

News Release

Businessman sentenced to more than 2 years in jail and fined over \$500,000 for GST fraud

Vancouver, British Columbia, February 2, 2005 ...On February 1, Abbotsford businessman Rolf Van Nuys and Valley Heavy Equipment Inc. were found guilty of 14 counts of GST fraud in Abbotsford Provincial Court. Van Nuys and the company were fined \$501,830 for the charges, and Van Nuys was also sentenced to two years and six months in jail.

The Canada Revenue Agency (CRA) began an investigation after Van Nuys and Valley Heavy Equipment Inc. failed to provide books and records to substantiate their GST claims. The company reported more than \$7 million in sales from 1993 to 1996. Based on the total input tax credits the company reported to the CRA, Valley Heavy Equipment Inc. should have purchased over \$7 million in heavy equipment during the same period.

CRA's investigation, which included assistance from U.S. Customs Services, concluded that there was little evidence to suggest that Valley Heavy Equipment Inc. was a viable and operating business. The investigation also found that the company's 14 GST returns, which resulted in refunds totalling \$462,190, were fraudulent.

When individuals or corporations are convicted of GST fraud, in addition to court fines, they must repay any amounts fraudulently claimed plus interest and any civil penalties that CRA assesses.

"The Canada Revenue Agency protects the public interest with audit and enforcement programs to detect fraud and other tax offences," said Minister of National Revenue John McCallum. "We ensure that Canadians have the information they need to understand their legal obligations. But we back up those awareness programs with responsible enforcement actions to deal with individuals who attempt to cheat their fellow citizens."

Tax offences have serious consequences. However, under the CRA's Voluntary Disclosure Program individuals will not be prosecuted if they make a full disclosure to correct their tax affairs before the Agency begins any enforcement action or investigation. More information on the Voluntary Disclosure Program is available on the CRA website: www.cra.gc.ca.

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