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Chair

The Honourable Wayne Easter

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•(1100)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): If I could have members' attention, we'll call the meeting to order. Pursuant to Standing Order 108(2), we will continue the study of the Canada Revenue Agency's efforts to combat tax avoidance and evasion.

For the first hour, we'll be dealing with the Canada Revenue Agency and Commissioner Andrew Treusch.

Did you have a point of order, Pierre-Luc?

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): On a point of order, Mr. Chair, just to clarify this, at the end of the last meeting we left a motion on the table. I would like to dispose of it right now. I don't have any changes to it. I would like to ask for the consent of the committee to do it right now. I think it will be fast.

The Chair: It was our intent as a committee to try to find 30 minutes at the end of the meeting to deal with committee business, but it's your right to put the motion on the floor if you want. You're asking if there's consent to put it on the floor at this time.

Do we have the consent of the committee to deal with it now?

Mr. Raj Grewal (Brampton East, Lib.): I think we should respect our witnesses' time. I think there will be ample time afterwards to debate the motion. The debate might go longer and—

The Chair: Okay. I'm not hearing consent. It will be the first item we deal with in the last 30 minutes.

Mr. Commissioner, the floor is yours. I would say to start on the KPMG-Isle of Man-CRA issue. I've been a member for a long time, quite a long time, and I've had as many calls on this issue as I have had on any other. I think Canadians are quite frustrated. They believe, whether it's right or wrong, that there is unfairness in terms of how the wealthy and people who can afford accountants are treated under our tax system, versus those who are doing it on their own and have to deal with CRA on an individual basis.

I will say up front that from an MP's perspective—and I think most of us are getting the same kinds of calls that I am—this is an extremely serious issue from an ordinary Canadian's perspective, if I can put it that way. I just state that so you know that this isn't an issue that we as committee members are taking lightly.

The floor is yours.

[Translation]

Mr. Andrew Treusch (Commissioner of Revenue and Chief Executive Officer, Canada Revenue Agency): Thank you, Mr. Chair.

[English]

I should indicate that I'm happy to stay for the duration of the meeting.

If I may, I will say at the outset, on behalf of all CRA employees, that all our prayers and thoughts are with the people of Fort McMurray and the first responders there.

With me today are Mr. Ted Gallivan, the assistant commissioner of the international, large business, and investigations branch; Ms. Stéphanie Henderson, the manager of the offshore compliance section; Ms. Lynn Lovett, the assistant deputy minister of the Department of Justice tax law services portfolio; and, Ms. Diane Lorenzato, the assistant commissioner of the human resources branch.

Canada's tax system features a level of voluntary compliance that's among the highest in the world, but offshore tax evasion and aggressive tax avoidance remain a challenge, requiring both concerted action here at home and global strategies.

Increases in international trade and globalized investment flows have resulted in complex multinational corporate structures, use of offshore jurisdictions of concern, and profit-shifting schemes that challenge all tax administrations.

The CRA is responding through a four-point action plan to effectively target this globalized tax environment and related non-compliance. Our plan includes: first, better access to information; second, a more focused organization targeting offshore non-compliance; third, increased resources to deepen our capacity; and fourth, more effective international collaboration.

•(1105)

[Translation]

More than two-thirds of the \$11 billion that the CRA assesses through audits—over \$7 billion—involves our international and large business programs and aggressive tax planning, including high net worth individuals and multinationals.

[English]

These results, and our ability to identify non-compliance by those using offshore schemes have never been better. In large measure, this is because we've significantly improved our information tools. Since January 1, 2015, financial institutions are required to report international electronic fund transfers of \$10,000 or more. This information is invaluable in helping the agency target jurisdictions and financial institutions of concern.

Second, the process for using the unnamed persons requirement, which enables the CRA to pursue information through the courts on taxpayers using offshore jurisdictions, has been streamlined to give us authority to obtain information from third parties such as banks. Yesterday, we applied for authorization to issue an unnamed persons requirement to the Royal Bank of Canada for information about RBC clients linked to the Panamanian law firm Mossack Fonseca, subject of the Panama papers. RBC has informed CRA it will not oppose the court application. With court approval, the CRA will receive this information expeditiously.

Third, the foreign income verification statement, form T1135, was significantly strengthened in 2013 to established more detailed and rigorous reporting requirements for Canadian taxpayers holding foreign property and assets. The volume of these reports has subsequently increased by 50% as a result of our measures to strengthen our scrutiny of offshore activities.

Fourth, we are undertaking a comprehensive study of tax gap measurement over the next year to determine how this could be applied to Canada in estimating the tax gap. A better understanding in this regard may help us target our compliance activities more effectively.

