

STATEMENT OF BUSINESS ACTIVITIES

WHAT IS A STATEMENT OF BUSINESS ACTIVITIES?

The Statement of Business Activities (T2125 tax form) calculates your business or professional income as a self-employed person. Use it if you are the only person in the business (sole proprietorship) or if you are in business with one to five other people (partnership).

1. You are self-employed if you control the time, place, and manner of performing your activities; supply your own equipment and tools and assume the rental and maintenance costs; make a profit or incur a loss and cover operating costs; and integrate your client's activities into your own business activities.
2. You are an employee if your employer decides where, when, and how the work is to be done; establishes your working hours; determines your salary amount; supervises your activities and assesses the quality of your work.

WHY DO LENDERS REQUIRE A STATEMENT OF BUSINESS ACTIVITIES?

A Statement of Business Activities identifies which write-offs could be added to an applicant's income. You calculate your gross and net income after deducting all your business expenses like advertising, rent, home office, and motor vehicle expenses.

WHERE CAN I FIND MY STATEMENT OF BUSINESS ACTIVITIES?

T1 general should be in your tax file but can also be received or completed through an accountant, tax company (i.e., H&R Block), or by the individual who submitted your taxes.

Note: these documents are NOT on the CRA website and CAN NOT be obtained by logging in to CRA.

Statement of Business or Professional Activities

- For each business or profession, complete a **separate** Form T2125.
- File each completed Form T2125 with your *Income Tax and Benefit Return*.
- For more information on how to complete this form, see Guide T4002, *Business and Professional Income*.

Identification			
Your name		Your social insurance number	
Business name		Business Number	
Business address		City, province, or territory	Postal code
Fiscal period	From: Year Month Day	To: Year Month Day	Was 2008 your last year of business? Yes <input type="checkbox"/> No <input type="checkbox"/>
Main product or service		Industry code (see the appendix in the Business and Professional Income guide)	
Tax shelter identification number	Partnership tier identification number	Your percentage of the partnership %	
Name and address of person or firm preparing this form			

Part 1 – Business income

2. If you have business income, tick this box and complete this part. **Do not complete parts 1 and 2 on the same form.**

Sales, commissions, or fees | A

Minus

Goods and services tax/harmonized sales tax (GST/HST) and provincial sales tax (PST) (if included in sales above)

Returns, allowances, and discounts (if included in sales above)

Total of the above two lines | B

Adjusted gross sales (line A minus line B) | C

Enter this amount on line 8000 in Part 3, below

Part 2 – Professional income

3. If you have professional income, tick this box and complete this part. **Do not complete parts 1 and 2 on the same form.**

Professional fees (includes work-in-progress) | D

Minus

Goods and services tax/harmonized sales tax (GST/HST) and provincial sales tax (PST) (if included in fees above)

Work-in-progress (WIP), end of the year, per election to exclude WIP (see Chapter 2 of the guide)

Total of the above two lines | E

Plus

Work-in-progress (WIP), start of the year, per election to exclude WIP (see Chapter 2 of the guide)

Subtotal (line D minus line E) | F

Adjusted professional fees (total of the above two lines) | F

Enter this amount on line 8000 in Part 3, below

Part 3 – Gross business or professional income

Adjusted gross sales (from line C in Part 1) or adjusted professional fees (from line F in Part 2) **8000** | G

Plus

Reserves deducted last year **8290**

Other income **8230**

Total of the above two lines | H

Gross business or professional income (line G plus line H) **8209**

Enter this amount on the appropriate line of your income tax and benefit return: business on line 162, professional on line 164, or commission on line 166