

Voluntary Compliance Principle

Voluntary compliance is the basic principle under which Ontario's tax system operates. Voluntary Disclosure is an important part of this. Individuals and corporations are encouraged to voluntarily approach the Ministry of Finance to correct any deficiencies or contraventions of tax statutes and benefit programs administered by the Ministry. Individuals, corporations or their representatives making valid Voluntary Disclosures will not be prosecuted.

To make sure that Ontario's tax system operates fairly, honestly, and in the public interest, Ontario's tax laws provide civil penalties, fines and jail terms for taxpayers, vendors, registrants and benefit recipients who do not comply voluntarily with their legal obligations. In most cases, the maximum punishment for those who are convicted of offences is a fine of twice the amount of tax evaded, plus a jail term of two years. Convicted taxpayers must also pay the unreported taxes, plus civil penalties and interest. Those who voluntarily approach the Ministry of Finance to correct inaccurate or incomplete information, or to disclose information that they never previously reported, will not be prosecuted.

Voluntary Disclosure Policy

It is the policy of the Ministry of Finance that any individual, corporation or their authorized representative, who voluntarily discloses a violation of a statute administered by the Ministry, be allowed to settle any related debt by making full payment including interest.

The following conditions must be met when an individual, corporation or their representative makes a Voluntary Disclosure:

1. Disclosure must be voluntary as determined by the Ministry

The disclosure must be voluntary and initiated by the individual, corporation or their representative. The disclosure will not be considered voluntary if it was motivated by any enforcement action by the Ministry. For purposes of voluntary disclosure, enforcement action is deemed to include any action by the Ministry that is directed toward the detection or resolution of non-compliance with a statute administered by the Tax Revenue Division. In such a case, this policy will not apply. The voluntary disclosure process is not to be used as a means of avoiding late filing penalties on the current tax return. Contact with the Ministry for purposes of education or information, such as the registration process or attendance at Ministry sponsored seminars, is not considered an enforcement activity of the Ministry under this policy.

Individuals, corporations and their authorized representatives who are unsure if they want to make a voluntary disclosure are entitled to discuss their situation on a no-name basis with a Ministry representative responsible for handling voluntary disclosures. After this discussion, up to a 90 day grace period will be granted for the preparation and submission of a detailed disclosure.

2. Disclosure must be complete as determined by the Ministry

Full and accurate reporting of all information relating to the Voluntary Disclosure is the responsibility of the individual, corporation or their representative. As well, the party making the disclosure will be responsible for any costs related to submissions, calculations, schedules or other relevant information.

Minor errors or omissions will not disqualify the disclosure under this policy; however, material errors and omissions may result in penalties and prosecution.

3. **Ministry will verify the validity of all Voluntary Disclosures**

The Ministry will determine whether the disclosure is voluntary, complete and accurate. Full cooperation with the Ministry is expected by making all books of account, records and documents available upon request and by answering questions which may arise. Failure to cooperate fully may result in the loss of protection under this policy.

4. **Full payment is expected of all amounts owing plus interest**

The Ministry expects payment of the total amount due, including interest, upon disclosure. Where the whole amount owing cannot be paid immediately the Ministry may consider reasonable payment arrangements.

5. **Process for making a Voluntary Disclosure to the Ministry**

A Voluntary Disclosure may be made by contacting the Ministry of Finance at the numbers below or your local tax office as listed in the Blue Pages of the telephone directory. It is in the disclosing party's interest to contact the Ministry as soon as possible to discuss the matter.

Regional Tax Offices:

London RTO 1-800-265-1540
Mississauga RTO 1-800-265-9969
North York RTO 1-888-565-6433
(416) 222-3226
Ottawa RTO 1-800-461-4909

Or write to:

Ministry of Finance
P.O. Box 627
33 King Street West
Oshawa, ON L1H 8H5

Ministry Information Centre:

Toll-free 1-800-263-7965
Teletypewriter (TTY) 1-800-263-7776

Intent of Voluntary Disclosure Policy

The Ministry encourages voluntary compliance with the statutes it administers, and all bona fide Voluntary Disclosures will be favourably received. This policy applies to the following statutes administered by the Ministry of Finance:

Corporations Tax Act
Community Small Business Investment Funds Act
*Commercial Concentration Tax Act**
Electricity Act (only specific provisions)
Employer Health Tax Act
Fuel Tax Act
Gasoline Tax Act
Income Tax Act (Ontario)
Land Transfer Tax Act

Mining Tax Act
Ontario Guaranteed Annual Income Act
Ontario Home Ownership Savings Plan Act
Provincial Land Tax Act
Race Tracks Tax Act
Retail Sales Tax Act
*Small Business Development Corporations Act**
The Succession Duty Supplementary Provisions Act, 1980
Tobacco Tax Act

* being phased out

The Ministry encourages taxpayers to make a Voluntary Disclosure to federal or other taxing jurisdictions if it appears that they may be affected. A joint Ontario-Federal disclosure interview may be arranged by the Ministry upon request.

