



# VOTE FOR TAX FAIRNESS

## TACKLE TAX HAVENS



tax in tax havens have helped drive down corporate and top income tax rates through tax competition.

Time and time again, Canada’s Revenue Minister has promised to “get tough” on white collar criminals and tax havens, but the results have been underwhelming. In the three years since the Panama leaks, not a single charge has been laid. Canada has collaborated with other OECD countries to share tax information and tighten up some rules, but much more needs to be done. While other major countries are increasing taxes on large international corporate tax dodgers, we’re continuing to let them get away with paying little tax. Our existing laws allow the tax dodgers to win more often than not. Canada clearly needs a stronger approach.

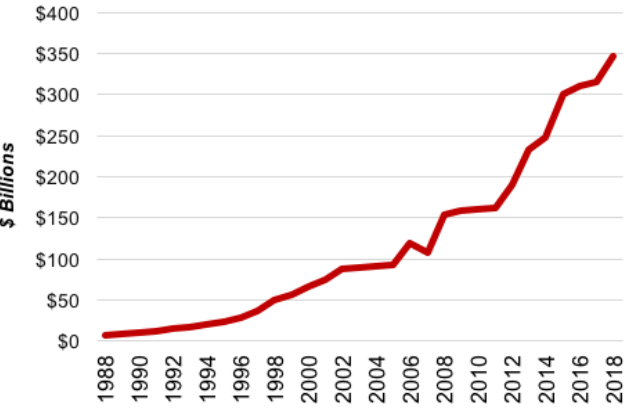
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### THE PROBLEM:

Governments around the world lose over US\$600 billion in tax revenues every year from international corporate tax dodging – and many billions more from use of tax havens by wealthy individuals. Canada’s share of those losses is at least \$8 billion, and could be as high as \$25 billion annually. The 2016 Panama Papers leaks offered a glimpse into how Canada’s elite use offshore accounts to lower their tax bills, but the nearly 900 taxpayers identified by Canada Revenue Agency are just the tip of the iceberg. Canadian corporations increased the money they officially report in Canada’s top 12 overseas tax havens by almost 10% to a record high of \$353 billion in 2018. More than 90% of Canada’s largest corporations have subsidiaries in tax havens. Much more is hidden in tax havens and not officially reported.

Tax havens are also widely used by criminals, money launderers and others to hide their money and activities. Tax havens overwhelmingly benefit the wealthy, large corporations and corrupt, and harm the rest of us. They also take a toll on developing countries, which lose a larger share of their revenues to international tax dodging and have especially pressing needs to fund basic public services — losing more in illicit financial flows than they receive in international development assistance. The biggest corporations in the world—including Amazon, Apple, Google, Facebook, Uber, Nike, Starbucks, Exxon, Chevron, Goldman Sachs, other multinational banks, oil and gas and pharmaceutical firms and many others—avoid paying taxes in Canada and around the world by using tax havens. This gives them an unfair advantage over smaller domestic competitors and has led to increased corporate concentration, which is bad for the economy. Low rates of

Canadian corporate funds reported in top 12 tax havens



Source: Statistics Canada Table: 36-10-0008-01

## THE SOLUTIONS:

1. Stronger enforcement and harsher penalties to deter wealthy individuals, corporations and promoters that engage in international tax evasion, and are too often left off the hook.
2. Prosecute the professional promoters of tax evasion schemes, including lawyers and accounting firms such as KPMG.
3. Increase funding to the CRA and prosecution service: to investigate and prosecute sophisticated tax avoidance and evasion schemes.
4. Restrict corporations or consortiums that engage in tax evasion and aggressive international tax avoidance from obtaining federal government contracts.
5. Change Canadian tax laws and international tax rules to force international corporations to pay their fair share of tax by:
  - ⇒ Introducing a minimum international corporate tax rate
  - ⇒ Treating multinational enterprises as single entities for tax purposes so they can't avoid taxes through subsidiaries and affiliated companies.
  - ⇒ Apportioning the profits of multinational corporations between countries based on real economic factors, such as sales and employment, so they can't avoid taxes by shifting profits to tax havens.
  - ⇒ Strengthening rules to prevent other common forms of tax avoidance and evasion.
  - ⇒ Ending double non-taxation agreements with tax havens, requiring corporations and wealthy individuals to pay reasonable minimum rates of tax.
  - ⇒ Requiring large multinational corporations to publish financial reports, including taxes paid, on a country-by-country basis.

# TOTAL SAVINGS: \$8B+

## \$8B+ works out to...



**\$500**

**for each household**



**80,000**

**nurses**



**4 million**

**affordable**

**childcare**

**spaces**

## TAKE ACTION NOW

Please ask your local candidates what they plan to do to end the offshore tax holiday enjoyed by Canada's elite.

You can also help promote awareness of tax havens by sharing news stories, our newsletters and other material, and promoting the recent Hollywood adaptation of the Panama Papers, [the Laundromat](#).

Our [Platform for Tax Fairness](#) provides a comprehensive set of policy recommendations to make our tax system fairer, reduce inequality and generate revenues for public services. With weeks to go before the 2019 election, we are counting down the top 5 tax fairness measures —as voted on by our supporters— that federal parties should focus on this election.