



Taxpayer Relief Provisions and Collections Process

Information for current and former employees of O.I. Employment
Services Inc. / Native Leasing Services
June 2018

O.I. Employment Services Inc. / Native Leasing services(NLS)- Files

- The majority of cases involving current or former NLS employees have been resolved.
- As of June 2018:
 - There are only 541 collection cases remaining, down from 607 in December 2017.
 - The CRA has received 818 taxpayer relief requests and completed the review of 815 of these requests.
- The CRA is aware this is a particularly sensitive issue involving vulnerable taxpayers. The CRA is committed to working with NLS employees and helping them in meeting their tax obligations.

What is taxpayer relief?

The taxpayer relief provisions allow the CRA to help individuals who are unable to meet their tax obligations due to personal misfortune or circumstances beyond their control by cancelling or waiving penalties and interest.

The provisions also allow the CRA to help individuals by:

- accepting certain late, amended or revoked income tax elections
- issuing a tax refund or reducing the income tax payable, even if the normal three-year period for requesting an adjustment or filing an income tax return has ended

What cannot be considered under the taxpayer relief provisions?

The following requests cannot be considered under the taxpayer relief provisions:

- cancel or waive tax
- dispute an assessment
- cancel administrative charges (such as bank charge back fees)

Relief from penalties and interest

The CRA may grant relief from penalties and interest where the following types of situations exist and justify a taxpayer's inability to meet a tax obligation:

- extraordinary circumstances, such as natural disasters, civil disturbances or disruptions, serious illness or accident, or serious emotional or mental distress
- actions of the CRA, such as providing incorrect information, processing delays or errors, or delays in providing information
- inability to pay or financial hardship

Relief may also be granted when a taxpayer's circumstances do not fall within the situations listed above.

To request penalty and interest relief, NLS employees need to explain the circumstances that prevented them from meeting their tax obligations.

Inability to pay or financial hardship

Where there is a confirmed inability to pay a debt, the CRA may consider cancelling all or part of the interest to enable taxpayers to pay their debt. For example when:

- collection is suspended due to an inability to pay and substantial interest applies to the outstanding amount
- payment of the accumulated interest would cause a prolonged inability to provide basic necessities (financial hardship)
- Once a taxpayer's ability to pay is determined, cancelling all or part of the interest for the period from when payments start until the amounts owing are paid may be considered, as long as the agreed payments are made on time and compliance with the act is maintained
- All relevant factors, such as loss of employment income, will be taken into account when determining the taxpayer's ability to pay a balance owing and to what extent it may be appropriate to cancel current interest charges
- Cancelling a penalty based on an inability to pay or financial hardship would not generally be considered unless an extraordinary circumstance prevents compliance.

Factors used in arriving at the decision

Where circumstances beyond a taxpayer's control, actions of the CRA, inability to pay, or financial hardship has prevented the taxpayer from complying with the act, the following factors will be considered when determining if the CRA will cancel or waive penalties or interest:

- whether there is a history of compliance with tax obligations
- whether a taxpayer knowingly allowed a balance to exist upon which arrears interest has accrued
- whether a reasonable amount of care was exercised and the taxpayer was not negligent or careless in conducting their affairs under the self-assessment system
- whether actions were taken quickly to remedy any delay or omission

Deadline for requesting relief of interest and penalty

The 10-year limitation period:

The *Income Tax Act* allows the CRA to cancel **interest** for any tax year that accrued during the 10 calendar years before the year the request is made, regardless of the tax year in which the debt originated.

- Example: For a first request made during the 2018 calendar year, any interest that accrued during the 2008 and later calendar years, on any tax year, can be considered, including where a debt originated prior to 2008. Any interest that accrued during the 2007 and previous calendar years is not eligible for relief.

A taxpayer has 10 years from the end of the calendar year in which the tax year or fiscal period at issue ended to make a request to the CRA to cancel or waive a **penalty**.

Options available for NLS employees

- Taxpayer relief
 - **Request relief of penalties and interest:** Employees who have not already done so can make a request for relief of penalties and interest.
 - **Reapply for relief:** Employees whose circumstances have changed can reapply for relief.
 - **Submit information:** Employees whose requests were denied because of missing information can submit the information to have their request reviewed.
 - **Request a subsequent review:** Employees who disagree with the CRA's decision of their relief request can make a subsequent request for a review by another impartial CRA officer.
- Payment arrangements
 - NLS employees can contact CRA to make a payment arrangement.

