

News Release

June 20, 2003

CCRA lowers the penalties on late payroll remittances

Ottawa, June 20, 2003 ... The Canada Customs and Revenue Agency (CCRA) announced today that it will be lowering the penalties for employers who voluntarily pay their payroll remittances, but are a few days late. Starting in July, the CCRA will implement graduated penalty rates replacing the current flat penalty rate of 10%.

As a result of ongoing discussions with employers and associations, such as the Canadian Payroll Association, the CCRA agreed that the penalty structure needed to be less punitive. The CCRA is committed to building a fairer and more responsive taxation system, which focuses on good performance and deters employers who chronically remit late.

This is good news for employers who make every effort to remit but are late within a few days of the due date. With the new revised structure, penalties of 3% will be applied to remittances that are late 3 days or less, 5% for remittances that are 4 or 5 days late, 7% for remittances that are 6 or 7 days late, and 10% for remittances that are 8 or more days late.

There will be no changes to the penalty for failing to deduct or withhold. Employers who fail to remit or pay as and when required will still be subject to penalties of 10%, or 20% when the failure was made knowingly or under circumstances amounting to gross negligence.

The CCRA is implementing this change as a pilot project and will inform employers of this new penalty structure. Starting June 23, 2003, a verse explaining the incremental structure will be included on statements of payroll accounts sent to employers. Please note that the fairness provision to cancel or waive penalty and interest continues to apply.

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