



# The HST Blog

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## Top 10 HST Predictions for 2014

I would like to start of 2014 with my top 10 predictions for 2014 having to do with HST.

1. Fraudsters and scammers will use the Canada Revenue Agency name in vain more frequently in 2014 to take advantage of trusting Canadians. We are hearing about this more often and I predict it will get worse because people are giving their information (and money) to people who call and say they are from the CRA. Canadians should be careful and ask for documentation. It is sometimes obvious when documentation is in connection with a fraud/scam. The CRA's telephone number is 1-800-959-5525 - call them and ask questions if you are ever unsure.
2. There will be more news of CRA employees engaging in inappropriate behaviour. I am sorry to say this. The news stories of CRA employees inappropriately accessing taxpayer information, inappropriately accessing outside information and accepting bribes for lower assessments will increase in 2014. The reporters are looking for these stories and oversight of CRA employees has areas for improvement.
3. GST/HST compliance will be an important topic for discussion in 2014. When the GST rate was 5%, a number of businesses did not put the effort into compliance. Now that the HST rates are much higher, companies will put money into reducing the risk of a large unexpected assessment.
4. The dollar numbers in Notices of (Re)Assessments will increase in 2014. Ontario harmonized in 2010. Quebec has harmonized. Nova Scotia increased its HST rate to 15%. The assessments in 2014 will cover the broader scopes and the higher rates. Mistakes will be found. This will lead to large assessments.
5. CRA auditors will become more aggressive in denying input tax credits where the business does not have documentary evidence to support the input tax credits.
6. The CRA will cite subsection 170(2) of the *Excise Tax Act* more often in 2014. Subsection 170(2) places limits on registrants in participating provinces claiming input tax credits where the expense is not reasonable the circumstances having regard to the nature of the commercial activities of the registrant.
7. The CRA will continue to deny new housing rebates claimed by individuals and give as a reason that the individual did not live in the residence as a principal residence. This trend started in 2013 and will continue in 2014. These assessments will not be based on audits *per se*.
8. Restaurants will be audited in 2014. The CRA is on the lookout for the use of zipper technology. The

CRA auditors now have legislation to impose significant fines if they find zipper technology has been used.

9. CRA collections officers will be pursuing old assessments and will be active in collecting monies owed to the Government. A number of persons have outstanding assessments of GST/HST. This is low hanging fruit for government revenues.

10. The financial services rules will continue to be difficult and complex. The HST legislation will not be fixed in 2014.

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