

Waiver or Cancellation of Interest and Penalties

Logging Tax Act

This bulletin provides information and guidelines to taxpayers regarding the Income Taxation Branch'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 36 of the *Logging Tax Act* (Act) only. **This bulletin does not apply to interest charged subsequent to issuing a Notice of Assessment or Notice of Revised Assessment under the Act.**

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Logging Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

In this issue...

- ***Guidelines and examples of circumstances where canceling or waiving interest or penalties may be warranted***
- ***Guidelines and examples of circumstances where interest and/or penalties will be charged***
- ***Request for canceling or waiving interest and penalties under 1 or 2 above***

GUIDELINES AND EXAMPLES OF CIRCUMSTANCES WHERE CANCELING OR WAIVING INTEREST OR PENALTIES MAY BE WARRANTED

1. Interest and penalties may be waived or cancelled 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.
 - disasters such as flood or fire;
 - civil disturbances or disruptions in services such as a postal strike;
 - a serious illness or accident.

2. Cancelling or waiving interest or penalties may also be appropriate if the interest or penalty arose primarily because of actions of the branch such as:
 - processing delays which result in the taxpayer not being informed, within a reasonable time, that an amount was owing;
 - material available to the public contained errors which led taxpayers to file a return or make payments based on incorrect information;
 - errors in processing;
 - delays in providing information such as the case where the taxpayer could not make the appropriate instalment or arrears payments because the necessary information was not available.

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

Taxpayers will be charged interest and penalties in accordance with the Act for failure to file and pay taxes in the prescribed time. However, penalties will be waived where the taxpayer complies with [Bulletin LTA 003](#), *Voluntary Disclosure: The Logging Tax Act*.

Taxpayers will be charged interest and/or penalties

on any additional tax levied 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 logging tax return, except in very limited circumstances as described in [Bulletin LTA 003](#), *Voluntary Disclosure: The Logging Tax Act*;
- a request for additional information that was required to be filed by the taxpayer;
- increases of tax due to a change in the logging tax 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.

REQUEST FOR CANCELING OR WAIVING INTEREST AND PENALTIES UNDER 1 or 2

Taxpayers or their authorized representatives can make their requests by writing to the Manager of Operations, Income Taxation Branch, PO Box 9444 Stn Prov Govt, Victoria BC V8W 9W8.

To support a request, the following information is required:

- a. the name and address and account number of the taxpayer;
- b. the taxation year(s) involved;
- c. 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 branch.
- d. 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 logging tax obligations;
- whether or not the taxpayer has exercised a reasonable amount of due care and has not been negligent or careless in conducting their affairs under the Act;
- whether or not the taxpayer has acted within 30 days of a request from the branch to remedy any delay or omission.

NEED MORE INFO?

This bulletin is intended to assist in the understanding of the requirements of the governing *Logging Tax Act* legislation and related regulations. It is not intended to replace the need to consult the legislation and regulations for their application in a particular situation. In the event of a conflict between the legislation and this bulletin, the legislation shall prevail.

For further information, please contact:

**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**

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