



Tax Fairness Newsletter – May 2012

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Take Action! Tackle Tax Havens

Tax havens allow rich individuals, Canadian banks and resource companies to avoid paying billions of dollars in taxes each year. It has recently been estimated that Canadian federal and provincial governments are losing up to \$80 billion a year because of tax evasion. Tax havens such as the Bahamas, Panama and the Cayman Islands make it possible for resource extraction companies to shift the profits they make from the oil and minerals in poor countries to "paper subsidiaries" based in tax havens where they are subject to little or no tax. By keeping banking information secret, tax havens also help drug cartels and international crime organizations launder their ill-gotten wealth.

The developing world is an especially tragic victim of tax havens. African countries lose the equivalent of their total health care budget to tax evasion. Ten times as much money flows out of Africa in illicit capital flight than flows in, in aid. Between 1980 and 2008 Africa received \$50 billion in aid but lost \$824 billion in illicit capital outflows.

The use of tax havens is a huge global problem, one that Canada has a common interest with other governments in fixing. [Support the Canadians for Tax Fairness Tackle Tax Havens campaign by sending a message to the Finance Minister and your MP demanding that Canada take a lead in tackling tax havens.](#)

[View the campaign video.](#)

Watch for more actions as we build the pressure for action in advance of Finance Committee hearings on the issue of tax havens expected in the fall.

Day of Action for the Robin Hood Tax

Robin Hood and his merry activists took to the streets in downtown Ottawa in an action organized by NUPGE and Canadians for Tax Fairness. Over 30 people took part in the action which included leafleting the downtown area over the noon hour on May 25. This action was part of a global week of action in support the Financial Transaction Tax. [Find more information and photos here.](#)

European governments are moving closer to adopting a Financial Transaction Tax, despite strong opposition from the Conservative British government. Pressure is building in the United States as well. The Nurses Union recently organized a rally of over 6000 in Chicago calling for the US government to support a Robin Hood Tax.

Ontario budget deal to raise taxes of very rich welcomed

Canadians for Tax Fairness Ontario Budget e-action and lobbying efforts helped push the Liberal Premier McGuinty and NDP Leader Horwath to agree on changes to the budget that would help to close, not widen the gap between rich and poor. When the deal was announced we issued the following news release:

Canadians for Tax Fairness welcomes the agreement to raise taxes on the wealthiest 1% negotiated between Ontario Premier Dalton McGuinty and NDP Leader Andrea Horwath.

“This decision will help to reverse the ill conceived tax cut policies of successive Ontario governments,” says Canadians for Tax Fairness Coordinator, Dennis Howlett. “Tax cuts have not helped the economy, but they have benefitted the wealthiest 1% who now pay a smaller percentage of their income in taxes than any other income group, including the poorest 10%.” Government deficits, at both provincial and federal levels are the result, not of run-away government spending, but of tax give-aways to corporations and the rich that have contributed to growing inequality. Painful cutbacks now being imposed in the name of reducing the deficit will only add to the growing gap between rich and poor.

Growing public pressure for raising taxes on the very rich is demonstrated by a Forum Research poll that found 78% support for this idea.

“Premier McGuinty and NDP Leader Horwath are to be congratulated for listening to what Ontarians are saying and negotiating a budget deal that increases taxes on the very rich, and provides increased funding for childcare and people who live on disability and social assistance,” says Canadians for Tax Fairness President, Murray Dobbin. “More needs to be done to close the gap between rich and poor but this is a good start.”

Budget Bill C-38: Canadians for Tax Fairness criticizes lack of revenue side solutions to deficit and attack on advocacy by charities

Canadians for Tax Fairness Coordinator, Dennis Howlett was invited to be a witness at the House of Commons Finance Committee hearings into Bill C-38, also known as the Omnibus Budget Bill on May 28.

