



# Alberta Treasury Board and Finance Collection of Corporate Income Tax and Filing Compliance Follow-up



## Executive Summary

November 2018

### Who

Alberta Treasury Board and Finance

### What

Follow-up Performance Audit

### When

We conducted our field work from March to August 2018. We substantially completed our audit on August 27, 2018.

### Learn more

[www.finance.alberta.ca](http://www.finance.alberta.ca)

## Why we did this audit

The Tax and Revenue Administration (TRA) division of the Department of Treasury Board and Finance is responsible for administering various tax programs under various acts, including the *Alberta Corporate Income Tax Act*. While most taxpayers file their tax returns and pay taxes when due or shortly thereafter, some do not. As of March 31, 2018, TRA is taking collection actions on approximately \$229 million, or 27 per cent, of the \$840 million in corporate income taxes owed. The remaining \$611 million in taxes are under objection, in relation to which some legislative restrictions to collection applies.

The objective of our follow-up audit is to determine whether the Department of Treasury Board and Finance has implemented our recommendations regarding the systems to collect outstanding corporate income taxes and compliance systems for corporations who failed to file their income tax returns.

## What we concluded

We concluded that the department, as of August 27, 2018, implemented the recommendations related to:

- updating and maintaining its policies, procedures, and training
- developing performance measures
- improving management information, analyzing tax data, dealing with the backlog of files submitted for write-off, and developing strategies for low-value accounts
- implementing compliance systems for unfiled corporate income tax returns

# Alberta Treasury Board and Finance

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### Why this is important to Albertans

Corporate taxes are a large source of government revenue. While most corporations pay what they owe when due, some do not. In such cases, the department must collect outstanding amounts effectively and efficiently, while also treating corporations fairly and consistently. To reassure Albertans that all corporations are paying the taxes they owe, the department must also evaluate and report on whether its tax-collection program is working.

### What we examined

We examined the actions that the department took to implement our prior recommendations related to collecting outstanding corporate income taxes and following up with corporations who failed to file their required tax returns. We:

- interviewed management and staff about the tax-collection filing systems
- reviewed policies, procedures, other documents and management reports
- reviewed a sample of files
- analyzed corporate tax data

### What we found

The department implemented our recommendations by:

- updating and maintaining its policies, procedures, and training
- developing performance measures
- improving management information and analysis
- improving compliance systems for unfiled corporate income tax returns

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[oag.ab.ca](http://oag.ab.ca)

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