

“eBay sellers must declare all income for tax purposes,” states Minister Blackburn

Ottawa, Ontario, July 30, 2009... The Honourable Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture and Agri-Food), advises Canadians that the income they earn online is taxable.

“Taxpayers should know that the tax laws that apply to traditional commerce apply in the same way to electronic commerce, like eBay selling,” said Minister Blackburn. “I strongly encourage eBay sellers, and for that matter, any taxpayer who has not already done so, to correct their tax affairs as soon as possible to avoid penalties or prosecution.”

As a result of a Federal Court of Canada decision, eBay Canada has provided the Canada Revenue Agency (CRA) with the names of eBay sellers as well as their contact information and sales records.

The CRA can therefore use this information to determine if the eBay sellers properly reported the income they earned from sales made on eBay. If the CRA determines that an individual or a business did not comply with the tax laws, the CRA will take any necessary action. In addition to paying any outstanding taxes plus interest, consequences may include penalties, as well as legal actions that could result in fines and other imposed sanctions.

“To avoid paying these fines and penalties, taxpayers who have failed to file income tax returns for past years or who have not reported all their income can voluntarily correct their tax situation,” stated Minister Blackburn.

In fact, under the Voluntary Disclosures Program (VDP), taxpayers who take the initiative to correct or disclose any information will not be penalized or prosecuted if they make a full disclosure before the CRA starts any audit or other compliance action.

The CRA expects that the audits, based on the information received from eBay, will begin at the end of the summer of 2009. The CRA will then begin contacting eBay sellers to ensure that they have filed all required returns and accurately represented the full scope of their business income. If necessary, it will conduct an in-depth audit to ensure that all taxpayers and businesses pay their taxes.

The CRA will continue to vigorously enforce the provisions of tax laws to ensure that all Canadians pay their taxes, thus ensuring a level playing field for taxpayers who comply with Canada’s tax laws. For more information on the VDP, visit the CRA Web site at www.cra.gc.ca/voluntarydisclosures.

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