

PayPal ordered to provide CRA with information about business accounts



A PayPal sign is seen at an office building in San Jose, Calif.

BECK DIEFENBACH/REUTERS

MARIO TONEGUZZI

SPECIAL TO THE GLOBE AND MAIL
4 HOURS AGO

PayPal has been ordered to provide the Canada Revenue Agency with information about its business account holders.

The company says a Federal Court order requires it to supply information about business accounts that received or sent a payment between Jan. 1, 2014, and Nov. 10, 2017.

It is not required to provide information about customers who have personal PayPal accounts.

STORY CONTINUES BELOW ADVERTISEMENT

In an e-mail statement to The Globe and Mail, the company said: "We have informed affected customers and they can contact us if they have any queries. We have also shared information on our Help Centre to help them understand our reporting obligations. ...

Read also: CRA targets tax-avoiding merchants using Square payment system

"This is a one-time disclosure of information to the CRA for Canadian PayPal Business Account holders that sent or received a payment between 2014 and 2017. This is not an on-going request for information," it said. "The CRA regularly seeks court orders as part of its mandate under the Income Tax Act and the Excise Tax Act to compel organizations to disclose information related to an individual or business for tax reporting

PayPal has 6.4 million active customer account holders in Canada, including 250,000 active merchant customer accounts, which includes retailers of all sizes. The company said it can't disclose how many are affected, but the vast majority of PayPal account holders in Canada are personal account holders.

Hussein Warsame, a professor of accounting at the University of Calgary, said the government is trying to track down businesses in the underground economy. "They're basically trying to target people that they think are hiding their income or evading tax basically. That's what they're trying to fight: tax evasion."

Duane Milot, a tax lawyer with Milot Law in Toronto, said taxpayers that are affected by the Federal Court order will likely be audited by the CRA and may be assessed additional tax, penalties and interest on any unreported income.

"Some taxpayers may be able to argue that their PayPal account was used for personal matters – transferring funds to a relative or purchasing household goods – and not in the course of a business. Taxpayers will have to produce receipts and other supporting documentation," Milot said.

STORY CONTINUES BELOW ADVERTISEMENT

"To determine whether a taxpayer has a business or not, the CRA will consider the number of transactions in the account and the amount of funds transferred. There may be GST/HST implications if the taxpayer has taxable supplies of more than \$30,000 per year.

"Some taxpayers may try to utilize the CRA Voluntary Disclosure program to disclose any unreported income, but the CRA is likely to take the position that the disclosure was not voluntary. If the disclosure is not voluntary, then the taxpayer cannot benefit from no criminal prosecution, no penalties and reduced interest. Some taxpayers that have large unreported income in their PayPal business accounts, over a number of years, may be prosecuted criminally."

On [its website](#), PayPal said the court order requires it to disclose the following information about business account holders who received or sent a payment between Jan. 1, 2014 and Nov. 10, 2017:

- The full name of every individual or corporation holding a business account that has a Canadian address;
- The date of birth of each individual holding a business account;
- The business name, if applicable;
- The telephone number(s) of the corporation or individual holding the business account, if available;
- The full address(es) of the corporation or individual holding the business account;
- The e-mail address of the corporation or individual holding the business account;
- The social insurance number and/or business number of the corporation or individual holding the business account, if available.

It will be required to disclose the following information on transactions made by the account holder:

- The total number and value of received transactions for each calendar year between Jan. 1, 2014 and Nov. 10, 2017.
- The total number and value of sent transactions for each calendar year between Jan. 1, 2014 and Nov. 10, 2017.

FOLLOW US ON TWITTER

@GLOBESMALLBIZ

REPORT AN ERROR

22 COMMENTS

MORE ON THIS STORY

CRA targets tax-avoiding merchants using Square payment system



Hello! How can we help?



Ask the Community (<https://www.paypal-community.com/t5/ca/ct-p/Canada>)
Resolution Centre (/signin/?returnUri=https%3A%2F%2Fwww.paypal.com%2Fcgi-bin%2Fwebscr%3Fcmd%3D_complaint-view)
Message Centre (</ca/selfhelp/contact/reRoute>)
Contact Customer Service (</ca/selfhelp/contact/call>)

[Help Centre \(/ca/selfhelp/home/\)](/ca/selfhelp/home/) > [All About PayPal/Fees \(/ca/selfhelp/topic/FEES_CA\)](/ca/selfhelp/topic/FEES_CA)

CRA Information Request

PayPal has received a Federal Court order, which requires us to disclose information to the Canada Revenue Agency (CRA) about PayPal Business account holders that have received or sent a payment through their account between January 1, 2014 and November 10, 2017.

What information has PayPal been ordered to share with the CRA?

The court order requires PayPal to disclose the following information to the CRA about PayPal business account holders who received or sent a payment between January 1, 2014 and November 10, 2017:

- The full name of every individual or corporation holding a business account that has a Canadian address;
- The date of birth of each individual holding a business account;
- The business name, if applicable;
- The telephone number(s) of the corporation or individual holding the business account, if available;
- The full address(es) of the corporation or individual holding the business account;
- The email address of the corporation or individual holding the business account;
- The Social Insurance Number and/or Business Number of the corporation or individual holding the Business Account, if available.