How can NLS employees request relief of penalties and interest?

- Complete form [RC4288, Request for Taxpayer Relief – Cancel or Waive Penalties or Interest](#) and attach supporting information.
- For requests related to financial hardship or an inability to pay, submit form [RC376 Taxpayer Relief Requests – Statement of Income and Expenses and Assets and Liabilities for Individuals](#) with the RC4288 to state their financial situation.
- Send requests by mail to Ms. Christine Martel, Shawinigan National Verification and Collections Centre (NVCC), 4695 Shawinigan-Sud Boulevard, Shawinigan-Sud, QC G9P 5H9 or by toll-free fax to: 1-800-385-9059.
- NLS employees can avoid processing delays by making sure they submit all of the relevant information with their request.

What happens after the CRA receives a relief request from an NLS employee?

- CRA officials from the Shawinigan NVCC are assigned to review taxpayer relief requests from NLS employees.
- The CRA officials will review all files on a **case-by-case basis**. Before a decision is made, they may ask for additional information to ensure all relevant facts have been taken into consideration.
- Once all facts have been reviewed, the CRA officials prepare a decision report for the delegated official's (immediate supervisor's) consideration, with a recommendation to approve, partially approve, or deny relief.
- The delegated official sends their decision in writing and advises the NLS employee of their recourse rights if relief is partially approved or denied.

Second review

NLS employees who believe the CRA did not properly exercise its discretion in considering their request can ask for a second review.

A second review request requires the following:

- the reasons why the NLS employee disagrees with the CRA's decision. For example: not all information was considered, certain facts or details were missing or misinterpreted or not considered in their proper context
- any relevant new documents, new facts, or correspondence

To maintain impartiality and transparency, the second review will be conducted by CRA officials not involved in the first review and decision.

Other information NLS employees should know about taxpayer relief

- The CRA continues to charge compound daily interest at the prescribed rate on any amount owing while the request is under review.
- If relief is granted, the CRA will pay refund interest on any penalty and interest amounts previously paid and cancelled.
- The CRA service standard is to issue decisions on taxpayer relief requests within 180 days.

For more information

- NLS employees can get more information on the **taxpayer relief provisions** and related forms and publications, including ***Information Circular IC07-1R1, Taxpayer Relief Provisions***, on our webpages at:

canada.ca/taxpayer-relief

Questions about taxpayer relief?

- For questions about **taxpayer relief**, please contact **Ms. Christine Martel** from the Shawinigan National Verification and Collection Centre at (819) 534-5276.

Still have a debt and cannot pay in full?

- [When you owe money – collections at the CRA - Canada.ca](#)
- To discuss their tax debt, NLS employees should contact their assigned collections officer.
- The collections officer will work with them by negotiating payment arrangements based on their ability to pay.

Ability to Pay

- Ability to pay is the current and future capacity of the NLS employee to pay or borrow funds.
- Full financial disclosure is needed to determine ability to pay and will provide the collections officer with a complete picture of the NLS employee's financial situation.

Payment Arrangement

- Full financial disclosure will require the NLS employee to supply information about their household income and expenses. Please refer to [Monthly Net Income and Expense Worksheet](#) for details.
- Information about property owned and debts will also be requested.
- The financial information provided by the NLS employee is the basis for deciding if a payment arrangement is suitable.

CRA Collections

- The collections officer may re-examine and renegotiate the terms of payment arrangements with NLS employees if their ability to pay has changed.
- CRA will continue to make every effort to work collaboratively with current and former NLS employees, to resolve their outstanding tax debts based on their ability to pay, while treating them with respect, fairness and integrity.

Questions about your tax debt?

For questions regarding tax debt please contact the following individuals from the Toronto West-Thunder Bay Tax Services Office, Toronto West site:

- Bruno D'Alessandro Phone (905) 566-6616
- Mary Baiden Phone (905) 803-7562
- Sonia Puri Phone (905)-566-6674