interest

4.1 Issue one: the \$12,000 T4A amount is already in reported income

The reassessment added \$12,000 described as unreported income from a T4A slip issued by a client of the business. The taxpayer's position is factual rather than legal: the same \$12,000 was invoiced, received and included in the \$212,000 of gross business revenue reported on Form T2125 for 2023. Including the T4A amount again produces a double count of the same receipt and overstates 2023 business income by \$12,000.

The enclosed revenue reconciliation ties the \$212,000 reported on Form T2125 to the business bank deposits and the sales ledger and identifies the invoices and deposits that make up the \$12,000 shown on the T4A slip. We ask that the \$12,000 addition be deleted.

We note for the Appeals Division that this position rests on the documentary reconciliation rather than on any retrieved authority on duplicate reporting; the firm will supply the supporting authority and any further source documents the Appeals Division requires.

4.2 Issue two: work space in the home, \$9,400

The \$9,400 was disallowed only because documents did not reach the processing review, and not on any stated ground that the work space test was failed. Subsection 18(12) permits a deduction for work space in the home where the space is either the individual's principal place of business, or is used exclusively to earn business income and used on a regular and continuous basis for meeting clients, customers or patients (Income Tax Act, RSC 1985, c 1 (5th Supp), s 18).

The work space here is a dedicated room occupying 14% of the house and used exclusively for the business.

The firm will confirm, with the enclosed floor plan and the taxpayer's statement of where the work of the business is performed, which of the two alternative conditions in paragraph 18(12)(a) is satisfied, since the facts presently in hand establish exclusive business use but do not by themselves establish that the room is the principal place of business or that clients are met there on a regular and continuous basis.

The amounts claimed must also be otherwise deductible, that is, incurred for the purpose of gaining or producing income from the business under paragraph 18(1)(a) and not personal or living expenses under paragraph 18(1)(h), and reasonable under section 67 (Income Tax Act, RSC 1985, c 1 (5th Supp), s 18). The enclosed schedule sets out the components of the \$9,400 and the 14% allocation applied to each.

Paragraph 18(12)(b) caps the deduction at the taxpayer's income for 2023 from the business, computed without reference to the work space amount and section 34.1, and paragraph 18(12)(c) deems any amount denied by reason only of that cap to be an amount otherwise deductible in the immediately following taxation year (Income Tax Act, RSC 1985, c 1 (5th Supp), s 18). We therefore ask that the \$9,400 be allowed to the extent of that limit, with any excess carried to 2024 as paragraph 18(12)(c) provides.

4.3 Issue three: motor vehicle costs, \$14,000

The \$14,000 was likewise disallowed for want of documents. A contemporaneous mileage log for 2023 is enclosed and supports 62% business use of the leased vehicle. The business proportion of the lease charges and of the operating costs is claimed as incurred for the purpose of gaining or producing income from the business, and is subject to the reasonableness limit in section 67.

Where the vehicle is a passenger vehicle, section 67.3 deems the total of the actual lease charges paid or payable in the year not to exceed the lesser of the amount determined by the formula $(A \times B)/30 - C - D - E$ and the amount determined by the formula $(A \times B)/0.85C - D - E$ (Income Tax Act, RSC 1985, c 1 (5th Supp), s 67.3). That cap applies to the lease charges only and not to fuel, insurance, maintenance, repairs or licence costs, which are prorated but not capped by that section.

The prescribed amounts in the formulas depend on the date the lease was entered into rather than on the taxation year, and the firm will apply the figure that corresponds to the lease inception date once the lease agreement is in hand. We will then file a computation showing the capped lease charges, the operating costs, and the 62% business proportion applied to the total, with the arithmetic shown line by line.

We do not compute a dollar figure in this objection because the lease inception date, the monthly lease charge, the manufacturer's list price and the total and business kilometres for 2023 are not yet in the firm's hands, and no figure will be stated from memory. These items are listed in the firm's notes below and will be provided to the Appeals Officer. We ask that the business proportion of the allowable vehicle costs be allowed on the basis of the log and the lease documents now produced.

4.4 Issue four: capital cost allowance on Class 50 computer equipment, \$8,000

The \$8,000 disallowed under this head is capital cost allowance claimed on computer equipment capitalized in Class 50, not a current expense, and it was disallowed only because the processing review received no documents. The purchase invoices, the capital asset ledger and the capital cost allowance schedule showing the opening undepreciated capital cost, the additions and the rate applied are enclosed. We ask that the capital cost allowance claimed be allowed as filed once those records are reviewed.

