

Waiver or Cancellation of Interest and Penalties

Logging Tax Act

This bulletin provides information and guidelines to taxpayers regarding the ministry's discretion in cancelling or waiving all or a portion of any interest or penalties payable. This bulletin applies to interest and penalties as calculated under sections 15 and 36 of the *Logging Tax Act* only. **This bulletin does not apply to interest charged subsequent to issuing a *Notice of Assessment* or *Notice of Revised Assessment* under the Act.**

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Guidelines and Examples of Circumstances Where Cancelling or Waiving Interest or Penalties may be Warranted

1. Interest and penalties may be waived or cancelled in whole, or in part, where they result from circumstances beyond a taxpayer's control. For example, one of the following extraordinary circumstances may have prevented a taxpayer from making a payment when due, or otherwise complying with the Act, including:
 - a disaster, such as flood or fire,

- a civil disturbance or disruption in services, such as a postal strike, or
 - a serious illness or accident.
2. Cancelling or waiving interest or penalties may also be appropriate if the interest or penalty arose primarily because of actions of the ministry, such as:
- processing delays which result in the taxpayer not being informed, within a reasonable time, that an amount was owing,
 - material available to the public contained errors which led taxpayers to file a return, or make payments, based on incorrect information,
 - errors in processing, or
 - delays in providing information, such as the case where the taxpayer could not make the appropriate instalment, or arrears payments, because the necessary information was not available.

Guidelines and Examples of Circumstances Where Interest and/or Penalties will be Charged

Taxpayers will be charged interest and penalties in accordance with the Act for failure to file and pay taxes in the prescribed time. However, penalties will be waived where the taxpayer complies with [Bulletin LTA 003](#), *Voluntary Disclosure: The Logging Tax Act*.

Taxpayers will be charged interest and/or penalties on any additional tax levied if the interest and/or penalties arise as a result of an increase in tax resulting from any activity of the ministry, such as:

- the issuance of a request or demand to file a logging tax return, except in very limited circumstances as described in [Bulletin LTA 003](#), *Voluntary Disclosure: The Logging Tax Act*,
- a request for additional information that was required to be filed by the taxpayer, and
- increases of tax due to a change in the logging tax return resulting from the ministry's audit or review of a return. The ministry will not waive interest and penalties on information supplied to the ministry on a voluntary basis after commencement of an audit or review.

Request for Cancelling or Waiving Interest and Penalties under 1 or 2

Taxpayers or their authorized representatives can make their requests by writing to the Manager of Operations, Income Taxation Branch, PO Box 9444 Stn Prov Govt, Victoria BC V8W 9W8.

To support a request, the following information is required:

- a. the name, address and account number of the taxpayer,
- b. the taxation year(s) involved,
- c. the facts and reasons why the interest or penalties levied were primarily caused by factors either:
 - beyond the taxpayer's control, or
 - because of actions of the ministry, and
- d. any relevant documents or correspondence.

The following factors will be considered when determining whether or not the ministry will cancel or waive interest or penalties:

- whether or not the taxpayer has a history of compliance with their logging tax obligations,
- whether or not the taxpayer has exercised a reasonable amount of due care, and has not been negligent or careless, in conducting their affairs under the Act, and
- whether or not the taxpayer has acted within 30 days of a request from the ministry to remedy any delay or omission.

Need more info?

Logging Tax website: www.sbr.gov.bc.ca/individuals/Income_Taxes/Logging_Tax/logging_tax.htm

Telephone (Victoria): 250 953-3082

E-mail: ITBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Logging Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/individuals/Income_Taxes/Logging_Tax/leg_bulletins.htm