STEP / CRA Voluntary Disclosures Program Webinar – June 18, 2026
CRA Responses to Questions Submitted by Delegates

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QUESTION 1:

Where the estate trustee is not the same person as the attorney for property and the estate trustee is not privy to the deceased's lifetime tax records and the estate trustee can only get access to 6 or 7 years of bank records for information about potentially unreported income, what would be the best practices for bringing the deceased and the estate into tax compliance?

CRA Response

IC00-1R7 paragraph 29 explicitly permits income reconstruction where records are incomplete; applicants must make all reasonable efforts to provide estimates with a documented methodology. The estate trustee should reconstruct income using available bank statements, investment records, T-slips, or any other relevant documentation, obtained through a representative request to CRA, and/or third-party correspondence, and explain all limitations in a cover letter with the RC199. The minimum disclosure period is 6 years for domestic income and 10 years for offshore assets. Where timing is uncertain, a pre-disclosure discussion (IC00-1R7, ¶13–15) can clarify things before formal submission.

QUESTION 2:

If taxpayer has not report foreign income for 25 years but only submits a VDP filing for 10 years can CRA go after the earlier 15 years? Do we "disclose" the earlier years to make the VDP "complete"? The prior years are never reported so never statute barred?

CRA Response

The VDP only provides relief for the years and information actually included in the application, and applicants must meet the program's minimum requirements for completeness (generally covering the applicable 4, 6, or 10-year period depending on the type of non-compliance). However, it is important that the applicant indicates if the period of non-compliance extends beyond that minimum. It is at the applicant's discretion whether to include the information for additional years.

The VDP is based on the expectation that applicants come forward in good faith and provide accurate and complete information to the best of their knowledge. In most cases, where the disclosure is consistent and reasonable, the CRA will rely on the information provided and will not expand the scope of the application beyond the minimum requirements.

However, the CRA reserves the right to request information for additional years beyond those included in the application under certain circumstances. In the event such requested information is not received, the application could be denied as incomplete. Also, the CRA retains full audit powers over any years not included in the application, as confirmed under IC00-1R7 paragraph 37, and can audit and assess those years independently, without any VDP relief.

QUESTION 3:

I have a client who was assessed for failing to file Forms T1135 and T1134 for the 2016–2020 taxation years. The matter is currently under appeal at the objection stage. However, it has come to light that the taxpayer also failed to file the same forms for subsequent years beginning in 2021, which were outside the scope of the audit. Would the taxpayer be eligible to use VDP to address these later years? Otherwise, there is no practical way to correct the non-compliance proactively and she would simply have to wait for CRA to assess penalties.

CRA Response

It depends on the circumstances. If, in the course of the audit, the subsequent years' omissions were discussed and an intention to initiate action on those years was communicated, the application could be rejected as not voluntary. If the subsequent years were not discussed during the audit, the application may still be eligible but would likely be considered prompted.

The determination ultimately rests on the specific facts, and representatives should carefully assess the full history of CRA's involvement before proceeding.

QUESTION 4:

If you are asking for taxpayer relief beyond what is promised in IC00-1R7, do you also send a copy of your application to the taxpayer relief department? For example, if you are asking for interest relief beyond 75%, or if you are asking that a form be accepted at a later date under s. 220(2.1), how do you deal with a joint VDP/taxpayer relief application?

CRA Response

The VDP and the Taxpayer Relief Program are two separate and independent programs that operate at different stages of the assessment process. VDP is a pre-assessment program, meaning that applications must be submitted before a formal assessment is issued, while the Taxpayer Relief Program reviews requests for relief of penalties and interest after assessment. As a result, when joint requests are received, the VDP application is processed first, and the Taxpayer Relief request is subsequently forwarded for an independent review.

QUESTION 5:

Slide 14 notes that delays occur with will disputes and executor responsibilities. In practice, where an executor can't yet validly sign the RC199 because probate or letters of administration aren't granted, how does the CRA treat the timing, and is the application protected from a later reclassification if the CRA contacts the estate during that gap?

CRA Response

CRA's general practice is to acknowledge the receipt and assign an EDD based on submission date, with proof of legal authority to follow. However, accommodation is discretionary, not guaranteed by policy. The prudent approach is to initiate a pre-disclosure discussion before submitting, flag the probate issue in the cover letter, and submit as soon as the substantive information is ready. If CRA contacts the estate about the same non-compliance before the application is formally received, that contact could affect the voluntariness or prompted classification of the disclosure.

QUESTION 6:

Is it correct to say a VDP would not be available in respect of a historical uncertain tax position that either may or may not have penalties and interest depending on the conclusion of the facts, questions, and analysis at issue?

