TAXFILINGS
CANADA

A FREE PLAIN-LANGUAGE GUIDE

Surviving a CRA Review or Audit

Most CRA letters are routine questions with routine answers. This book shows you which is which — and how to reply without making anything worse.

A brown envelope from the CRA is not an accusation. Most letters simply ask you to show a receipt or explain a number, and most of those files close quietly. The difference between routine and painful is rarely the question — it is how, and how fast, you answer it.

Five rules for any CRA letter — before you do anything else

1	**Open it the day it arrives.** The reply deadline started ticking when the letter was printed, not when you found it under the flyers. Unopened mail is how routine reviews turn into reassessments.
2	**Find the type and the reference number.** The letter names the program it came from and the number that identifies your file. Both belong at the top of everything you send back.
3	**Answer the question asked — only that.** If they want the childcare receipt, send the childcare receipt. Volunteering extra paperwork invites extra questions.
4	**Send copies, keep originals.** Upload through CRA MyAccount or mail copies, and keep a record of what went out and when. Your file should tell the story without you in the room.
5	**Never let a deadline pass in silence.** Need more time? Ask before the date — short extensions are granted routinely. Silence is read as "no answer," and the claim is simply denied.

Review programs and rules evolve, so this book quotes almost no figures — verify anything current at canada.ca. If a letter has you stuck, the free calculators at taxfilings.ca/tools can size the stakes, and the CRA representation team at taxfilings.ca can take it from there.

01 The four letters, in plain words

Pre-assessment review — before the refund

Arrives soon after you file, before your notice of assessment. The CRA has paused your return to verify one claim, and any refund waits with it. Send what is asked for and the file usually closes within weeks.

Processing review — after the assessment

Shows up months later, often in late summer or fall. Your return was assessed as filed; now a program is spot-checking a line. The job is the same: prove the number you claimed, with documents.

Matching — the computers compared slips

Employers, banks and platforms all send the CRA copies of your slips. When a slip on file is missing from your return, this letter proposes to add it and bill the difference. If they are right, accept and pay; if the slip is duplicated or wrong, say so and show why.

Full audit — the deep look

Rare, formal and broader. An auditor examines books and records — usually business, rental or GST/HST files — sometimes on site. Bringing in representation at this stage is normal, not suspicious; taxfilings.ca handles CRA representation for exactly these files.

02 What actually draws a second look

- ☐ Slip mismatches: the top trigger by far — file after all your slips arrive, and check MyAccount for strays
- ☐ Outlier claims: deductions far larger than others report at similar income in similar work
- ☐ Losses on repeat: a business that never shows a profit begins to look like a hobby with receipts
- ☐ Cash-heavy work: some sectors get standing attention as a matter of policy, not suspicion of you
- ☐ Sharp swings: income that suddenly halves, or donations that suddenly spike, invite a question
- ☐ Tidy round numbers: claims that end in triple zeros read as guesses, because they often are

> A TRIGGER IS ONLY A QUESTION
> Nothing on that list is against the rules — real losses happen, and some trades do run on cash. A question you can answer with records is a short, boring exchange. So build the record as the year goes along, not the weekend after the envelope lands.

03 The records rule: six years, and findable

Keep everything behind a return for six years (confirm the current record-keeping rule at canada.ca): receipts, invoices, bank statements, logbooks, contracts, and the notes that tie them to the numbers you filed. In practice, "keep" means "can produce on request" — a pile you cannot search will fail you while the clock is running.

- ☐ One home per year: a folder, a box or a phone album — pick one and never improvise
- ☐ Receipts that explain themselves: jot who, what and why on anything cryptic
- ☐ Statements downloaded: banks purge old records sooner than you would expect — save yearly copies
- ☐ Logs kept live: vehicle and home-office claims stand or fall on a diary kept at the time
- ☐ CRA mail together: every notice and letter, filed with the year it belongs to
- ☐ The return too: store the filed copy beside the evidence that backs it

04 Deadlines, and the price of silence

Every letter prints its own reply-by date on the first page. Treat that date as fixed — and if you truly need more time, call the number on the letter and ask before it passes. Let it pass in silence and the CRA decides without you: the claim is denied, the slip is added, and a new bill starts collecting interest that compounds daily.

THE OBJECTION WINDOW

Disagree with a reassessment? The window to object formally is measured from the date printed on the notice, not from the day you noticed. The moment a decision looks wrong, write down the notice date and get moving while the window is still open.

LATE FILING MAKES EVERYTHING WORSE

File late with a balance owing and the penalty has a known shape: 5% of the balance up front, plus 1% more for each full month you are late (confirm current figures at canada.ca — the late-filing penalty calculator at taxfilings.ca/tools shows what a delay costs). If a deadline has already slipped, respond now anyway; late and complete beats never.

05 Your rights, in plain words

You can send someone in your place

Authorize a representative and the CRA deals with them: they receive the letters, make the calls and frame the answers. For audits and stuck files this is standard practice — the CRA representation service at taxfilings.ca exists for exactly these moments, at a fixed fee agreed up front.

You can disagree — formally

An objection sends your file to an appeals officer who was not involved the first time. And where penalties or interest grew out of hardship, disaster or CRA delay, a taxpayer relief request can reduce them. Both are ordinary tools — note your notice dates and use them.

06 The do and do-not list

DO

Reply on time and in writing, quoting the reference number. Keep answers factual and short. Scan or photocopy everything, and keep proof of sending. When a request is unclear, phone the reviewer — their number is on the letter for that purpose.

DO NOT

Do not guess — a wrong answer in your file is harder to fix than a slow one. Do not mail your only originals. Do not write angry; the file is permanent. And do not ignore a bill just because you dispute it — interest runs while you argue, so get advice on whether paying under protest is the cheaper path.

07 The review-readiness self-check

Only a true-today answer counts as a YES.

1. I open CRA mail — paper and MyAccount — within a week of it arriving.	YES / NO
2. I could produce the receipts behind my last return in one evening.	YES / NO
3. Six years of my records have one known home.	YES / NO
4. I file only after all my slips are in, or I check MyAccount for strays.	YES / NO
5. I know the reply deadline on any CRA letter in my house right now.	YES / NO
6. I know how to authorize a representative if a file turned serious.	YES / NO
7. No CRA deadline has ever passed me in silence.	YES / NO

6–7 · Green
A review would be an errand for you, not an ordeal. Stay exactly this boring.

3–5 · Yellow
You would get through it, but slowly and expensively. Give your records one home first.

0–2 · Red
One letter could cost you real money as things stand. Run the plan below this week.

08 The seven-day answer plan

Day 1
Open the letter. Write down the type, the reference number and the reply-by date, then calendar that date minus one week.

Day 2–3
Gather exactly what was asked for — nothing extra. Scan or copy it; originals never leave you.

Day 4–5
Write a short cover note: reference number, a list of what is attached, nothing else. Have someone read it cold.

Day 6–7
Send it the way the letter asks, keep proof of sending, and diarize a follow-up call a few weeks out.

UG

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Udit Gupta has over 15 years of experience helping corporations and business owners with corporate structuring, corporate tax filing, bookkeeping, payroll, GST/HST, cross-border tax and CRA representation. Big 4 trained at Ernst & Young and Deloitte, and qualified as a chartered accountant in India and Malaysia, he founded Tax Filings Canada in 2019 to serve entrepreneurs, startups and non-resident business owners across Canada. View Full Member Bio — including step-by-step instructions to verify each membership on the issuing body's public register.

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Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

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