

News Release

Beware of tax shelter gifting arrangements

Ottawa, Ontario, August 13, 2007... In support of the new Taxpayer Bill of Rights, Carol Skelton, Minister of National Revenue, is urging Canadian taxpayers to be wary of promotions of tax shelter gifting arrangements promising huge tax savings. Many of these arrangements are currently being aggressively promoted.

“If it sounds too good to be true, don’t fall for it. Taxpayers need to know that the Canada Revenue Agency (CRA) is auditing all tax shelter gifting arrangements,” said Minister Skelton. “Under the new Taxpayer Bill of Rights, you can expect the CRA to provide information to help you recognize the types of tax schemes that are out there, and to warn you about the consequences of participating in risky investments.”

The minister noted that people should read the fine print even if a promoter states repeatedly that the tax scheme is acceptable. “Ask questions, and when in doubt, seek advice from an independent tax professional who is not associated with the scheme.”

The CRA reviews all tax shelter gifting arrangements to ensure that the tax benefits being claimed meet the requirements of the *Income Tax Act*. New schemes are being marketed that claim to be different from those for which the CRA has previously issued warnings. Taxpayers should avoid all schemes that promise donation receipts equal to 3 or 4 times the cash payment.

So far, the CRA has audited over 26,000 individuals who have participated in these tax shelters and as a result, about \$1.4 billion in claimed donations have been denied. The CRA will soon complete audits of another 20,000 taxpayers, involving close to \$550 million in donations, and is about to begin auditing another 50,000 taxpayers who have participated in tax shelter gifting arrangements. To protect Canadian taxpayers and maintain fairness in the tax system, CRA will audit every tax shelter gifting arrangement.

A new warning was posted on the CRA’s **Taxpayer Alert Web page** today. The CRA previously addressed this issue in Taxpayer Alerts in **October 2006** and **November 2005** and in Fact Sheets in **November 2004** and **November 2003**. All of these documents are available at www.cra.gc.ca.

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