Finally, Canada is very active in sharing information with our international treaty partners. We have one of the world's most extensive treaty networks, with 92 tax treaties and 22 tax information exchange agreements in place. These measures also help us identify and pursue non-compliance as never before.

[Translation]

Through our action plan, we have better focused the CRA to target offshore non-compliance. In 2013, we created several specialized teams across Canada and launched a dedicated offshore compliance division.

[English]

In 2014-15, we reviewed nearly 13,000 international large business files, reviewed nearly 10,000 aggressive tax planning files, and fielded almost 2,000 calls through the offshore tax informant program where we identified 110 cases for active review. In the last three years, we also reorganized our criminal investigations division to focus on the more severe cases of tax evasion, and those who promote schemes that enable them. These measures are paying dividends. As a result of these measures, \$1.57 billion in additional revenues has been assessed. That's three times the initial estimate.

In April of this year, we created a new agency branch headed by Mr. Gallivan to focus exclusively on international tax, aggressive tax planning, large business, criminal investigations, and strategies to combat offshore tax avoidance. Our organizational changes are

supported by a third element of the plan, namely, increased resources. Today, we have more than 6,400 auditors. That's a 20% increase from 2006 at a time of ongoing fiscal restraint.

Budget 2016 includes an unprecedented \$444 million investment in measures that will increase the CRA's capacity to combat offshore tax avoidance and evasion. This includes a special program to pursue those who create and promote tax schemes for the wealthy. We anticipate this to result in a 12-fold increase in the number of tax schemes examined by the CRA.

[Translation]

As Minister LeBouthillier recently announced, the agency will also use the funds to hire more auditors and specialists, increasing the number of examinations focused on high-risk taxpayers from 600 to 3,000 per year. And we'll bring in 100 additional auditors to audit high-risk multinational corporations.

As a result, the federal government anticipates that its investment in the CRA will generate an additional \$2.6 billion in revenues over 5 years.

• (1110)

[English]

Finally, our efforts on the domestic front must be complemented by collaboration with our international partners, the fourth element of the plan. Canada plays a central role in international fora to address non-compliance, such as the OECD forum on tax administration. We recently ratified a Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which further expands our international information-sharing network.

Through our partnerships in the OECD we are active in several global initiatives: the OECD's base erosion and profit shifting, or BEPS, project, which aims to address international tax plan strategies used by multinational enterprises to inappropriately minimize their tax; country-by-country reporting for multinational corporations; and implementation of a common reporting standard in 2018.

Canada participates in the joint international tax shelter information and collaboration, or JITSIC, network, working with the G8 and G20 on measures to tackle tax avoidance and aggressive tax planning. We recently participated in a JITSIC meeting in Paris to coordinate next steps related to the Panama papers. Based on our own sources of information, we've initiated 40 audits related to Mossack Fonseca prior to the Panama papers release. Through more recent efforts, the CRA now has tens of thousands of records from multiple sources. The agency will use this and any other data collected from various sources to ensure that all Canadian taxpayers identified from the Panama papers are pursued.

The Auditor General concluded in 2013 that CRA had done a good job of following up on information received about offshore accounts in the Liechtenstein case and improved its process for identifying taxpayers with unreported income.

[Translation]

In 2014, the Auditor General also found that the CRA had the tools to detect, correct, and deter the use of aggressive tax plans. Since then, our toolbox has expanded considerably.

[English]

Next week, I will also be joining tax commissioners from 46 countries at a meeting of the forum on tax administrators, in Beijing, China, where we will further strengthen international efforts.

We are making progress, but work remains to be done as we continue to refine and build upon our tools and the most recent investments. It is worth noting that the agency's record has been reviewed twice in recent years, and in both cases was good.

In conclusion, we've provided the committee information very relevant to your study and your opening remarks, Mr. Chair: the summary findings of a recently completed independent review into the CRA's management of the KPMG file. The agency undertook this review to ensure that due diligence was followed in our approach to this case. The CRA is in the difficult position of being unable to fully discuss details of the KPMG file due to ongoing litigation and our confidentiality provisions. Having said that, the review, conducted by Ms. Kim Brooks, former dean of Schulich School of Law at Dalhousie University, confirms that the CRA acted appropriately in its management of the KPMG file.

I conclude now, and we welcome your views and questions on how we can make better progress in identifying, addressing, and deterring offshore non-compliance.

Thank you.

The Chair: Thank you very much, Mr. Treusch.

I take it that, rather than splitting into two one-hour sessions, we're going to go an hour and a half. The commissioner has agreed to stay, so we'll try to get everyone in.

Thank you very much, Commissioner, and thank you for the review as well done by Ms. Brooks.

We'll start then with the government side.

