

Tax and Revenue Administration (TRA)

Alberta Corporate Income Tax Act

Information Circular CT-11R3

Voluntary Disclosures

Last updated: June 18, 2018

NOTE: This information circular is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and governing legislation, the legislation takes precedence.

Voluntary Disclosures

This information circular explains the Voluntary Disclosure Program (VDP) of the Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA).

Index

- [Overview](#)
- [Relief Provided Under the VDP](#)
 - [General Program](#)
 - [Limited Program](#)
 - [Limitation Period on Discretion for Relief of Penalties and Interest](#)
- [A Second Application by the Same Taxpayer](#)
- [Conditions of an Acceptable Application](#)
- [Making a VDP Application](#)
 - [Information Required](#)
 - [Authorization of a Taxpayer's Representative](#)
- [Acceptance of VDP Application](#)
- [Denial of VDP Application](#)
- [Taxpayer's Right of Redress](#)
 - [Second Administrative Review](#)
 - [Judicial Review](#)
 - [Objection Rights](#)

TAX AND REVENUE ADMINISTRATION
9811 - 109 STREET, EDMONTON AB T5K 2L5

- Email: TRA.Revenue@gov.ab.ca
- Website: tra.alberta.ca
- Phone: 780-427-3044
- Fax: 780-427-0348

Note: for toll-free service in Alberta, call 310-0000, then enter the number.



Overview

1. This information circular provides information on the discretionary authority of the President of Treasury Board, Minister of Finance (the Minister) to grant relief from any penalty or interest under section 55.1 of the *Alberta Corporate Tax Act* (the Act) under the VDP. The information contained in this information circular is meant to serve as a guideline only. It does not limit the discretionary authority of the Minister to waive penalties or interest under other circumstances, for example, extraordinary circumstances, as discussed under Information Circular CT-5.
2. This information circular applies to VDP applications received on or after March 1, 2018.
3. TRA encourages self-assessment in tax and tax credit programs administered in Alberta. Therefore, TRA welcomes submissions that show intent to voluntarily correct previous contraventions of the Act.
4. TRA does not accept anonymous voluntary disclosures.
5. Through the VDP, taxpayers can make an application to correct inaccurate or incomplete information, or to disclose information not previously reported.

Examples of situations where voluntary disclosures may be made include:

- a. the discovery of a previously unnoticed discrepancy in the calculation of taxable income, tax payable, or tax credits;
 - b. finding an error in a taxpayer's understanding of a point in tax law; or
 - c. reconsideration of deliberate circumvention of the Act.
6. TRA generally adopts the Canada Revenue Agency's (CRA) two-track approach including the guidelines and conditions for determining the General and the Limited Programs and special circumstances where relief may not be considered. Effective March 1, 2018, adopting the CRA's approach, VDP applications relating to corporate income tax disclosures may fall into one of two tracks.
 - a. The first track is a General Program. If a VDP application is accepted under the General Program, the taxpayer will be eligible for penalty relief and partial interest relief.
 - b. The second track is a Limited Program. Applications that disclose non-compliance where there is an element of intentional conduct on the part of the taxpayer or a closely related party will be processed under the Limited Program. If a VDP application is accepted under the Limited Program, the taxpayer will receive reduced relief.

7. TRA may contact the CRA for information regarding voluntary disclosures submitted to both the CRA and TRA for the same taxation periods. TRA may consider the results of the CRA's VDP assessment in determining acceptance into the Alberta VDP program. While the CRA's decision regarding a voluntary disclosure request may be persuasive, it does not bind Alberta to a parallel action. The federal decision may be attributable to circumstances that do not reasonably affect the corporation's dealings with TRA.
8. On submission of the VDP application and return(s) or information, the taxpayer must pay the total amount of any taxes owing from the disclosure and a reasonable estimate of the interest, in part or in full, or make acceptable arrangements with TRA for payment before the disclosure will be considered valid. If a payment is not made when due, as set out in an agreement, the taxpayer will be assessed the applicable penalties and interest payable pursuant to the Act.
9. An important principle of the VDP is that the relief be fair and not be considered to reward non-compliance. Voluntary disclosures are intended only to allow a taxpayer to correct a contravention of the Act and not to avoid penalties or interest.
10. TRA reserves the right to audit or verify any information provided in a VDP application whether it is accepted under the VDP or not. Taxpayers applying for voluntary disclosure are required to make all books of account, records and documentation available on request of TRA staff, answer any questions that may arise, and be fully cooperative.

[Back to Index](#)

Relief Provided Under the VDP

General Program

11. If a VDP application is accepted under the General Program, the taxpayer will not be charged penalties such as the late filing penalty, instalment penalty or a gross negligence penalty.
12. In addition to penalty relief, TRA may grant partial interest relief against a taxpayer in respect of assessments for years preceding the three most recent years of returns required to be filed. Generally, this interest relief will be 50% of the applicable interest for those periods. Full interest charges will be assessed for the three most recent years of returns required to be filed.

[Back to Index](#)

Limited Program

13. If a VDP application is accepted under the Limited Program, the taxpayer will not be charged gross negligence penalties. However, the taxpayer will be charged other penalties as applicable, and no interest relief will be provided.
14. The Limited Program may consider factors including the following:
 - efforts were made to avoid detection;
 - the dollar amounts involved;
 - the number of years of non-compliance; and
 - the sophistication of the taxpayer.

