



Canadians *for*
Tax Fairness

Canadiens pour une fiscalité équitable



Annual Report 2019/2020

Photo: Sean Marshall

ABOUT CANADIANS FOR TAX FAIRNESS

Who we are: Canadians for Tax Fairness is a non-profit organization that advocates for fair and progressive tax policies aimed at building a strong and sustainable economy, reducing inequalities and funding quality public services.

Our mission is to raise public awareness of crucial issues of tax justice and to change the way Canadians talk about tax. As a non-registered charity, we can speak the truth and put pressure on politicians and corporations. We're non-partisan and not affiliated with any political party.

What we do: We conduct research, do public outreach, advocate through the media, and put pressure on politicians to implement policies that will make our tax system fairer.

Canadians for Tax Fairness also works closely with tax justice allies around the world in the international movement to end tax havens, curb global tax competition, and to fund sustainable development.

Why Tax Fairness?

We need greater tax fairness to:

Reduce inequalities: The tax system should help reduce inequality, not contribute to it. Unfortunately, decades of tax cuts and tax loopholes have helped corporations and the wealthy avoid taxes. The top 1% now pays a lower overall effective rate of tax than all other income groups. By requiring the rich to pay their fair share, the government can promote greater equality with programs and benefits for lower-income households.

Fund public services: Taxes fund the essential public services Canadians rely on, from education and healthcare to the roads we drive on. Now more than ever, we need tax revenues to make important investments, such as pharmacare and urgent environmental action, to protect Canadians and improve their quality of life.

Strengthen the economy: Deep successive corporate tax cuts have contributed to record corporate profits — not the investment and growth promised. Removing unfair tax breaks for corporations and the rich while lifting vulnerable families out of poverty can help the economy by boosting consumer demand, supporting Canadian businesses and creating jobs.



By making the tax system fairer, Canada can afford to invest in quality public services such as education and childcare.

Letter to supporters

Last year at this time, we were hard at work rolling out our tax fairness campaigns for the 2019 federal election.

Campaigning for fair taxes paid off. The 2019 election campaign included most of our priorities and some of the most progressive tax platforms in many decades. It was also the first federal election in which the Parliamentary Budget Office published cost and revenue estimates for party proposals. This provided even more credibility to our positions.

After the federal election, we contacted all MPs and met with many. We were glad to see some of our priorities included in the ministerial mandate letters, but also determined to achieve more!

We kicked off 2020 with the launch of our Corporate Income Tax Freedom Day, a report that highlighted how little tax corporations now pay, and how they've contributed to growing inequality.

In February, we were busy preparing for the 2020-21 federal budget. We presented before the Finance Committee, organized online campaigns to close tax loopholes, and held a press conference on Parliament Hill to demonstrate how progressive taxes could help fund more meaningful action against climate change.

By March, we were already starting work on a few different tax fairness projects when the pandemic hit, and Canada went into lockdown. We quickly shifted gears to advocate for quick

and effective spending measures that would help workers while holding corporations accountable. Through online campaigns, research reports, and outreach to media and policymakers, we carved out a strong case for tax fairness in the fight against COVID-19.

We've worked closely with allies to show how progressive taxes can reduce inequality and raise revenues, helping both Canadians and the economy. We're especially impressed by how many like-minded organizations and individuals are also taking up the cause of tax fairness and the passion of the thousands of supporters who helped us spread our message.

The public service delivered lifelines to millions in short order under incredible challenges, showing just how much is possible. Canadians experienced first-hand the value of investing in social programs to deliver that aid to those in need. The pandemic also exposed gaping holes in our social safety nets that need to be fixed in the recovery.

Post-pandemic polling has found that Canadians, [by a 2-1 margin](#), want the government to spend whatever it takes to rebuild after COVID-19 and an even larger majority say it's time the rich pay more for it. Public support for an annual net wealth tax is now up to 75%, including a majority of Conservative voters.

With a growing public appetite for progressive taxes and a dynamic minority Parliament in power, we have an opportunity to fundamentally improve our tax system and invest in a brighter future for all Canadians.



Toby Sanger
Director



Erika Beauchesne
Communications Coordinator

Canadians for Tax Fairness campaigns to

Make taxes more progressive: Canada's wealth gap has grown in recent decades as the one percent has seen incredible growth but average Canadians' wages fail to keep pace with rising housing, childcare and other costs of living.

Studies show it's possible to raise rates on the wealthy while still ensuring productivity.

As the only OECD country without a tax on inheritance, Canada lacks a proper mechanism to treat extreme wealth when it is passed on from one generation to the next. Introducing a modest wealth tax of 1% on fortunes over \$10 million could generate over \$10 billion a year.

