



Tax Fairness Newsletter

May 2014

Tax Havens a growing problem for Canada

Our recent [media release](#) revealed that Canadian money in the top 10 offshore tax havens has reached a record \$170 Billion. And this figure, based on Statistics Canada data probably underestimates the size of the problem.

The story was picked up by [English](#) and [French](#) newspapers and I did interviews on radio stations from Victoria to Saint John. It also inspired this [exchange](#) in the House of Commons between Treasury Board Chairman Tony Clement and NDP Finance Critic Nathan Cullen.

Budget Bill measures fail to deal with growing problem of tax havens

I was asked to be an expert witness at the House of Commons Finance Committee hearings on the Budget Implementation Bill C-31. My [message](#) was in brief:

- *We support requiring more financial institutions to report international electronic funds transfers of \$10,000 or more.*
- *Offshore Tax Informant Program is a good idea but don't expect it to bring in a lot of additional revenue in the short term.*
- *Provide the Parliamentary Budget Office information it needs to complete a tax gap estimate.*
- *Increase the capacity of the Canada Revenue Agency to go after tax cheats using tax havens.*
- *Amend the Income Tax Act to make it easier to go after corporations who shift profits to avoid paying their fair share of taxes.*

This was my sixth appearance in two years talking tax fairness to the committee. An invitation to testify is a signal that parliamentarians take Canadians for Tax Fairness seriously. But getting them to

shift into action will require more public pressure. We've got some ideas up our sleeve but we will need some extra resources to pull them off. We hope you can [help](#).

Auditor General confirms problems at Canada Revenue Agency

We got a little extra help from Auditor General Michael Ferguson's latest [report](#). It pointed out that there were "notable gaps" in the Canada Revenue Agency's capacity to detect and deter "aggressive tax planning" - often a euphemism for tax evasion.

Stock Options: subsidy for the super-rich

Tax havens aren't the only problem with our tax system that ends up putting more money in the pockets of corporations and very rich people.

Many of the exorbitant CEOs salaries you read about have been inflated by including [stock options](#) as part of their compensation packages. Current tax rules allow 50 per cent of the proceeds from stock options to be tax free. Every year, this loophole drains a staggering one billion dollars from federal and provincial budgets – and over 90% of the benefit goes to the top 1% of the wealthiest people in Canada. This recent news [report](#) from the National Post echoes our concerns. [Canadian Senators are cashing in](#) - big time.

The Hamilton Spectator recently published my [editorial](#) on this situation. And my [recent column in Huffington Post](#) got this reaction from readers.

"Why are taxpayers subsidizing executive stock options? Why are executive stock options gains taxed as capital gains when no capital was ever at risk? These gains should be taxed as income from employment. Furthermore, why is the government/taxpayers promoting executive stock options through favorable tax treatment when executives stock options have proven to induce wrong decisions on the part of the executives who have learned to game the system"

Brent Fullard, Investment Banker

"Take that same \$Billion in tax breaks and spread it amongst the poorest 60%, i.e. those in Canada who've lost ground over the past 20 years. You would see economic growth like you wouldn't believe."

Phil King

We've produced this stock option [fact sheet](#) that lays out the issues. Please share it with your organizations, colleagues and friends. Help us shut this practice down. Need more information or a speaker for an upcoming meeting? [Contact us](#). We'd love to help.

Tax justice is a global issue

We are excited to be working with McGill University Faculty of Law, Inter Pares, Oxfam, the Halifax Initiative, Tax Justice Network and others to organize an [international symposium](#) on tax justice and human rights. It takes place in Montreal from June 18 -20. I would like to extend a personal invitation for you to attend. Information about registration can be found [here](#).

Researchers, tax justice activists, community organizations and civil society organizations from around the world will be there. They will be sharing research and experience about offshore tax havens, corporate tax avoidance and profit shifting, progressive taxation and gender equality.

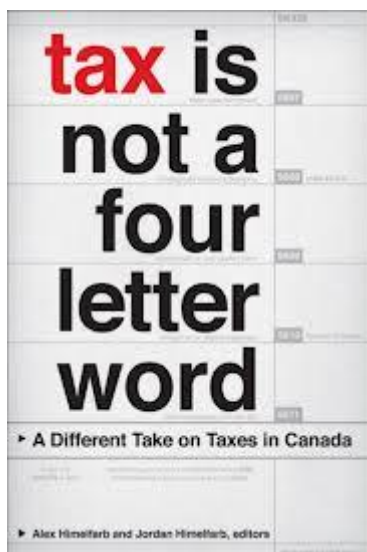
Making a difference: one province at a time

Three great campaigns are underway across the country to call attention to fairness and equality. Check them out.

[Alberta Could...](#) advocates for a progressive income tax and fair corporate taxes in Alberta to invest in better public services. It is the brainchild of Public Interest Alberta. Executive director Bill Moore-Kilgannon has already had a television [debate](#) with the Canadian Taxpayers Federation.

[Upstream](#) is a Saskatchewan-based campaign focusing on public health issues. One of its goals is to get the province to institute an anti-poverty campaign. Innovations in tax policy are a key component in fighting poverty.

[The Fairness Express](#) has been traveling through the Maritimes and Ontario hosting conversations about how to achieve fairness and equality. Part of NUPGE's AllTogetherNow campaign, it is committed to meeting people where they live to talk about problems and solutions.



Some good reading

Canadians for Tax Fairness helped to organize the recent Ottawa launch of Jordan and Alex Himelfarb's new book [Tax Is Not a Four Letter Word](#). It is a well-written, thoughtful treatise on how to think differently about taxes. I highly recommend it. And while you are at it, don't forget about [The Great Revenue Robbery](#) - a compilation of essays on how good tax policy can make a great country that Canadians for Tax Fairness came out with last year.

Want more information?

The Canadians for Tax Fairness [website](#) is regularly updated with news from Canada and around the world.

Tell your friends, colleagues and co-workers about us. We are on [Facebook](#) and [Twitter](#).

Once again, thank you for being part of the tax fairness community – 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