We note candidly that no authority on the capital cost allowance class, rate or half-year treatment was retrieved for this draft, so this position is advanced on the documents rather than on cited authority at this stage. The firm will provide the governing provision of the Income Tax Regulations and the supporting computation to the Appeals Officer. Nothing in this paragraph should be read as conceding any part of the \$8,000.

4.5 Issue five: the late-filing penalty of \$1,200 and arrears interest

The late-filing penalty of \$1,200 and the arrears interest were computed on the reassessed balance. If the relief sought on issues one to four is granted in whole or in part, the balance on which the penalty and interest were computed falls and the penalty and interest must be adjusted accordingly.

The taxpayer objects to the penalty and interest to that consequential extent and reserves the right to make further submissions on the penalty itself, including any submissions on the assessment of the 2023 filing-due date. The firm will confirm the 2023 filing-due date from the CRA record before making those submissions.

5. Application for an extension of time under section 166.1

If the Minister takes the position that the objection is served outside the time limited by section 165, the taxpayer applies under subsection 166.1(1) for an extension of the time for serving it, and this attachment constitutes that application together with the copy of the notice of objection that subsection 166.1(3) requires (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1).

Under paragraph 165(1)(a), an individual other than a trust has until the later of one year after his filing-due date for the year and 90 days after the day of sending of the notice of assessment (Income Tax Act, RSC 1985, c 1 (5th Supp), s 165). Ninety days after 15 July 2026 is 13 October 2026 on the count set out in fact 11 above, and the one year after filing-due date branch for 2023 expired earlier, so the 90 day branch is the later one and this objection, served on 14 October 2026, is one day past it.

The firm will confirm the day of sending of the notice from the CRA record, because paragraph 165(1)(a) measures the 90 days from the day of sending rather than from the date printed on the notice, and if the day of sending is later than 15 July 2026 the objection is in time and no extension is needed.

Subsection 166.1(7) requires that the application be made within one year after the expiration of the time otherwise limited for serving a notice of objection (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1). On the computation above that time expired on or about 13 October 2026, and this application is made on 14 October 2026, which is one day after that expiry and well within one year of it. That condition is met on the facts as stated.

Subparagraph 166.1(7)(b)(i) requires that, within the time otherwise limited, the taxpayer was unable to act or to instruct another to act in his name, or had a bona fide intention to object to the assessment (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1). The processing review letter was sent to a former address and was never seen by the taxpayer, so he had no notice that his supporting documents were being sought and no opportunity

to supply them before the reassessment issued.

The taxpayer formed the intention to object as soon as he learned of the reassessment and instructed this firm to act for him at that point, and he has at all times maintained that the T4A amount was already reported and that his expenses are supported. The firm will confirm the date on which the taxpayer first learned of the reassessment and whether the notice of reassessment itself was also directed to the former address, and will file a signed statement from the taxpayer on both points.

Subparagraph 166.1(7)(b)(ii) requires that it be just and equitable to grant the application (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1). The merits are substantial and are set out above: \$12,000 of income has been counted twice, and \$31,400 of expenses was disallowed only because a document request never reached the taxpayer, with the documents now produced in full.

The delay is one day, no step has been taken by the Minister in reliance on the expiry, and no prejudice to the Crown arises from accepting the objection. Subparagraph 166.1(7)(b)(iii) requires that the application have been made as soon as circumstances permitted, and this application was filed immediately on the firm's engagement and assembly of the supporting records, within one day of the expiry of the objection period.

If the extension is granted, subsection 166.1(6) deems the notice of objection to be served on the day the Minister's decision is sent (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1). The taxpayer asks that the application be granted and that the objection be accepted as served.

If the Minister refuses the application, or if 90 days pass after service of this application without notification of a decision, the taxpayer reserves the right to apply to the Tax Court of Canada under subsection 166.2(1), and we note that no such application may be made after 90 days from the day notification of a refusal is mailed (Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1).

6. Request that collection action be held under section 225.1

Where a taxpayer has served a notice of objection to an assessment of an amount payable, subsection 225.1(2) provides that the Minister shall not, for the purpose of collecting the amount in controversy, take any of the actions described in paragraphs 225.1(1)(a) to (g) until after the day that is 90 days after the day on which notice is sent to the taxpayer that the Minister has confirmed or varied the assessment (Income Tax Act, RSC 1985, c 1 (5th Supp), s 225.1).

