

## Toronto tax preparer jailed in tax fraud scheme

Toronto, Ontario, February 21, 2011... The Canada Revenue Agency (CRA) announced today that Bernard Sarfo of Toronto, pleaded guilty in the Ontario Court of Justice in Toronto on February 17, 2011 to one count of tax fraud under the criminal code. He was sentenced to fourteen months in jail. Sarfo prepared approximately 180 false 2004 to 2007 tax returns on behalf of 147 clients, claiming a total of \$1,439,485 in false claims, deductions, and credits.

Sarfo operated several tax preparation businesses, LTS Direct and Liberty Tax Service, both in Pickering, and a tax preparation business at 1111 Finch Avenue West, Suite 358, in Toronto. Sarfo prepared false individual income tax returns for clients that included false charitable donation claims totalling \$567,845, false business losses totaling \$448,667, false rental losses totaling \$344,089, and other false deductions and credits totaling \$78,884. In concert with his clients, Sarfo provided the majority of them with false charitable donations receipts to support the claims made and also prepared and issued a number of false T4 statement of income slips.

As a result of the false claims initiated by Sarfo on the tax returns filed on behalf of his clients, the amount of federal taxes understated by them totalled \$297,599. As a result, the Canada Revenue Agency (CRA) issued refunds to these individuals to which they were not entitled.

The preceding information 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 will not be penalized or prosecuted if they make a valid disclosure before they become aware of any compliance action being initiated by the Canada Revenue Agency (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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