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# Canada Revenue Agency
# Business audits

**Business Audits:**

During business audits, the Canada Revenue Agency (CRA) closely examines books and records of small and medium-sized businesses to make sure they fulfill their obligations, apply tax laws correctly, and receive any amounts to which they are entitled.

**How does the CRA select files for business audits?**

The CRA's risk-assessment system selects files to audit based on a number of conditions such as the potential for errors in tax returns or indications of non-compliance with tax obligations. The CRA also looks at the information it has on file and may compare that information to similar files or consider information from other audits or investigations.

## What does an auditor examine during a business audit?

The auditor will examine books and records, documents, and information (collectively referred to as records) such as:

- information available to the CRA (such as tax returns previously filed, credit bureau searches, or property database information);
- your business records (such as ledgers, journals, invoices, receipts, contracts, and bank statements);
- your personal records (such as bank statements, mortgage documents, and credit card statements);
- the personal or business records of other individuals or entities not being audited (for example, a spouse, family members, corporations, partnerships, or a trust [settlor, beneficiary, and trustee]); and
- adjustments made by your bookkeeper or accountant to arrive at income for tax purposes.

## What does your tax expert do during a business audit?

- Acts as your representative to the government auditor using their expertise and experience in your best interests.
- Solves CRA or MRQ problems…