

Voluntary Disclosure Program

Corporation Capital Tax Act

This bulletin provides a brief discussion of the branch's position with respect to a taxpayer's voluntary disclosure of information under the *Corporation Capital Tax Act* (the Act).

In general, the overall administration of the Act relies strongly on the concept of "self assessment". As a consequence, the branch encourages corporations to voluntarily report deficiencies in their previous tax filings or dealings with the branch. The identity of a corporation making a voluntary disclosure will be held in strict confidence, as are all matters handled by the branch.

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

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COMPLIANCE REQUIREMENTS

Every corporation that is subject to corporation capital tax (CCT) must file a CCT return with the branch within 184 days of the corporation's taxation year end.

A corporation that has failed to file a CCT return by the due date is liable to penalties and interest. Section 46 of the Act provides a penalty of 10% of the amount of unpaid tax for late-filed returns or for late or deficient tax payments. Section 23 of the Act provides for a penalty of 25% of the amount of unpaid tax when it is established that the corporation has knowingly, or under circumstances amounting to gross negligence, understated tax by making statements or omissions in a CCT return or other information provided to the branch. In addition, the legislation provides for **prosecution** action under Section 47 of the Act.

ADMINISTRATIVE POLICY

A corporation that makes a valid voluntary disclosure of a tax liability for a taxation year or years, in accordance with the conditions outlined below, will not be subject to penalty or prosecution. The branch will, for the respective taxation year or years, waive all penalties or fines associated with late or deficient tax payments, non-filing of the tax return, gross negligence, wilful evasion, or other violations of the statute.

Corporations may settle their outstanding tax liabilities with the branch, **including all applicable debit interest**, by making full payment of the amount, or by making satisfactory arrangements for payment with the Taxation Revenue Collections Branch.

In order for a taxpayer to receive protection under this policy, the following conditions must be met when the corporation makes a voluntary disclosure:

Voluntary

The disclosure must be initiated by the corporation. A disclosure may not be considered a valid voluntary disclosure if it found to have been made with the knowledge of an audit, investigation or other enforcement action initiated by the branch, or other enforcement action initiated by other authorities or administrations with which the branch has information exchange agreements.

Disclosure

The corporation is expected to provide full and accurate reporting of all previously inaccurate, incomplete, or unreported information. This includes filing any outstanding tax returns for each taxation year in which the corporation was subject to CCT.

Verification

The voluntary disclosure should include enough details to allow the facts to be verified. The branch may request supporting information and documentation at the time of disclosure, or at a later date during the course of normal compliance programs.

Payment

The branch expects full payment of the total amount due, including interest, upon disclosure. In some circumstances, it is possible to arrange an acceptable payment schedule with the Taxation Revenue Collections Branch.

Procedure

A person may make a CCT voluntary disclosure by contacting the Manager of Compliance by mail at Income Taxation Branch, PO Box 9444 Stn Prov Govt, Victoria BC V8W 9W8 or by phone at 250 356-6195. A detailed submission is not required at first contact; however, the taxpayer must provide the required information and documents within a period of time that is mutually agreed upon. The initial contact will be considered to be the date of the voluntary disclosure. Confidentiality will be maintained.

NEED MORE INFO?

This bulletin is provided for convenience and guidance.

For further information, please contact:

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

Telephone: 250 953-3082

Fax: 250 356-0434

E-mail questions to:

ITBTaxQuestions@gov.bc.ca

**Information is also on the web at
www.gov.bc.ca/sbr While there, you can
subscribe to our free electronic update
service.**