

Audit Tip: Make A List Of All Documents Provided To The Auditor

January 4, 2016

When we work with clients who are undergoing a GST/HST audit, we recommend that the client document each and every request of the auditor and what is provided. This is done in two ways:

- 1) The taxpayer should keep a written master list of all documents (including (a) the request of the auditor, (b) the date of the request, (c) the documents provided to the auditor, (d) the date the documents were provided to the auditor, (e) notes about information provided along with the document, and (f) the location in the binder of hard copies or the name of the electronic document; and
- 2) A binder with hard copies of all the documents provided to the auditor and a USB key with any electronic documents provided to the auditor.

The master list and the copies are helpful if there is a disagreement over what was provided (e.g., the auditor claims certain documents were never provided) or if there is a disagreement about an assessment. If the dispute is ultimately appealed to the Tax Court of Canada under the General Procedure, a partial list of documents (and potentially the documents) would be discoverable. It takes much less time to photocopy and bind than to recreate document production at a later point in time.

Recently we were hired to file an appeal in a Tax Court proceeding and the bookkeeper no longer worked for the company. The new bookkeeper was not familiar with the documents and spent many hours trying to re-create the document trail. If the original bookkeeper had kept a list of documents and a binder, the client could have saved a lot of time and money.

We also recently worked with an existing client after an audit and they have followed our advice. They sent us the list of documents provided to the auditor and we could quickly determine that the auditor had not put many of the key documents in the audit file. We had filed an ATIP request and received a very small file.



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