



# News Release

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## **TAX COLLECTORS NOT ACTING QUICKLY ENOUGH: AUDITOR GENERAL**

(TORONTO) The Ministry of Finance's Collections Branch often does not take action soon enough or use all of its enforcement tools to collect unpaid taxes owed to the province, Auditor General Jim McCarter says in his *2012 Annual Report*.

"We found that once a delinquent account entered the collections process, it took collectors an average of seven months to even attempt to reach the taxpayer by phone," McCarter said today after the Report was released. "Taking prompt action is vital in collecting debts. Research shows that the probability of collecting money that's owed drops dramatically as time passes."

About 90% of the tax the Branch is responsible for collecting is related to Corporations Tax and Retail Sales Tax. The Canada Revenue Agency (CRA), which collects personal income tax on behalf of the province, also began administering Corporations Tax on behalf of the province in January 2009. It also administers the Harmonized Sales Tax, which replaced the provincial Retail Sales Tax in 2010. As a result, about three-quarters of the Branch's staff was transferred to the CRA in March 2012. The Ministry is still responsible for collecting Corporations Tax and Retail Sales Tax amounts owing prior to their transfer to the CRA. The Ministry expects it will wind down most of its work on collecting these amounts by 2014.

As of March 31, 2012, the Branch expected it may need to write off up to \$1.4 billion of the \$2.4 billion in taxes owing that it was responsible for collecting.

Following are some of the Auditor General's other significant findings:

- The Branch often did not enforce liens and warrants it had registered for the seizure and sale of properties.
- Visiting a taxpayer's premises increases the likelihood of collecting what is owed. However, field visits were not made in a number of cases where they were warranted.
- In trying to collect amounts owed, the Branch did not always make full use of partnership and information-sharing agreements with third parties such as the Canada Revenue Agency.

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