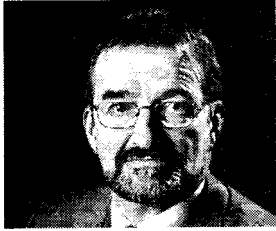


Taxmen ordered to find that businesses owe



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VANCOUVER SUN

COLUMNIST

If the taxman pays you a call, why not just roll over and cut him a cheque right away? After all, a full audit would only be a nuisance — a needless one if you already know how it will end.

And you may well be fated to face some kind of penalty even before the audit starts. The evidence seems clear that at least some of the province's PST auditors have instructions that assume your guilt — in fact, that will ensure it. They've been told, in effect, that every time they look into a business's books their goal is to find something amiss. And some money owing.

At least that's how I read it.

But to hear provincial Revenue Minister Bill Barisoff tell it, you might conclude that I'm not bright enough to read all that well. Don't be silly, he says. There is no target for auditors.

So here are the facts. You decide.

A leaked document from the department, minutes of a staff meeting from May 2002, tells members of three of 24 PST audit teams to do, among other things, "make every effort" to ensure that they recover \$600,000 per auditor [presumably per year] and that they have "no nil audits."

"No nil audits" sounds to me very much like saying, "You are not allowed to go into a business and find nothing." And an admonition to collect \$600,000 per auditor sounds very, very much like a quota.

Mr. Barisoff puts a kinder — but very ill-defined — spin on it. In an effort to avoid inconveniencing honest businesspeople, he says, his auditors are urged not to spend a lot of time with a company's books when it appears that nothing is out of line.

Yet, despite my best efforts to pin him down, he never did say just how long an auditor could spend with a company and have it considered a preliminary look around, or at what point it would go down on his record as a dreaded "nil audit."

Auditors generally target businesses where the revenue department has some reason to believe it has "tax at risk." While that seems reasonable, I couldn't help

but wonder how that can justify presuming guilt before the audit begins.

Mr. Barisoff said it doesn't. And he said — over and over till he began to sound like a broken record — that while he has a global target for his department to meet, there are no individual targets for auditors.

But there were a couple of key things he didn't say. He did not say his manager was wrong to have written down a very specific target for his staff. And he did not say that he, as minister, would do anything to rescind that target, or to set the record straight for staff who might have interpreted it as I did.

The clear implication was that I, a non-accountant, was not capable of properly interpreting the references in the minutes and that his staff would have no such difficulty.

Never mind that the minutes came in a plain brown envelope with a note from an unhappy employee who saw the instructions as pressure to recover as much money as possible and to interpret legislation to the benefit of the government, not the taxpayer.

And never mind that the envelope also contained a copy of a July 2002 "letter of expectation" — a step in the department's process of documenting workplace performance — telling an auditor to start producing at least four files a month "with good recovery on them."

The kindest conclusion I can draw from this is that at least some of the department's staff are receiving a message very different from the one the minister intends to send. And that at least some B.C. businesspeople are quite right when they see themselves as victims of the revenue department.

"That the auditors would have revenue targets, including the no nil audit, is appalling," says Laura Jones, B.C. vice-president of the Canadian Federation of Independent Business. "It confirms every business owner's worst fear about auditors, and explains why legitimate business owners doing their best to comply with the rules tell us they are often treated by the government like they are 'guilty until proven innocent.'"

Interestingly, Jones doesn't blame the auditors. And that generous view seems borne out by feedback from the department's "clients," 90 per cent of which is positive when it comes to the conduct of the auditor.

But the system? If you ask me — or if you ask between a third and a half of small businesspeople in the CFIB survey I reported on three weeks ago — it stinks.

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