

NO.: **00-1 Archived for historical purposes**

DATE: June 12, 2000

SUBJECT: **Voluntary Disclosures Program**

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*This document cancels and replaces Information Circular 85-1R2, Voluntary Disclosures, dated October 23, 1992, concerning income tax voluntary disclosures.*

## ***Purpose of the Voluntary Disclosures Program***

1. The purpose of the Canada Customs and Revenue Agency's Voluntary Disclosures Program (VDP) is to promote voluntary compliance with the accounting and payment of duty and tax provisions under the *Customs Act*, *Customs Tariff*, *Income Tax Act*, and *Excise Tax Act*. The VDP encourages clients to come forward and correct deficiencies to comply with their legal obligations.

## ***Legislative references***

2. The Canada Customs and Revenue Agency (CCRA) has the legislative authority to waive or cancel penalties, in whole or in part, on a voluntary disclosure. The pertinent legislative provisions can be found in:

- subsection 220(3.1) of the *Income Tax Act*
- subsection 281.1(2) of the *Excise Tax Act*
- subsection 3.3(1) of the *Customs Act*
- subsection 126(1) of the *Customs Tariff*

## ***Principles of the Program***

3. Clients can make disclosures to correct inaccurate or incomplete information, or to disclose information they never previously reported. For example, clients may not have met their tax or duty obligations if they claimed ineligible expenses, failed to remit source deductions or the GST, or did not file the correct customs accounting information. Clients who make a **valid** voluntary disclosure will have to pay the taxes and duties owing, plus interest. In this situation, the CCRA can provide relief from monetary penalties and prosecution that would otherwise be imposed under the acts noted above, and from specified interest in the case of the *Customs Tariff*. Relief is determined on a case-by-case basis, providing the disclosure is voluntary, complete, and involves a monetary penalty and a prior year or period as detailed below.

4. Certain goods subject to forfeiture and/or seizure under the *Customs Act*, or actions resulting from the CCRA's administration or enforcement of other legislation or agreements, are not covered by this policy.

## ***Related CCRA policies***

5. The VDP provides clients with relief from penalties when the conditions noted in this document are met. Separate CCRA policies exist to provide relief from both interest and penalties in circumstances beyond a client's control. Details of these policies are available in Information Circular 92-2, *Guidelines for the Cancellation and Waiver of Interest and Penalties*, and in GST Memorandum 500-3-2-1, *Cancellation or Waiver of Penalties and Interest*. Both of these documents are available from any CCRA office, and from the CCRA's Web site at: [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca)

## ***Conditions for a valid disclosure***

6. A valid voluntary disclosure is defined by the following four conditions:

- (a) The CCRA determines that the disclosure is **voluntary**  
The disclosure must be voluntary. The client has to initiate the voluntary disclosure. A disclosure may not qualify as a voluntary disclosure under the above policy if it is found to have been made with the knowledge of an audit, investigation, or other enforcement action that has been initiated by the CCRA or a related administration, such as other federal and provincial departments.
- (b) The CCRA determines that the disclosure is **complete**  
The disclosing client is expected to provide full and accurate reporting of all previously inaccurate, incomplete, or unreported information. While the information provided in a disclosure must be substantially complete, a disclosure will not be disqualified simply because it contains minor errors or omissions. However, if a disclosure is found to contain material errors or omissions, the disclosure will not qualify as a voluntary disclosure, with the result that the disclosed information may be processed, and interest and penalties can be applied to the entire amount.

- (c) The disclosure involves a monetary **penalty**  
A disclosure must involve at least one monetary penalty. If no monetary penalties apply to the information being disclosed, the client does not need to seek penalty relief through the VDP. This information must still be provided to the CCRA and will be processed, as would any other request for adjustment.
- (d) The disclosure involves **information one year or more overdue** (*Income Tax Act* and *Excise Tax Act*) or a **prior accounting period** (*Customs Act* and *Customs Tariff*)  
The information being disclosed must include information that is at least one year past due or, in the case of customs disclosures, must involve a prior accounting period.

### ***Making a voluntary disclosure***

7. A person who wants to make a voluntary disclosure should contact the CCRA in person or in writing, provide the details of the disclosure, and show that the above four conditions have been met. The person may make an interim submission. The final and complete submission must be filed within a period of time specified by the CCRA (normally 90 days from the date of the initial disclosure).
8. Each voluntary disclosure shall include enough detail to allow the facts to be verified. Clients are expected to make all books of account, records, documents, and any other required information available upon request.
9. Clients are expected to pay the total of all amounts owing, including interest. In some cases, it is possible for clients to make special arrangements to pay these amounts.

10. The identity of anyone making a voluntary disclosure will be protected according to the confidentiality provisions of the above-mentioned acts.

11. Clients, representatives, and agents who are unsure whether they want to make a voluntary disclosure are entitled to discuss their situation on a no-name or hypothetical basis with an officer responsible for handling voluntary disclosures.

### ***Need more information?***

12. More information on the VDP is available at CCRA offices and on the “Fairness” page of the CCRA’s Web site at: [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca)

13. For addresses and telephone numbers of CCRA offices, see the listings in the government section of telephone books and on the “Contact us” page on the CCRA’s Web site.

### ***About this document***

14. This document provides an overview of the Voluntary Disclosures Program. It is not intended to be exhaustive, nor is it meant to restrict the spirit or intent of the legislation.

15. In this document, the term client refers to importers, exporters, travellers, taxpayers, employers, GST/HST registrants, and benefit recipients, as well as client representatives and agents.