



**CANADIANS FOR TAX FAIRNESS**  
CANADIENS POUR UNE FISCALITÉ ÉQUITABLE



192 Main Street, PO Box 12015, Ottawa ON K1S 3M1 Canada Tel: 613 863 3670 Email: [office@taxfairness.ca](mailto:office@taxfairness.ca)

## Media Release

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### **Canada's Top 60 public companies have over 1000 tax haven subsidiaries or related companies.**

**Ottawa:** A new report, "Bay Street and Tax Havens: Curbing Corporate Canada's Addiction," explores the extent of corporate Canada's involvement in known tax havens and provides clear recommendations for a strong government response.

The report, published by Canadians for Tax Fairness, looks at the 60 largest companies listed on the Toronto Stock Exchange. Only 4 of the 60 companies listed no subsidiaries in known tax havens.

"Companies often argue that their investments in those jurisdictions are legitimate businesses and not brass plate subsidiaries", said report author, Diana Gibson, "but the evidence suggest otherwise." She added, "Statistics on activities for Canadian affiliates abroad show very few employees. In Bermuda, for example, affiliates report \$30.6 Billion in Canadian but only 35 employees."

"This is no small concern," says Dennis Howlett, Executive Director of the Canadians for Tax Fairness, "Dollars parked in offshore accounts means lower corporate tax revenues, and thus individual Canadians have to pay higher taxes. Canadian foreign direct investment (FDI) in tax havens reached \$284 billion in 2016 and we estimate that the revenue losses for Canadian governments due to tax haven use are between \$10 and \$15 billion."

"The companies are not necessarily doing anything illegal, and that is the problem," says Gibson, "We need corporate tax law reform that makes it illegal to use a tax haven for tax avoidance." She added, "Until the law changes, the CRA is effectively being asked to do its job with one hand tied behind its back; more budget dollars for compliance won't be enough."

The Report lays out a clear set of actions that need to be taken to curb Corporate Canada's tax haven habit including: implementing the economic substance test for offshore subsidiaries, capping interest payments to offshore subsidiaries and re-negotiating Canada's tax treaties with tax havens to ensure that there is a floor for taxes paid.

#### **For more information:**

**Diana Gibson, Canadians for Tax Fairness: 780-910-0665**

**Dennis Howlett, Canadians for Tax Fairness: 613-863-3670**

Read more about this issue on the Tax Fairness [website](#).