Mr. Ouellette, you have seven minutes.

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): Thank you very much, Mr. Treusch, for coming here, and also the other officials. It's very much appreciated.

Concerning the agreement between KPMG and the CRA, I was wondering if there were any internal complaints or concerns by members of the CRA concerning this deal.

Mr. Andrew Treusch: Thank you for the question.

I'm just looking here at the findings of Ms. Brooks. I think she actually spoke on this point.

She said:

The review found that each of the audit files appears to have been carefully completed by diligent staff and that the practices used in pursuing the KPMG case were compliant with established CRA policies and procedures.

Now to your point, sir, Ms. Brooks continued:

While senior management was appropriately consulted and briefed, decisions were made by the CRA team assigned with carriage of the file, with due consultation with the Department of Justice. While vigorous discussion about approaches to a file would not necessarily be problematic, there was no evidence of disagreement within the Agency on actions taken.

● (1115)

Mr. Robert-Falcon Ouellette: How do you come about, then, making the decision whether to pursue with legal proceedings or to negotiate a settlement?

Mr. Andrew Treusch: I won't speak about any particular case, but in general all tax administrations in their compliance work litigate, and litigation can end in court, or litigation can end in a settlement.

In our case, the numbers, broadly speaking, are about 5,000 cases. Of that over 2,200 would go to a court, and about 3,000 would end in some settlement.

The determination in each case is built upon the hundreds of hours of our audit team, the specialists who review the facts particular to each and every case, aided by the Department of Justice that provides legal advice in what is in the best interest of the crown and what is the appropriate treatment under the law.

Mr. Robert-Falcon Ouellette: Would financial consideration also enter into that calculation, the amount of man- or woman-hours involved in calculating out an agreement?

Mr. Andrew Treusch: It is a part of the calculation, but first is what is the appropriate treatment under the law, what is in the public interest, and what is in the interest of the crown. So it's not a simple calculus.

If you go to court, obviously, you have an extended process, you have additional legal costs, and I want to underscore this, you have an uncertain outcome. We cannot assume, in going to court, that the crown will win. What is of significance is a loss before the court and a judgment that may set back the crown's ability to pursue these schemes.

All those things are balanced: the facts of each case, as well as the legal analysis.

Mr. Robert-Falcon Ouellette: If you go to court and the crown loses the case, who is now responsible for the legal fees of the client?

Mr. Andrew Treusch: Mr. Gallivan.

Mr. Ted Gallivan (Assistant Commissioner, International, Large Business and Investigating Branch, Canada Revenue Agency): That would depend on the case, but absolutely some taxpayers do see costs, and in cases where the CRA refused a reasonable settlement, costs will be awarded to the taxpayer; in other words, the government would have to pay the taxpayer's legal costs. That does happen.

Mr. Robert-Falcon Ouellette: Then there is another thing that's going around in the media. People are concerned about perhaps the ethics of the CRA. I guess some people don't like the tax man or the tax woman, but there have been some issues, for instance, surrounding the whole idea of cocktails and parties with accountants. I even have Mr. Gallivan, I believe, on record. I have a quote here. You said, "We try to have a culture in CRA where executives are trying to be responsive to the citizens that we serve, which includes large accounting firms. I don't think it's a problem."

Is this an accurate description of the CRA's mandate and culture? Do they serve accounting firms that are engaged in tax avoidance on a large scale?

Mr. Andrew Treusch: I'm very pleased to be able to hopefully provide some illumination on the record here.

I've spoken to three previous CRA commissioners, and as far back as I can tell the Canada Revenue Agency works with tax intermediaries. For over 70% of the interactions between Canadians, whether individuals or businesses, large or small, there is a tax intermediary. It's pretty important that we work with bodies like the Canadian Tax Foundation, which is a body of the institute of chartered accountants. The Canadian Bar Association has accountants, academics, and tax professionals—10,000 members.

The Chartered Professional Accountants, which is Canada's national accounting professional body, which certifies accountants, including CRA employees who are chartered accountants—

Mr. Robert-Falcon Ouellette: For instance, if someone under the CRA were under investigation for some wrongdoing, or under suspicion, they could essentially curtail the investigation by resigning from the CRA and then going to work for another accounting firm. Is that correct?

Mr. Andrew Treusch: No, that is not correct. If we have someone under internal investigation and we find a criminal offence, we will suspend the employee or we will terminate the employee. Sadly, I have been called upon to do that during my tenure.

If it's a criminal matter, we will refer it to the RCMP, and the RCMP will prosecute.

In terms of post-employment, I believe the Canada Revenue Agency has the strongest, most rigorous, most effective post-employment directives and policies. I am quite happy to benchmark myself against other government departments. I am happy to benchmark us against other tax administrations around the world. We're quite happy to table here, in the committee, our integrity framework, our directive on conflict of interest, on post-employment, on gifts and hospitality.

