

## Waiver or Cancellation of Interest and Penalties

### *Corporation Capital Tax*

This bulletin provides information and guidelines to corporations regarding the Corporation Capital Tax department's discretion in cancelling or waiving all or a portion of any interest or penalties payable. This bulletin applies to interest and penalties as calculated under sections 15 and 16 of the **Corporation Capital Tax Act** (Act) only. **This bulletin does not apply to interest charged subsequent to issuing the Notice of Assessment or Notice of Revised Assessment.**

These are only guidelines. They are not intended to be exhaustive.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Corporation Capital Tax Act* and Regulations can be found on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)

#### ***In this issue...***

- ***Guidelines and examples of circumstances where cancelling or waiving interest or penalties may be warranted***
- ***Guidelines and examples of circumstances where interest and/or penalties will be charged***
- ***Requests for cancelling or waiving interest and penalties under (B) or (C) of "Guidelines and examples of circumstances where cancelling or waiving interest or penalties may be warranted"***

#### **GUIDELINES AND EXAMPLES OF CIRCUMSTANCES WHERE CANCELLING OR WAIVING INTEREST OR PENALTIES MAY BE WARRANTED**

- A. Interest and/or penalties will not be charged for the taxation years ending prior to April 1, 1994 if the taxpayer voluntarily files a Corporation Capital Tax return (CCT return). Interest and/or penalties will not be charged for taxation years ending between April 1, 1994 and March 31, 1996 if the taxpayer files a CCT

return and remits full payment of the capital tax payable as indicated on the CCT return by the due date of that return.

- B. Interest and penalties may be waived or canceled in whole or in part where they result from circumstances beyond a taxpayer's control. For example, one of the following extraordinary circumstances may have prevented a taxpayer from making a payment when due, or otherwise complying with the Act:
- i. disasters such as flood or fire;
  - ii. civil disturbances or disruptions in services such as a postal strike;
  - iii. a serious illness or accident.
- C. Cancelling or waiving interest or penalties may also be appropriate if the interest or penalty arose primarily because of actions of the department such as:
- i. processing delays which result in the taxpayer not being informed, within a reasonable time, that an amount was owing;
  - ii. material available to the public contained errors which led taxpayers to file a return or make payments based on incorrect information;
  - iii. errors in processing;
  - iv. delays in providing information such as the case where the corporation

could not make the appropriate instalments or arrears payments because the necessary information was not available.

## GUIDELINES AND EXAMPLES OF CIRCUMSTANCES WHERE INTEREST AND/OR PENALTIES WILL BE CHARGED

Corporations will be charged interest and penalties in accordance with the Act for **all taxation years ending after March 31, 1996**. However, penalties will be waived where the corporation complies with [Bulletin CCT 009, Voluntary Disclosures](#).

Corporations will be charged interest and/or penalties on any additional tax levied **for any taxation year ending after March 31, 1994** if the interest and/or penalties arise as a result of an increase in tax resulting from any activity of the branch such as:

- The issuance of a request or demand to file a CCT return;
- A request for additional information that was required to be filed by the taxpayer;
- Increases of tax due to a change in the CCT return resulting from the branch's audit or review of a return. The branch will not waive interest and penalties on information supplied to the branch on a voluntary basis after commencement of an audit or review.

## REQUESTS FOR CANCELLING OR WAIVING INTEREST AND PENALTIES UNDER (B) OR (C) OF "GUIDELINES AND EXAMPLES OF CIRCUMSTANCES WHERE CANCELLING OR WAIVING INTEREST OR PENALTIES MAY BE WARRANTED"

Taxpayers or their authorized representatives can make their requests by writing to the department.

To support a request, the following information is required:

- a. the name, address, and account number of the taxpayer;

- b. the taxation year(s) involved;
  - i. the facts and reasons why the interest or penalties levied were primarily caused by factors either:
    - beyond the taxpayer's control or;
    - because of actions of the department;
  - c. any relevant documents or correspondence.

The following factors will be considered when determining whether or not the branch will cancel or waive interest or penalties:

- whether or not the taxpayer has a history of compliance with their Corporation Capital Tax obligations;
- whether or not the taxpayer has exercised a reasonable amount of care and has not been negligent or careless in conducting their affairs under the Act;
- whether or not the taxpayer has acted quickly to remedy any delay or omission.

## NEED MORE INFO?

**This bulletin is provided for convenience and guidance.**

**For further information, please contact:**

**Ministry of Small Business and Revenue  
Income Tax Branch  
PO Box 9444 Stn Prov Govt  
Victoria BC V8W 9W8**

**Telephone: 250 953-3082  
Fax: 250 356-0434**

Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr) While there, you can subscribe to our free electronic update service.