

FAIR.

FOR ALL.

**REVENU
QUÉBEC**



**VOLUNTARY
DISCLOSURE**
RECTIFYING YOUR
TAX SITUATION

revenuquebec.ca



Our mission is to ensure that all taxpayers pay their fair share when it comes to funding public services. Our goal is tax fairness for all. With that in mind, we consider taxpayers' and mandataries'¹ spontaneous compliance with fiscal legislation to be of the utmost importance.

Given that taxpayers and mandataries are responsible for determining, withholding, collecting and remitting to us income tax, source deductions and consumption taxes (as applicable), it is possible that they may make omissions when completing their returns or when carrying out their other obligations under the fiscal laws we administer. For a number of years now, we have therefore been encouraging individuals and businesses to rectify their tax situation by making a voluntary disclosure.



Where a written application identified as a voluntary disclosure is submitted by a person in order to rectify that person's tax situation, we will not impose any of the penalties provided for by law and will also waive our right to institute penal proceedings, provided we find that the disclosure meets the conditions laid out in the current version of interpretation bulletin ADM. 4.

1. "Mandatory" is the term used in the *Act respecting the Québec sales tax* (R.S.Q., c. T 0.1). For the purposes of this brochure, the term "mandatory" also encompasses the term "agent," which is the equivalent term used in the *Excise Tax Act* (R.S.C. 1985, c. E-15).

What is a voluntary disclosure?

A voluntary disclosure consists in spontaneously disclosing information about duties owed that you failed to report for one or more of the following reasons:

- You did not file one or more income tax or information returns.
- You filed a return containing incomplete or inaccurate information.
- As a mandatary or a recipient of a supply, you did not collect, pay or remit amounts owing under a fiscal law, or you claimed refunds or rebates to which you were not entitled.

Special cases

While our voluntary disclosure policy generally applies in any situation where a penalty could be imposed, it cannot be used to avoid meeting prescribed filing deadlines, nor to allow for retroactive tax planning or tax evasion. As a result, the policy does not apply in all situations.

Furthermore, since our voluntary disclosure policy serves as a means to encourage good fiscal behaviour, a person who has made a voluntary disclosure in the past generally cannot make a second disclosure.

For more information, refer to the current version of interpretation bulletin ADM. 4 or contact us. Our contact information is provided on the back of this brochure.

Conditions for a disclosure to be accepted as a voluntary disclosure

To be accepted as a voluntary disclosure, the disclosure must be spontaneous, complete and verifiable. In addition, any tax debt must be paid at the end of the disclosure process.

Spontaneous disclosure

A disclosure is not spontaneous where an objectively demonstrable fact could reasonably have led the person to believe that we were about to undertake a review, audit or investigation regarding that person.

In addition, a disclosure is not spontaneous where we have undertaken a review, audit or investigation regarding the person (or regarding another taxpayer or mandatary with which that person is not dealing at arm's length, is affiliated or has commercial ties) and where it is reasonable to believe that the review, audit or investigation would have brought to light the facts or omissions divulged as part of the voluntary disclosure. Nor is a disclosure spontaneous where similar controls have been undertaken by a body of another government that administers tax laws or by a police force or any other authority or administrative body with which we have signed an information exchange agreement.

Complete disclosure

A disclosure is complete where the person discloses all the facts and provides all the pertinent information and documents that make it possible to determine as accurately as possible the duties and interest owed by that person under the fiscal laws to which that person is subject.

However, a disclosure cannot be considered complete where

- the person making the disclosure controls a person whose fiscal obligations have not been met;
- the same person controls both the person making the disclosure and a person whose fiscal obligations have not been met;
- the person making the disclosure is controlled by a person whose fiscal obligations have not been met.

Verifiable disclosure

A disclosure is verifiable when all the information, registers and documents required in order to analyze the accuracy of the facts presented and the duties and interest payable are made available to Revenu Québec.

Tax debt paid

A tax debt is paid where, once the disclosure process has been completed, the person has paid all the duties and interest owed or has entered into a payment agreement and provided sufficient guarantee of payment. In the latter case, however, the tax debt will only be considered to have been paid if the payment agreement is respected and once the last payment of the duties and interest owed to us has been processed.



How to make a voluntary disclosure

You or your representative must contact us in writing and inform us that you wish to make a voluntary disclosure. Designated staff will manage how voluntary disclosures are received, analyzed and processed in order to ensure our voluntary disclosure policy is applied consistently in all cases. They are also responsible for guiding you throughout the voluntary disclosure process and for informing you of the status of your file.