What I would particularly draw the committee's attention to is the letter, which Diane can take the committee through, on the obligations that we put on our employees in post-employment, including a one-year prohibition.

• (1120)

Mr. Robert-Falcon Ouellette: Mr. Chair, I have some other questions. Are we able to give those questions in and then have them...?

The Chair: I think you're out of time.

To clarify on that, in layman's terms, Commissioner, you're saying that when an employee leaves the CRA, they cannot go to a firm or another business that is in a similar line of work, if I could put it simply, for one year?

Mr. Andrew Treusch: I'll ask Diane Lorenzato to explain the provisions.

Ms. Diane Lorenzato (Assistant Commissioner, Human Resources Branch, Canada Revenue Agency): The one-year provision applies to all employees at CRA, the 40,000 employees.

The one year is really based on the activity that the employee was doing prior to leaving. An employee cannot accept a position with a firm that they were dealing with 12 months prior to leaving the agency. They cannot be appointed to a board of directors if they were dealing with that company 12 months prior. They cannot represent that company if they were dealing with that company 12 months prior.

We always have to look at the position the employee occupied during the 12 months prior to leaving and which files they interacted on, which will dictate whether they will be allowed to take further employment. That limitation is for 12 months.

There are permanent limitations for our CRA employees, which fall under the Income Tax Act, section 241. Those prevent all CRA employees from sharing and divulging information pertaining to a taxpayer or any file they've dealt with during their career. These are criminal offences, and they can be put forward for legal proceedings. They can end up with a fine or imprisonment.

The Chair: Thank you, Ms. Lorenzato.

Mr. McColeman, you have seven minutes.

Mr. Phil McColeman (Brantford—Brant, CPC): Thank you, Chair.

From the outset today, the chair has represented that this is a major issue for us. I don't want to diminish this issue of the KPMG news reports, which is being carried mainly by the media. We heard from the KPMG representative earlier this week, and I will refer to that, but I just want to set the context of my remarks.

There are Canadians who are extremely concerned about this issue. While there is no question about that, I can count on one hand the number of inquiries—actually there were two—that have been made to my office about this issue. It's perhaps not as broad an issue at my constituency level, and I'm just speaking for myself before I begin my remarks, but I just wanted to say that and to set the record straight for myself on that particular front.

According to some of the background we've received, Canadians in general are tax-compliant, and they file their taxes. They pay their taxes. Something in the neighbourhood of 95% of Canadians do that correctly. Is that right?

Mr. Andrew Treusch: I believe it's over 92%, but, yes, we have one of the highest voluntary compliance rates in the world. It's an important observation you make, sir. It's one of the most important measures of a tax system that is accepted by Canadians as fair and just.

Mr. Phil McColeman: How frequent are amnesty agreements made within the CRA? Are they one-offs or are there quite a few of them?

Mr. Andrew Treusch: You'll recall, sir, that I spoke about the instances of litigation cases. We have about 5,000. We have settlements in 3,000 of those cases, and 2,200 go to court.

Let me say for the record that we do not characterize the KPMG file as an amnesty. That is a term that has been applied by the media. It is not one we accept. This matter remains before the court. We are determined to continue to get all of the participants in this scheme, and we want our day in court. Our work is not done.

The minister announced as well that there is additional work on the Isle of Man. The scheme is on the Isle of Man. We are now under way with what I would describe as a blitz on Isle of Man accounts, up to 800 of them.

I will ask Mr. Gallivan to speak in general about the terms of settlements and about why amnesty is an inappropriate description.

•(1125)

Mr. Phil McColeman: Could I move on? I have only a limited time. I appreciate what you are saying. If you choose to give that explanation at a later time when it fits in, please do so.

Without this agreement with KPMG and the negotiation, or whatever it turns out to be.... In my experience of having been in business for myself, and having been audited over several different points in time, if there are inconsistencies in how we have filed our taxes and such, typically the CRA people are very reasonable with us in terms of correcting those situations and moving on in a negotiated way. I would characterize my experience with CRA that way.

Without this agreement with KPMG clients, do you think the CRA would have been able to recover the taxes owed by these individuals?

Mr. Andrew Treusch: That is a very interesting question. I have asked myself whether going back in time.... If we had had all the tools and information sources available to us today, we may well have been more successful. That is probably a question I should invite Mr. Gallivan to address.

Mr. Ted Gallivan: I can't comment on a specific taxpayer file. I can speak, though, in general terms about the agreement that is posted to the CBC website and how the CRA generally reaches those kinds of agreed-to settlements.