[Back to Index](#)

Limitation Period on Discretion for Relief of Penalties and Interest

15. TRA's ability to grant penalty and interest relief is outlined in section 55.1 of the Act.
16. A taxpayer may request penalty and interest relief under the VDP anytime before the later of:
 - a. 10 calendar years from the end of the taxation year to which the penalty and interest was assessed, or,
 - b. 12 months from the date the penalty and interest was assessed by TRA.

[Back to Index](#)

A Second Application by the Same Taxpayer

17. Taxpayers are expected to remain compliant after being granted relief under the VDP. TRA will not accept a second application from a taxpayer that has been granted relief under the VDP where the matter in the second application is the same as the matter in the first application. TRA will verify if a taxpayer has made a previous application.

[Back to Index](#)

Conditions of an Acceptable Application

18. TRA considers a voluntary disclosure acceptable only when all the following conditions are met:

- a. the taxpayer initiates the disclosure voluntarily. TRA does not consider a disclosure voluntary if it is made after compliance or audit action was initiated by TRA, the CRA, or any other affected jurisdiction(s);
- b. the disclosure is complete, accurate and contains all information relating to the deficiency. Significant, unexplained errors or omissions in the disclosure may be treated as further attempts to mislead TRA. TRA does not consider disclosures that contain such errors or omissions voluntary. In cases where books and records no longer exist, the taxpayer should make all reasonable efforts to estimate the income for those years;
- c. the disclosure involves the application or potential application of a penalty;
- d. the disclosure includes information that is at least one year past due; and
- e. the disclosure includes payment of the estimated tax owing.

[Back to Index](#)

Making a VDP Application

Information Required

19. A corporation wishing to make a voluntary disclosure must notify TRA in writing prior to, or at the time of, filing or amending corporate income tax returns. A covering letter explaining the voluntary disclosure should accompany the tax returns being filed or amended.
20. It is expected that taxpayers or their representatives will notify TRA if they have also made, or intend to make a VDP application with the CRA.
21. The completed VDP application may be submitted to:

AUDIT BRANCH
TAX AND REVENUE ADMINISTRATION
9811 - 109 STREET NW
EDMONTON AB T5K 2L5

Fax: 780-422-2090

[Back to Index](#)

Authorization of a Taxpayer's Representative

22. The taxpayer's authorized representative can submit the application for relief under the VDP.

23. The taxpayer must grant proper authorization to the representative by submitting a signed copy of the [Alberta Consent Form AT4930](#). TRA cannot discuss any confidential information with a representative prior to receiving the appropriate authorization.

[Back to Index](#)

Acceptance of a VDP Application

24. If it is determined that all the conditions to qualify for relief ([paragraph 18](#)) have been met, the taxpayer will be advised in writing of the following:
- the application has been accepted into the VDP (and for applications received on or after March 1, 2018, under which track – see [paragraph 6](#));
 - the taxation years eligible for VDP relief; and
 - the disclosed information will be sent to the appropriate area for processing the assessment or reassessment.

[Back to Index](#)

Denial of a VDP Application

25. If it is determined that any of the conditions to qualify for relief ([paragraph 18](#)) have not been met or it is a circumstance where the VDP application will typically not be considered, the taxpayer will be advised in writing that:
- the application has been denied;
 - the disclosed information may result in an assessment or reassessment; and
 - penalties and interest may be levied.

[Back to Index](#)

Taxpayer's Right of Redress

Second Administrative Review

26. The taxpayer cannot file an objection with TRA to dispute a discretionary decision to deny relief or allow only partial relief under the VDP. However, if a taxpayer believes that TRA's discretion has not been properly exercised, the taxpayer may request that TRA reconsider the original decision. The request for a second administrative review should be submitted in writing to the Audit Branch.

27. Audit Branch members not involved in the first review of the VDP application will perform the second administrative review to ensure a second, independent review process.
28. TRA will inform the taxpayer of its second decision in writing.

[Back to Index](#)

Judicial Review

29. If the taxpayer disagrees with TRA's decision, the taxpayer may file an application for judicial review with the Court of Queen's Bench of Alberta within six months after the date of the voluntary disclosure relief decision. The taxpayer should obtain professional advice or contact the Court of Queen's Bench of Alberta for information about how to make an application for judicial review.
30. As a general rule, taxpayers should request a second administrative review from TRA before filing an application for a judicial review with the Court of Queen's Bench of Alberta.

[Back to Index](#)

Objection Rights

31. If a VDP application is accepted under the Limited Program, in consideration of the relief being provided, the taxpayer will be required to waive the rights to object and appeal in relation to the specific matter disclosed in the VDP application and any related assessment of tax. However, this waiver will not prevent the taxpayer from objecting to an assessment of tax in circumstances where the assessment includes a calculation error or relates to an issue other than the matter disclosed in the VDP application.

[Back to Index](#)

Contact Information and Useful Links

Contact Tax and Revenue Administration (TRA):	Email: TRA.Revenue@gov.ab.ca
Visit our website:	tra.alberta.ca
Subscribe to receive email updates:	tra.alberta.ca/subscribe.html
TRA Client Self-Service (TRACS):	tra.alberta.ca/tracs