A 4% tax rate on incomes over \$750 million would generate \$1 billion a year. Corporations can afford to pay more as well. Restoring the corporate tax rate from 15% to 18% would raise \$5.7 billion a year.



Tackle tax havens: Canada loses at least \$10 billion in tax revenues every year from tax havens. Scandals like the Panama Papers and Paradise Papers have helped raise awareness of tax havens and how they're widely used by the wealthy and corporations to dodge taxes –and by criminals and money launderers and others to hide their dirty money and cover up their tracks.

But Canada has made little progress tackling tax havens. We need to enforce much greater

transparency to expose these activities, change our laws to eliminate the tax advantages, end double non-tax agreements with tax havens, and increase enforcement and penalties to deter wealthy individuals and corporations. Accountants, lawyers and other promoters of offshore tax dodging are too often let off the hook as well. Increased funding for the Canada Revenue Agency is needed to investigate and prosecute sophisticated tax avoidance and evasion schemes.

Combat climate change: We need to address the climate crisis with every policy tool in the toolbox, including a stronger price on pollution and an end to fossil fuel subsidies and other tax write-offs. Putting a price on pollution is a step in the right direction, but the federal carbon tax framework needs to be strengthened to eliminate preferences for large emitters and with border carbon tariffs and rebates to push other countries to take action as well.

Subsidies for fossil fuel production also must be eliminated: some are being phased-out, but others remain. A more progressive tax system can help fund investments in green infrastructure, worker retraining and other measures for a Just Transition and Green New Deal.

Close tax loopholes:

Tax expenditures and loopholes cost the federal government over \$100 billion annually and exacerbate inequality by allowing corporations and rich individuals to pay tax at a lower rate than hardworking lower and middle-income families. One example is the stock option deduction, with over 90% of the benefits going to the top 1%.

Level the digital playing field:

Foreign multinational e-commerce giants like Google, Amazon and Facebook have benefited from billions in tax preferences and pay little to no corporate taxes in Canada despite the billions they make from Canadian sales. This has come at the devastating expense of Canadian producers, with thousands of jobs lost and hundreds of media and mainstreet businesses closed.

Most major countries have already taken action to level the digital playing field, by applying sales taxes to imports of digital services, and taxes to the revenues or profits of the digital giants. Canada only recently promised to do so during the federal election campaign. We need to ensure the government follows through on its promise and removes unfair tax advantages for foreign multinationals.



Make the tax system simpler:

The federal government should improve how Canadians, especially vulnerable individuals, engage with the tax system. One in 10 Canadians do not file their taxes and therefore do not receive the benefits they are entitled to. Canadians could save billions in out of pocket expenses and time spent doing their taxes if the

federal government introduced automatic tax filing. This system is already in place in many other countries including Norway and Denmark. Multiple independent reports have found lower-income individuals and smaller businesses have a different experience with the tax system than larger corporations and wealthier individuals, who are often able to get away with not paying their fair share. Tightening tax loopholes for the rich and strengthening CRA resources would help recover lost revenues and make the system fairer.



End snow-washing:

Weak corporate transparency rules make Canada the perfect destination for criminals and tax evaders to launder their money – known as 'snow-washing'. Money laundering has led to soaring housing prices in cities like Vancouver and Toronto, while allowing criminals and tax evaders to hide behind shell companies.

Canada can end snow-washing by joining other countries such as the UK that have created a publicly accessible company register of the true 'beneficial' owners of these companies. A publicly accessible registry of beneficial owners should be free, open and searchable to help journalists, the public, law enforcement and tax authorities identify the individuals behind shell companies.

Vote Tax Fairness



The 2019 federal election was held October 21, but we wanted to influence the party platforms and get voters and politicians thinking about tax fairness well before Election Day. In June, we released our report, [Platform for Tax Fairness](#), which showed how the federal government could raise more than \$50 billion in revenues with progressive tax policies. Our report included a broad range of recommendations --from raising the top marginal tax rate to strengthening the carbon tax framework.

We also polled supporters on which tax issues mattered most in the election. Their [top 5 priorities](#) included closing tax loopholes, tackling tax havens, making the tax system more progressive, levelling the digital playing field, and addressing climate change.

In a countdown to Election Day, we highlighted a different policy each week [with fact sheets](#) showing how many revenues each measure could raise and what public services and social programs they could help fund.

Just before voters headed to the polls, we released a second report, our [Fair Tax Report Card](#), which graded parties on the tax fairness

strength of their platforms and promises. Party platforms included a number of our tax fairness proposals, with the NDP and Green including the most progressive tax platforms we've seen in decades.