CRA Response

The VDP applies to errors or omissions where a taxpayer failed to meet a clear filing obligation (IC00-1R7, ¶1 and ¶10). The VDP is not a mechanism for resolving tax disputes or obtaining advance rulings. The VDP may be an option only when the interpretation of the tax issue concluded that there are penalties and interest exposure.

QUESTION 7:

How are you addressing VDP applications submitted just prior to the change in the program? Will you allow the relief under the new program? If not, why not?

CRA Response

IC00-1R7 is explicit: the new policy applies to applications received on or after October 1, 2025. Applications received before that date are processed under IC00-1R6, with no automatic right to elect the regime. The governing policy is the one in effect on the date CRA receives the application, not the date of the underlying non-compliance or the date of initial contact.

QUESTION 8:

For prompted disclosures, what level of "voluntary" is required for a disclosure to qualify under the VDP? For example, if the CRA sends an automatically generated letter stating that GST/HST returns are overdue, can the taxpayer still apply under the VDP, assuming there is no active audit or enforcement action underway?

CRA Response

Voluntariness requires that no audit or investigation has been initiated in respect of the issue being disclosed (IC00-1R7, ¶16–17; Memorandum 16-5-1, ¶14–15). A system-generated overdue notice normally does not jeopardize voluntariness on its own, but would likely render the application prompted under paragraph 20 of IC00-1R7 and paragraph 18 of Memorandum 16-5-1. Prompted applications remain eligible for VDP but receive partial relief. The voluntary aspect of an application would become at risk when the CRA has undertaken meaningful and active actions to examine or address the non-compliance.

QUESTION 9:

What is the typical timeframe to hear back under the new VDP?

CRA Response

IC00-1R7 sets no formal service standard, and the CRA does not publish median processing times. Acknowledgement of receipt with an assigned EDD typically arrives within a few weeks, but given the complexity of each disclosure and the fact that files are reviewed on their own merits, the Program is unable to provide an estimated timeframe for rendering final decisions. Cases requiring additional information (¶29) or technical assistance from CRA specialty areas may take longer.

QUESTION 10:

Is a taxpayer eligible for this new VDP if they failed to file tax returns for the past 10 years, but CRA has "completed" these returns for the taxpayer and estimated tax and assessed interest and penalties on those CRA-estimated returns?

CRA Response

Eligibility is limited. IC00-1R7 paragraph 11 explicitly excludes relief on "existing penalties and/or interest that have already been assessed." Amounts covered by CRA-filed arbitrary assessments under subsection 152(7) of the ITA must be addressed through the taxpayer relief provisions (IC07-1R1) or a Notice of Objection, not the VDP.

QUESTION 11:

What is the median processing time from start to finish?

CRA Response

IC00-1R7 sets no formal service standard, and the CRA does not publish median processing times. Given the complexity of each disclosure and the fact that files are reviewed on their own merits, the Program is unable to provide an estimated timeframe for processing. Cases requiring additional information (¶29) or technical assistance from CRA specialty areas may take longer.

QUESTION 12:

If we call the general enquiries number to have an anonymous pre-disclosure discussion will we be connected with a specialist with relevant expertise?

CRA Response

The best way to request a pre-disclosure is to use the new Callback Form available on the VDP webpages of the Canada.ca. But if you call the general enquiries to get one, initial calls are handled by general agents who triage the request and forward a callback request to the VDP; A VDP officer will generally call back within 5 business days. Callers should specifically identify that they are requesting a VDP pre-disclosure discussion to improve routing.

QUESTION 13:

In the RC199, it asks the taxpayer to "state how you obtained the income or asset" under what is the purpose for this request? Let's say if the disclosure is for missed T106, or T1135 forms, do you need to explain the income and asset separately?

CRA Response

Yes. Both should be addressed separately where both are relevant. IC00-1R7 paragraph 26 requires disclosure of "all known errors and omissions… including any arm's length and non-arm's length transactions or circumstances relating to the errors and omissions." For T1135, the explanation should address the nature, source, and acquisition history of the foreign assets and why they were not previously reported. For T106, it should address the nature of the non-arm's length transactions with non-resident related parties and the pricing basis applied. These are legally and factually distinct obligations, and addressing them together may create confusion and delay the review.

QUESTION 14:

For Slide 8, the previous VDP covers a ten-year period for both income tax and GST. Now the new VDP policy for Canadian source income covers only six years. Will CRA issue assessments for tax years over six years for Canadian source income?

CRA Response

The minimum periods referenced on slide 8 (six years for Canadian-sourced income, ten years for foreign-sourced income, and four years or reporting periods for GST/HST) reflect the minimum completeness requirements for a disclosure, not a cap on scope. It is important that the applicant indicates if the period of non-compliance extends beyond that minimum. It is at the applicant's discretion whether to include the information for additional years. Since the VDP relies on applicants to come forward in good faith with accurate, complete information, the CRA will generally not expand the scope of a disclosure that is consistent and reasonable.

