



NO.: IC13-2R1

DATE: November 1, 2014

SUBJECT: Government programs collection policies

**This version is only available electronically.**

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## ***Introduction***

This information circular gives you a general overview of the government programs collection policies that the Canada Revenue Agency (CRA) has for individuals, businesses, and organizations that owe money other than taxes to the Crown. It will help you understand your rights and responsibilities when you deal with the CRA.

The CRA uses the term “government programs” to differentiate tax accounts from the collection of accounts administered on behalf of Employment and Social Development Canada (ESDC), which include but are not limited to:

- defaulted Canada Student Loans;
- Employment insurance overpayments;
- Canada Pension Plan overpayments;
- Old Age Security overpayments;
- Labour Program receivables; and
- other ESDC programs.

ESDC is responsible for the establishment of the debt and the issuance of statements of account for their programs. The CRA is responsible for the collection activities of accounts that have been placed into recoverable status and assigned to CRA by ESDC.

The CRA government programs collection policies help us apply the law. We have an obligation to uniformly and fairly apply the provisions of the acts and regulations that we administer. At the same time, our procedures are designed to allow us to consider each person's financial and personal situation. These policies are crucial to maintaining the integrity of Canada's social programs.

We modify our collection policies periodically as legislative provisions and requirements change. We make every effort to provide updates in a timely manner. However, if a discrepancy arises between this information circular and current legislation, the legislation will take precedence.

If you have questions about policies not covered in this circular, or if you would like confirmation of specific aspects of those policies discussed, please contact the Revenue Collections and Client Services Division of the following tax services offices: Vancouver Tax Services Office, Saskatchewan Tax Services Office, East Central Ontario Tax Services Office, Montréal Tax Services Office, New Brunswick Tax Services Office or Western Quebec Tax Services Office.

For a listing of CRA telephone numbers and self-serve options, go to [www.cra.gc.ca/cntct/phn-eng.html](http://www.cra.gc.ca/cntct/phn-eng.html).

In this circular, we use the term “person” to include, as applicable, individuals and/or corporate debtors.

Please see information circular number IC-981R4, *Tax Collection Policies* for information on the CRA tax programs.

## ***Payment obligations***

Several laws state that any amount you owe to the Government of Canada is payable in full without delay. These laws include, but are not limited to the following acts: *Employment Insurance Act*, *Canada Student Loans Act*, *Canada Student Financial Assistance Act*, *Canada Pension Plan*, *Old Age Security Act*, and *Financial Administration Act*. Please note that where applicable, we charge interest on overpayments, defaulted loans, and penalties.

The quickest and easiest way to pay your government program debt is through your online banking service, just as you would pay your hydro or cell phone bill. You can also make your payment at your financial institution or by cheque or money order by following these instructions:

- Online banking service
  - Select “Government of Canada ESDC EDSC” if available through your financial institution’s Web site.
  - When paying by Internet, you cannot direct a payment—all payments are applied according to oldest debt first.
  - **Payments cannot be made using the CRA’s “My Payment” option.**
- At your financial institution
  - Make your payment payable to “Receiver General for Canada.”
  - Write your client ID number on your cheque or money order.
  - Include your remittance slip with your payment.
  - Do not staple your payment to the remittance slip.
- Cheque or money order
  - Make your payment payable to “Receiver General for Canada.”
  - Write your client ID number on the front of your cheque or money order.
  - Include your remittance slip with your payment.
  - Mail your payment to the payment office indicated on the back of your statement of account.
  - Do not staple your payment to the remittance slip.
  - Do not send cash through the mail.

## ***Payment arrangements***

If you cannot pay the total amount or the minimum payment owing on your statement of account immediately, please contact the Revenue Collections and Client Services Division of the following tax services offices: Vancouver Tax Services Office, Saskatchewan Tax Services Office, East Central Ontario Tax Services Office, Montréal Tax Services Office, New Brunswick Tax Services Office or Western Quebec Tax Services Office, or call the number on your notice of debt/statement of account to discuss your options. We will consider mutually satisfactory payment arrangements, based on your ability to pay. We will consider this when you have tried all reasonable ways of getting the necessary funds, either by borrowing or rearranging your financial affairs, and you still cannot pay the balance in full.

To help us determine your ability to pay, you will have to make full disclosure and give evidence of your income, expenses, assets, and liabilities either by telephone or by completing a financial questionnaire supplied to you by a collections officer. This information will be verified before we accept an arrangement.

If you cannot make a payment on your debt and any interest which may accrue due to circumstances beyond your control, we may allow you to postpone payment until your financial situation improves. During that time, any interest that applies will continue to accrue on the debt.

If you do not agree with the decision a collections officer makes, you have the right to discuss the matter with the officer’s supervisor. The collections officer will obtain your contact information and the supervisor will contact you within 48 hours.