We were encouraged to see some key tax fairness measures gain traction in Election 2019. All major parties committed to tax foreign digital giants and the NDP proposed [a wealth tax on the super rich](#), which the Parliamentary Budget Officer estimated [could raise over \\$5 billion](#) in the first year and an average of \$7 billion annually over 10 years. The election also provided an opportunity to [dispel common myths about boutique tax credits](#) and other unfair tax loopholes when the Conservative party promised to revive some of the former Harper government's ineffective and expensive tax policies.



In the news: Read samples of our election coverage and commentary in [the Globe and Mail](#), the [Journal de Montréal](#), the [National Observer](#), and [the Tye](#).

Corporations, pay your fair share



We [kicked off 2020 with a report](#) showing just how little tax some of the largest Canadian corporations pay. Our [Corporate Income Tax Freedom Day](#) report found that by the morning of January 7, 2020, Canadian corporations could have paid all their corporate income taxes from their total revenues for the year.

The report highlighted how much corporate tax rates have declined over the past two decades and how these cuts have failed to create the jobs and growth they were promised to. Business investment rates have declined, productivity has been sluggish, and corporate power has become more concentrated, which hurts competition.

Instead of trickling down to workers, tax cuts have benefited those at the top -- shareholders through share buybacks, higher dividends, and exorbitant CEO pay. The [Canadian Centre for Policy Alternatives \(CCPA\)'s annual CEO report](#) found compensation for the top 100 CEOs in Canada reached a record average of \$11.8 million – 227 times that of the average

worker. We collaborated with the CCPA this year in researching the top executive paying companies and found some corporations are paying their C-suite more than they pay in corporate income taxes.

Our report made several recommendations to stop the race to the bottom, including restoring corporate tax rates and eliminating tax preferences that allow large corporations to pay significantly lower rates of tax—and investing the proceeds to strengthen social programs, reduce inequality and generate real economic prosperity.



In the news: Read coverage of our Corporate Income Tax Freedom Day report in [Huffington Post](#), [iPolitics](#), [PressProgress](#), and [Postmedia](#).

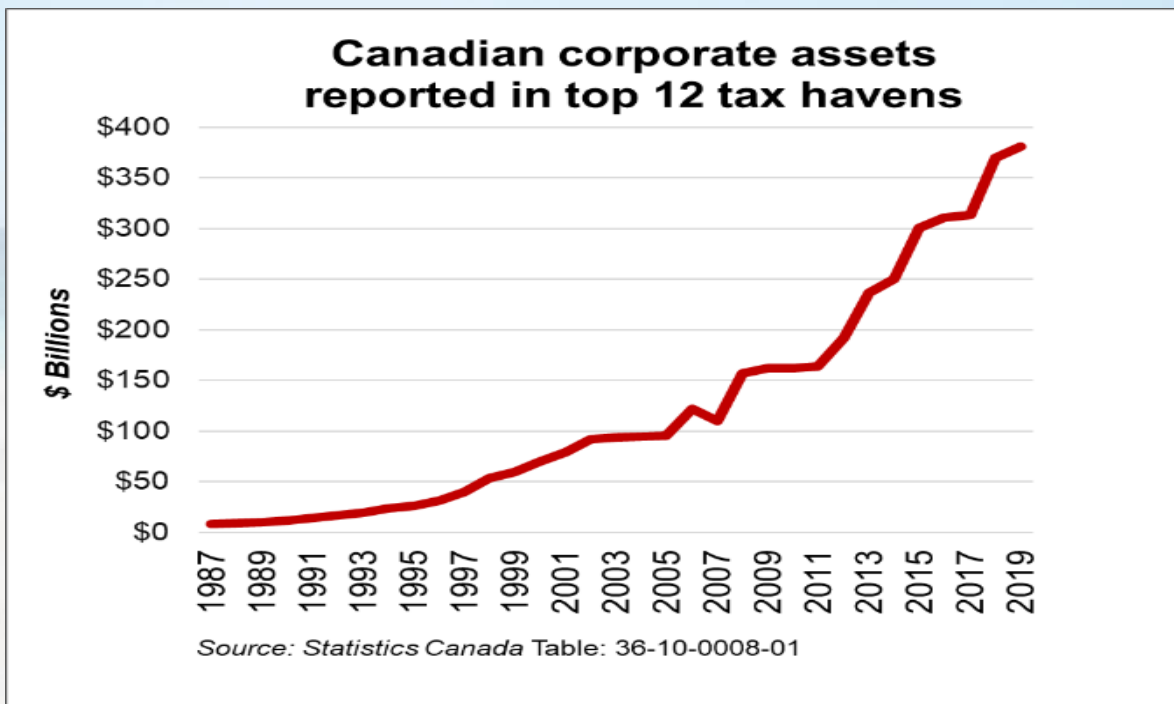
Corporate Canada Tax Haven Report

In summer 2020, we [released a report](#) showing Canadian corporate assets in the top 12 tax havens hit \$380-billion – a 135% increase over the past decade.

