



Tax Enforcement in British Columbia

Union of BC Municipalities

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Innovative | Collaborative | Transparent



Ministry of
Finance

Introduction

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Mandate

- Relationship management and governance of the CRA
- Administration, compliance, and enforcement activities:
 - *Employer Health Tax Act*
 - *Insurance Premium Tax Act*
 - *Logging Tax Act*
 - Forest Revenue Audit Program
- Negotiation of various agreements

Today's Presentation

- Legislative Authorities and Agreements
- Information Sharing
- Cooperation between BC Finance and the Canada Revenue Agency (CRA)
- Audit Results
- Limitations to Tax Administration Mandate
- Recent Provincial Initiatives

Authorities

- Tax Collection Agreement (TCA)
- Section 241 of the Federal *Income Tax Act*
- Section 64 of the BC *Income Tax Act*
- General Exchange of Information Agreement (GXI)
- TCA and GXI available through BC Laws

Information Sharing

Federal Laws included (partial list):

- *Income Tax Act*
- *Excise Tax Act*

BC Laws included (partial list):

- *Employer Health Tax Act*
- *Property Transfer Tax Act*
- *Provincial Sales Tax Act*
- *Real Estate Development Marketing Act*
- *Speculation and Vacancy Tax Act*

Working Groups

- Senior Management
- Bilateral Committees
- Multilateral Committees
- Tax Compliance Working Groups
- Underground Economy Working Groups

Leads to the CRA

- Targeted Audit Leads
- Provincially initiated risk areas include:
 - Vacant land sales
 - Residential house flips
 - Builder flips
 - Top purchases/sales in a calendar year
 - Non-BC residents selling BC properties

CRA Audit Results

Real Estate Sector

Results of audit activities related to real estate in British Columbia from April 2015 to June 2019

Programs	Number of files completed	Audit assessments*
Income tax	1,864	\$303.2 million
GST	1,557	\$157.2 million
GST New Housing and New Residential Rental Property Rebates	4,485	\$21.1 million
Total	7,906	\$481.5 million

<https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/does-canada-revenue-agency-address-non-compliance-real-estate-sector.html>

Limitations

- A Tax Administrator's mandate does not include criminal prosecutions, other than for tax evasion or other tax crimes
- An audit file can be referred to the Investigations Unit
- The Investigations Unit may work with law enforcement agencies
- Charges could be recommended under the criminal code

CRA References

- [Tax evasion. There are consequences. - Canada.ca](https://www.canada.ca/en/revenue-agency/campaigns/tax-cheating-consequences.html)
- <https://www.canada.ca/en/revenue-agency/campaigns/tax-cheating-consequences.html>
- [Combatting tax crimes - Canada.ca](https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/combataxcrimes.html)
- <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/combataxcrimes.html>
- [The CRA's criminal investigations process - Canada.ca](https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/combataxcrimes/criminalinvestigationprocess.html)
- <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/combataxcrimes/criminalinvestigationprocess.html>
- [Tax evasion and aggressive tax avoidance know no borders - Canada.ca](https://www.canada.ca/en/revenue-agency/campaigns/tax-evasion-no-borders.html)
- <https://www.canada.ca/en/revenue-agency/campaigns/tax-evasion-no-borders.html>

Provincial Commitment

- Homes for BC, a 30-Point Plan for Housing Affordability in British Columbia
 - Stabilize the housing market
 - Crack down on tax fraud and close loopholes
- Speculation and Vacancy Tax
- Pre-Sale Condo Assignment Registry
- Beneficial Ownership Registry
- Expanded Information collection and sharing with the Federal Government

Recent BC Enhancements

- BC Property Assessment Roll
- Enhanced Property Transfer Tax Return
- Speculation and Vacancy Tax (SVT)
- Condo Strata Assignment Integrity Register
- *Land Owner Transparency Act (LOTA)*
- Home Owner Grant and Land Tax Deferment

Questions?

Contact Information

- Website: Landing page for all BC taxes
 - <https://www2.gov.bc.ca/gov/content/taxes>
- Income Taxation Branch
- Email: ITBTaxQuestions@gov.bc.ca
- Telephone:
 - Victoria: (250) 387-3332
 - Toll Free: 1-877-387-3332