

Considering the Small Business Perspective



Ministry
of Finance

October, 2016

Trusted financial and economic leadership for a prosperous province

Perspectives





Objectives

1. Discuss recent concerns of small business owners in their interactions with the Consumer Tax Audit Branch (CTAB)
2. Identify best practices for communicating with small business owners



Small Business Definition

- Small Business = less than 50 employees
- Micro business = less than 5 employees

Recent Concerns of Small Business





Recent Concerns of Small Business

- PST is very burdensome.
- It's intimidating to have someone go through your books, inspect your place of business and make a ruling.
- They feel “guilty until proven innocent” when dealing with their own government.



Recent Concerns of Small Business

- Afraid to complain about poor government customer service for fear of retribution.
- Auditors do not having enough sector-specific knowledge, which can result in different opinions on the same issue.



CTAB Survey Comments

"The Auditor was very unobtrusive during his audit. He explained the process thoroughly and has been very quick to follow up with information on a couple of questions we had after the audit.

I feel he has opened a door for us to confidently ask him any questions we may have regarding a PST issue in the future. "



CTAB Survey Comments

"The Auditor was a great resource. He was very respectful of our lack of knowledge in some areas. Was totally understanding and made us feel fully competent even though we not fully knowledgeable of the process. The Auditor turned a situation which could have easily turned unpleasant into a positive learning experience."



CTAB Survey Comments

“An audit can be very stressful for any organization. The Auditor presented and organized it in such a way that it had minimal impact on our time and organization. Equally important The Auditor explained everything he was doing as he was conducting the audit and backed up his explanations with the relevant ministry's bulletins.”



What Small Business Wants From Us

- To be treated with fairness and respect
- To have concerns heard and addressed
- A clear explanation of how to comply
- To make the process as smooth as possible
- To understand the business so a fair assessment can be made



Conversations

1. Initial Interview
2. Taxpayer Fairness and Service Code (TFSC)
3. Learning About the Business
4. During the Audit
5. Proposed Assessment
6. After the Audit

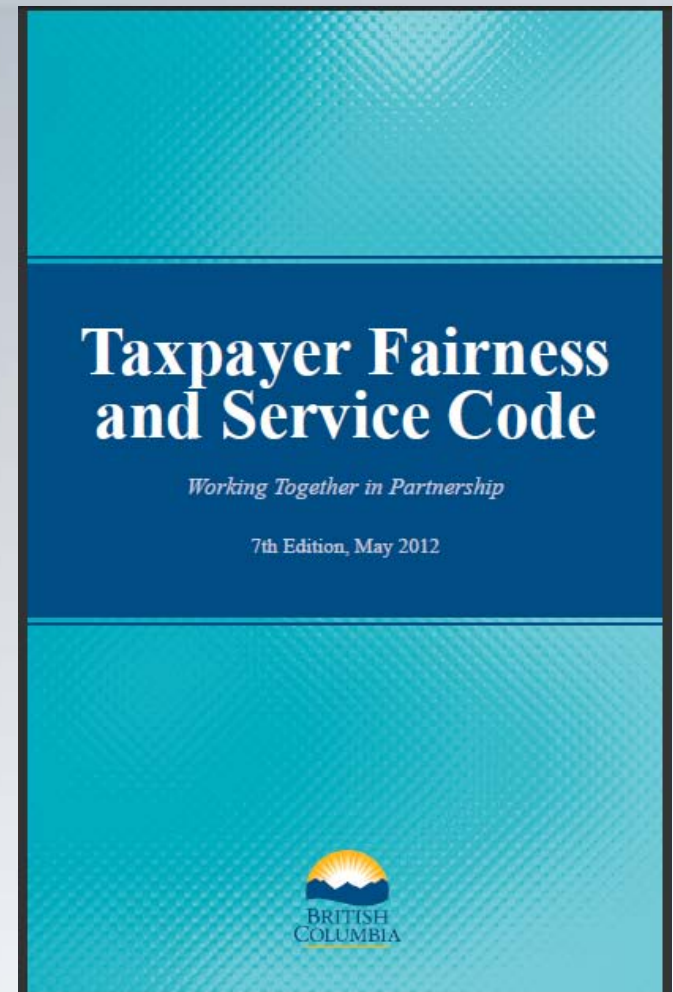


Initial Interview

- Identify yourself
- Be considerate of the small business owner's time
- Review TFSC
- Explain the audit procedure
- Engagement letter
- Provide relevant bulletins
- Learn about the business

Taxpayer Fairness and Service Code

- Make it a part of the initial interview
- Explains the small business owner's rights
- Outlines the standards and behaviour they can expect from us
- Provides information on how to have concerns addressed





Learning About the Business

- Research the industry and the business in advance
- Learn the jargon
- Ask the small business owner to share their knowledge
- Speak to the right people during the audit
- Ask for a tour of the operations
- Understand the business so an accurate assessment can be made



During the Audit

- Ongoing updates to the relevant people
- Listen to and address concerns
- Provide clear and reasonable timelines for yourself and the small business owner
- Identify refunds



Proposed Assessment

- Assessment should not be a surprise at the end
- Encourage payment when presenting the Assessment Results letter
- Notice of Assessment
- Collections



After the Audit

- Continued point of contact within the Ministry
- Service doesn't end with the assessment
- Answer follow-up questions – document in GenTax



Challenges Auditors May Face

- Records availability
- Time management
- Conflicting goals



Case Study – Delinquent Remitters

1. Identify audit challenges.
2. What steps can be taken to address the concerns and needs of both the taxpayer and CTAB?

Case Study – Real Property Contractors

1. Identify audit challenges.
2. What steps can be taken to address the concerns and needs of both the taxpayer and CTAB?



Information Available

- Taxpayer Services contact information:
 - www.gov.bc.ca/pst
 - 1 877 388-4440
 - CTBTaxQuestions@gov.bc.ca
- TFSC
- Bulletins
- Small Business Guide
- Audit Video
 - <https://www.youtube.com/watch?v=8TcD5KbNL7Q>