However, if your debt and any interest which may accrue remains unpaid with no mutually acceptable payment arrangement, we may take legal action to collect the outstanding debt. See the **Legal action to collect** section for more information.

## ***Financial hardship provisions***

The purpose of the hardship provisions is to ensure that a debtor is not put into undue financial hardship as a result of the recovery of a government program debt. Undue hardship exists when the debtor’s personal and financial situation is such that making payments on an amount owed to ESDC would deprive the debtor of the necessities of life including accommodation, food, clothing, medical attention, and public utilities such as water, electricity, and heating.

It is the debtor’s responsibility to **contact the CRA** if making a payment arrangement will cause undue financial difficulty. Each case will be reviewed on its own merit. We will make every effort to deal with a debtor fairly and with dignity and respect.

Hardship is determined on the basis of the debtor’s financial ability to pay the debt in the foreseeable future. We will take into consideration any personal information that the debtor presents that affects this ability. Depending on the debtor’s ability to pay, appropriate recovery action may include renegotiation of a payment arrangement, suspension of collection activity, and/or other suitable measures.

## ***Legal action to collect***

If you do not pay an amount voluntarily and you have the ability to pay, we may take legal action to obtain judgment or Federal Court certification and:

- recover amounts from any benefits or other applicable credits you may receive from ESDC;
- recover from credits the Crown may owe you such as income tax refunds and/or goods and services tax (GST) / harmonized sales tax (HST) credits;
- garnish income sources and/or bank accounts; or
- use any other means under any applicable statutes or laws to collect an amount owing.

Garnishment action allows us to intercept funds payable to you by a third party, such as your employer, your bank, or other sources of income.

Similarly, if any other federal government department owes you money, we can issue a statutory set-off to that department to have all or part of that money sent to us. We will then apply this amount against your outstanding balance. We will notify you by mail of the garnishment or set-off action.

Many of the laws used to administer government programs debts provide for the Federal Court of Canada actions for unpaid amounts. Once we obtain judgment or certification, we will notify you by mail. If you still do not pay the amount, we may obtain a writ or memorial and seize assets and/or property, and have it advertised and sold by the sheriff or bailiff.

You have to pay all reasonable costs and charges incurred to collect the amount certified, and are still liable for any remaining balance. All proceeds from the sale remaining after costs and charges are paid will be applied to the debt.

Once we undertake set-offs, garnishments, or other legal proceedings, we will not usually withdraw them until the account is paid in full, or it can be shown that the set-off and/or garnishment actions are causing undue hardship.

## ***Objections and appeals***

If you disagree with the notice of debt, or if you do not understand it, you must **contact or write to ESDC** to discuss the matter. The CRA is only responsible for the collection of debts to ESDC. All enquiries relating to an established debt must be addressed to ESDC.

## ***Amounts owing by estates of deceased persons***

In certain circumstances, if a deceased person's estate has amounts payable or remittable, we will contact the executor, administrator, or other legal representative of the estate and ask for payment of the outstanding amounts.

## ***Non-compliance***

As provided in certain ESDC program legislation such as the *Employment Insurance Act*, it is against the law not to comply with a demand to pay a required amount due to the Crown.

Employers, directors, or other institutions may be held liable to pay amounts due to the Crown as required by law, in cases of non-compliance.

## ***Directors' liability***

According to certain ESDC program legislation, such as subsection 46.1(1) of the *Employment Insurance Act* (EIA), the director of a corporation may be held jointly and severally liable, together with the corporation, to pay penalties established under sections 38 or 39 of the EIA, for any act or omission that occurred.

Directors may be held liable for repaying unpaid amounts while acting for an employer, or if the employer cannot pay the amount due to the Crown.

## ***Confidentiality***

To preserve the right to confidentiality, we will only release your confidential information to your authorized representatives, or as the law authorizes us. It is our policy to confirm the identity and authorization of all parties concerned before we release confidential information. However, if it is necessary for us to take legal action, the legal documents will contain certain aspects of a person's debt, such as the amount and type of debt.

## ***Our service commitment***

The CRA is committed to respecting your rights and will serve you with a high degree of accuracy, professionalism, courteousness, and fairness. In your dealings and interactions with us, you can expect to be treated fairly under clear and established rules, and you can look forward to a high standard of service.

If you are not satisfied with the service you receive from us, you can file a complaint with the CRA Service Complaints and we will provide you with an explanation of our findings.

You can find more information about this redress initiative by going to the **Service Complaints** page.

## ***Comments***

If you have any comments about this circular, please write to us at:

Canada Revenue Agency  
Taxpayer Services and Debt Management Branch  
Collections Directorate  
395 Terminal Avenue, 6th floor  
Ottawa ON K1A 0L5