



Canadians *for* Tax Fairness

News FALL 2012

What an exciting time!

Tax Fairness advocates are definitely making inroads on the political and public agenda here in Canada. Here's just some of what's been happening:

In Nova Scotia...

When provincial and territorial premiers gathered in Halifax last month, C4TF and Nova Scotians for Tax Fairness staged a [media event](#).

The message was clear: governments are running deficits and making cuts to critical programs such as health care and education. At the same time provincial and territorial governments are losing billions of dollars in tax revenues as tax havens pull more corporate and individual wealth offshore - untaxed. C4TF's [open letter to the premiers](#) alerted them to the revenue they were losing due to tax havens and asked them to push the federal government to do more to tackle tax havens. [This creative postcard](#) from Canada's Tax Dollar, was handed out in front of the convention centre where the Premiers' meeting took place.



Also out of Halifax, Atlantic Business Magazine columnist Stephen Kimber offered [this interesting perspective](#) on the Financial Transaction Tax, sometimes known as the Robin Hood Tax.

In British Columbia....

An [Environics survey](#) done for the Canadian Centre for Policy Alternatives found that most British Columbians — regardless of how they would vote in a provincial election — are in favour of changes to BC's tax system to ensure everyone pays a fair share and to enable new or enhanced public services.

Other findings:

- 67% of respondents think major corporations are asked to pay less tax than they should.
- 57% said those making \$100,000 and over should pay more, and nearly a third believed the threshold for tax increases should be \$85,000.

“Public opinion is shifting,” says Shannon Daub, C4TF Board Member and Director of Communication with the Canadian Centre for Policy Alternatives' BC Office. “It seems political leaders are behind the curve. Not only do most British Columbians want to see tax increases at the higher end of the income ladder, they are prepared to pitch in themselves — if they know the money will support concrete changes, and if we do tax policy in a transparent way.”

In New Brunswick...

The [New Brunswick Business Council](#) is advocating the provincial government raise corporate income tax rates. This follows calls from the [Common Front for Social Justice](#) to repeal a series of tax cuts implemented by the former Liberal government.

Susan Holt, the chief executive officer of the Business Council, said the provincial government should consider boosting the corporate tax rate from 10 per cent back to 13 per cent. The comments come as the province faces a projected deficit of \$356 million and one of the poorest economic performances in the country.

The council is currently working with the universities and other policy groups to begin a discussion on the province's dismal fiscal situation.

In Quebec...

The Quebec government has stepped up a [campaign to combat tax evasion](#) - a practice that costs the province \$31.5 billion each year.

The campaign recently took a swing at the underground economy with a television ad dramatizing a conversation between a house painter and a parent of a preschooler. "If I pay you cash, we can avoid the tax," says a father holding his little girl. "Who pays for your daughter's pre-school then?" asks the painter.

But our allied groups in Quebec who are part of the [Échec aux paradis fiscaux](#) are critical of the Quebec government for targeting the small-time tax cheaters and not doing enough to go after major tax evaders who are using tax havens. They have recently produced an excellent animated video titled [Tax Havens: The Great Scam](#).

On Parliament Hill...

In Ottawa, C4TF board members and staff have been lobbying MPs and Senators. And Parliament Hill is starting to talk about "tax fairness" and "tax havens".

At the end of October, C4TF launched its [Tackle Tax Havens campaign](#) at a reception on Parliament Hill attended by many MPs and Senators. James Henry from the Tax Justice Network was the featured speaker. Liberal Senator Percy Downe, NDP Revenue Critic Hoang Mai, and Official Opposition Leader Tom Mulcair also spoke in support of the campaign, which calls for action on tax cheaters using tax havens.

And both the NDP and Liberals took the tax haven issue to Question Period with a raucous debate that continued during a panel discussion on CBC News Network's Power and Politics program.

The Hill Times also published an article by C4TF President, Murray Dobbin, titled, [A Message to Tax Cheaters: Give Us Back Our Money](#).

