



Canada Revenue Agency

[Home](#) > [Newsroom](#) > [Convictions](#) > GST/HST fraud leads to 92 months in jail

GST/HST fraud leads to 92 months in jail

Newmarket, Ontario, June 17, 2013 ...The Canada Revenue Agency (CRA) announced today that Roy Francis Smith, of Markham, Ontario, was sentenced in the Ontario Court of Justice in Newmarket, Ontario to 92 months in jail and was further fined \$935,506. Roy Smith pleaded guilty in the Ontario Court of Justice in Newmarket, Ontario on June 10, 2013 to one count of fraud over \$5,000 under the Criminal Code of Canada.

The CRA investigation revealed that for the years 2001 to 2005 Smith filed fraudulent GST/HST returns thus receiving \$9,836,052 in unwarranted refunds. Smith used his position within a large retail energy reseller to get access to the books and records of another recently acquired company. Smith then proceeded to add his name as an authorized representative for the company with the CRA to facilitate the filing of the returns and communicate with the CRA on behalf of the company for which he was managing the books. The investigation further revealed that Smith incorporated a company with a similar name and opened a bank account for the deposit and cashing of the GST/HST refunds fraudulently obtained.

Smith used the proceeds from the fraud against the Canadian people to live a lavish lifestyle. Aside from doing major renovations to his Markham home, Smith transferred millions of dollars to U.S. accounts and bought property outside Canada.

For the taxation years 2002, to 2005, Mr. Smith failed to file T1 Returns. By doing so Smith failed to report the income he had fraudulently received and thus evaded paying \$935,506 in federal income taxes.

The preceding information was obtained from the court records.

"Canadian taxpayers must have confidence in the fairness of the tax system," said Darrell Mahoney, Assistant Commissioner, Ontario Region, CRA. "To maintain that confidence, the Canada Revenue Agency is determined to hold tax evaders accountable for their actions."

When taxpayers are convicted of income tax and GST evasion, they still must repay the full amount of taxes owing, plus interest and any civil penalties that may be assessed by the CRA. In addition, the court may fine them up to 200% of the taxes evaded and impose a jail term of up to five years.

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 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.

-30-

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