

# Accountants Cannot Keep Confidential Information of Clients from CRA

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*MNR v KPMG LLP*, [2016 FC 1322](#)

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KPMG sought to quash an order pursuant to subsection 231.2(3) of the [Income Tax Act](#), requiring it to disclose confidential information relating to unnamed clients, including identities and tax documents.

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The Federal Court rejected the application. The Accountant's Code of Professional Conduct's purported prohibition against disclosure of client confidential information cannot operate to prevent the Minister from obtaining information described in an Order under subsection 231.2(3). The Court stated at paragraph 9:

[9] In my view, the language of s. 231.2(3) of the Act is clear and overrides the general confidentiality rule imposed by Rule 208 of the Code. The mere fact that Rule 208, and similar rules in other provinces, exist would not ordinarily provide a sufficient basis to warrant the exercise of the Court's discretion to cancel or set aside an order validly issued pursuant to s. 231.2(3). There is nothing in the particular facts of this case that would warrant the exercise of such discretion. Indeed, cancelling or varying Justice Noël's Order based on KPMG's concerns regarding confidentiality would appear to be inconsistent with Parliament's intent in enacting s. 231.2 (*R. v. McKinlay Transport Ltd.*, [1990] 1 SCR 627, at paras 36-38; *MNR v Sand Exploration Ltd*, [1995] FCJ No 780 (QL), at paras 17-18 (TD)).

**Sas Ansari, BSc BEd PC JD LLM PhD (exp) CPA In-Depth Tax 1, 2 & 3**

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