Liberal Senator Percy Downe issued a [letter to the Prime Minister](#) asking for an experienced, senior bureaucrat — a "hitter" — to fill the top job at Canada Revenue Agency and bring the skills needed to tackle the country's growing problem with overseas tax evasion.

The fact that the CRA may be abandoning serious cases simply because they are too difficult to pursue speaks to either a lack of leadership or a lack of resources at the Agency, Downe told the Prime Minister. Statscan figures show that \$130 billion Canadian went to the top five tax havens in one year.

The powerful House of Commons Finance Committee has called for the federal government to "examine further ways to combat tax evasion and conduct a comprehensive review of the tax system to help ensure its fairness and neutrality, and to close loopholes that allow certain groups to avoid paying their "fair share of tax."

These recommendations were contained in the Finance Committee's [Report on Pre-Budget Consultations](#).

It also recommended "that the federal government examine further ways to better equip the Canada Revenue Agency to combat tax evasion while working collaboratively with law enforcement agencies to prosecute tax evaders."

The topic will get more scrutiny from the Finance Committee in the new year. All parties have agreed that the committee will investigate the impact of tax havens.

C4TF is also working with partners to ensure that the Finance Committee's upcoming equality study deals head on with fair taxation practices.



In Europe...

On December 12, 2012 the European Parliament voted overwhelmingly in favour of a Financial Transaction Tax. With a vote of 533 in favour, 91 against, and 32 abstentions, the European Parliament approved a proposal by 11 member countries of the EU to introduce a Financial Transaction Tax under the Enhanced Cooperation Procedure. The countries that will be introducing a FTT in 2013 include Germany, France, Italy, Spain, Belgium, Austria, Greece, Portugal, Slovakia, Slovenia and Estonia. The 11 countries involved make up 90% of Eurozone GDP, and will collectively raise at least \$47 billion per year.

The funds raised will be used to support global poverty reduction, climate change mitigation and adaptation as well as contribute to the general revenue of the countries involved.

Not all EU countries are prepared to proceed with a FTT, most notably the British government of Conservative Prime Minister David Cameron. But the British government did not block others from going ahead and it is hoped that they will be able to demonstrate that is a workable and effective way to not only raise much needed funds but also to curb the worst excesses of speculation that was one of the main causes of the global financial crisis.

There will be renewed pressure on other countries, including Canada and the United States, to follow the European lead.

In Washington...

While Washington freaks out about the "fiscal cliff" and massive US budget deficit, [a new study](#) by our colleagues, [Citizens for Tax Justice](#) has found that more than half the companies in the Fortune 500 have at least \$1.6 trillion in untaxed profits parked offshore. This corporate money mountain matches the \$1.6 trillion President Obama wants in tax hikes. Citizens for Tax Justice has also published a short fact sheet on [Why Congress Can and Should Raise Revenue through Corporate Tax Reform](#).

[A new study, Fiscal Multipliers and the State of the Economy](#), by the International Monetary Fund has found that budget cuts hurt growth a lot, but tax increases have a negligible impact on economic growth. The study analyzed decades of data on the world's major industrialized countries to estimate how changes in government spending or revenue affect economic output. Their advice, based on this study is that it is much better to deal with deficits by increasing taxes, rather than implementing drastic austerity budget cuts.

Let's Keep Working!

Thank you for helping us keep up the pressure. This newsletter reports on some of the latest developments happening across the country. If you want to dig deeper, check us out on www.taxfairness.ca or [Facebook](#) and [@CdnTaxFairness](#) on Twitter. We also have a new [TackleTaxHavens.ca campaign website](#) which features Canada's Tax Dollar, our campaign mascot. Canada's Tax Dollar is also on Facebook and raising awareness about tax havens. Like his new Facebook page and share with your friends at:

<http://www.facebook.com/canadatatxdollar>.

[Visit this page](#) if you can help with a financial contribution towards upcoming activities or to help out with our campaigns. Or even better [become a supporting member](#) by contributing \$10 or more a month.

Regards,



Dennis Howlett,
Executive Director.