Our [Corporate Canada Top Tax Haven Report](#) found Luxembourg was the top tax haven of choice for Canadian corporations with \$101 billion, followed by Bermuda (\$64 billion), and Barbados (\$50 billion). These are just the amounts companies report -- billions more are hidden and unreported in these and other tax havens by wealthy companies and individuals. Canada loses at least \$10 billion to international corporate tax dodging each

year, although a 2019 estimate by the Parliamentary Budget Office estimated the amount could be as high as \$25 billion. These lost revenues would be critical in the fight against COVID-19 and to help pay for investments to better protect Canadians.

Our report recommends measures to tackle tax havens such as ending double non-taxation agreements with tax havens, requiring large corporations to publicly report taxes paid in each country, and treating MNEs as single entities for tax purposes so they can't avoid taxes through subsidiaries.



In the news: Read some of the coverage of our Corporate Canada Top Tax Haven Report in [le Journal de Montreal](#), the [National Post](#), and [le Devoir](#).

Combat Climate Change



We continue to advocate for more progressive taxes and other measures to help transition Canada to a lower-carbon economy. In our [pre-budget submission](#) to government, we outlined how tax reforms such as closing tax loopholes can fund the necessary investments for a safer, more sustainable future.

C4TF director Toby Sanger [appeared before the Standing Committee on Finance](#) for pre-budget consultations to emphasize some of the progressive tax measures that could raise billions in revenues.

We also organized an online petition campaign asking Minister Morneau to [demand Canada remove fossil fuel subsidies and unfair tax loopholes](#), which

would not only make the tax system fairer, but together provide more than \$18 billion in revenues to fund Just Transition measures.

Canadians for Tax Fairness and more than half a dozen groups representing labour, environmental and Indigenous rights headed to Parliament Hill where we [called on the federal government](#) to scale up investments for a green economy.



In the news: Read some of our tax fairness and climate change coverage in the [National Observer](#), [CBC News](#), and [iPolitics](#)

End Snow-Washing



With our coalition partners Transparency International Canada and Publish What You Pay Canada, we continue to make progress in advancing corporate transparency to end Canada's money laundering (a.k.a. snow-washing) problem.

It's challenging for law enforcement and tax authorities to trace money launderers, tax evaders and other criminals in Canada because they can easily hide behind anonymous shell companies. We have been advocating for a pan-Canadian public registry of beneficial owners to help identify the individuals that own and control shell companies.

Thanks to our ongoing lobbying with government and stakeholders, research reports, and media attention, we are making progress.



***In the news:** Read some of our media coverage on beneficial ownership transparency in the [Toronto Star](#) and [Global News](#).*

Making progress:

- **May 2019:** B.C. introduces and passes legislation for a beneficial ownership registry of property to deter money laundering in real estate. The new law requires relevant companies, trusts and partnerships to disclose their beneficial owners.
- **June 2019:** Federal, provincial and territorial finance ministers agree to explore solutions to financial crime, including evaluating the merits of a publicly accessible registry of beneficial owners.
- **January 2020:** B.C. seeks input for consultations on a public registry of beneficial owners for companies.
- **February 2020:** The federal government announces plans to hold consultations to evaluate the merits of a pan-Canadian public registry of beneficial owners.
- **March 2020:** Quebec announces in its budget that it will make beneficial ownership information public and searchable for private companies

Tax fairness in the global pandemic

From the early days of lockdown, we have been busy advocating for progressive tax reforms to help cover the costs of COVID-19 and rebuild a stronger economy coming out of the crisis.

Although we encouraged the federal government to spend whatever it took to help Canadians, we were one of the first voices to sound the alarm that much more transparency was needed around pandemic spending on businesses, including procurement contracts.

We [teamed up with several advocacy organizations](#) to jointly call for stronger terms on companies to ensure public funds did not go to pandemic profiteers or corporate tax dodgers.

We investigated one of the corporations at the centre of Canada's worst workplace outbreak, Cargill Ltd, which [neglected to provide protective equipment](#) and measures at its



Alberta slaughterhouse and provided infected workers with incentives to return to work. Our [research found Cargill channels most of the profits from its Canadian operations to its American billionaire owners](#) through holding companies based in the tax haven of Luxembourg.

