



November 29, 2013

Close Tax Loopholes Message Well Received by Finance Committee

Thank you so much to many of you who sent a message to Finance Minister Jim Flaherty and MPs on the House of Commons Finance Committee to back up our call to close unfair and ineffective tax loopholes! Over 600 messages were sent by supporters across the country in just a few days.

Last week, I presented [this brief](#) to the House of Commons Finance Committee.

The message was clear: close unfair and ineffective tax loopholes; simplify the tax system and make it fairer; spend the realized savings on public services that benefit all of us.

It was well-received by all political parties. It even got an unexpected, "I agree with you," from Nova Scotia Conservative MP Gerald Keddy.

LOOPHOLES CAMPAIGN

The most egregious of those loopholes is the stock option deduction.

Imagine not having to pay tax on half your income. That's what this deduction does for

Canada's highest paid corporate executives. It is a costly perk for the rest of us. Corporate executives are sitting on \$2 billion worth of stock options. What is worse - the Globe and Mail reports that some of that [money is being pocketed by Canadian Senators](#) who moonlight as corporate directors.

We believe that Canadians for Tax Fairness can win the battle to close the stock option loophole. Your help and [support](#) can make it happen! It is not too late to send a message to Finance Minister Flaherty and the Finance Minister, if you have not already done so.

We have published a [Close Tax Loopholes fact sheet](#) that provides more information on our new campaign.

Stop Profit Shifting

The G20 Summit, held in September followed up on the June G8 Summit by focusing on the need to develop new rules for international corporate **taxation**. Many companies like Apple, Google and Starbucks are paying little or no **taxes** to any government by shifting their profits to **tax** havens. The G20 tasked the OECD to undertake a process to re-draw international corporate **taxation** rules. Our global partners in the Global Alliance for **Tax** Justice managed to get assurances that developing countries that are not members of the OECD would also be consulted. I am on the Coordinating Committee of the Global Alliance and have been following developments on this file closely. So far we are encouraged by the progress being made and the willingness of the OECD to consult civil society groups as well as developing country governments.

Canadian companies are also gaming the **tax** rules, as I explain in this [Saskatoon Star-Phoenix editorial](#), about Canadian uranium miner, Cameco, which continues to shift its profits to Switzerland for a **tax** break - all the while taking a big profit from a non-renewable Canadian resources.



Canadians for **Tax** Fairness was also interviewed for an excellent documentary, "[Tax Dodge](#)", which aired on Global Television Network last week. It highlighted several Canadian companies that have paid very little Canadian **tax**. The TD Canada Trust bank made \$6.5 billion in profit last year. But, because of overseas profits, it cut its **tax** rate to 15 per cent – almost half the Canadian **tax** rate.

OOPS — Incompetence or corruption?

That was the question when **news** reports surfaced that the Canada Revenue Agency had issued a \$382,737 refund cheque to a mobster even though it had a lien on his assets for unpaid **taxes**. The money was recovered by a conscientious CRA employee who smelled a rat. But the incident reinforces some [disturbing questions](#) that Canadians for **Tax** Fairness has been asking for more than a year about the capacity or the will of the agency to handle complicated **tax** evasion schemes.

So far, Revenue Minister Kerry-Lynne Findlay has refused to publicly address the issues.

But Canadians for **Tax Fairness** will continue to press the CRA for answers about its decisions to shut down a unit dedicated to auditing criminal figures and to lay off more than 500 audit staff covering international files.

Canadians for **Tax Fairness** got lots of media coverage of its warning that a mistake like this might not be caught if it happens again since the unit dedicated to policing crime-related **tax** evasion has been disbanded.

Canada scores poorly on Financial Secrecy Index

Our partners at **Tax Justice Network** released the [2013 Financial Secrecy Index](#) which puts [Canada in the Global Top Twenty of secrecy jurisdictions](#) - ahead of some of the world's most notorious **tax** havens. The report cited Canada for its role as regulatory haven for the mining industry. We were also criticized for our "no questions asked" policy in setting up anonymous companies - a tool of choice in **tax** avoidance and evasion. You can hear more in my interview with [Radio-Canada International](#).



It has been six months since the G8 Summit. After much public and peer pressure, Prime Minister Harper [made a commitment to tighten up rules for ensuring who is the ultimate beneficial owner of any corporation or trust](#). This is critical for automatic **tax** information exchange to work effectively. Both of these measures were part of the G8 **tax** havens action plan that was agreed to by all G8 leaders. [It isn't too late to send him this message](#) to remind him why it is so important for Canada to follow through on its commitments to take action on **tax** havens.

Moving Forward

The **Tax Fairness** message is getting through!

Earlier this month, Ontario indicated it is exploring ways to clamp down on **tax**-dodging corporations and closing **tax** loopholes.

Saskatchewan has backed away from earlier promises to cut its corporate **tax** rate following the lead of New Brunswick and British Columbia, Quebec and Ontario.

Provincial budgets lose millions each year due to tax loopholes and havens. Provinces have an important role to play in delivering tax fairness to Canadians. I am working hard at getting that message out through provincial media. But there is so much more to do.

[We need your help to push Canada's political leaders into action.](#)

MORE INFORMATION

Join our growing community. Tell your friends, colleagues and co-workers about us. We are on [Facebook](#) and [Twitter](#). And you can find regular updates on our [website](#).

Once again, thank you for your support – whether it is helping finance our efforts, or talking about the issues with your friends and colleagues.

We are making a difference.

Yours truly,



Dennis Howlett
Executive Director