

Will you do the job for cash?

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If your answer is yes, there are some important things you need to know.

Cash payments you receive are subject to GST/HST and you have to report them on your annual income tax return. Failure to do so is tax evasion, which has serious consequences.

There can be serious personal, legal, professional, and financial consequences. To avoid these consequences, you are required to:

- report all income earned, cash or otherwise;
- report and remit GST/HST;
- file an income tax return; and
- file third-party reporting slips for your subcontractors.

Paying the price

If you are caught cheating you could:

- be assessed interest and penalties;
- lose your assets;
- be prosecuted for failure to file tax returns or for tax evasion;
- be sentenced to pay significant fines and possibly go to jail;
- have, upon conviction, your name published in the newspaper or on the Web; and
- be subject to future enforcement actions (e.g. recurring audits).

The role of the Canada Revenue Agency (CRA)

The CRA continues to enhance the way we administer and enforce tax laws. We promote tax compliance through a mix of outreach, education, communication, and compliance actions.

Spelling out the rules

Taxes can be complicated. To help clear up any uncertainties, we offer the following services to help small businesses and individuals meet their tax obligations.

- Visit our Web site at www.cra.gc.ca for helpful tax information.
- Call 1-800-959-5525 for information and services for businesses and self-employed individuals.
- **Community visits** – CRA employees visit businesses in the community to answer questions, give out information, raise awareness about CRA services, and discuss tax-related issues and concerns.
- **Individual outreach visit** – A pre-arranged visit to an individual taxpayer to provide a service similar to that of community visits.
- **Information seminars and webinars for new businesses** – We offer seminars on remitting GST/HST, reporting income, payroll, and other relevant topics. Please go to www.cra.gc.ca/events.

- **Public speaking engagements** – We are often invited to speak to groups, such as students at trade schools, about the CRA's compliance programs and initiatives to address the underground economy.
- **Voluntary Disclosures Program** – The Voluntary Disclosures Program promotes compliance with Canada's tax laws by encouraging taxpayers to come forward to correct inaccurate or incomplete tax information, and/or to disclose information that has not been previously reported to the CRA.

Taxpayers will not be penalized or prosecuted if they make a valid disclosure before they become aware of any compliance action being initiated against them by the CRA. These taxpayers will only have to pay the taxes owing, plus interest.

For more information about the Voluntary Disclosures Program, or to find the appropriate tax services office (TSO), go to www.cra.gc.ca/voluntarydisclosures.

- **Informant Leads Program** – The CRA takes abuse of Canada's tax laws very seriously. When an individual or business does not fully comply with tax legislation, an unfair burden is placed on law abiding taxpayers and businesses and the integrity of Canada's tax base is jeopardized. The Informant Leads Program coordinates all leads that the CRA receives from informants, to determine if there is an element of non-compliance with tax legislation, and

to ensure that appropriate enforcement action is taken. To report suspected tax evasion, contact the office in your region. An informant's identity will not be disclosed and you may provide information anonymously.

For more information, go to www.cra.gc.ca/leads.

Enforcing the rules

In addition to providing services, we use a variety of tools to identify, correct, and deter tax non-compliance, including:

- using third-party payment reporting systems, such as the Contract Payment Reporting System. For more information, go to www.cra.gc.ca/contract;
- matching of computerized information from other federal and provincial departments and agencies;
- analyzing information from external sources;
- cooperating with workers' compensation boards and other agencies;
- verifying informant leads;
- enforcing filing and registration requirements;
- conducting business and lifestyle audits;
- investigating and prosecuting tax evasion;
- imposing fines and jail sentences; and
- publicizing convictions.

Paying your taxes is the law. It is also easier than dealing with the consequences of being caught for not doing so.

We would be happy to answer any questions you may have.

For more information, call 1-800-959-5525 or visit our Web site at www.cra.gc.ca.

For more information on our criminal prosecution actions, go to www.cra.gc.ca/convictions.