

TODAY'S WEATHER
PARTLY CLOUDY
18 °C
4 Day Forecast | Traffic



ROGERS HI-SPEED INTERNET
THE FASTEST JUST GOT FASTER
GET UP TO SPEED
ROGERS

Friday, July 31, 2009 | Today's Toronto Star | Login

PHOTO VIDEO COLUMNISTS BLOGS TWITTER RSS MOBILE NEWSLETTERS ALERTS



thestar.com Web find a Business
Advanced Search | Full Text Article Archive

AUTOS
CAREERS
CLASSIFIEDS
DEATH NOTICES
REAL ESTATE

HOME NEWS OPINION BUSINESS SPORTS ENTERTAINMENT LIVING TRAVEL WHEELS HEALTHZONE YOURHOME PARENTCENTRAL

Today's Markets | Fund Centre | Fund Lookup | Portfolio Manager | Money 911 | Small Business | Investing | Science-Tech

Web-based sellers warned to pay tax or face prosecution

Canada Revenue Agency to audit highest volume traders on eBay website

Jul 31, 2009 04:30 AM

Be the first to comment on this article...

MADHAVI ACHARYA-TOM YEW
BUSINESS REPORTER

The Canada Revenue Agency plans to start auditing high-volume sellers on eBay at the end of the summer to ensure they pay their fair share of income taxes.

The tax agency also issued a stern warning yesterday to Internet entrepreneurs who buy and sell online that they face prosecution if they don't declare their revenues.

"Taxpayers should know that the tax laws that apply to traditional commerce apply in the same way to electronic commerce, like eBay selling," Revenue Minister Jean-Pierre Blackburn said in a statement.

"I strongly encourage eBay sellers and, for that matter, any taxpayer who has not already done so, to correct their tax affairs as soon as possible to avoid penalties or prosecution."

In September 2007 the Federal Court of Canada ordered eBay Canada Inc. to provide the tax agency with the names and gross sales figures of so-called Power Sellers – anyone who makes at least \$1,000 (U.S.) a month for three straight months through the website.

CRA said it plans to begin contacting eBay sellers to ensure that they have "filed all required returns and accurately represented the full scope of their business income," the agency said in a release. "If necessary, it will conduct an in-depth audit to ensure that all taxpayers and businesses pay their taxes."

The tax agency said it will not prosecute or penalize those who voluntarily correct or disclose tax information before an audit or other compliance action is initiated.

Websites such as eBay Canada Ltd., Kijiji, and Craigslist act as online clearing houses where thousands of individuals or small retailers can sell goods for cash.

Canadians spend about \$5 billion online a year. eBay is by far the largest electronic marketplace, accounting for about a quarter of total sales. By some estimates, about 32,000 Canadians make all or part of their income selling on eBay.

Individual sellers run the gamut from those who sell a few items after clearing out the basement to dedicated professionals who scour second-hand or antique shops for overlooked collectibles that will fetch a handsome price online.

"If you're an individual who sells a few items, I wouldn't panic because I don't think that's who CRA is going to go after to start," said Alan K'necht, chief executive of K'nechtology, a technology consulting firm in Toronto.

"If you have been doing it as a business model, and you know who you are, make sure your records are up to date," he said, adding that it may be wise to consult an accountant.

CRA said in previous court filings that it is targeting people who qualified for eBay's PowerSeller program in 2004 and 2005. Only top eBay sellers qualify for the program and its benefits, including prioritized customer service, special promotions and sales tips.


The company does not release the number of PowerSellers, but court files say it keeps detailed computer records on each member. CRA offered assurance any information it collects will be kept confidential.

With files from The Canadian Press


Email story
Print
Choose text size
Report error or complaint
License this article

BOOKMARK

Advertisement



» Download your FREE white paper here.



Featured Advertiser

Ads by Google

Small Business Forms

Increased revenues, higher profits, just a few benefits of Action COACH
BusinessCoachCanada.ca

MORE IN THE NEWS

Lofty visions: The return of Harry Stinson

Minister mum on auto execs' pay packets

Ontario poised for economic rebound in 2010: Economists

Big skid for Big Oil profits

Web-based sellers warned to pay tax or face prosecution

Markets rally on bold earnings, energy

Planned outages play role in \$6 million loss

Shares, earnings on the right track

Securities class action claims investors misled

Wheat board chuffed by bumper exports

RECENT SPECIAL SECTIONS

HDTV
Digital Photo
Do It! This Summer Guide
Golf Magazine 2009
Sick Kids
Wheels Extra
Canada's Best Diversity Employers 2009
Investing
Guide to Colleges & Universities

More Specials

Comments on this story are moderated | [Login to Comment](#) [Commenting Guidelines](#)

Sort By

Ads by Google

Top Tax Lawyers

RST/ GST TAX Appeals
Tax Amnesty /Tax Relief / Evasion
TaxLawyerToronto.googlepages.com

> Advertisement <

ROGERS
HI-SPEED INTERNET
**THE FASTEST
JUST GOT
FASTER**

▶ GET UP TO SPEED

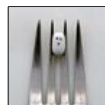
ROGERS™

MOST POPULAR ON THESTAR.COM

Most Read

- . After beer chat, Obama hopes for 'positive lesson'
- . Astronaut wears high-tech undies for a month
- . Raptors obtain Belinelli from Warriors
- . Outside workers ratify deal
- . Two shot outside store in Mississauga

SPECIAL



Great dinner deals

To some, restaurants are stuffy mausoleums, staffed with snooty greeters who use fake French accents to make us feel like peasants for ...



Techno togs

Not too long ago all a dress had to do was look good. And if it was comfortable – even better. But those days may be numbered, particularly ...



Tales well told

As day slips into evening on the second Thursday of any given month, you can find your way to a

[More Specials](#)

Ads by Google

Canadian Income Tax Tips

Free book explains how anyone can save thousands in taxes
www.truehelpfinancial.com

Economic Stability

A strong, diversified economy powered by a skilled workforce.
www.LivingManitoba.ca/Economy

Business Financing guide

Looking to find Business Financing? See our Business Financing guide.
kaufmansarmynavy.com/copy.html

TheStar.com [Corrections](#) | [Contact Webmaster](#) | [FAQ](#) | [Site Map](#) | [RSS](#) | [The Star on Twitter](#)

Toronto Star [About Us](#) | [Subscribe](#) | [Subscriber Self Services](#) | [Contact Us](#) | [News Releases](#) | [Star Internships](#) | [Careers at the Star](#)

Advertise With Us [Media Kit](#) | [Online Advertising](#) | [Print Advertising](#) | [Special Sections](#)

Initiatives [Santa Claus Fund](#) | [Fresh Air Fund](#) | [Community Giving](#) | [Classroom Connection](#) | [Speakers Bureau](#)

Torstar Sites [toronto.com](#) | [InsuranceHotline.com](#) | [Pages of the Past](#) | [Stock Photos](#) | [New In Homes](#) | [ShopTV](#) | [More...](#)



© Copyright Toronto Star 1996-2009 [Terms & Conditions](#) | [Privacy Code](#)

