

Federal Penalty and Offense Provision

Description	Penalty / Offence
Failure and repeated failure to file income tax returns.	First occurrence—5% plus 1% per complete month while failure continues (not exceeding 12 months) of unpaid tax. Second occurrence—10% plus 2% per complete month while failure continues (not exceeding 20 months) of unpaid tax.
Failure to file a return or to comply with certain provisions of the Income Tax Act.	On summary conviction, fine between \$1,000 and \$25,000, or both the fine and imprisonment for a term not exceeding 12 months
Failure to file certain information returns	Greater of \$100 and \$25 per day, to a maximum of 100 days.
Failure to provide information on prescribed forms.	\$100 for every occurrence (includes failure to disclose Social Insurance Number).
Failure to file in a proper manner.	\$25 for each failure for an individual; \$100 for each failure made by a corporation.
Failure to report income in year and in any of three preceding years.	10% of amount not reported.
False statements or omissions.	Greater of \$100 and 50% of the tax payable on understatement of income.
Late or deficient instalment payments.	50% of the interest payable on instalments for the year in excess of \$1,000, or 25% of interest payable computed as if no instalments had been made, whichever is greater.
Failure to deduct or withhold tax.	First occurrence—10% of amount not deducted or withheld. Second occurrence—20% of amount not deducted or withheld.



Third-party participation in a misrepresentation.	Greater of \$1,000 and penalty levied for a false statement or omission, capped at a total of \$100,000 plus third-party's compensation.
Third-party misrepresentation in tax planning arrangements.	Greater of \$1,000 and 100% of the gross revenue derived from the arrangement if the arrangement is in respect of a planning or valuation activity.
Failure to file foreign-based information returns	Up to 24 months—\$5003 per month less any penalty imposed for failure to file an information return as indicated above Over 24 months—an additional penalty equal to 5% of certain property amounts less any penalty imposed above or for failure to file an information return
False statements or omissions on foreign-based information returns	Greater of \$24,000 and 5% of certain property amounts

Ontario Penalty Provision

Description	Penalty
Failure and repeated failure to file returns.	First occurrence—5% plus 1% per complete month while failure continues (not exceeding 12 months) of unpaid tax. Second occurrence—10% plus 2% per complete month while failure continues (not exceeding 20 months) of unpaid tax.



Québec Penalty Provision

Description	Penalty
Failure to file returns.	5% plus 1% per complete month while failure continues (not exceeding 12 months) of the unpaid tax.
Late or deficient instalment payments.	Additional interest charge of 10% per year on any unpaid amount.

Prescribed Interest Rates—2013

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
Federal				
Base rate	1%	1%	1%	2%
Tax debts	5%	5%	5%	6%
Tax refunds – corporations	1%	1%	1%	2%
Tax refunds – other taxpayers	3%	3%	3%	4%
Ontario				
Tax debts	6%	6%	6%	6%
Tax refunds	0%	0%	0%	0%
Québec				
Tax debts	6%	6%	6%	6%
Tax refunds	1.3%	1.3%	1.25%	1.25%

