

Reporting rules for digital platform operators: Start preparing for the first filing deadline of January 31, 2025

November 5, 2024

In brief

On September 5, 2024, the Canada Revenue Agency (CRA) released guidance on the new reporting rules for digital platform operators. The legislation for these new rules, which received royal assent on June 22, 2023,¹ are contained in Part XX of the *Income Tax Act* and based on the Organisation for Economic Co-operation and Development (OECD) “Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy.”² The CRA guidance most notably provides details on how to complete the Part XX information return “Reporting Rules for Digital Platform Operators,” which must be filed for the first time by January 31, 2025.

This *Tax Insights* summarizes the registration process for digital platform operators and the requirements to comply with the upcoming reporting deadline.

In detail

Who must register and file?

Reporting platform operators (RPOs) are required to register with the CRA and file a Part XX information return “Reporting Rules for Digital Platform Operators.” Subject to some exclusions, an RPO is a platform operator that is:

- resident in Canada
- not resident in Canada or a partner jurisdiction³ and facilitates the provision of relevant activities by sellers resident in Canada, or with respect to rental of immovable property located in Canada
- resident, incorporated or managed in a partner jurisdiction and facilitates the provision of relevant activities by sellers resident in Canada, or with respect to rental of immovable property located in Canada and elects to be an RPO (optional reporting)

¹ See our *Tax Insights* “[New reporting rules for digital platform operators: Will they affect your business?](https://www.pwc.com/ca/taxinsights)” at www.pwc.com/ca/taxinsights.

² OECD “[Model Rules for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy](https://www.oecd.org),” available at www.oecd.org.

³ As of the date of publication, three countries are listed on the CRA’s website as partner jurisdictions for purposes of Part XX of the *Income Tax Act*. However, we expect additional countries to be listed as partner jurisdictions in advance of the filing deadline.

When to file

RPOs must file the Part XX information return for the previous calendar year by January 31. The first filing deadline is January 31, 2025 (for the 2024 calendar year).

How to register

Before filing a Part XX information return for the first time, RPOs must obtain a business number and register for an information returns RZ program account from the CRA. To do so:

- Canadian resident businesses should use the CRA's Business Registration Online service
- non-Canadian resident businesses must use the CRA's Non-Resident Business Number and Account Registration service web form (i.e. non-resident businesses cannot use form RC1 "Request for a Business Number and Certain Program Accounts" to register for this type of program account)

What to report

RPOs have significant information collection, verification and reporting obligations. For example, an RPO generally has to collect for a reportable seller (other than an excluded seller, such as a low volume seller, government entity, publicly traded entity, high volume accommodation renter) that is:

- an individual, their first and last name, primary address, date of birth and taxpayer identification number (TIN), including jurisdiction of issuance
- an entity, its legal name, primary address, business registration number and TIN, including jurisdiction of issuance

An RPO is also required to report additional information to the CRA that includes:

- financial indicators of the seller (whether in the name of the seller or otherwise)
- the residency of the seller
- the total consideration paid or credited during each quarter, along with any fees, commissions or taxes that the RPO withheld or charged

When the seller provides relevant services for the rental of immovable property, the RPO is required to report additional information that includes:

- the address of each property listing
- the number of days the property was rented during the period and the type of property

RPOs are also required to provide the information relating to each reportable seller to the seller by the same date it is required to report that information to the CRA. Further, the RPO is obligated to exercise due diligence and verify the information that it collects.

How to file

The Part XX information return must be filed electronically using an extensible markup language (XML) schema⁴ that has been published by the CRA. A T619 Electronic Transmittal record must be included with the Part XX information return to create a complete submission.

To submit Part XX information returns, RPOs must use the CRA's internet file transfer service. RPOs resident in Canada are able to file either through their CRA My Business Account or their tax representative (who would use CRA's Represent a Client to file on their behalf). RPOs not resident in Canada must obtain a web access code to electronically file through the CRA's internet file transfer service.

⁴ An XML schema defines the building blocks of an .xml file. The Part XX information return XML schemas are in .xsd format. For more information about Part XX information return XML schema, refer to [Part XX Information Return – Reporting Rules for Digital Platform Operators](#) on CRA's website.

The takeaway

Affected digital platform operators must ensure they have registered for the information returns RZ program account and are familiar with the Part XX information return submission requirements in advance of the first filing deadline of January 31, 2025, for the 2024 calendar year.

Let's talk

For a deeper discussion of how these new reporting rules might affect your business, please contact:

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