In such cases, payment within 60 days is a clause in such agreements, guaranteeing that the agency would be paid. I would also point out that the agreement on the CBC website talks about 15 years, in other words going back 15 years. Back to your earlier remarks regarding the CRA, in a traditional compliance review, we look at one tax year. Let's fix the mistake, and let's move forward, back to the voluntary compliance.

In our audit program, we do 120,000 audits. We usually look at one to four tax years. Let's clean it up. As with the statute of limitations, we have statute-barred. We can go back only so far.

In the case of aggressive tax planning—the people who engage in tax shelters and those kinds of moves—we actually have the right to

go back six years. We go back six full tax years and charge compound interest. A careful reading of the document posted to the CBC website, which I can't confirm is an actual offer of agreement, would indicate that we went back 15 tax years. That would be consistent with CRA's approach to offshore tax evasion, the most serious kind of non-compliance that we detect. We vary our approach based on the seriousness.

Mr. Phil McColeman: Thank you.

In general terms, does that mean that Canadians can expect this practice to continue as the policy of the CRA, to be in the situation where you would bring forth these types of negotiated settlements?

Mr. Andrew Treusch: Without taking the committee's precious time, I would like to refer to the entirety of my remarks at the outset. We have sources of information we have never had before, perhaps the most critical being that any international electronic fund transfer of \$10,000 or more is now known to us. This new tool just came to us in January 2015. That is what enables us to tackle the Isle of Man, along with—

Mr. Phil McColeman: Can I interrupt you, sir? I know my time is running thin.

The Chair: It is practically out. One quick question....

Mr. Phil McColeman: In essence, what you are saying is that, over the last five years, the new tools that are available to CRA have been working very effectively. Is that correct?

•(1130)

Mr. Andrew Treusch: Well, some of these tools don't go back five years. Some of them go back three years; some go back one year. Most important, now we have the financial resources to put the effort into it.

The Chair: Thank you very much.

Mr. Dusseault, go ahead.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

Thank you for being here.

First, I would like to ask whether you can provide the committee with the letter that is on the CBC website, so it can be official and it can be provided to each committee member.

Mr. Andrew Treusch: I am prevented by law from doing so, sir.

Mr. Pierre-Luc Dusseault: Okay. Thank you. To follow up, I would like to know whether you think that the tax scheme by KPMG.... In your opinion, is it legal?

Mr. Andrew Treusch: Canada Revenue Agency uncovered this scheme through our actions. Our characterization of the scheme is in the public record and that, again, could easily be forwarded to the committee.

Mr. Pierre-Luc Dusseault: But do you think the scheme was legal when it was implemented by KPMG?

Mr. Andrew Treusch: We would not have gone into litigation if we didn't have concerns about this scheme, and it's why we continue to pursue every participant in the scheme.

Mr. Pierre-Luc Dusseault: So the scheme wasn't legal, if you want to pursue a court case.

Mr. Andrew Treusch: We are in court to obtain information on every participant, to ensure that the taxes assessed are paid in full and that Canada's tax laws are upheld.

Mr. Pierre-Luc Dusseault: If you think that scheme is not legal, why would you send a letter to KPMG to transfer it to their clients, to have an amnesty? I call it amnesty because in the dictionary it says....

[Translation]

In the French dictionary, amnesty is defined as an undertaking by the government to retroactively erase the punishable nature of the offence to which it applies. Depending on the case, amnesty may prevent or quash public prosecution.

[English]

If you think the scheme is not legal, why would you send an amnesty letter to taxpayers instead of pursuing this in court?

Mr. Andrew Treusch: We are pursuing it in court. I respectfully disagree with the characterization of amnesty.

As a common-sense test, if any of your taxpayers were approached by the Canada Revenue Agency and asked for an assessment of taxes owing and interest over 15 years, paid within 60 days, I don't think your constituent would characterize that as an amnesty.

Mr. Gallivan.

Mr. Pierre-Luc Dusseault: If you think it's an illegal scheme and the taxpayer signed that offer, if the taxpayer received your letter by KPMG and signed that letter, you still have the power to pursue them in court and take all the money and the penalties and the interest.

Mr. Ted Gallivan: Again, we can't confirm that the agreement posted on the website is an actual agreement. However, we would enter into that kind of agreement because, in the agency's judgment, in consultation with the Department of Justice, after hundreds of hours, we believe there is some legal risk, first, that we would not obtain the identity of the participants, and second, that our tax assessment could be challenged and may not stand up in court. We would look at the facts and evidence we and the taxpayer have. We would look at legal precedents and then we'd make a judgment.