That said, the CRA reserves the right to request additional years where circumstances warrant, and an application may be denied as incomplete if that information isn't provided. The CRA also retains full audit powers over any years excluded from the application (IC00-1R7, ¶37), with no VDP relief available for those years.

QUESTION 15:

Previously, the VDP had a system where a tax practitioner could send in the application explaining the client situation and then take up to 90 days to send in the documents after a case number is assigned. Is that process still in place?

CRA Response

No. The former no-name process with a 90-day window is no longer in place since March 2018 (IC00-1R6). What is available now is the pre-disclosure discussion (PDD) service: a non-binding, anonymous conversation with a VDP officer to get a general sense of eligibility. Unlike the old process, a PDD doesn't establish an Effective Date of Disclosure and no case number is created; it is informal guidance only. To start the formal process and establish an EDD, a complete application identifying the taxpayer must be submitted.

QUESTION 16:

Can an over-contributed TFSA and/or RRSP disclosure be filed under VDP?

CRA Response

Yes, where penalties can be applied and if the voluntariness conditions are met. Excess TFSA contributions attract a 1% monthly penalty tax under the ITA; similar penalties apply to RRSP over-contributions. Where those penalties have not yet been formally assessed, the VDP can provide relief under subsection 220(3.1).

QUESTION 17:

If you have missed trust filings, can you file a VDP request for those returns if you know there are other issues in an associated corporation (not owned by trust) or do you have to ensure all structures in the org chart are fully compliant first?

CRA Response

Each taxpayer entity is assessed independently, and the trust can file its own VDP application without first resolving issues in a separately owned corporation. IC00-1R7 does not require structural remediation as a condition of eligibility. However, paragraph 26 requires the applicant to disclose all known errors and omissions in its own tax obligations, meaning the trust's application must be complete with respect to the trust's non-compliance. Relevant related-party transactions between the trust and the corporation that affected the trust's tax position should be disclosed where they are material to the trust's non-compliance. Practitioners should also assess whether the corporation's issues independently warrant a separate VDP application.

QUESTION 18:

If a VDP disclosure is submitted as unprompted because no mail is online, but CRA finds a Request to File letter from years ago, will CRA change the disclosure to prompted or will CRA require a resubmission as a prompted disclosure?

CRA Response

There is no concept of an applicant "applying" as unprompted or prompted. Whether a disclosure is characterized as prompted or unprompted is a determination made by CRA based on its review of the facts, including any relevant communications from the CRA or other authorities. Accordingly, the scenario described would not constitute a "reclassification," as no characterization was made by the applicant at first.

Should CRA's review identify relevant communications directed at the taxpayer regarding the non-compliance in question, this would be considered as part of its analysis under paragraph 20 and may result in the disclosure being considered prompted and granted with partial relief. It reinforces the importance of practitioners reviewing all prior correspondence with clients in advance of submission.

QUESTION 19:

What if the compliance gap is broken up? For example, in the 10-year window, years 2 and 7 were properly filed, but all the other years have a gap – like a missing T1135 - can all the other years be filed as a single VDP or will three separate VDP's be required?

CRA Response

All non-compliant years should be included in one single application. A single VDP application can cover multiple non-consecutive years for a related issue. IC00-1R7 paragraph 27 confirms that years within the required timeframe with no errors or omissions do not need to be included, meaning years 2 and 7 are simply excluded. The application covers only the years with identified non-compliance, CRA assigns a single EDD, and relief applies to each disclosed year subject to the limitation period rules under subsection 220(3.1).

QUESTION 20:

Would a VDP application be considered prompted or unprompted if it follows a request from the CRA to file a T1, T2, T3, or other return?

CRA Response

If the Request to File letter stands alone, the disclosure would most likely be assessed as prompted, given that it identifies a specific filing obligation and deadline, as stated in IC00-1R7 paragraph 20 and Memorandum 16-5-1 paragraph 18.

QUESTION 21:

Would a VDP application be considered unprompted if submitted after another connected or related taxpayer receives a CRA audit notification?

CRA Response

This requires two distinct assessments:

First, voluntariness: IC00-1R7 paragraph 17 states that an application is not voluntary if an audit or investigation has been initiated against "the taxpayer or a related taxpayer" in respect of the information being disclosed. If the related party's enforcement action concerns issues directly connected to the applicant's non-compliance, voluntariness may be at risk.

Second, prompted vs. unprompted: where the voluntariness has been confirmed, the determination of the level of relief granted (prompted vs. unprompted) is fact-specific. Generally, only communications issued to the specific taxpayer would be considered to determine the level of relief. Communications issued to a related taxpayer would not, normally, affect this characterization.