

News Release

CRA SERIOUS ABOUT COMPLIANCE

Ottawa, Ontario, November 24, 2006....The Canada Revenue Agency (CRA) today took serious exception to allegations that it treats some taxpayers unfairly. The CRA clarified its application of the mandatory bank remitting penalty to enforce timely remittance of source deductions to the Government of Canada.

The Income Tax Act requires employers whose monthly source deduction remittances exceed \$50,000 make their payments at a financial institution by the business day they are due. This is to ensure that the payments are immediately credited to the Government of Canada. Some employers have been making their remittances directly to the CRA, with the result that the deposit was often delayed until the next business day, which might occur two or even three days later. Playing the system this way, while advantageous to some employers, was unfair to all other taxpayers.

Acting on the recommendations of an internal CRA audit and of the Auditor General, as well as on a recommendation of the House of Commons Standing Committee on Public Accounts, the CRA in March 2006 launched an information and education campaign to remind all large employers of their obligations under the Income Tax Act to make remittances at their financial institution.

Throughout the Spring and Summer of 2006, CRA clearly advised nearly 57,000 large employers that there would no longer be any flexibility in the application of the penalty as of October 2006. Where large employers continue to make their remittances at a CRA office, the penalty is being assessed in full. The penalty represents 10 per cent of the amount of the payment.

Suggesting that such penalties are unfair is in fact suggesting that the CRA not apply the provisions of the Income Tax Act. This would have the effect of giving a small number of businesses what amounts to unfair financial advantages.

The CRA is committed to ensure that all taxpayers are treated equally and will impose penalties where warranted.

For more information on the CRA services, please visit our Website at www.cra.gc.ca

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