



Ministry of  
Finance

# Tax Audit Overview

*Trusted financial and economic leadership for a prosperous province*

# What is an Audit?

An audit is a formal examination of financial records of your business to ensure that you are charging and paying tax that is due, and to identify any areas where you may be doing this incorrectly.



# Why Am I Being Audited?

Taxpayers have a responsibility for

- ▶ correctly paying taxes on taxable purchases
- ▶ correctly charging, collecting and remitting tax on taxable sales

Audits are conducted to

- ▶ identify and collect unpaid provincial revenue
- ▶ promote a level playing field for all BC businesses

Refund claims

- ▶ reviewed to confirm that you have overpaid tax

# What's the Auditor Looking For?



- ✓ charged the proper amount of tax on your taxable sales
- ✓ kept track of the tax you charged and remitted money to the government on time
- ✓ documentation to support any tax-exempt sales made
- ✓ documentation to support any tax adjustments made on your tax returns
- ✓ paid or self-assessed tax as required

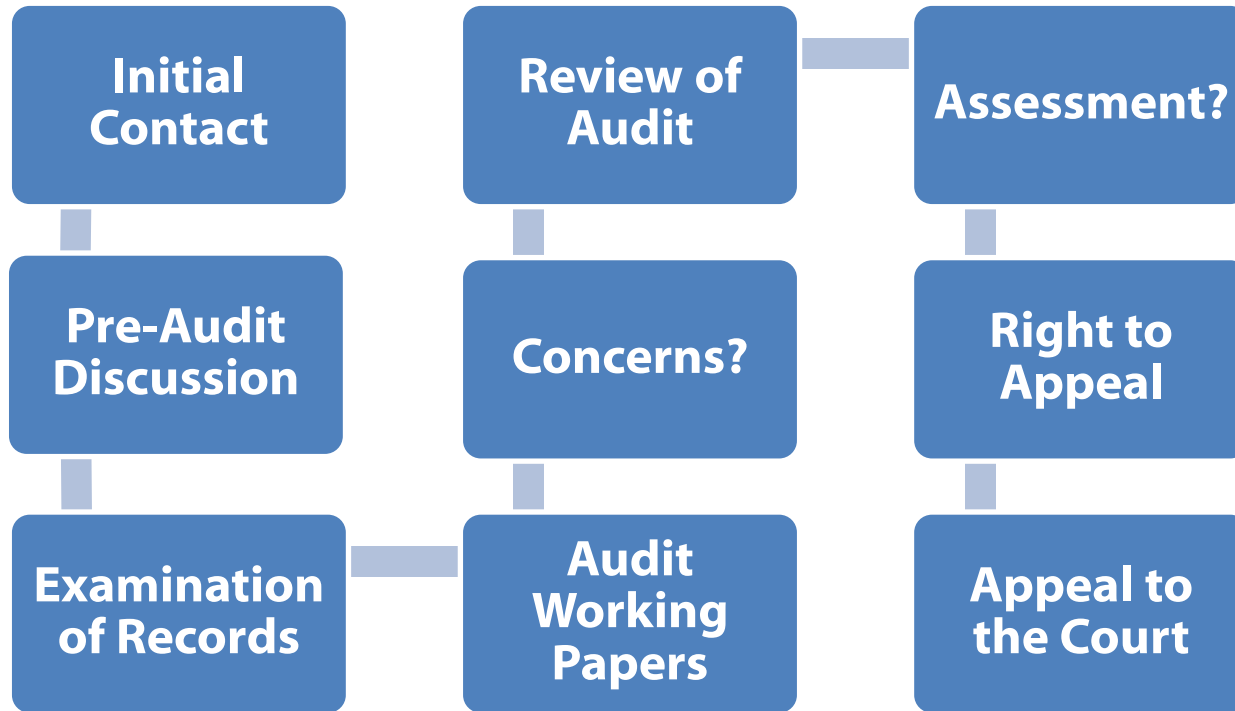
# Periods Generally Covered by an Audit

Generally, an audit covers up to a four-year period, depending on the tax type and the audit focus as follows:

<b>Provincial Sales Tax</b>	<b>Tax not collected on sales</b>	<b>Tax collected but not remitted</b>	<b>Tax not paid on purchases</b>
	<b>3 years</b>	<b>4 years</b>	<b>4 years</b>

There are no time limits for an audit if you wilfully do not pay or send in your taxes, or commit fraud.

# Typical Audit Process Flowchart



# Refunds



During the audit:

- ▶ the auditor will let you know if you are entitled to a refund
- ▶ the refund may be offset against the audit assessment
- ▶ you can apply for a refund of overpaid taxes

Refunds must be claimed within four years of the date the taxes were originally paid.

# Post Audit

## Recovering Unpaid Taxes

- you may recover all or part of an assessment for tax you did not collect on a sale by billing your customer for the unpaid tax

## Finding New Information after a Notice of Assessment (NOA)

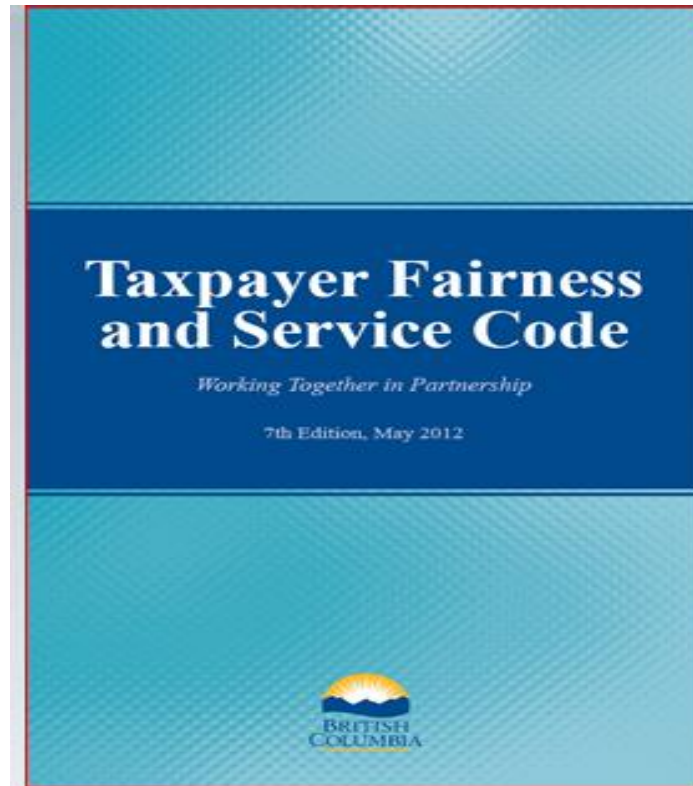
- you may discover new information and request an adjustment to the assessment
- we will examine the information and notify you if adjustments will be made to your assessment

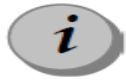


# Taxpayer Fairness and Service Code

## Taxpayer Fairness and Service Code

Learn [your rights](#) when interacting with  
the Ministry of Finance.





Need more info?

Toll free 1 877 388-4440

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