



Tax Alert

The income you earn online is taxable

The Canada Revenue Agency (CRA) reminds Canadians that the tax laws that apply to traditional commerce also apply to electronic commerce. Taxpayers who earn income through online commercial activity should review their tax situation to ensure they are accurately reporting their income and meeting their tax obligations.

The CRA continues to vigorously enforce the provisions of tax laws to ensure that all Canadians pay their taxes. This provides a level playing field for taxpayers who comply with Canada's tax laws.

Are you earning income from online sales?

If you occasionally use the Internet to sell personal items, such as used furniture or sporting equipment, you would not normally have to report this on your tax return. However, if you regularly use the Internet or electronic boards to make a profit, then you must report your earnings on your tax return.

If you're doing business online, you have responsibilities.

In some cases, the seller listed on an electronic board is actually a business or could be considered a business for tax purposes. Business income includes income from any activity you do for profit or that has a reasonable expectation of profit. Online businesses must comply with the tax rules that apply to any business operating in Canada.

Some of the **requirements for businesses operating online** are:

- filing tax returns;
- registering the business and its accounts;
- collecting and remitting Goods and Services Tax/Harmonized Sales Tax; and
- keeping records of business activities.

Come to us before we come to you.

The CRA has a **Voluntary Disclosures Program** available to taxpayers who want to correct their tax affairs before the Agency begins any audit action or investigation. If you make a full disclosure before we start any compliance action, you only have to pay the taxes owing plus interest, but not any penalties.

For more information on alerts, the Voluntary Disclosures Program, reporting business income, or to read about recent tax evasion convictions, visit www.cra.gc.ca.

