



[Newsroom](#) > [Convictions](#)

Tax preparer sentenced to 3 year jail term for fraud

Kitchener, Ontario, June 28, 2012 ...The Canada Revenue Agency (CRA) announced today that Michael Witen was sentenced on June 27, 2012, to a three year jail term and fined \$448,000 after being found guilty in the Ontario Superior Court in Kitchener on August 29, 2011, when he pleaded no contest to two counts of fraud over \$5,000.

Witen was a tax return preparer who operated under the name of Trican Management since the late 1970s. He also provided accounting and bookkeeping services to a large number of personal and corporate clients. Witen did not contest the Crown's allegation that, from 1998 to 2005, he used false business expenses to reduce the income declared on the T1 personal and T2 corporate income tax returns of his business clients, resulting in \$1,071,349 of federal income tax and GST being evaded.

Witen was the principal behind a "circle of payments" scheme involving a number of companies and individuals. Participants in the scheme were billed for engineering, consulting, subcontracting, and other non-existent services by five shell companies set up by Witen. The participants paid the fraudulent bills and claimed the expenses as deductions on their returns, thereby reducing the amount of GST and corporate income tax they were required to pay. Witen also collected GST on the fraudulent transactions, which was never remitted to the CRA. Witen moved the money generated from his schemes through various bank accounts, took commissions on the payments which he did not report on his income tax returns, and returned the remainder back to the business owners, who also did not declare the payments as personal income.

Witen also used false child care expenses to reduce the personal income declared on the T1 personal income tax returns of twenty of his individual clients, resulting in a total of \$92,536 in evaded federal personal income tax. The GST and federal taxes evaded totaled \$1,163,885.

The preceding information was obtained from the court records.

Taxpayers who have not filed returns for previous years, or who have not reported all of their income, can still voluntarily correct their tax affairs. They may not be penalized or prosecuted if they make a valid disclosure before they become aware of any compliance action being initiated by the CRA against them. These taxpayers may only have to pay the taxes owing, plus interest. More information on the Voluntary Disclosures Program (VDP) can be found on the CRA's Web site at a href="/gncy/nvstgtns/vdp-eng.html">www.cra.gc.ca/voluntarydisclosures.

Further information on convictions can be found in the Media Room on the CRA website at www.cra.gc.ca/convictions.

-30-

For media information:

Peter Delis
Manager, Communications
416 952-8044

Date Modified: 2012-06-28

