

CRA Reminds Taxpayers of the Proposed Amendment to the Fairness Provisions under the *Income Tax Act*

OTTAWA, October 18, 2004...The Canada Revenue Agency (CRA) reminds taxpayers that they have until December 31st, 2004 to review their records and send in their requests for adjustments under the fairness provisions for the 1985 to 1994 taxation years.

The *Income Tax Act* provides the Minister with discretion to cancel or waive penalties and interest; to accept late-filed, amended, or revoked income tax elections; and to issue income tax refunds beyond the normal three-year period (individuals and testamentary trusts only) for the 1985 and subsequent taxation years.

Under the proposed amendment, announced in the March 2004 federal budget, the Minister's discretion in such cases will only apply for requests that are for a taxation year ending in the ten previous calendar years. Effective January 1st, 2005, for example, a request made in 2005 will only be accepted for 1995 and subsequent taxation years.

The fairness provisions were introduced in the early 1990s to give the Canada Revenue Agency (CRA) common-sense ways to help clients who, because of extraordinary circumstances beyond their control, are unable to meet their tax or duty obligations. However, the 1985 base year had not changed since the fairness provisions were introduced, and this timeframe needed to be updated.

Extraordinary circumstances include situations such as:

- a disaster (e.g. a flood or a fire);
- an error in a CRA publication;
- a disruption in services such as a postal strike; and
- financial hardship.

Clients can make a fairness request by contacting their local CRA office and by providing specific information explaining why they were not able to meet their tax or duty obligations.

The CRA believes that the proposed amendment will help improve the administration of the fairness process.
