

## Notice to Taxpayers

### Limitation Period Changes on Audits, Refunds and Record Keeping

*Social Service Tax Act, Hotel Room Tax Act, Motor Fuel Tax Act, Tobacco Tax Act*

#### Audit Assessment Period Reduced

Effective February 21, 2007, under the *Social Service Tax Act, Hotel Room Tax Act, Motor Fuel Tax Act* and *Tobacco Tax Act*, audit assessment limitation periods are reduced from six years to four years. All tax assessments issued on or after February 21, 2007 will be limited to a maximum of four years, including assessments related to audits that began before February 21, 2007 but have not had a *Notice of Assessment* issued. The change to a four year limitation period does not impact periods for which an audit period waiver has been signed or cases of fraud, which do not have a limitation period.

#### Audits of Liquor Licensees

Effective February 21, 2007, audit assessments of liquor licensees for variances between the amount of tax remitted on liquor sales and the amount of tax expected based on liquor purchases will be reduced from a six year period to a maximum three year period. This measure enhances fairness for liquor licensees by providing tax treatment equivalent to other retailers with variances between their purchases and sales.

#### Refund Limitation Period Reduced

Effective May 1, 2007, under the *Social Service Tax Act, Hotel Room Tax Act, Motor Fuel Tax Act* and *Tobacco Tax Act*, the limitation period for applying for a refund is reduced from six years to four years. All refund applications received before May 1, 2007 qualify for the six year limitation period. All refund applications received on or after May 1, 2007 will only be eligible for a refund of tax paid for a maximum of four years after the date on which tax was paid.

Applications for refunds of tax paid more than four years ago but within the current six year limitation period, must be received by April 30, 2007 to have the refund claim considered. For example, if you have an outstanding refund claim relating to tax paid between May 1, 2001 and May 1, 2003, the refund claim must be received by April 30, 2007. For refund claims filed with the ministry before May 1, 2007 relating to refunds that qualify for the six year limitation period, you must retain all the records necessary to support the full period of the claim.

This change does not eliminate any rights to refunds of tax. It simply reduces the time in which a refund may be claimed, and maintains the consistency between audit and refund limitation periods.

#### Record Retention Period Reduced

Effective February 21, 2007, under the *Social Service Tax Act, Hotel Room Tax Act, Motor Fuel Tax Act* and *Tobacco Tax Act*, record retention periods are reduced from seven years to five years.

Businesses are now required to retain provincial sales, hotel room, motor fuel and tobacco tax related records for a period of at least five years instead of seven years. This change is a result of the reduction in the audit assessment period, and reduces the record keeping burden for over 100,000 businesses that collect and remit tax.

Please note that in some cases businesses may wish to retain their tax related records for longer periods of time to establish their entitlement to an exemption. For further information, please see [Bulletin GEN 009](#), *Understanding your Consumer Tax Audit*.

### **Further Information**

Please refer to the following:

[Bulletin GEN 009](#), *Understanding your Consumer Tax Audit*

[Bulletin GEN 008](#), *Refunds of Overpayment of Tax*

[Information Sheet](#), *Liquor Audits-What to Expect*

If you have any questions, please call us at 604 660-4524 in Vancouver, or toll-free at 1 877 388-4440, or email your questions to [CTBTaxQuestions@gov.b.c.ca](mailto:CTBTaxQuestions@gov.b.c.ca)

Information is also on the web at [www.gov.bc.ca/sbr](http://www.gov.bc.ca/sbr)