



CORPORATE TAX DODGE

HOW THEY AVOID TAXES TO KEEP

OUR MONEY

Corporate tax avoidance is a global epidemic. And it isn't just Google, Amazon and Apple who are gaming the system to pay little or no tax. Canadian companies do it too. Saskatchewan's Cameco and Quebec's Gildan are just two examples.

The first dodge is to set up a subsidiary in a tax haven. Then they shift profits offshore to pay even less tax.

Another popular dodge is selling a patent to an offshore subsidiary and then invoicing the Canadian office for the use of that same patent. Often the patents were based on research tax credits. Some companies even have their offshore subsidiaries charge the Canadian office for the use of the company logo or for "marketing advice".

STOCK OPTIONS

The billion dollar tax loophole

At tax time, corporate insiders get to play by different rules. They only pay tax on 50% of their stock option income. This loophole costs the rest of us **\$1 billion every year**. That lost revenue could be used to invest in education, health care and infrastructure. Instead it goes to bank presidents, mining magnates, pharmaceutical bosses and the like.

It is a deal that just screams double standard.

Easier and easier to get away with it

Tax avoidance is big business. Corporations spend big bucks to hire lawyers and accountants who know where all the loopholes are.

Meanwhile the Canada Revenue Agency has laid off hundreds of senior auditors. So there is less chance corporate tax dodgers will get caught. Even if they do get caught, chances are they can get off with an out of court settlement with reduced penalties.

Billboard blast

Going public in a very big way

Canadians for Tax Fairness recently collaborated with Saskatoon citizens to pay for a billboard calling on Cameco to 'Pay Up' millions of dollars in taxes.

Pay Up Cameco
Hundreds of millions owed to the people of Canada.
Pay taxes where profit is earned.
For more information go to www.taxfairness.ca
Sponsored by Saskatchewan Citizens for Tax Fairness

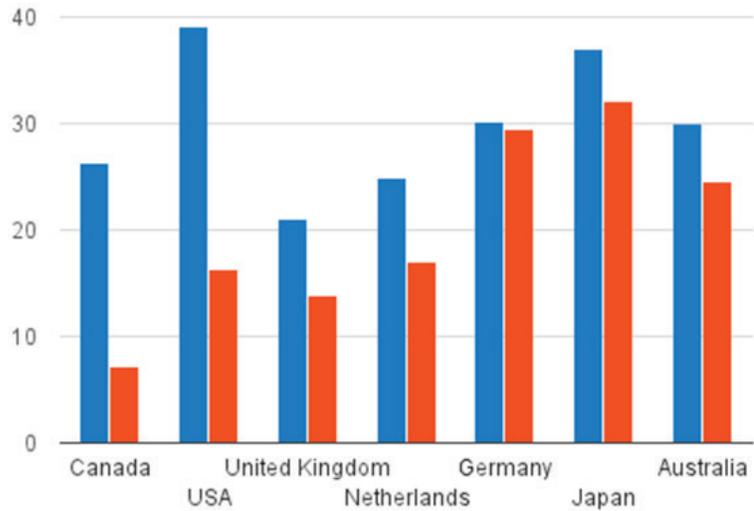
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DEEP DISCOUNT TAXING: What they say vs. what they pay

Canada's current corporate tax rate is just under 28%, (combined federal and provincial). This is the lowest corporate tax rate in the G7. It's a great deal for big business. But it's way, way higher than what many corporations actually pay.

The blue line in the graph indicates the stated rates of corporate tax in 7 different economies. The red line shows what is effectively paid.

In some cases, companies can deduct research and development costs from their taxes but then shift those assets to an offshore subsidiary.



DEAD IN THE WATER: Lower corporate taxes no help at all

Canadian companies rely on our resources, our roads and our people to make their profits. But corporate tax avoidance is big business.

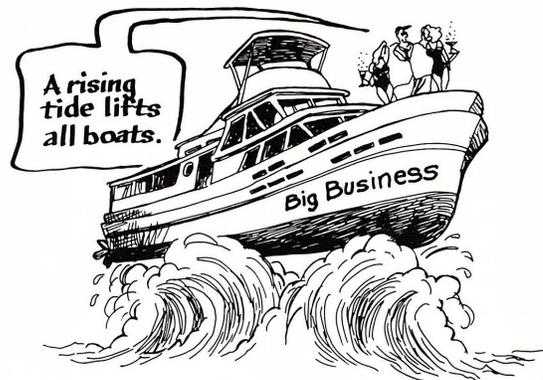
The corporate share of the tax burden is already at an historical low. In 2014, for the first time in Canada's history, more than half of the federal government's revenue was shouldered by personal income taxes.

If Canada's corporate tax rate was the same today as it was in 2000, we'd be collecting an extra \$20 billion a year in taxes—enough to fund national child care, free university tuition, or children's dental care. Instead it has been cut in half since 2000.

Canadian companies are accumulating so-called "dead money" (idle cash reserves) faster than any other country in the G7.

Statistics Canada data shows Canada's corporate cash hoard is **more than \$626 billion**. That's more than the federal debt and almost a third of our GDP!

If the logic for corporate tax cuts was to get the economy moving, it just isn't working. And it is regular Canadian taxpayers who pay the price.



taxfairness.ca

