

Will you do the job for cash? It's risky business

Before you begin a construction or renovation project, remember this: there are significant risks if you accept cash for the job without reporting your income.

Contractors caught not reporting cash income face serious consequences, such as penalties, court fines, and even jail time, in addition to having to pay the taxes they are trying to evade, plus interest.

Consumers may think they are getting a deal by paying cash and avoiding taxes, but it can leave them with no warranty, no recourse for poor workmanship, and the added risk of liability if an injury takes place on their property.

Enforcing tax laws

The Canada Revenue Agency (CRA) enforces the tax laws to make sure everyone pays the correct amount of taxes they owe. This means fair treatment for all taxpayers and protecting the social and economic well-being of all Canadians.

CRA auditors and investigators can find unreported income, even when cash transactions are involved and proper records are not kept, by:

- conducting a lifestyle audit when an individual seems to be living beyond his or her means;
- comparing an individual's reported income or expenses to industry or regional averages;
- following up on leads received from informants, enforcement agencies, and other tax authorities; and
- comparing the information on tax returns to information received from third parties.

See [Publication RC4406, Will you do the job for cash?](#) for more details.

Voluntary Disclosures Program

If you have ever made a tax mistake or omission, the CRA is offering you a second chance to make things right through its Voluntary Disclosures Program (VDP). If you make a valid disclosure before you become aware that the CRA is taking action against you, you may only have to pay the taxes owing plus interest. More information on the VDP can be found on the CRA website at www.cra.gc.ca/voluntarydisclosures.

Report participation in the underground economy

If you know of a taxpayer who is not following the tax laws, let us know. We will review the information and when warranted take appropriate compliance action. For more information and a contact number, go to [Informant Leads Program](#).

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