

What to Expect During an Ontario Ministry of Revenue Audit

The purpose of an Ontario Ministry of Revenue audit is to ensure taxpayers fulfil their tax obligations in accordance with the laws administered by the ministry, and to inform and educate taxpayers.

Audit Selection

You may be chosen for an audit based on a number of reasons, including random and risk-based selection. Audits may also be the result of a referral or cross-reference from another audit or another jurisdiction.

Audit Process

Some audits are conducted from ministry premises (desk audits), while others involve on-site interviews and an examination of financial records and accounts (field audits).

Where there is more than one statute audit being scheduled, the taxpayer can request that these audits be coordinated, to help reduce the time and interruption to the taxpayer's business.

During an audit, the auditor will answer your related questions, explain requirements under the various provincial tax laws, and address any issues that require attention in addition to verifying that tax has been properly calculated and remitted.

Audit Service Standards

The Ontario Ministry of Revenue is committed to providing you with excellent customer service. Our [service commitments](#) can be found at ontario.ca/revenue. To conduct a quality field audit in a timely manner, we will:

- arrange with you a mutually agreeable date for the commencement of the audit, generally with 15 working days notice
- provide you, prior to commencing the audit, with an initial list of information required and the names and telephone numbers of both the auditor who will be conducting the audit and the auditor's manager
- confirm with you the people designated to speak on your behalf during each segment of the audit
- conduct the audit generally during your normal business hours with minimal disruption to your business operation
- discuss with you any potential adjustments as they arise and give you the opportunity to provide further information
- maintain the confidentiality of your information, and safeguard and handle your records with due care
- prepare a summary, once the field work is completed, of proposed adjustments reflecting the results of the audit
- meet with you and/or your representative to explain any proposed adjustments and provide you with information to assist you in future compliance
- give you 30 working days to respond to the proposed adjustments with additional information/arguments, if any, before the audit is completed
- provide you, at the conclusion of every audit, with the final audit results and notification that the audit has been concluded
- provide you with an opportunity to assist us in improving our service by mailing to you a quality service questionnaire within three weeks following the completion of an audit.

The above service standards also apply to desk audits, where appropriate.

Interim Assessment

The auditor may levy an interim assessment when part of the audit period may be lost due to the audit period time limits. The interim assessment represents the audit results for only a portion of the audit period. Upon completion of the audit, documentation will be provided indicating how the interim assessment forms part of the entire assessment.

Payment of Audit Assessment

If an audit assessment results in a tax liability, payment is due immediately. Interest is payable on any outstanding tax liability and is compounded daily until the assessment is paid in full.

Payment of the assessment may be made by cheque, payable to the Minister of Finance, and given to the auditor at the end of the audit. Alternatively, you may send your cheque to any Ministry of Revenue [Tax Office](#) with a copy of the audit summary given to you by the auditor.

Payment is required even if you disagree with the assessment and intend to file, or have filed, a Notice of Objection.

If the audit results in a credit assessment, reducing your tax liability, you may use this credit to reduce your next remittance or you may request a refund of the credit balance.

Objection to an Assessment

If you disagree with your assessment, you can file a [Notice of Objection](#) with the ministry's Tax Appeals Branch. This will result in an independent, informal review of your assessment. [Notice of Objection forms](#) can be obtained from the auditor, any Ministry of Revenue Tax Office, or from the Internet at ontario.ca/taxappeals. A [Notice of Objection](#) must be filed within 180 days (for International Fuel Tax Agreement and International Registration Program objections, within 30 days) from the day the Notice of Assessment was mailed to you.

Voluntary Disclosure

Ontario's tax system is based on voluntary compliance. The Ministry of Revenue will not prosecute or impose civil penalties on any taxpayer who voluntarily discloses past non-compliance with provincial tax laws. Full payment of the tax liability with interest is required. In exceptional circumstances, posting of security and instalment payments may be considered by the ministry.

A disclosure made after you have been contacted for audit or other compliance matters may not be treated as a voluntary disclosure. Please see Tax Information Bulletin [Voluntary Disclosure](#) for further details.

Retention/Destruction of Books and Records

You are required to keep records and books of accounts in Ontario or at such other place as may be approved by the Minister of Revenue. Failure to comply with these requirements, as well as failure to produce records or information requested by the ministry, is an offence.

As a general rule, the ministry does not specify the records to be kept, however, books and records must:

- indicate the taxes payable or how the taxes or other amounts to be collected are determined
- substantiate any tax exempt status claimed
- permit verification of all deductible charitable, athletic and political donations made
- be supported by vouchers or other source documents necessary to verify the information in the books and records kept.

The ministry's Tax Information Bulletin entitled [Retention/Destruction of Books and Records](#) is useful in determining which books and records may be destroyed.

Further Information

To obtain additional information please contact the nearest Ontario Ministry of Revenue [Tax Office](#) at 1 866 ONT-TAXS (1 866 668-8297), 1 800 263-7776 for teletypewriter (TTY), or visit our website at ontario.ca/revenue.