

# TAX TALK

## TAX SCAMS AND FRAUDS

### **Tax Scams and Frauds – Recognize, Reject and Report**

Impostors are going after Canadian taxpayers by pretending to be agents from the Canada Revenue Agency (CRA). These fraudulent communications can be stressful and may even result in a financial loss.

To protect yourself and your finances, it is important to know how to recognize a scam and distinguish it from a legitimate CRA communication.

#### **What is a Scam?**

A scam is a fraudulent or deceptive communication to obtain something such as money or personal information. A scam can be received in many forms, including telephone calls, text messages, emails, or websites, all of which are intended to mislead someone to believe it is from a legitimate source.

#### **CRA Imposter Scams**

The following are some examples of scams that have come to our attention:

- A link to a fictitious CRA website (by email or text message) where the taxpayer is asked to verify their identity by entering personal information in order to receive a significant refund from the CRA.
- Calls from fictitious CRA collection agents asking for payments of outstanding debts with threats to freeze the taxpayer's assets. They may also ask for these payments to be made with prepaid credit cards, Interac e-transfer or gift cards.
- Calls with automated messages to inform the taxpayer that a criminal case has been registered against them with respect to tax evasion or tax fraud.

### **Recognizing and Addressing Scams**

There are several types of scams out there and new scams seem to come up frequently. As such, it is important for taxpayers to be on alert when they receive a call, mail, text message, or email from the "CRA".

Below, we have provided some examples of why and how the CRA may contact you, and what to do if you suspect you are dealing with a scammer.

#### **1. Outstanding Debt**

In most cases, when a scammer calls for an outstanding debt, they will demand immediate payment of the balance, and they may also want this payment in the form of bitcoin, gift cards or prepaid credit cards. These factors indicate that this is a scam.

However, if you are not sure whether you owe money to the CRA, start by reviewing your recent mail. Generally, if you owe money to the CRA, you will have received a notice of assessment (reassessment) or a statement of account by mail or in your My Account (if you are registered).

If you have made payments recently, you can use your My Account to check if the balance is still outstanding or you can call the CRA to confirm the receipt of payment.

It should be noted that it could take some time for the CRA to process a payment. As an authorized representative, we can also call the CRA to confirm on your behalf.

The CRA collections department does call taxpayers when there is a balance outstanding, however, they will never demand payment immediately. These calls are normally meant as a reminder or to have further discussion on payment arrangements.

## 2. Requests for Personal or Corporate Information

These scams are harder to identify since the CRA often does ask for your full name, date of birth, address, and SIN number or in the case of a business, they may ask for a business number and additional details related to the business.

If someone calls and asks for this information and it is not clear whether you are dealing with the CRA or a scammer, consider the following:

1. Notify the person that you will call the CRA back and speak to them about the matter at hand.
2. If they are asking for information with respect to your passport, health card or driver's license, then it is not a CRA agent, as the CRA does not ask for this information.
3. Any sort of aggressive or threatening remarks are a good indication that you are dealing with a scammer.
4. You can also request that the CRA agent provide you with their name and CRA identification number.

## 3. Additional Points

In addition, consider the following when trying to determine if a communication is from the CRA or a scammer:

- a) The CRA does not use email other than to inform you that you have a new message or document in your My Account. When accessing My Account, do this directly from the CRA's website as opposed to following a link in an email.
- b) The CRA does not use text or instant messaging (Facebook, WhatsApp, etc.)
- c) The CRA may send you mail with respect to the following:
  - i. Request financial information such as the name and location of your bank;
  - ii. Notice of assessment and reassessment;
  - iii. Request payment of outstanding balance;
  - iv. Inform you of legal action to recover amounts owed to them, if you refuse to pay your debt; and
  - v. Inform you of an audit.

- d) The CRA does not:
  - i. Set up a meeting in a public place to collect payment; or
  - ii. Threaten with arrest or prison sentence.

## We Can Help

We recognize that as scams continue to evolve, it will become increasingly difficult to identify them.

Should you need our assistance, we are happy to assist you with accessing your account, contacting the CRA, or any other matters.

## Contact Information and Additional Resources

For your convenience, these are the general numbers that should be used to contact the CRA:

- Individuals: 1-800-959-8281
- Businesses: 1-800-959-5525

For additional information with respect to CRA processes, please visit the following webpage: <https://www.canada.ca/en/revenue-agency/corporate/security/protect-yourself-against-fraud.html>

To register for My Account, please visit the following webpage: <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>

To register for My Business Account, please visit the following webpage: <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html>

Lastly, if you have been a victim of a scam or if you want to report a scam, contact the Canadian Anti-Fraud Centre at 1-888-495-8501 or their Website at <http://www.antifraudcentre-centreantifraude.ca/reportincident-signalerincident/index-eng.htm>.

To learn about how best to protect yourself from fraud or how to address situations where you think you have been scammed and to identify possible areas of exposure affecting your business, please contact us.

A memorandum of this nature cannot be all-encompassing and is not intended to replace professional advice. Its purpose is to highlight tax planning possibilities and identify areas of possible concern. Anyone wishing to discuss the contents or to make any comments or suggestions about this TaxTalk is invited to contact one of our offices.

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