Those restrained actions include commencing legal proceedings in a court, certifying the amount under section 223, issuing a requirement to pay under subsection 224(1) or 224(1.1), requiring a person to turn over moneys under subsection 224.3(1), and giving a notice, issuing a certificate or making a direction under subsection 225(1) (Income Tax Act, RSC 1985, c 1 (5th Supp), s 225.1).

We ask that collection action on the amounts in controversy for 2023 be held on that basis from the date this objection is accepted as served.

The one half collection rule in subsection 225.1(7) does not apply to this taxpayer, because it is confined to an amount assessed in respect of a corporation for a taxation year in which it was a large corporation within the meaning of subsection 225.1(8), or to an amount claimed under section 110.1 or 118.1 in respect of a tax shelter (Income Tax Act, RSC 1985, c 1 (5th Supp), s 225.1).

The taxpayer is an individual carrying on business as a sole proprietor, so the restriction on collection of the amount in controversy is not reduced to half. We acknowledge that the restriction protects only the amount in controversy and does not extend to the categories excluded by subsection 225.1(6), including amounts required

to be deducted, withheld and remitted and interest on them (Income Tax Act, RSC 1985, c 1 (5th Supp), s 225.1). We also acknowledge that interest may continue to accrue on any amount that remains owing while the objection is pending.

7. Documents enclosed

Enclosures

1. Form T400A, Objection - Income Tax Act, signed by the taxpayer
2. Form AUT-01, Authorize a Representative, in favour of the firm
3. Copy of Notice of Reassessment No. [Reassessment Number] dated 15 July 2026
4. Copy of the 2023 Form T2125 as filed and the 2023 return
5. Revenue reconciliation tying the \$212,000 of reported business revenue to the sales ledger and bank deposits, and identifying the invoices and deposits comprising the \$12,000 shown on the T4A slip
6. Copy of the T4A slip issued by the client
7. Schedule of work space in the home costs totalling \$9,400, with the 14% allocation and supporting bills and statements
8. Floor plan or measurement schedule showing the dedicated room as 14% of the house
9. 2023 mileage log showing total and business kilometres and 62% business use
10. Motor vehicle lease agreement and 2023 lease payment records, and receipts for fuel, insurance, maintenance, repairs and licence
11. Capital asset ledger, purchase invoices and capital cost allowance schedule for the Class 50 computer equipment
12. Statement of the taxpayer regarding the former address, the unreceived review letter and the date he learned of the reassessment
13. [Any further documents the firm identifies on completing the items in section 8]

8. Closing and reservation of appeal rights

The taxpayer asks that the Minister reconsider the reassessment with all due dispatch and vacate or vary it as requested above. He reserves the right to appeal to the Tax Court of Canada under section 169, and we note that no appeal may be instituted after the expiration of 90 days from the day notice has been sent to the taxpayer under section 165 that the Minister has confirmed the assessment or reassessed (Income Tax Act, RSC 1985, c 1 (5th Supp), s 169).

He also reserves the right under section 169 to appeal if 90 days elapse after service of this notice of objection without notification that the assessment has been vacated or confirmed or that a reassessment has been made (Income Tax Act, RSC 1985, c 1 (5th Supp), s 169).

We ask that the Appeals Division contact the undersigned, and not the taxpayer directly, on all matters concerning this objection, and that we be given the opportunity to provide any further records or submissions before a decision is made. We will provide the outstanding items listed below as soon as they are assembled. Nothing in this letter is a representation as to the outcome of the objection.

For the firm before sending (remove this section)

Positions that did not pass the citation gate, positions to confirm, and facts the filing still needs:

- S1: T4A amount already included in reported business income ... no authority survived the citation check (no supporting authority). Not relied on in the filing.
- Needed: Taxpayer's full legal name, SIN, business number and current mailing address, and the notice of reassessment number.
- Needed: The day of sending of the notice of reassessment as recorded by the CRA, as distinct from the 15 July 2026 date printed on it, since paragraph 165(1)(a) measures the 90 days from the day of sending.
- Needed: The taxpayer's 2023 filing-due date, to confirm that the one year after filing-due date branch of paragraph 165(1)(a) is not the later branch and to address the \$1,200 late-filing penalty.
- Needed: The date on which the taxpayer first learned of the notice of reassessment, and whether the reassessment itself was sent to the former address, for subparagraphs 166.1(7)(b)(i) and (iii).
- Needed: The exact amount of arrears interest assessed, and the split of the \$14,900 of additional tax between the federal and Ontario components and between the T4A issue and the expense issues.
- Needed: Whether the work space room is the taxpayer's principal place of business, or is used on a regular and continuous basis for meeting clients, for subparagraphs 18(12)(a)(i) and (ii).
- Needed: Confirmation that the house is a self-contained domestic establishment in which the taxpayer resides, and whether he owns or rents it.
- Needed: The components of the \$9,400 work space claim (mortgage interest or rent, property tax, insurance, utilities, maintenance) and the 14% allocation applied to each.
- Needed: Income from the business for 2023 computed without reference to the work space amount and section 34.1, to apply the cap in paragraph 18(12)(b).
- Needed: Whether the leased vehicle is a passenger vehicle, the lease inception date, the monthly lease charge, the manufacturer's list price, and the split of the \$14,000 between lease charges and operating costs, for the section 67.3 computation.
- Needed: Total kilometres and business kilometres recorded in the 2023 mileage log, and confirmation that each trip entry shows date, destination and distance.
- Needed: The capital cost, acquisition date and class additions for the Class 50 computer equipment, the opening undepreciated capital cost and the rate applied, together with the governing provision of the Income Tax Regulations, which was not retrieved for this draft.
- Needed: Authority supporting the removal of a duplicated T4A amount from income, which was not retrieved for this draft; the position is presently supported by the documentary reconciliation only.
- Needed: The correct District Office or Taxation Centre address for service on the Chief of Appeals under subsection 165(2).

Yours faithfully,

[Name], [Credential]

Authorities cited in this letter

Income Tax Act, RSC 1985, c 1 (5th Supp), s 165 Statute

• VERIFIED

"If the assessment is in respect of the taxpayer for a taxation year and the taxpayer is an individual (other than a trust) or a graduated rate estate for the year, on or before the later of (i) the day that is one year after the taxpayer's filing-due date for the year, and (ii) the day that is 90 days after the day of sending of the notice of assessment"

CRA Information Circular P148, Resolving your dispute: objection and appeal rights under the Income Tax Act (P148)

CRA administrative position

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

CRA Form T400A, Notice of Objection - Income Tax Act (T400A), "T400A Notice of Objection - Income Tax Act"

CRA administrative position

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.1 Statute

• VERIFIED

"Where no notice of objection to an assessment has been served under section 165, nor any request under subsection 245(6) made, within the time limited by those provisions for doing so, the taxpayer may apply to the Minister to extend the time for serving the notice of objection or making the request."

Income Tax Act, RSC 1985, c 1 (5th Supp), s 166.2 Statute

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Income Tax Act, RSC 1985, c 1 (5th Supp), s 225.1 Statute

• VERIFIED

"If a taxpayer has served a notice of objection under this Act to an assessment of an amount payable under this Act, the Minister shall not, for the purpose of collecting the amount in controversy, take any of the actions described in paragraphs (1)(a) to (g) until after the day that is 90 days after the day on which notice is sent to the taxpayer that the Minister has confirmed or varied the assessment."

Income Tax Act, RSC 1985, c 1 (5th Supp), s 164 Statute

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Income Tax Act, RSC 1985, c 1 (5th Supp), s 169 Statute

• VERIFIED

"but no appeal under this section may be instituted after the expiration of 90 days from the day notice has been sent to the taxpayer under section 165 that the Minister has confirmed the assessment or reassessed."

Income Tax Act, RSC 1985, c 1 (5th Supp), s 18 Statute

• VERIFIED

"if the conditions set out in subparagraph (a)(i) or (ii) are met, the amount for the work space that is deductible in computing the individual's income for the year from the business shall not exceed the individual's income for the year from the business, computed without reference to the amount and section 34.1"

CRA Income Tax Folio S4-F2-C2, Business Use of Home Expenses

CRA administrative position

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

CRA Income Tax Folio S4-F14-C1, Artists and Writers

CRA administrative position

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Income Tax Act, RSC 1985, c 1 (5th Supp), s 67.3 Statute

• VERIFIED

"in determining the amount that may be so deducted, the total of those charges shall be deemed not to exceed the lesser of (c) the amount determined by the formula $(A \times B)/30 - C - D - E...$ and (d) the amount determined by the formula $(A \times B)/0.85C - D - E$ "

Income Tax Regulations, CRC, c 945, s 7307 Regulation

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

CRA Interpretation Bulletin IT-521R, Motor Vehicle Expenses Claimed by Self-Employed Individuals

CRA administrative position

Corroborating authority; not independently text-checked for this letter.

• CPA TO CONFIRM

Draft prepared for the signing professional's review. Verify every fact and figure, complete the placeholders, attach the enclosures listed, and remove the section headed "For the firm" before filing.