

Appendix A – Question 16(b)

- b) There seems to be inconsistencies in how and when CRA contacts and communicates with taxpayers across different programs and regions, which causes confusion amongst taxpayers/advisors. (SEE APPENDIX A)

Can CRA provide their policies and processes around contacting the taxpayer for the following programs:

- Matching
- T1 pre-assessment
- T1 post-assessment
- T2 post-assessment
- Special assessment program
- Audit
- Objections/appeals

Objections (Appeals)

1. Process for initial contact – do requests go to taxpayer, representative, or both? Is/could communication to the taxpayer clearly and obviously state whether communication has been copied to the representative?

First choice of initial contact is always by phone and typically the representative is contacted first. An initial contact letter may also be sent if the objection is complex or the officer is unable to contact the objector. Typically, the initial contact is sent to the taxpayer with a copy (CC) to the representative.

2. Process when initial information is not fully consistent – does CRA communicate with the taxpayer or representative (same process as above) regarding further support required and/or proposed adjustments, or just reassess?

When initial information is not fully consistent, the officer will inform the primary contact during the initial call. If additional information is required or proposed adjustments need to be communicated, a letter is typically sent to both taxpayer and copy to representative or possibly representative with copy to taxpayer

3. Process where support is sufficient – is the taxpayer and/or representative always informed of CRA's conclusion. Should the taxpayer and representative assume that no news means CRA accepted the support provided?

A taxpayer should not assume 'no news' means CRA accepted the support. A contact will be made, even, if we agree with you in whole. Objection procedure is to advise taxpayer and/or representative by letter of the objection decision.

Litigation (Appeals)

1. Process for initial contact – do requests go to taxpayer, representative, or both? Is/could communication to the taxpayer clearly and obviously state whether communication has been copied to the representative?

Once counsel from the Department of Justice (DOJ) has been assigned to a case, they will issue a letter advising of their conduct of the matter before the court. This initial contact is either sent to the address for service or the email address of the representative as listed in the notice of appeal.

2. Process when initial information is not fully consistent – does CRA communicate with the taxpayer or representative (same process as above) regarding further support required and/or proposed adjustments, or just reassess?

The CRA or DOJ will communicate with the appellant's representative at various points during the litigation process. The nature of these communications may be for the purposes of initiating settlement discussions, clarifying appeal details, addressing procedural issues, or providing information requested by the representative.

3. Process where support is sufficient – is the taxpayer and/or representative always informed of CRA's conclusion. Should the taxpayer and representative assume that no news means CRA accepted the support provided?

The outcome of a case will always be documented by the court in the form of a notice, order, or judgment that is sent to the parties involved. Moreover, any such conclusion would require the involvement of either the appellant or their representative.

T1 Pre-Assessment/Post-Assessment and Special Assessment Programs (ICD)

While there may be exceptions to every program in the CRA, these are the general guidelines that are commonly adhered to for our T1 pre-assessment program, T1 post-assessment program, and the Special Assessment program.

- *The CRA will send initial communications to the taxpayer, or the electronic filer/authorized representative based on information provided at the time of filing.*
 - *The CRA will not send a letter to both parties.*
- *When an adjustment is requested, the communication will go to the requestor of the adjustment.*
 - *Provided they are authorized representative on the account if not the taxpayer.*

- *The Special Assessment program will communicate with the taxpayer unless there is a power of attorney on file.*
- *Request for additional supporting documentation will go to the receiver of the Initial Contact Letter/communication.*
- *A final letter will be sent to the taxpayer or their authorized representative depending on the situation. If the return is being adjusted, the taxpayer will be advised.*

Exception example: The CRA may send a copy of the letter, along with an explanatory cover letter to a taxpayer, when a communication is sent to the authorized representative during an in-depth examination.

T2 Post-Assessments

1. Process for initial contact – do requests go to taxpayer, representative, or both? Is/could communication to the taxpayer clearly and obviously state whether communication has been copied to the representative?

In the review of Corporation Assessing Review Program (CARP) post-assessment reviews of T2 returns, an initial contact letter is sent by mail to the mailing address on file. If the corporation is registered for email notifications through MyBA, an email notification will be sent to each listed email that there is correspondence received.

2. Process when initial information is not fully consistent – does CRA communicate with the taxpayer or representative (same process as above) regarding further support required and/or proposed adjustments, or just reassess?

When further contact is required for a post-assessment review, the CARP officer communicates with the submitter of the information after verifying that they are an authorized representative. If the submitter is not authorized, the officer would contact an authorized representative or the owner to request clarification or additional information.

3. Process where support is sufficient – is the taxpayer and/or representative always informed of CRA's conclusion. Should the taxpayer and representative assume that no news means CRA accepted the support provided?

The taxpayer and/or representative will always be informed of the conclusion of the T2 review. If the supporting documentation is sufficient and there are no changes to the T2 return, a letter will be sent. If a reassessment is made to the T2 return following the T2 review, a Notice of Reassessment will be sent.

Audit (SMED/CPB)

1. Process for initial contact – do requests go to taxpayer, representative, or both? Is/could communication to the taxpayer clearly and obviously state whether communication has been copied to the representative?

All audit requests start with going directly to the taxpayer only. At a later time, normally during the initial interview, the auditor confirms with the taxpayer if copies of correspondence are also to be sent to a representative as well. Once the auditor confirms with the taxpayer that correspondence should also be sent to a representative, the auditor indicates that a duplicate has been sent to the representative by carbon copy (cc) at the bottom of all future correspondence.

2. Process when initial information is not fully consistent – does CRA communicate with the taxpayer or representative (same process as above) regarding further support required and/or proposed adjustments, or just reassess?

The CRA commits that auditors will communicate with taxpayers and/or their representative within 30 days of the receipt of the information requested and will inform the taxpayer and/or their representative on the next steps of the audit.

It is CRA's expectation that taxpayers or their representatives will be able to satisfactorily respond to the majority of initial requests by the initial request deadline. If a taxpayer or representative does not satisfactorily respond to the initial request by the deadline or requests additional time, then a follow-up request may be issued with a revised deadline

Depending on the size and nature of the taxpayer's business being audited, the complexity of the files, and any proposed adjustments, the auditor may discuss potential adjustments with the taxpayer or their representative.

If concurrence is reached on all items under discussion, the auditor sends a final letter to the taxpayer and/or their representative to confirm the agreed upon adjustments.

3. Process where support is sufficient – is the taxpayer and/or representative always informed of CRA's conclusion. Should the taxpayer and representative assume that no news means CRA accepted the support provided?

The auditor sends a proposal letter outlining potential adjustments to the taxpayer and/or their representative as soon as possible after completing the audit procedures. In the case of a no change audit, a no change letter is sent.

The auditor sets a final interview with the taxpayer (when feasible) to provide a detailed explanation of all adjustments and to discuss any representations and submissions the taxpayer and representative may have in response.

The auditor also prepares a final letter to the taxpayer and/or their representative that outlines the CRA's position and the reasons for the adjustments to ensure that the taxpayer understands the adjustments.