Here is some of what he had to say:

- Austerity is the wrong prescription for our ailing economy. Cutbacks in government spending and layoffs of large numbers of public servants jeopardizes the weak economic recovery.
- The main reason for the deficit is not run-away government spending, but ill-advised tax cuts.
- The under-lying weakness of consumer spending is due in large part to the growing gap between rich and poor. Wealth has become far too concentrated in the top 10 or even 1%. And middle and lower income Canadians have seen their incomes stagnate or decline. The very rich can't spend as much as ordinary Canadians because there are very few of them.
- What would help our economy, and business in particular, would be policies to redistribute wealth and reduce unemployment. And one of the most effective ways to do that would be to make taxes fairer and improve social investments.
- The \$8 million allocation in the proposed budget for special audits by CRA to see if charities are adhering to the 10% limit on advocacy and additional restrictions and reporting rules for charitable foundations contained in Bill C-38 are sending the message that government doesn't want to hear from charities and non-governmental organizations, especially if they disagree with government on environment, gender equality or poverty issues.
- This money would be much better spent increasing audits of rich individuals and corporations who use tax havens to avoid paying their fair share of taxes.

Fair Tax Summit – Check out some of the presentations and interviews

A very successful Fair Tax Summit took place on March 29 and 30 in Ottawa. 186 participants from across Canada representing labour, anti-poverty, environment, international development NGO, university, student and faith groups took part in two days of discussions on topics such as: Fair taxes and the environment, Making taxes more progressive, How to make corporations pay for all the services they get, Getting value for your money, Reforming municipal taxes, How the tax system could help to reduce poverty and inequality, Tackling tax havens, and Provincial tax fairness campaigning.

Video interviews with some of the speakers, copies of their power point presentations, and other campaign resources are posted on our web site at: <http://www.taxfairness.ca/news/fair-tax-summit-information-hub>

Canadians concerned about growing gap, willing to pay more taxes to close it.

An Environics poll conducted for the Broadbent Institute found that 71% of Canadians think that the widening gap between rich and poor undermines Canadian values. Almost two-thirds (64 per cent) of Canadians are willing to pay slightly higher taxes if that's what it would take to protect our social programs. A majority of Conservative voters (58 per cent) are willing to pay more taxes to protect social programs, while Liberal and NDP voters are even more supportive: 72 per cent of them would pay more.

Other interesting results were: 83% support higher taxes for the richest Canadians, and 73% want corporations to pay more. A large number of Canadians either want governments to make income inequality their top priority (42%) or a medium priority (47%), while only 9% of Canadians want governments to focus on other issues.

Find the full report at: <http://www.broadbentinstitute.ca/sites/default/files/uploaded-manually/equality-project.pdf>

Key Stats on Taxes

\$38 billion - That's how much less Canadians now pay in individual income tax compared to 2000. Check out more key statistics on taxes compiled by Trish Hennessy of the Canadian Centre for Policy Alternatives in her [Hennessy's Index blog on Taxing Times](#).

Canadians for Tax Fairness job opening for Communications Coordinator

Canadians for Tax Fairness is seeking a Communications Coordinator who will have primary responsibility for media relations, social media outreach, website development and popular education and campaign resource production. [For more information check out our job ad](#). Application deadline is June 4.

Public Forums on Tax Fairness in Winnipeg and Scarborough

Linda McQuaig, the award winning journalist and co-author of *The Trouble with Billionaires* and Ian Hudson, U of M Professor and CCPA Research Associate will be speaking at a **Tax Fairness Forum** on **Tuesday, June 5 from 1:00pm to 4:00pm** in Winnipeg at the Carol Shields Auditorium **at the Millennium Library** (Donald and Graham). It is being organized by the Canadian Centre for Policy Alternatives (Manitoba) and the Social Planning Council of Winnipeg.

To register for the event or for more information please contact Dennis Lewycky at the Winnipeg Social Planning Council at: info@spcw.mb.ca or (204)943-2561ext 224.

Canadians for Tax Fairness board member Rob Howarth and Doctors for Fair Taxation representative Dr. Susan Woolhouse will speak at a **community meeting on the inequality crisis and tax fairness** on **June 24 at 2:00pm at the Albert Campbell Library, 496 Birchmount Rd., Scarborough**.

New Book: Bill Gates, Pay Your Fair Share of Taxes...Like We Do!

Lorimer has just published this book by **Brigitte Alepin**, Harvard educated chartered accountant and tax specialist from Montreal. Brigitte was one of the speakers at the recent Fair Tax Summit. [Check here for more information or to order the book](#).