

Annual Report 2017



CANADIANS FOR TAX FAIRNESS

Highlights of 2017 campaigns for tax fairness that will help tackle inequality and provide sustainable funding for Canadian public services, infrastructure and jobs.

Letter from the Executive Director

Canadians for Tax Fairness has been at the forefront of the efforts to shine a spotlight on unfair use of tax havens and loopholes. Our work has been instrumental in putting tax fairness on the political agenda in Canada and pushing the agenda forward internationally.

The Trump tax reforms are going to create more pressure in the wrong direction on tax fairness, including further downward pressure on corporate taxes. We already see articles in leading newspapers warning that Canada is losing its tax advantage and calling for the Canadian government to lower taxes in a race to the bottom.

But we think there is still an appetite for more action on tax fairness by the federal Liberal government. As we head towards a federal election in 2019, the Liberals will need to deliver on promises such as affordable housing and childcare and they won't be able to do that without more revenue. We are also pleased that the new NDP leader, Jagmeet Singh has renewed his party's commitment to action on tax fairness. Even Conservative Finance Critic, Pierre Poilievre has publicly criticized corporate use of tax haven subsidiaries to shift profits and dodge taxes.

But some politicians are spooked by the blowback from business interests and the rich. That is why we are focusing our work on building and strengthening the broad based public movement for tax fairness -- to keep that pressure on and make sure there is vocal public support for measures to make the tax system fairer.

With your help, we have created a powerful vehicle that has put tax fairness on the political agenda all across the country. Now is a critical political moment for every one of the social advances we are all fighting for. We need to ensure that we can not only create the space for tax fairness and the revenues needed to build a better Canada, but that we can stand up to the well funded, right wing interest groups trying to stop our progress.

We look forward to working with our partners and allies in the coming year to ensure that tax fairness reform is not only possible, but that it is necessary for any party that wants to get electoral support

Dennis Howlett

About us

Canadians for Tax Fairness is a not-for-profit, non-partisan organization advocating for fair and progressive tax policies aimed at building a strong and sustainable economy, reducing inequalities and funding quality public services.

C4TF was founded in 2011 by a broad coalition of economists, researchers and social justice advocates drawn from civil society groups.

Our mission is to build and advance national and international campaigns for fair taxation to create the political and social momentum needed to see real change in our laws and practices.

We are changing the way Canadians talk about tax. We conduct research, do public outreach, work with media on new stories and perspectives, and encourage policymakers to develop fair practices. We regularly meet with politicians and actively encourage a political vision that works for all Canadians.

We are pushing forward a tax system:

- That puts the needs of Canadians first
- Where those who have more contribute more
- That closes tax loopholes for the wealthiest
- That ends the race to the bottom on corporate tax rates
- That actively closes the door to offshore tax havens and banking hideaways
- That strategically uses consumption taxes for optimal social and environmental impacts, and
- That creates new sources of public revenue.

C4TF is also playing a leading role in the international movement for ending tax havens, curbing global tax competition and funding sustainable development through tax justice as a key member of the Global Alliance for Tax Justice.

We Believe that:

Canada in the 21st century should be a society in which economic disparities are decreasing, common needs are met by investing in high-quality public services, economic policies are designed to protect our environment, and the will of the people drives our political process.

Fair tax policy affects individuals, families, communities and what kind of Canada we leave for our children.

Canada should be a country where taxation is regarded as a way to invest in Canada and Canadians.

Canada should have a progressive tax system where all individuals and corporations pay their fair share.

Our campaigns

To raise the political viability of tax fairness reforms, we take a multi-pronged approach with government engagement through lobbying and government submissions; pro-active relationships with mainstream media as well as social media; and public education and engagement with fact sheets, reports and opinion pieces, public events and e-actions. Below are some highlight outcomes from these campaigns in 2017.

CLOSE TAX LOOPHOLES

Our tax system is riddled with unfair loopholes so big you could drive a limo through. They are costly, they mostly benefit the wealthy and they fail to achieve public policy goals. They also make the tax system more complex and difficult for ordinary taxpayers to navigate.

The Federal Government is losing at least \$10 billion a year because of unfair tax loopholes. Provincial governments also lose revenue.

Since we started in 2011, we have made major progress in putting unfair and ineffective tax loopholes on the political agenda. The 2015 Liberal platform included closing unfair tax loopholes and in 2016 the federal budget closed several including income splitting. In 2017 they took that further by proposing to curb dividend sprinkling, capital gains and passive investment loopholes through Canadian private corporations. The public is behind them: a majority supports those actions.