When the governments of France and Denmark announced they wouldn't fund any domestic corporations that use tax havens, we increased our pressure on the government and organized [an online petition](#) demanding similar terms on Canadian companies, which was signed by thousands of supporters.

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“The crisis has shown us where we need to reshape laws and policies to better protect Canadians in the future”

Tax fairness in the global pandemic

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The federal government incorporated some of our recommendations in setting conditions for large companies. We are continuing to call for stronger conditions and increased transparency for all federal funding programs.

The pandemic put thousands of Canadians at risk of not receiving critical benefits due to the challenges of safely filing their taxes after the virus shut down volunteer tax clinics and community centres across the country. We [launched a campaign](#) for government to extend benefits for vulnerable and low-income individuals who could not safely file by the tax deadline.

Our efforts paid off. The Minister of National Revenue announced the CRA would continue to deliver supports to Canadians who did not file by the deadline. Our campaign is now focused on ensuring longer-term reforms are made to the tax system to help vulnerable individuals through future challenges.



Prime Minister Justin Trudeau holds a press conference outside his home in the early months of the pandemic.

In addition to our advocacy work, we contributed a chapter on Tax Fairness for the CCPA's special [Alternative Federal Budget Recovery Plan](#). In it, we outline how progressive taxes can help reduce the deficit and rising inequality. Some of our proposals include taxing foreign digital giants and introducing an excess profits tax on large companies that have profited during the pandemic.

The crisis has shown us where we need to reshape laws and policies to better protect Canadians in the future. We will continue to advocate for a wealth tax on the richest households and a tax on corporate profiteers to tackle inequality and raise the revenues to invest in improving public services and the quality of life for everyone.



In the news: Read some of our COVID-19 related coverage and commentary in the [Toronto Star](#), the [Canadian Press](#), the [Globe and Mail](#), [Rabble](#), and [Passage](#).

Financial statements

REVENUE	2017	2018	2019
Donations	115,155	129,661	139,860
Global Alliance for Tax Justice	100,686	45,611	0
Beneficial ownership transparency project	16,517	78,036	109,287
Other Projects	6,000	5000	5,000
Miscellaneous	230	753	
Total	238,588	259,061	254,433

EXPENSES	2017	2018	2019
Administration	12,498	15,436	7,426
Campaign	29,794	11,938	7,778
Contractors and salaries	214,325	188,091	180,469
Media monitoring	9,877	3,767	3,924
Professional fees	4,689	3,971	5,181
Projects	3,228	9,919	35,705
Total	274,411	233,122	240,483

NET REVENUE	2017	2018	2019
	-35,823	25,939	13,950

NOTES: Annual financial statements were reviewed and approved by OUSELEY HANVEY CLIPSHAM DEEP, LLP. All funding received for the Global Alliance for Tax Justice and Beneficial Ownership Transparency were spent on those respective projects.

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The Association of Canadian Financial Officers, Canadian Association of Social Workers, Canadian Association of University Teachers, Canadian Federation of Nurses Unions, Canadian Labour Congress, Canadian Union of Postal Workers, Canadian Union of Public Employees, Citizens for Public Justice, British Columbia Teachers' Federation, Elementary Teachers' Federation of Ontario, Inter Pares, KAIROS: Canadian Ecumenical Justice Initiatives, National Union of Public and General Employees, Ontario English Catholic Teachers Association, Ontario Health Coalition, Ontario Secondary School Teachers' Federation, Public Service Alliance of Canada, Service Employees International Union— Canadian Council, Sisters of St Joseph, Syndicat de la fonction publique et parapublique du Québec, United Food and Commercial Workers of Canada, Unifor, United Steelworkers, The Professional Institute of Public Service of Canada and the United Church of Canada.

Additional thanks to ACFO for their generous donation of office space. We would also like to express our gratitude to our board of directors, who contribute many hours of volunteer labour, sage advice and collective wisdom, and to our thousands of individual and organizational allies who contribute to the cause of tax justice and fairness advocating alongside us by writing letters, signing petitions, pressuring politicians, and talking about these issues with your neighbours and friends. Your individual advocacy is so important for our collective success.



Get involved:

As a non-profit organization, we rely on support from organizations and individuals. Please help by contributing so we can continue to fight for a Canada that takes care of its most vulnerable while ensuring the wealthy and corporations pay their fair share:

<https://www.taxfairness.ca/en/donate>

Sign up for our newsletter to stay up to date on our work, tax fairness news, and campaigns:

www.taxfairness.ca/en/action/sign-our-e-newsletter

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