

# News Release



## Canada Customs and Revenue Agency Moves to Address Problem in Tax Accounting

Ottawa January 29, 2002... Minister of National Revenue Elinor Caplan today announced that the Canada Customs and Revenue Agency (CCRA) has identified a problem in tax accounting that resulted in significant overpayments to four provinces under the Tax Collection Agreements.

“This problem does not affect taxes paid by individuals or businesses,” said Minister Caplan. “As soon as the Agency’s internal review indicated a problem, we contacted the Auditor General, who has just confirmed that the problem is real.

The Minister said the Federal Government is taking action to prevent further overpayments, is working with the Auditor General, and is discussing the issue with the provinces.

The CCRA collects personal income taxes on behalf of all provinces and territories except Québec. In the course of enhancing computer systems used for tax accounting, the CCRA identified a potential problem. The overpayments to the provinces are a result of a problem in accounting for provincial income tax related to capital gains of mutual fund trusts.

The only significantly affected provinces are Alberta, British Columbia, Manitoba and Ontario. Preliminary estimates indicate that a total of approximately \$3.3 billion was overpaid for the 1993 to 1999 tax years. Actions are being taken immediately to prevent further overpayments for 2000 and subsequent years. Discussions continue regarding previous years.

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