I'd like to correct two other things. First, in this case, if one did a hypothetical calculation, the interest would represent a 25% surcharge. Second, a careful reading of the document on the CBC website indicates there is no immunity from criminal prosecution. Third, going back 15 years effectively doubles the bill for a taxpayer versus our traditional six-year aggressive tax-planning audit.

Mr. Pierre-Luc Dusseault: Thank you.

Mr. Gallivan, you say you don't think this letter is real.

Madam Henderson, can you confirm that you signed that letter that is posted on the CBC website?

Ms. Stéphanie Henderson (Manager, Offshore Compliance Section, Canada Revenue Agency): Although the signature appears to be my signature, I can't confirm the source of the information on the website, so I cannot confirm the origin of the document and whether it would be mine or not.

•(1135)

Mr. Pierre-Luc Dusseault: Can you confirm that you signed that letter?

Ms. Stéphanie Henderson: No, I cannot, because I do not know the source of the document.

Mr. Pierre-Luc Dusseault: Why would your signature be on that letter if you didn't sign it?

Mr. Andrew Treusch: Mr. Chair, I think it would be important to hear from legal counsel. We wish to be as forthcoming as we can be, but I want members of Parliament to understand the legal constraints. We are bound by the law as approved by Parliament.

I'll ask our legal counsel to explain, if I may.

The Chair: Go ahead, Ms. Lovett.

We'll not take away from your time, Mr. Dusseault.

Ms. Lynn Lovett (Assistant Deputy Minister, Tax Law Services Portfolio, Department of Justice): I'll be short.

Section 241 of the Income Tax Act prohibits officials from disclosing information that is taxpayer information and, as such, Ms. Henderson isn't in a position to talk about any of the details of the particular letter to which you refer.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

There's a letter that is signed, but you cannot confirm that it was signed, just so I understand it correctly. It's surprising. Who signed off on that offer?

I think, Madam Henderson, maybe you were not alone writing that letter. Someone wrote it at some point. Who wrote that letter and who was superior to you who signed off on that action?

Ms. Stéphanie Henderson: I can't speak to the specifics of the case in question, or to the letter you're referring to. Settlement privilege would preclude me from discussing that matter.

If you would let me speak generally to the matter, with any case, I review the facts of the case and I consult with our justice counsel. They provide me with legal advice as to what the risks are and what issues we may be concerned with in regard to legal precedence. Together we would come up with a draft position.

I would then approach my director and in turn my assistant commissioner. I would present it to them, and then we would move forward.

Mr. Pierre-Luc Dusseault: That's how it happened. You did all that process and came with the letter that is on the CBC website. That's the process you used.

Ms. Stéphanie Henderson: That would be the general process I would use with any agreement that we may consider in regard to taxpayer agreements.

I'd just point out that in the Auditor General's report they did an extensive review in 2013 of offshore agreements, and concluded they were effective and efficient, and we were using them appropriately and ensuring national consistency.

Mr. Andrew Treusch: Mr. Chair, there is a more direct answer that is available from Ms. Brooks' summary findings. I quote, "While senior management was appropriately consulted and briefed, decisions were made by the CRA team assigned with carriage of the file, with due consultation with the Department of Justice."

Mr. Pierre-Luc Dusseault: Thank you.

I would like now to turn to the voluntary disclosure program. It appears on the letter, which is on the CBC website, that you asked the taxpayer to use the voluntary disclosure program.

[Translation]

In the information circular on the voluntary disclosures program, it says that disclosure must be voluntary, and I quote:

A disclosure will not qualify as a valid disclosure...under the "voluntary" condition if the CRA determines:

the taxpayer was aware of, or had knowledge of an audit, investigation or other enforcement action set to be conducted by the CRA or any other authority or administration, with respect to the information being disclosed to the CRA....

How can you allow a voluntary disclosure that violates the rules governing voluntary disclosure? The taxpayer who received the letter through KPMG knew that the CRA had suspicions about their activities. In this case, how was the taxpayer able to take advantage of the voluntary disclosures program?

[English]

The Chair: Mr. Treusch.

Mr. Andrew Treusch: Mr. Gallivan.

[Translation]

Mr. Ted Gallivan: We can't confirm that the document on the website is from the CRA. But, generally speaking, in a settlement case, the process is completely separate from the applicable voluntary disclosures program.

In the case of a settlement, we consider the facts, the legal risks, and the country's tax interests. Then we make a determination. In some cases, when the issue is principle-based, we don't enter into a settlement agreement. If a legal precedent can be set, the CRA does not negotiate a settlement agreement.

When we are 100% sure of the facts, we do not enter into a settlement agreement. It's the legal risk, where applicable, of not having the names—

• (1140)

[English]

The Chair: No, sorry. I was signalling to Mr. Dusseault because he was out of time.