However, right wing anti-tax and business groups fought back hard and were popping their champagne corks when the government

backed down on a number of those proposed changes.

We have doubled down on this issue. We launched the Canadian Coalition for Tax Fairness with partner organizations representing over 4 million Canadians and collected over 14,000 petitions supporting Morneau's efforts to close tax loopholes this fall. We also had letter writing and calling campaigns to put pressure on MPs.

C4TF's Executive Director was called to testify as an expert witness at a hearing of the House of Commons Finance Committee. C4TF staff published a number of opinion articles and online blogs and gave many media interviews on the subject.



Dennis Howlett presenting to Finance Committee

TACKLE TAX HAVENS

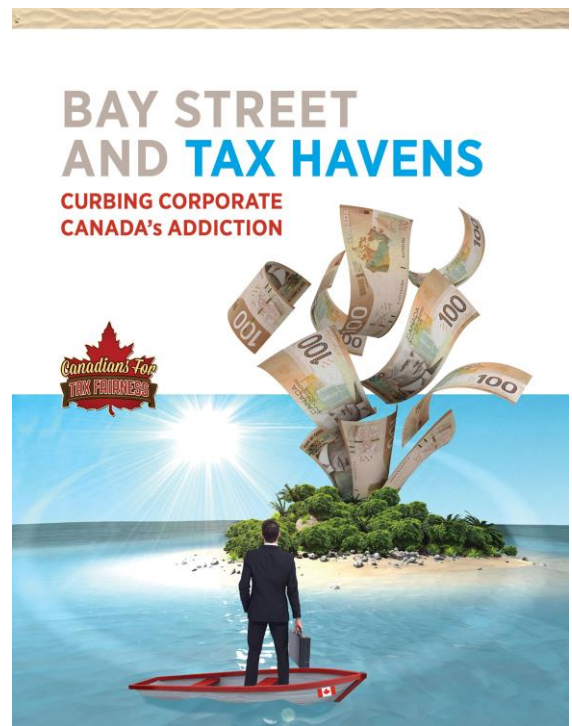
Since 2011, Canadians for Tax Fairness has been at the forefront of the Canadian movement to close down the use of tax havens to avoid taxes. This issue became front-page news with the Panama papers and Paradise Papers leaks. The result: the Liberal government included tax havens in their platform and implemented many of the recommendations in our *What's Wrong with the CRA and How to Fix It* report.

Now we need to keep the pressure on for them to take further actions, especially on corporate abuse of tax havens.

Report: Bay Street and Tax Havens

Our researchers pulled data on tax haven use by the top corporations listed the Toronto Stock Exchange. Corporate use of tax havens is rampant: **56 of the top 60 companies reported over 1000 subsidiaries in known tax havens.**

Poll results – The Environics poll we commissioned revealed that **90% of Canadians oppose corporate use of tax havens** and **87% want the law changed to make it illegal.**



C4TF staff and Board members have been busy with petitions, government submissions, lobbying and media interviews to push forward the campaign to tackle tax havens.

Procurement

We have been working on getting government to stop procurement of services from business that use tax havens to avoid Canadian taxes. We have drafted a brief for the Federal government.

Poll results: Corporate use of tax havens

90%

The use of tax havens by large Canadian corporations to avoid paying taxes in Canada is morally wrong, even if it is currently legal.

yes no

87

The Government should change the law to make the corporate use of tax havens illegal.

END SNOW WASHING

We launched a new campaign this year to end secrecy in Canada around corporate ownership. The real or ‘beneficial’ owners are allowed to hide in the shadows, laundering dirty money or ‘snow washing.’ This is making Canada into a tax haven.

Other countries are shining a light on corporate owners with a public registry of beneficial owners of companies. Canada has

When companies use legitimate Canadian investments like real estate to ‘clean’ dirty money (money made in criminal activity), it is called *snow washing*.

been falling behind on transparency.

We are working to get the federal, provincial and territorial governments to establish public

registries where corporations are required to reveal their controlling (beneficial) owners.

This is a joint project with Transparency International Canada and Publish What You Pay Canada, funded by the Open Society Foundation. We welcomed Sasha Caldera to the C4TF team as the coordinator of the beneficial ownership campaign.

In 2017 we met with BC's new Finance Minister, presented at a Vancouver conference on transparency, drafted opeds and engaged with media. The issue is already gaining momentum in media and government.

