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## Toronto tax preparer guilty of over million dollar tax fraud scheme

**Toronto, Ontario, March 21, 2012...**The Canada Revenue Agency (CRA) announced today that Christopher Paterson of Toronto pleaded guilty on March 19, 2012, in the Ontario Court of Justice in Toronto, to one count of fraud over \$5,000. Paterson received an 18 month conditional sentence and 200 hours of community service. In addition, Paterson cannot prepare or file any tax returns or tax appeals on behalf of any person other than himself. Paterson must maintain employment and comply with other statutory conditions.

A CRA investigation revealed that Paterson prepared 144 false income tax returns for the 2004 to 2008 tax years on behalf of himself and 87 clients. He claimed a total of \$1,094,559 in false charitable donation deductions on these fraudulent returns, reducing the amount of federal taxes owed. As a result, refunds totalling \$313,992 were issued to Paterson's clients to which they were not entitled. In addition, Paterson also attempted to claim another \$154,148 in false charitable donations claims on 16 of his clients' income tax returns, resulting in those clients attempting to understate federal taxes by \$44,255.

Paterson operated a tax preparation business called TaxTips1. Paterson sold false charitable donations receipts of various amounts to his clients for a fee. He then used these charitable donation receipts to prepare his clients income tax returns, and submitted the false receipts along with the returns to the CRA.

The information in this news release was obtained from the court records.

Taxpayers who claim false expenses, credits or rebates from the government are subject to serious consequences. They are liable not only for corrections to their tax returns and payment of the full amount of tax owing, but also to penalties and interest. In addition, if convicted of tax evasion, the court may fine them up to 200% of the tax evaded and sentence them for up to a five-year jail term.

Individuals 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 individuals 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 website at [www.cra.gc.ca/voluntarydisclosures](http://www.cra.gc.ca/voluntarydisclosures).

Further information on convictions can also be found in the Media Room on the CRA website at [www.cra.gc.ca/convictions](http://www.cra.gc.ca/convictions).

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