

Voluntary Disclosure Update

Entrepreneurial CA's of London

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David J. Thompson, Barrister & Solicitor
D.Thompson@Tax-Litigation.ca

www.tax-litigation.ca

519-914-5340

Voluntary Disclosure

- **What is it?**
 - CRA “amnesty” program
 - Allows t/p’s to correct errors, incomplete info, or information not previously reported

Voluntary Disclosure

- **What does it apply to?**
 - Income Tax Act
 - Excise Tax Act (GST/HST)
 - Excise Act
 - Any other acts administered by CRA

Voluntary Disclosure

- **What is the Benefit?**
 - Avoid penalties
 - Gross negligence – 50% of tax
 - Late filing – 17% of tax owing
 - Failure to remit (source, non-resident, etc.)
 - Installment penalties
 - Repeated failure penalties

Voluntary Disclosure

- **What is the Benefit?**
 - **AVOID PROSECUTION!!**
 - Tax evasion etc,
 - Criminal record
 - Fines up to 200% of the tax (on top of the tax and the 50% gross negligence penalties)

Voluntary Disclosure

- **What is the Benefit?**
 - **Possible interest relief**
 - **Minister MAY grant partial interest relief for years or reporting periods preceding the 3 most recent years of returns**
 - **Relief limited to 10 years preceding filing**

Requirements

- **What Qualifies?**
 - **Must be voluntary**
 - **Must be complete**
 - **Must involve a penalty**
 - **Must be at least one year past due**

Requirements

- **Voluntary**

- T/P cannot be aware of any current or forthcoming audit or other enforcement action related to the information, or
- CRA enforcement action has been initiated on related or associated persons, and would likely have uncovered the information

Requirements

- **Voluntary**
 - **Enforcement action** includes:
 - requests, demands, requirements re unfiled returns, remittances, source deductions, etc.;
 - requests etc. for other tax accounts of t/p, partners, associated corporations, etc.;
 - Direct contact by CRA related to any non-compliance;
 - An audit, investigation etc., including by a police force, a regulator or other governmental authority

Requirements

- **Complete**

- Must disclose full and accurate facts and documentation for all taxation years for which there was inaccurate, incomplete or unreported information for any and all associated tax accounts

Requirements

- **Penalty**

- A disclosure must involve the application or potential application of a penalty
- May be late filing, failure to remit, instalment penalty, or a discretionary penalty such as an omission or gross negligence penalty

Requirements

- **One Year Past Due**
 - Must involve information:
 - At least one year past due, or
 - Less than one year past due but relates to correct previously filed information

Voluntary Disclosure

- **How to Disclose**

- Initiate with RC199
- Support with written statement of facts and circumstances
- Two methods:
 - Full ID disclosure
 - No Name

Voluntary Disclosure

- **Full ID Disclosure**
 - Name
 - Address
 - Account number
 - Postal code (for assignment to relevant TSO)
 - Authorized rep ID and authorizations

Voluntary Disclosure

- **No Name Disclosure**
 - Where details incomplete but what to go on record
 - Where you want to investigate terms and conditions
 - Must provide first 3 characters of postal code, no other identifying information

Voluntary Disclosure

- **Contents**

- Gender and age if individual, no-name
- Taxation years
- Amount of disclosure where applicable
- Type of returns involved
- Type of omission (business income, HST, capital gain, etc.)
- Explanation of how validity conditions met

Voluntary Disclosure

- **Effective Date**

- Date completed RC199 received, or
- Date of letter receipt of letter containing similar information
- From effective date, T/P is protected against penalties if conditions of validity met
- Up to 90 days to complete disclosure

Voluntary Disclosure

- **Where?**

- Atlantic, Quebec & Ontario file at:

- The *Voluntary Disclosures Program*

- Shawinigan-South TC

- Post Office Box 3000, Station Bureau-chef

- Shawinigan QC G9N 7S6

- Fax: 1-819-536-7078

- Allocated to appropriate TSO (St. Catharines)

Voluntary Disclosure

- **More information**

- See Information Circular IC 00-1R3,
Voluntary Disclosures Program, March 21,
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THANK YOU

David J. Thompson Professional Corporation
PMB 535, 1673 Richmond Street, London ON N6G 2N3