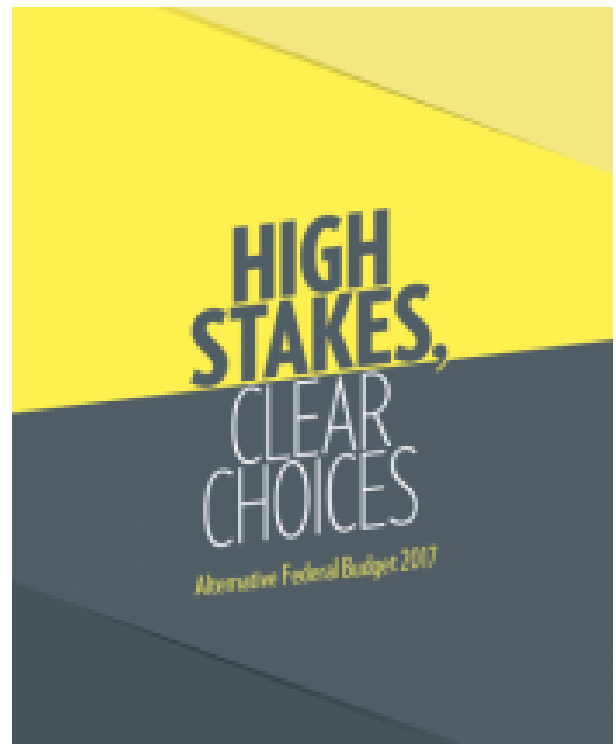
There is a great opportunity for movement on this in the coming year and we will be stepping up the pressure.

FUNDING PROGRESS

We have been working to make the connections between tax fairness and building the Canada we want. Child care, pharmacare, pensions for all, just transitions, free tuition, safe drinking water, and many other critical programs hinge on the government having the revenues – and any new proposed taxes will need to be seen as fair in order to be adopted.

We have been making those connections in:

- Alternative Federal Budgets;
- Provincial Budget reviews and commentary; and
- Media campaign on inequality and tax fairness.



LEVEL THE DIGITAL PLAYING FIELD!

TAX FAIL

Canada's local bookstore likely paid more taxes in Canada last year than major companies like Apple, Google, Facebook, Amazon, Netflix, and Uber. Despite their massive profits, these multinational companies get away with paying low effective tax rates here. They are also not held to the same expectations as Canadian businesses for local content. This is unfair for our businesses and society.

We are campaigning to ensure that Canadian businesses can remain just as competitive as their foreign counterparts and ensure that the Canadian culture we enjoy, and all the jobs behind it remain supported and vibrant.

Our campaign was initiated with a government brief and a fact sheet followed by an E-Action and letter writing campaign with a media push.

In 2017 we presented to the House of Commons International Trade Committee on digital taxation and E-commerce, submitted a Finance Committee pre-budget consultation brief, met with opposition finance and revenue critics, and sent a letter to the City of Toronto on policy to regulate Air BnB.

Campaign results: This year's federal budget included a measure to apply GST to ride share services such as Uber. The City of Toronto took action on taxing Air BnB.

Still in play: The Quebec government has stated that they will proceed with taxes on e-commerce. There are federal MPs that support action.

INTERNATIONAL TAX JUSTICE

C4TF Executive Director made a presentation on tax justice as a way to fund the Sustainable Development Goals to a Side Event at the UN in New York.

Dennis Howlett serves as the Treasurer of the Global Alliance for Tax Justice and sits on the International Coordination Committee.