Finish your answer, Mr. Gallivan.

Mr. Ted Gallivan: Sorry, Mr. Chair. I thought that was a signal to hurry up, which I was endeavouring to do.

The Chair: Thank you, both. I believe, Mr. Treusch, you indicated you could provide a paper that was your view of the scheme. Was that what you said earlier in a question?

Mr. Andrew Treusch: I think I was citing the summary findings of the independent review of the KPMG thing, which has been furnished to the committee, I trust.

The Chair: Which we already have and you already quoted from. Okay, just so we're clear on that.

Ms. O'Connell, thank you.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair. Thank you for your appearance here today.

I'm going to focus my questions based on the summary findings, in item 2, in regard to the finding that the deal with KPMG was not inappropriate because of its consistent treatment of taxpayers in similar situations. I want to focus on this because I have, like the chair stated at the outset, serious concerns with how taxpayers working with CRA tend to be treated. I'm talking about the average taxpayer.

What are the criteria to enter into a settlement versus litigation or going to collection services?

Mr. Andrew Treusch: Thanks for the question.

I want to be very careful with Ms. Brooks' summary. I will cite from it, but these conclusions are her own. It's not for me to read into her findings. She obviously is looking at tax law, in which she is an expert. She is looking at jurisprudence. She's looking at decisions of the court and how they bear upon her review of it. This is her opinion. I am citing it.

Going back to the remarks I made earlier, each and every case has its own determinative facts. That is why auditors spend hundreds of hours assembling the facts on each and every case to find the right treatment for that case. That's why they work with Justice. Justice understands the law and they're active in understanding the jurisprudence, the decisions, and the risk or benefit of going to court. They have to make that decision on each and every case.

That is why you have Ms. Henderson here and her team. There would have been a team of a few people that worked on this file for many months. They would have been working, seeking legal advice to make an appropriate determination, as we would with any taxpayer.

Ms. Jennifer O'Connell: Without offence, I will say that it's hard to hear you refer to this document, to the credibility of the actions, when I'm questioning a statement of how taxpayers are treated. Let's be very careful here. If a determination of treatment is about hours and legal success, could you not argue that someone who has paid KPMG \$100,000, who can afford lawyers, would receive a more favourable treatment? The average Canadian, like someone in my riding, say, a single mother, might owe CRA \$1,200, and they have their Trillium and HST garnished.

If the determination is based on hours in court or accountant fees, how would the average Canadian fare, who cannot afford a \$100,000 fee to KPMG? How is that fair treatment across the board for all taxpayers? To your earlier statement about Madam Henderson working on a file for several months, in my constituency it takes nine to 12 months just to receive a response to an appeal.

We can communicate with CRA only by fax. May I have your phone numbers or email addresses so that my constituents can start negotiating settlements?

• (1145)

Mr. Andrew Treusch: It's useful for members of Parliament to be aware of the recourse available to all Canadians. It's all about fairness.

The Canada Revenue Agency has an independent ombudsman for service complaints, who reports directly to the minister. If your constituents have service complaints, I encourage you to send them there. We have a dedicated complaint resolution program available to all members of Parliament for addressing constituent complaints.

A taxpayer in financial hardship has the ability to be considered for financial relief. This is available to all Canadians. A taxpayer who disagrees with an assessment has a right to an appeal. We have thousands of appeal cases. They have a right to be heard. An appeal can overturn an agency decision if it's in the interests of the taxpayer and in accordance with the law.

Finally, on debt collection, as I saw in today's newspapers, we've been emphasizing that, if a taxpayer has a debt beyond their means to pay, they should please come talk to us. We're happy to work out a resolution. This is available to all taxpayers.

We encourage taxpayers all the time through our promotions to take advantage of the benefits, the exemptions, the credits, the deductions that are available to Canadians.

Ms. Jennifer O'Connell: How do we get in touch with CRA on behalf of taxpayers who cannot afford to pay their debt? Whom do we contact? Do they have to fax it in? That's the process that CRA has set up.

Mr. Ted Gallivan: Taxpayers with a debt would be assigned a collection officer, and they would have a direct phone number for that officer.

Mr. Andrew Treusch: We field about 23 million calls through our contact centres. I'm very proud of our employee service at the contact centres. This government has recently invested significantly. We had been struggling with call volumes, and I'm pleased that this will give us the ability to be more responsive.

Ms. Jennifer O'Connell: I sincerely hope that it does improve with this commitment of funding because I have been told that, once someone actually gets through to a live person, it's quite helpful, but the problem is that they don't have the access to the live person. We don't have the teams to contact. The average person can't afford \$100,000 for a KPMG representative to negotiate settlements over months when their appeals actually take nine to 12 months just to get a response.

