

## Waiver of Interest and Penalties

### *Insurance Premium Tax Act*

**What are the conditions that a taxpayer must meet for interest or penalties to be waived?**

**How is a request for a waiver of interest or penalties made?**

This bulletin provides taxpayer information and guidelines about when a waiver of interest or penalties - all or a portion - under section 7 and 29 of the *Insurance Premium Tax Act* (Act) may occur. The waiver of interest or penalties is at the ministry's discretion. A waiver does not apply to interest charged after a *Notice of Assessment* or a *Notice of Revised Assessment* has been issued.

### When is a Waiver Considered

Interest and/or penalties may be waived - all or a portion - when they result from extraordinary circumstances beyond a taxpayer's control.

Examples of extraordinary circumstances include:

- disasters, such as flood or fire;
- civil disturbances or disruptions in services such as a postal strike;
- serious illness or accident.

They may also be waived, if ministry actions were the primary cause.

Examples of such actions include:

- processing delays resulting in the taxpayer not being informed, within a reasonable time, that an amount was owing;
- publicly available material containing errors leading a taxpayer to file a return or make payment(s) based on incorrect information;
- processing errors;

- information delays, such as where a taxpayer could not make the appropriate instalment or arrears payment because the necessary information was unavailable.

## When are Interest and Penalties Charged

Taxpayers pay interest and penalties, as allowed under the Act, for failure to file and pay the tax owing in the required time. However, penalties will be waived where the taxpayer meets the conditions for voluntary disclosure. For more information, please refer to [Bulletin IPT 004](#), *Voluntary Disclosure*.

Taxpayers also pay interest and penalties on any additional tax owed that result from ministry activities such as:

- the issuance of a request or demand to file an insurance premium tax return, (except the limited circumstances described in [Bulletin IPT 004](#), *Voluntary Disclosure*);
- a request for required information that was not filed by the taxpayer;
- a return's audit or review.

Interest or penalties will not be waived when information is received after an audit or review begins.

## How to Request a Waiver

Taxpayers or their authorized representatives make their request by writing to the Audit Director, Insurance Premium Tax, at the following address:

Income Taxation Branch  
PO Box 9444 Stn Prov Govt  
Victoria BC V8W 9W8

Please supply the following information to support your request.

- The taxpayer's name, address and account number.
- For taxable insurers, the taxation year(s) involved. For more information, please refer to [Bulletin IPT 001](#), *Insurance Premium Tax for Taxable Insurers*.
- For unlicensed insurance, the policy number and term. For more information, please refer to [Bulletin IPT 002](#), *Insurance Purchased from an Unlicensed Insurer*.

- The facts and reasons why the interest or penalties levied were primarily caused by factors either:
  - beyond the taxpayer's control; or
  - because of branch's actions.
- Any relevant documents or correspondence.

The following are considered when determining whether or not to cancel or waive interest or penalties:

- has the taxpayer a history of compliance with their insurance premium tax obligations;
- has the taxpayer exercised a reasonable amount of due care and have they not been negligent or careless in conducting their affairs under the Act;
- has the taxpayer acted quickly to remedy any delay or omission.

## **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](mailto: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](http://www.sbr.gov.bc.ca/itb)

References: *Insurance Premium Tax Act*, Sections 7, 29