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REVENUE TAX

NOTICE

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WAIVER OR CANCELLATION OF PENALTIES OR INTEREST

INTRODUCTION

The Provincial Tax Commissioner (Commissioner) may waive or cancel any penalty or interest assessed against a taxpayer for non-compliance with the [Revenue Administration Act](#) or a revenue Act as a result of specific extraordinary circumstances, or administrative error or delay by the Commissioner.

FACTORS TO BE CONSIDERED

The following factors will be considered when determining whether or not the Commissioner will waive or cancel penalties or interest:

- whether or not the taxpayer has a satisfactory history of voluntary compliance with tax obligations;
- whether or not the taxpayer has knowingly allowed a balance or obligation to exist upon which penalties or interest has accrued;
- whether or not the taxpayer has acted quickly to remedy any delay or omission in compliance.

EXTRAORDINARY CIRCUMSTANCES

Penalties or interest may be waived where one or more of the following extraordinary circumstances prevented the taxpayer from complying with the [Revenue Administration Act](#) or a revenue Act:

- a natural disaster such as flood, fire or storm;
- a personal tragedy such as the serious illness or death of, or in the family of, (i) a taxpayer, or (ii) a person who oversees and ensures a taxpayer's compliance with the applicable legislation;
- the theft or vandalism of records; or
- a civil disturbance.

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In all cases, the Commissioner must be satisfied that, despite the extraordinary circumstances, the taxpayer made reasonable efforts to comply with the revenue Acts. This includes making payments on or before the payment due dates.

A postal strike will not generally be enough reason to waive penalties or interest on late returns and remittances since, under any circumstances, taxpayers are able to file returns and make payments at several locations throughout the Province. Late-filing penalties and interest will not be waived on account of postal strikes unless the taxpayer demonstrates that it could not use other means, such as courier delivery or fax transmission, to file a return and/or payment on time. However, a waiver of penalties or interest may be granted if a taxpayer's return or payment is already in the postal system or with a courier when a strike commences.

ADMINISTRATIVE ERROR OR DELAY

Penalties or interest assessed against a taxpayer may be waived or cancelled by the Commissioner where the assessment is primarily caused by any of the following administrative errors or delays by the Commissioner:

- a delay in processing returns that results in a lengthy delay in informing the taxpayer of amounts owing;
- incorrect written information provided to the taxpayer;
- an unreasonable delay in providing required information to the taxpayer;
- an error in materials prepared and distributed by the Commissioner to the general public; or
- a change in the interpretation of the *Revenue Administration Act* or a revenue Act, or regulations made thereunder, after a tax return has been filed by a taxpayer based on a prior interpretation of that legislation.

The taxpayer must be able to substantiate that the penalty or interest liability is caused by, or is largely attributable to, the Commissioner or authorized representatives of the Commissioner. For example, a request for waiver or cancellation of penalties or interest incurred because of processing delays will be rejected if it is found the delay was caused by the taxpayer not submitting the necessary information. A liability that arose because a taxpayer applied a general response from the Commissioner to the taxpayer's specific circumstances may not be waived or cancelled if the Commissioner was not made aware, at the time of the response, of the taxpayer's specific circumstances.

SITUATIONS UNDER WHICH WAIVERS WILL NOT BE CONSIDERED

The Prince Edward Island revenue tax (PST) system depends on voluntary compliance. Taxpayers (vendors and consumers) are charged with the responsibility of correctly calculating and reporting PST due and filing their PST returns and payments on time.

Interest and penalties are often assessed when audits are conducted and Notices of Assessment issued to bill unreported tax, penalties and interest. This might take place several months or years after the purchase or sale that gave rise to the tax liability. In these cases, the penalty and interest charges that are assessed are not subject to waiver due to this delay, unless the delay was unreasonable and outside of normal practice. Further, charges will not be waived simply because of error on the part of the preparer of the monthly return, or because of lack of tax knowledge, misinterpretation or misapplication on the part of the taxpayer or the taxpayer's representatives.

The circumstances under which penalties or interest will be considered for waiver do not include circumstances of financial hardship.

PROCEDURE

Requests for waiver of penalty and interest are to be submitted to the Provincial Tax Commissioner in writing to the address below, stating all of the reasons why the taxpayer should be considered for waiver of penalty and interest. The Provincial Tax Commissioner's decision is final, and is not subject to objection or appeal procedures.

Further Information:

Copies of the *Revenue Tax Act*, *Revenue Administration Act* and Regulations are available on our website at www.taxandland.pe.ca. Inquiries regarding this Revenue Tax Notice may be emailed to taxandland@gov.pe.ca or directed to:

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This notice is prepared for information purposes only, and should not be considered a substitute for the applicable statutes. Should there be any conflict between the contents of this notice and the statutes, the statutes shall prevail.