

# News Release

## **Former Kamloops auto dealership fined \$154,382 for GST evasion**

Penticton, British Columbia, November 23 2004... 541525 B.C. Ltd., former operator of the now defunct North Kamloops Toyota dealership was fined \$154,382 in provincial court for its part in a scheme to defraud the government. The fine represents 100 % of the Goods and Services Tax (GST) evaded. This brings to a conclusion a series of cases involving the sale of automobiles.

Last Friday, James Edward Balkan, the former Dealer Principal of the dealership, was sentenced for his part in a (GST) fraud scheme. Balkan received a conditional sentence of two years less a day, 18 months of which will be under house arrest, 200 hours of community service and a fine of \$141,601 after pleading guilty to two counts of GST evasion. The fine is equal to Balkan's personal share of the fraud scheme.

Last May, the other main beneficiary of the fraud scheme, former sales manager Mark Ellwood Horton, was fined \$15,000 and placed on probation for two years less a day; including six months of house arrest beginning in October 2004. The other corporation involved in the fraud scheme, Calmount Leasing Ltd has already been fined \$228,000 for its part in the scheme.

In 1997, 541525 B.C. Ltd., operating as North Kamloops Toyota, purchased the assets of the Toyota dealership in Kamloops. In 1999, the dealership began supplying vehicles to businesses that were exporting vehicles. Six GST returns filed by 541525 B.C. Ltd., understated the GST collected from its vehicle sales totalling \$169,038. GST was collected on taxable vehicle sales, which were then reported as non-taxable sales to status Indians.

Calmount Leasing was incorporated in July 2000, solely for the purpose of selling vehicles to a company that exported them to the U.S. Calmount Leasing Ltd., a non-filing GST registrant company, collected, but failed to file or remit GST totalling \$355,732 from the sale of 195 vehicles. Vehicles were purchased from North Kamloops Toyota and other dealers, which were then sold to a Canadian export company.

"Our taxes pay for the high level of government services that Canadians count on," said John McCallum, Minister of National Revenue. "When someone tries to evade taxes, it affects all Canadians. The Canada Revenue Agency is committed to ensuring that everyone pays their fair share."



When individuals or corporations are convicted of GST fraud, in addition to any fines imposed by the courts, they are still obligated to repay the GST amount that they fraudulently obtained, plus interest, as well as any penalties that may be assessed by the CRA.

Individuals who have not filed returns for previous years, who have not reported all of their income or GST collectible or who have claimed fraudulent refunds can still voluntarily correct their tax affairs. They will not be penalized or prosecuted if they make a full disclosure before the CRA starts any action or investigation against them. These individuals will only have to pay the taxes owing, plus interest. To take advantage of the voluntary disclosure policy, visit the CRA website at [www.cra.gc.ca](http://www.cra.gc.ca) for more information.

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