The following information on transactions made by the account holder:

- The total number and value of received transactions for each calendar year between January 1, 2014 and November 10, 2017.
- The total number and value of sent transactions for each calendar year between January 1, 2014 and November 10, 2017.

When must PayPal release this information to the CRA?

PayPal has to disclose the information to the CRA within 45 days from November 10, 2017, the day the court order was issued. Affected account holders have been notified.

Will PayPal hand over my data to the CRA?

We are required to disclose information about business account holders who have received or sent a payment between January 1, 2014 and November 10, 2017. Affected account holders have been notified.

I have a PayPal account, how can I check if I have a personal or business account?

Log in to your PayPal account and select the Accounts tab. If you see an "Upgrade to a Business account" under Account Options, then you have a personal account.

I closed my PayPal account, does this mean my information must still be sent to the CRA?

If you sent or received a transaction from a PayPal business account any time between January 1, 2014 and November 10, 2017, we are required to disclose your information to the CRA.

What should affected account holders do now?

We encourage affected business account holders to file their taxes as appropriate.

If you have any specific questions about your tax returns for any calendar year, we encourage you to contact your professional advisor or the CRA directly. Contact information for the CRA can be found on the [CRA website](https://www.canada.ca/en/revenue-agency/corporate/contact-information/telephone-numbers.html) (<https://www.canada.ca/en/revenue-agency/corporate/contact-information/telephone-numbers.html>).

Do I need to do anything with my PayPal account?

No. You don't need to do anything with your PayPal account.

Can I still access my PayPal account?

Yes. You can access your PayPal account as you normally do.

Can I still contact the CRA to file my tax returns?

As part of their regular obligations, PayPal business account holders are required to file their taxes as appropriate. Details on how to file your income tax returns can be found on the [CRA website](https://www.canada.ca/en/revenue-agency/campaigns/about-canada-revenue-agency-cra/ready-file-your-2016-income-tax-return.html) (<https://www.canada.ca/en/revenue-agency/campaigns/about-canada-revenue-agency-cra/ready-file-your-2016-income-tax-return.html>). The CRA has a Voluntary Disclosure Program that provides an opportunity to change a tax return you previously filed or to file a return that you should have filed. Contact your professional advisor. You can find more information about this on the [CRA website](http://www.cra-arc.gc.ca/gncy/nvstgtns/vdp-eng.html) (<http://www.cra-arc.gc.ca/gncy/nvstgtns/vdp-eng.html>). Please note that the Voluntary Disclosure Program will be changing on January 1, 2018. More information about the new program can be found on the [CRA website](https://www.canada.ca/en/revenue-agency/campaigns/ic00-1r6-voluntary-disclosures-program.html) (<https://www.canada.ca/en/revenue-agency/campaigns/ic00-1r6-voluntary-disclosures-program.html>).

Why does PayPal retain my transaction data?

As described in our [Privacy Policy](https://www.paypal.com/ca/webapps/mpp/ua/privacy-full#rHow_We_Use_the_Personal_Information_We_Collect) (https://www.paypal.com/ca/webapps/mpp/ua/privacy-full#rHow_We_Use_the_Personal_Information_We_Collect), we collect and use your information in order to provide services to you, and to help ensure the PayPal community is as safe and secure as possible. We are also required by law to retain transactional records for a certain period of time.

Where can I view my historical transactions in my account?

You can log in to your PayPal business account and select the **Reports** tab to view your transaction data. Please note that we must disclose to the CRA only the total number and value of payments sent and received.

Are other companies receiving similar orders to disclose customer information?

The CRA regularly seeks court orders as part of its mandate under the Income Tax Act and the Excise Tax Act to compel organizations to disclose information related to an individual or business for tax reporting purposes.

Did this help?

Yes No

Related Articles (1-5 of 19)

How do I get the discount rate for charities registered with the CRA? (</ca/selfhelp/article/how-do-i-get-the-discount-rate-for-charities-registered-with-the-cra-faq1273>)

We only offer the discount rate to charities registered with the Canadian Revenue agency (CRA). To get the discount rate, please send the following to compliance@paypal.com: A Notification of Registration from the CRA. A blank and/or void cheque showing the bank account number and organization name. Your contact

Will any of my account information be shared when I create a Money Pool? (</ca/selfhelp/article/will-any-of-my-account-information-be-shared-when-i-create-a-money-pool-faq3626>)

No information is shared without your consent. Only your profile photo (if you have one) and name associated with your PayPal account are available publicly through your Money Pool. This information is shared to reassure your friends and family that they're sending money to the correct person.

What should I do if my account is restricted because I didn't provide the requested FATCA information? (</ca/selfhelp/article/what-should-i-do-if-my-account-is-restricted-because-i-didn't-provide-the-requested-fatca-information-faq3547>)

Even if your account is restricted you'll be able to log in and access the FATCA information. From your account you can start the certification process by answering a few questions or providing the applicable forms. The certification process is complete when you have: Provided all requested information,