Restaurant Franchise Year-End Checklist

Gondaliya CPA Professional Corporation | Year end 2026 | Incorporated restaurant franchisees

Franchise fees and agreement terms

- [ ] Initial franchise fee capitalised to Class 14.1 at 5% declining balance
- [ ] Half-year rule applied to the Class 14.1 addition
- [ ] Reinstated investment incentive considered on fees paid after 2024
- [ ] Renewal fees capitalised on the same basis as the initial fee
- [ ] Amortisation schedule maintained year over year
- [ ] Royalty rate and base checked against the franchise agreement
- [ ] Advertising fund contributions confirmed deductible under the agreement
- [ ] Training fees split between capital and current where applicable

Group structure and the business limit

- [ ] Every related corporation listed with its shareholdings
- [ ] Association tested before adding a new unit or entity
- [ ] One $500,000 federal business limit allocated across the group
- [ ] Adjusted aggregate investment income measured against the $50,000 grind
- [ ] Specified corporate income reviewed where entities bill each other
- [ ] Holding company rent supported by a written lease at market rate
- [ ] Management fees supported by an agreement and a defensible rate
- [ ] Directors' minutes recording intercompany arrangements

Capital assets and leaseholds

- [ ] Kitchen equipment recorded in Class 8 at 20%
- [ ] Leasehold improvements recorded in Class 13 over the lease term plus one renewal
- [ ] Available-for-use dates confirmed before claiming
- [ ] Renovation write-offs reviewed for terminal loss on a rebrand
- [ ] Recapture modelled before disposing of equipment
- [ ] Asset register reconciled to the fixed asset note

GST/HST and unit reporting

- [ ] One federal GST/HST registration for the corporation
- [ ] Quebec QST and British Columbia PST registered separately where applicable
- [ ] Place of supply applied correctly to delivery and takeout
- [ ] Input tax credits claimed on royalty, advertising and technology invoices
- [ ] Supplier invoices show valid registration numbers
- [ ] Reported taxable sales reconciled to credits claimed each period

- [ ] Revenue and cost reported by unit rather than blended
- [ ] Inventory counted monthly with shrinkage documented

Payroll, owner pay and filing

- [ ] Source deductions remitted by the 15th for a regular remitter
- [ ] Tips processed through payroll treated as pensionable earnings
- [ ] Staff meals recorded where a taxable benefit arises
- [ ] Family wages supported by contracts, timesheets and market rates
- [ ] Tax on split income exclusions tested before dividends are declared
- [ ] Shareholder loans documented and repaid within the period the Act allows
- [ ] Year-end bonuses paid within 180 days under subsection 78(4)
- [ ] T2 filed within six months of the fiscal year end
- [ ] Objection deadline diarised at 90 days on any assessment
- [ ] Six years of records retained, electronic records included

Bring three things to your free consultation

1. Your franchise agreement
2. Your corporate structure showing every related company
3. Your last filed corporate return

Educational information only, not tax or legal advice. Reflects CRA rules current to 2026. Outcomes depend on your own facts. Please consult a licensed CPA before acting.