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Unnamed persons requirements at the CRA

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What is an unnamed persons requirement

The Canada Revenue Agency (CRA) has a range of tools to ensure compliance with tax laws and to maintain the integrity of Canada's self-assessment tax system. One of the tools the CRA uses to check for non-

compliance is the unnamed persons requirement (UPR).

A federal court authorizes this type of requirement so the CRA can get information from an individual or business about third parties who are identified but, not explicitly named in the requirement. These third parties are called unnamed persons. After the CRA gets this information, it can verify if the unnamed person:

- reported their income correctly
- sent the applicable goods and services tax/harmonized sales tax (GST/HST) to the CRA, and
- fulfilled their tax filing obligations under the legislation the CRA administers

To proceed with a UPR, the CRA must submit documents to the Federal Court.

The Federal Court will authorize a UPR only if the CRA is able to satisfy the following requirements:

- A person or group is ascertainable
- The Federal Court would be issuing the UPR to verify that the person or the persons in the group are complying with their tax obligations under the legislation the CRA administers

The CRA can get information from a business or individual about the unnamed persons only if the Federal Court determines there is enough justification to authorize the UPR.

The CRA can also act on behalf of other countries that have international legal exchange of information agreements, such as tax treaties, with Canada.

Recently, the CRA issued UPRs to detect non-compliance in the construction, crypto-assets, e-commerce, and real estate industries.

What kind of personal information can we request

Under subsections 231.2(2) and 231.2(3) of the *Income Tax Act* and subsections 289(2) and 289(3) of the *Excise Tax Act* the CRA can submit a request to the Federal Court to issue a UPR to a business or individual for information about unnamed persons. When issuing a UPR, the CRA seeks information it believes is necessary to determine whether the unnamed persons have met their tax obligations. For example, the CRA can ask a business, such as a big box store, to provide information about their clients. The requested information could include:

- client information, such as:
 - names
 - addresses
 - phone numbers
 - dates of birth
- books and records, such as:
 - sales and purchases records
 - legal and public records

What happens when you're part of a UPR

If the Federal Court authorizes the UPR, the business or individual must submit information to the CRA about their clients. The CRA will analyze information about the business or individual's clients and checks the information received to the CRA's internal systems for verification. The CRA will share the data across its various compliance programs to verify reporting, filing, withholding, registering, deducting, remitting, and

payment compliance. If the CRA finds unnamed persons to be non-compliant with their obligations, they may be subject to penalties or legal action under the legislation the CRA administers.

► Example

If you were a client of a business that was issued a UPR, does it affect you

Clients of a business who complied with the legislation will not be subject to any more compliance actions. Compliance with the legislation means:

- filing your personal or business tax returns and remitting any amount owing on time
- reporting all income earned from taxable activities on your returns
- registering, collecting, and filing your GST/HST returns and remitting any amount owing on time
- requesting only the benefits and credits you are entitled to

However, those who don't meet their tax reporting obligations may be subject to further verification, collection actions, and potential criminal investigation. These actions could result in fines, penalties, and interest.

What are the differences between an audit and a UPR

A UPR is not the same as an audit. The information requested from a business in an audit generally pertains to a specific entity.

For a UPR, the requested information pertains to an identified group of the business' clients. The CRA is unaware of the identities of the individuals and businesses included in this group of clients. The CRA would be aware only of the group identified in the request to the Federal Court.

For more information on tax audits, go to [What you should know about audits](#).

How the CRA protects your information

Legislation, such as the [Privacy Act](#) and [section 241 of the Income Tax Act](#), [governs how information collected through the UPR process is managed](#). CRA policies and standard practices also protect the privacy of personal information.

The CRA takes the security and confidentiality of all taxpayer information seriously. We collect information when it is lawful and directly related to compliance activities.

► How do we manage to protect your personal information?

Correct your tax affairs

If you did not report some of your income to the CRA or have not met your tax obligations, you may qualify for penalty relief through the [Voluntary Disclosures Program](#) (VDP). The CRA offers taxpayers the chance to come forward and correct or complete their information through this program.

► Applicability

Report non-compliance

The CRA is committed to combatting tax evasion and tax avoidance at all levels. It does this in collaboration with international partners.

If you suspect that a business or an individual has not complied with their tax obligations, you can [report a lead on tax cheating in Canada](#). The CRA reviews all information from the public to help identify taxpayers who are not complying with their tax obligations.

Related links

- [Unnamed persons requirements in real estate](#)
- [How we combat tax evasion and avoidance](#)
- [The underground economy: Be part of the solution](#)
- [2022+ Underground Economy Strategy](#)
- [Voluntary Disclosures Program \(VDP\)](#)
- Unnamed Persons Requirements, subsections of the [*Income Tax Act*](#)
- Unnamed Persons Requirements, subsections of the [*Excise Tax Act*](#)

Footnotes

- 1 Subject to change without notice. Consult the [VDP](#) web page for the most recent information.
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