For your application to be considered, it must include general information that will provide us with a broad outline of the tax situation to be rectified and allow us to determine whether our voluntary disclosure policy is likely to apply to the situation. The following information must be provided:

- a) your name and address, as well as the identifiers assigned to you (social insurance number, identification number, Québec enterprise number (NEQ));
- b) an outline of the facts, including the date of the first inaccurate or incomplete statement, omission or act of tax evasion;
- c) your commercial or professional activities;
- d) the tax laws concerned;
- e) the type of omission (for example, GST/HST or QST that was collected but not remitted, or business income, investment income, retirement (or pension) income or capital gains that were not reported, etc.);
- f) the taxation years, reporting periods or fiscal periods covered by the disclosure;
- g) the amount of the duties owed (or an estimate, if the actual amount is unknown);



h) in the case of foreign investments:

- the date on which the investment account was opened and the date on which the first investment or transfer was made,
- the balance of the investment account as at the date the voluntary disclosure file is opened,
- the names of the foreign financial institutions involved and the countries in which they are located;

i) an explanation demonstrating how the file submitted meets the four conditions for a disclosure to be considered a voluntary disclosure.

A voluntary disclosure application submitted by a representative is not required to include the elements mentioned in point (a) above. However, in such a case, the following information must be provided:

- the type of person or persons involved (individuals, corporations, successions, trusts, etc.);
- the person's sex and age, in the case of an individual;
- the first three characters of the person's postal code.

Furthermore, the identity of a person who submits an anonymous disclosure must be divulged within 90 days following the date on which the file is opened. For more information, refer to the current version of interpretation bulletin ADM. 4.

After submitting an application, you or your representative must promptly provide us with particulars of the facts and of the amounts payable for each period covered by the disclosure. This information is required to determine if the disclosure meets the applicable conditions and to assess the amounts you must pay.

Validation of information

After analyzing the information received, we will inform you or your representative of whether or not we have accepted the voluntary disclosure. The disclosure will be accepted subject to verification of the information and supporting documents that must be provided.

Consequences of a voluntary disclosure

If we find that the disclosure meets all the conditions listed above, including payment of the tax debt, we will not impose any of the penalties provided for by law that would otherwise have applied to the amounts owing that were reported in the voluntary disclosure. We will also waive our right to institute penal proceedings.

With regard to the Québec sales tax (QST), if you reveal information concerning a transaction that is a wash transaction for Revenu Québec, you must pay the taxes that should have been collected and remitted, but any penalties and interest will be waived. With regard to the goods and services tax (GST), we apply the directives of the Canada Revenue Agency's Voluntary Disclosures Program.

Should we determine, after analyzing or reviewing the file, that any of the four conditions listed above have not been met, the voluntary disclosure will be disallowed and we will notify you in writing to that effect. We may then issue notices of reassessment that take into account the applicable penalties and interest, institute proceedings before the courts, or take both of these measures (penalties and proceedings) with regard to the duties reported and those added.

Where to make a voluntary disclosure

Individuals who wish to make a voluntary disclosure can mail their applications to one of the offices of the Direction principale des services à la clientèle des particuliers or to the Direction des divulgations volontaires (see the addresses on the back of this brochure). Please note, however, that individuals who wish to make an anonymous disclosure or whose disclosure concerns foreign income are required to file their applications with the Direction des divulgations volontaires.

Individuals in business and other persons that wish to make a voluntary disclosure must file their applications with the Direction des divulgations volontaires.

TO CONTACT US

Online

www.revenuquebec.ca

By telephone

Monday, Tuesday, Thursday and Friday: 8:30 a.m. to 4:30 p.m.
Wednesday: 10:00 a.m. to 4:30 p.m.

Direction des divulgations volontaires

Montréal	Elsewhere
514 287-3585 , extension 2878705	1 888 830-8808 extension 2878705 (toll-free)

Individuals and individuals in business

Québec City	Montréal	Elsewhere
418 659-6299	514 864-6299	1 800 267-6299 (toll-free)

Persons with a hearing impairment

Montréal	Elsewhere
514 873-4455	1 800 361-3795 (toll-free)

By mail

Direction des divulgations volontaires
Revenu Québec
Complexe Desjardins
Secteur D246VE
Montréal (Québec) H5B 1A4

Montréal, Laval, Laurentides, Lanaudière and Montérégie

Direction principale des services
à la clientèle des particuliers
Revenu Québec
C. P. 3000, succursale Place-Desjardins
Montréal (Québec) H5B 1A4

Québec City and other regions

Direction principale
des services à la clientèle
des particuliers
Revenu Québec
3800, rue de Marly
Québec (Québec) G1X 4A5

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Cette publication est également disponible en français et s'intitule *La divulgation volontaire ou comment régulariser votre situation fiscale* (IN-309).