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**Our tax dispute resolution service**

assists taxpayers end-to-end—from establishing solid tax positions all the way to taking a decision to the courts for the best possible outcome.

We work with clients to proactively prevent, efficiently manage and favorably resolve tax audits and disputes throughout the world.

# Top 10 considerations if you're being audited by the CRA

**Whether this is the first time you have been selected for an audit, or you have undergone previous audits by the Canada Revenue Agency (CRA), there are a number of key actions by the taxpayer that can minimize the effort and time invested, reduce the potential for reassessment and allow you to exercise some control over the conduct of the audit.**



**Build a relationship with your CRA auditor** – working cooperatively with the auditor to expedite the audit process may enhance the auditor's willingness to resolve issues at the audit stage rather than through a contested reassessment – especially in gray areas of the audit;



**Ask that requests for information be made in writing** – requests for additional information by the auditor may sometimes be received verbally during the course of your discussions. Auditors should be asked to provide their request in writing in order to ensure that there are no misunderstandings as to what specific information or documents you are being asked to provide;



**Respond to queries on a timely basis** – responses to the auditor's queries should be provided within the deadlines set by the auditor. If additional time is required to obtain some of the requested documents or information, this should be discussed with the auditor at the earliest possible time and not once the deadline has passed. Information that is available should be provided within the previously set deadline;



**Submit your responses in writing** – all documentation or information should be provided to the auditor in a formal written response with specific reference to the auditor's written request;



**Be transparent in your discussions with the auditor** – you should never appear evasive in the course of discussions with the auditor as this may be interpreted as a failure to comply with their requests for information;



**Anticipate issues and concerns** – in the course of regular discussions with the auditor, you may be able to get a general sense of the issues the auditor is focused on and may provide some insight as to what the general results may be. Understanding the auditor's concerns early on may provide you an opportunity to target your responses to ensure those concerns are effectively addressed;



**Keep the audit on track** – while taxpayers are expected to respect timelines established by the CRA, it is not uncommon for delays to occur in the course of the audit due to CRA internal procedures and/or the auditor's commitments in other audits. In some cases these delays may result in the CRA requesting that you provide a waiver in respect of the normal reassessment period in order to complete the audit. The auditor should be held accountable for the resulting delays. Where there appears to be little or no audit activity, you should communicate with the auditor to establish reasons for the delays;



**Document all discussions with the CRA** – auditors are required to document all interactions with taxpayers including a summary of all discussions held in the course of the audit. This information may be used during the objection or appeal process. Similarly, the taxpayer should also document all discussions with the CRA, whether the discussion took place in person or by telephone. These summaries should include the date and time of discussion as this may be useful in requesting interest relief under the fairness legislation;



**Request a copy of the audit file** – once the auditor has issued a proposal letter you have the right, pursuant to CRA policy, to request a copy of the audit file. Information contained in the audit file may be of assistance in preparing any representations to proposed reassessment;



**Make consistent representations** – final representations to a proposal letter should always be made in writing. Statements made in the final representations should be consistent with the positions taken during the course of the audit. Great care should be taken to ensure that they do not conflict with positions taken in regards to other issues or transactions.

#### Let us help you.

With over 250 years' experience at the CRA / Department of Justice, the PwC Tax Dispute Resolution team brings deep technical expertise, local knowledge, strong government relations, tax litigation experience and global perspective.

PwC and PwC Law LLP\* bring a multi disciplinary team approach to provide our clients with effective defensible tax dispute strategies in all areas of tax. Contact us to assist you in each phase of the tax controversy life cycle.

Our PwC Tax Dispute Resolution team helps you through the audit process to proactively prevent, efficiently manage and favorably resolve your tax audits and disputes.

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## Contact us

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