

Voluntary Disclosure: The Logging Tax Act

Logging Tax Act

This bulletin provides a brief discussion of the Income Taxation Branch's assessing practice with respect to a taxpayer's voluntary disclosure of information under the *Logging Tax Act* (Act). **This bulletin is effective as of January 1, 1999.**

In general, the overall administration of the tax relies strongly on the concept of "self-assessment". As a consequence, the branch encourages taxpayers to voluntarily comply with the legislation and report deficiencies in their previous tax filings or dealings with the branch. The identity of the taxpayer 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 *Logging Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

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COMPLIANCE REQUIREMENTS

Every taxpayer who is subject to logging tax must file a logging tax return with the branch within six months of the taxpayer's taxation year end.

A taxpayer who has failed to file a logging tax return by the due date is liable to penalties and interest. The legislation provides a penalty of ten percent of the amount of unpaid tax for late filed returns. There are also various other penalties in the Act for situations resulting from non-compliance with the legislation. In addition, interest on any overdue tax amounts is levied at prescribed rates.

ADMINISTRATIVE PRACTICE

A taxpayer who makes a voluntary disclosure of a tax liability for a taxation year or years, or is a first time filer, will not be subject to penalty if the taxpayer is in accordance with the conditions outlined below. The branch will, for the respective

taxation year or years, waive all penalties associated with late or deficient tax payments and non-filing of the tax return.

The taxpayer may settle the outstanding tax liability with the branch, including all applicable debit interest, by making full payment of the amount, or by making satisfactory arrangements for payment with the branch's collection officers.

In order for a taxpayer to receive protection under this policy, the following conditions must be met:

- **VOLUNTARY:** The disclosure must be initiated by the taxpayer and not be prompted by the branch's action or by an upcoming branch audit or investigation; or,
- **DEMAND TO FILE:** The taxpayer is a first time filer and responds to a demand to file by filing the requested logging tax return(s) within 30 days of the demand to file. A first time filer is a taxpayer who has never before filed a logging tax return or had a logging tax account number.
- **DISCLOSURE:** Full and accurate reporting of all information is the responsibility of the taxpayer involved. This includes filing any outstanding tax returns for each taxation year in which the taxpayer was subject to logging tax.
- **VERIFICATION:** The disclosure must include enough details to allow the facts to be verified at the branch's discretion.

- **PAYMENT:** The branch expects full payment of the total amount due, including interest, upon disclosure. In some circumstances, a payment schedule may be arranged with the branch's collections officers, provided that sufficient security is posted to cover the outstanding debt.
- **PROCEDURE:** A taxpayer may make a 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 do so 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 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, 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.