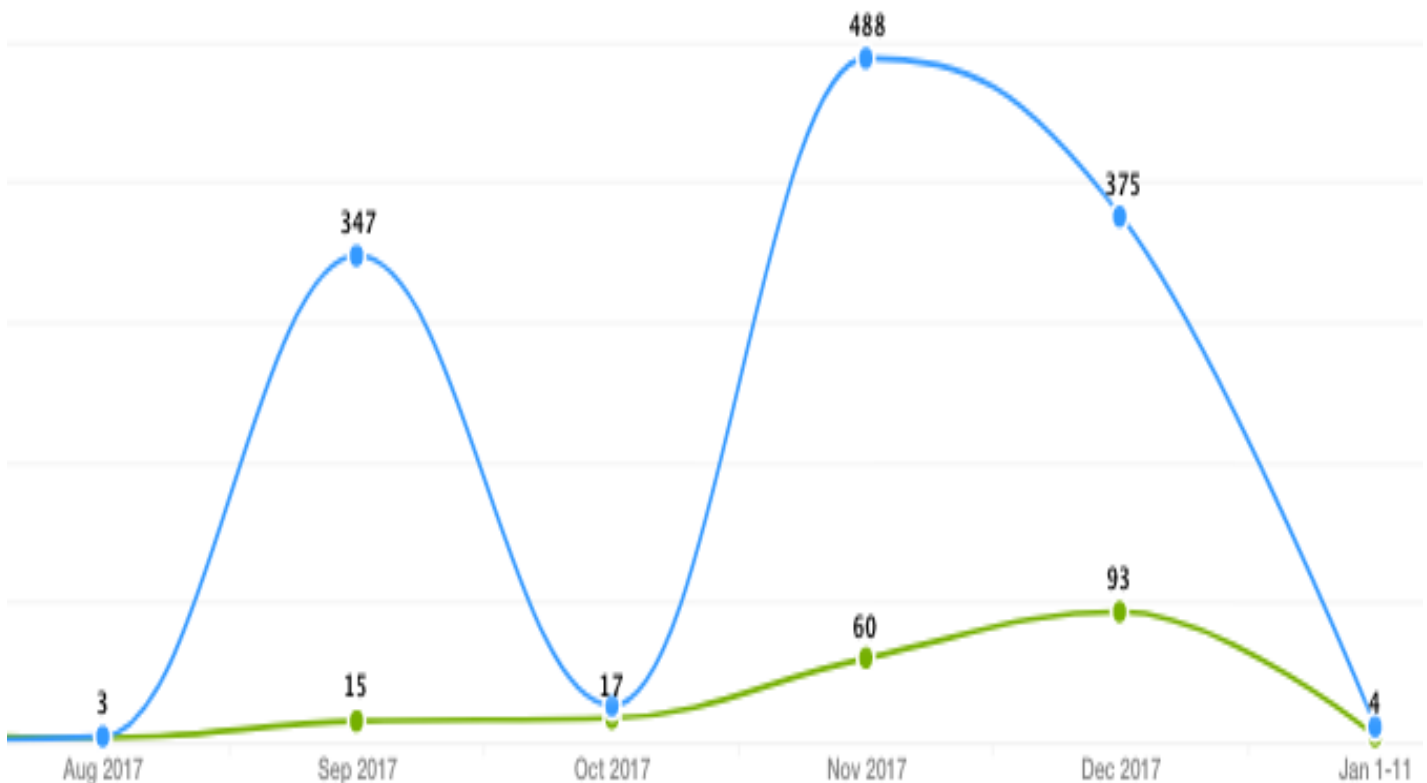
Media Highlights

C4TF is increasingly a go to source for the media for commentary on tax related issues in the news from CRA postal code targeting to tax haven leaks. We are often covering multiple news stories with multiple staff and board members at any given moment. The image below shows our presence in both mainstream and social media as tax issues made the news.

With over 1350 news mentions, C4TF reached an audience of over 70 million people in 2017. The greatest exposure (and largest volume of coverage) was on the issue of: tax fairness in the federal budget (70.2 million) followed by small business tax loopholes (50.6 million) and tax havens (47 million).

In terms of media mix, C4TF's mainstream media mentions came from radio, print publications, TV, community papers, and magazines.

Media exposure – number of media hits - 1350 News stories



OUR TEAM:



Dennis Howlett

Sasha Caldera

Diana Gibson

Board of Directors:

Scott Chamberlain (Chair)
Director of Labour Relations and General Counsel,
Association of Canadian Financial Officers

David Langille (Treasurer)
Lecturer, York University

Emily Watkins (Secretary)
Special Advisor to the President, PIPSC

Peter Bleyer
Executive Director, Canadian Centre for Policy Alternatives

David Bruer
Inter Pares

Allison Christians
Professor, Stikeman Chair in Tax Law
McGill University Faculty of Law

Murray Dobbin
Author, Political Commentator

Patricia Lane
Lawyer, Mediator

Andrew McNeill
National Union of Public and General Employees

Bruce Moore
Board member of Transparency International Canada and past
chair, North South Institute

Chris Roberts
Director, Social and Economic Policy, Canadian Labour
Congress

Toby Sanger
Senior Economist, CUPE

Cliff White
Nova Scotians for Tax Fairness