

Voluntary Disclosure

Insurance Premium Tax Act

What are the benefits of making a voluntary disclosure?

What conditions must be met?

This bulletin provides a brief discussion of the Income Taxation Branch's position about a taxpayer's voluntary disclosure of information.

We rely strongly on taxpayer's voluntarily complying with the legislation and on their reporting deficiencies in their previous tax filings or dealings with the ministry. All taxpayer's dealings with the ministry are held in strict confidence.

General Responsibilities

Every authorized insurer subject to *Insurance Premium Tax* (IPT) must file an annual IPT return for each calendar year by March 31st of the following calendar year. For more information, please refer to [Bulletin IPT 001](#), *Insurance Premium Tax for Taxable Insurers*.

Every BC resident, who enters into an insurance contract with an insurer unauthorized to carry on business in BC under the *Financial Institutions Act*, must file an IPT return within 30 days of entering into the contract. This includes corporations with a permanent establishment in British Columbia. For more information, please refer to [Bulletin IPT 002](#), *Insurance Purchased from an Unlicensed Insurer*.

Taxpayers filing late returns will be charged penalties and interest. The penalty can be up to 5% of the tax owing or \$500, whichever is less.

Voluntary Disclosure

A taxpayer making a voluntary disclosure of a tax liability will not be subject to penalty or prosecution if they meet certain conditions. We will then waive all penalties relating to late or deficient tax payments or for non-filing of the IPT return.

However, the taxpayer must settle their outstanding liability with the ministry, including interest, by making full payment of the amount owing, or by making satisfactory payment arrangement(s) with the Receivables Management Branch.

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

Voluntary

1. The disclosure must be initiated by the taxpayer.
 - A disclosure may not be considered a valid voluntary disclosure if the disclosure was done with knowledge of an audit, investigation or other enforcement action initiated either by the ministry or by other authorities or administrations that the ministry has information exchange agreements with.

Disclosure

2. The taxpayer takes responsibility for reporting full and accurate information of all previously inaccurate, incomplete, or unreported information.
 - This includes filing any outstanding tax returns for which the taxpayer was subject to IPT for:
 - each taxation year(s) in the case of an authorized insurer; or
 - each contract in the case of a BC resident who insures with an unauthorized insurer.

Verification

3. The disclosure should include sufficient details to allow the facts to be verified at the ministry's discretion.

Payment

4. Full payment of the total amount due, including interest, is required upon disclosure.
 - In some circumstances, it is possible to arrange an acceptable payment schedule with the Receivables Management Branch.

How To Make A Voluntary Disclosure

A taxpayer may make a voluntary disclosure by contacting the Director, Insurance Premium Tax at the following address or contact numbers.

Income Taxation Branch
PO Box 9444 Stn Prov Govt
Victoria BC V8W 9W8
Telephone: 250 387-9667
Fax: 250 356-0434

Detailed submissions are not required at first contact. However, the taxpayer must make a detailed submission within a mutually agreed time period. Initial contact will be considered as the date of the voluntary disclosure.

Need more info?

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

Telephone: 250 953-3082
Fax: 250 356-0434
E-mail: ITBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Insurance Premium Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/itb