My last question, because I know I'm running out of time, is that I'm wondering if KPMG itself has been issued any type of fine or penalty for the Isle of Man.

The Chair: I think Mr. Gallivan wanted to answer on the original point as well about getting to CRA, and Mr. Treusch on your second question.

Mr. Gallivan.

Mr. Ted Gallivan: Thank you, Mr. Chair.

Just briefly, at any given time like today, we have 230 high-end cases that are before the courts with large dollar values at stake.

However, each year we give 400,000 Canadians taxpayer relief. We resolve over 90,000 tax appeals, where a distinct part of the agency reviews, for free, taxpayers' representations and makes adjustments where it sees fit, so the numbers of ordinary Canadians being served by the agency greatly exceeds the quantum.

In terms of access, I talked about executives needing to be accessible, not just to KPMG and high-end accountants but to all taxpayers. In that same interview I talked about how I, personally, as a senior executive, reviewed all minister mail. If a taxpayer writes to the national revenue minister or the commissioner, somebody at my level actually approves the response, and we don't do so blindly.

I think an important message is that it's not just the large firms that have access to CRA executives but it's the CFIB, boards of trade, accounting firms, bookkeeping firms, and through these other programs I mentioned, the CRA reaches out to help ordinary Canadians.

Ms. Jennifer O'Connell: Thank you.

The Chair: Mr. Treusch.

Mr. Andrew Treusch: Thank you. I'll be very brief, Mr. Chair.

Just for balance, I would draw your attention to the volunteer tax preparation program, where Canada Revenue Agency, with a community group of some 16,000 volunteers, help low-income Canadians and new immigrants prepare their tax returns for free. Over 600,000 Canadians are supported by this volunteer program. CRA employees volunteer their own time to support this program. Again, we're very pleased to see the government's recent investment so that we can further expand the volunteer program.

• (1150)

The Chair: Now we have Mr. Liepert for a five-minute round.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you for being here, sir, and thanks to your team. We'll see if we can maybe get back to the reason why you're here.

I also want to make a couple of comments briefly at the outset to support what my colleague said in his initial comments in response to what our chair opened the meeting with.

My particular constituency office receives a fair number of calls from constituents who are dealing with issues with the CRA. I must say that I don't think I can recall one particular concern by citizens on this particular issue, so, Mr. Chair, I can only attribute that to the fact that we have far fewer listeners and viewers of the CBC in Alberta than they do in Prince Edward Island.

The Chair: That may be, but I can tell you I've had lots of calls on this issue.

Mr. Ron Liepert: I wanted to talk a little bit about some of the dollar numbers that have been thrown around, and I'll just quickly walk through them. Correct me if I'm wrong, but I just want to confirm some of these numbers.

It's my understanding that in 2015 the previous government committed approximately \$15 billion, and the return on that is somewhere in the range of \$1.5 billion.

Mr. Andrew Treusch: I fully agree with the last part, that the return on actions from budget 2013 was \$1.57 billion. In my remarks, I mentioned that was actually three times larger than the estimate we had at the front. I would love to say that return on investment was on a \$15-million investment, but that would not be an accurate portrayal. It was largely a result of the rebuilding of our approach to audit, and in particular, under the leadership of people like Ted Gallivan, our new integrated risk assessment system to audits. This is a system within the agency that is used in our approach to large companies, those over \$250 million in revenue, and it's based on a math algorithm with 200 variables.

In other words, we have gotten better and better, through business intelligence, in where we focus our audit assets, and that came into effect right around that time, so that, along with the tools, produced the kind of revenue gain you referred to, sir.

Mr. Ron Liepert: One of our responsibilities is to ensure the budgetary dollars that the government is putting forward are well used. We have just had an incredible increase in the amount that's been provided to the CRA—at a time when we're running a \$30-billion deficit, I might add.

At what point do the diminishing returns start to show? I heard you say that these additional dollars will allow you to do something like a 12-fold increase in examinations. It's one thing to examine something and spend a lot of time and money doing it, but it's another thing to examine something that's going to lead to these increased dollars.

I'm sure you're not going to suggest that you don't want the money or you don't need the money, but is this an appropriate amount? It seems to us—to me—to be an awful lot of money.

Mr. Andrew Treusch: It's an excellent question. In the recent budget, \$440 million was invested in the agency over five years to increase our ability to tackle tax evasion and tax avoidance. We are committed to returning to the government, to the crown, \$2.6 billion in revenue. That's the proposition.

Sir, your question about return on investment is an excellent one. Within the agency this is a key factor in where we mobilize our audit activity and resources. We calculate that, and insofar as there is a diminishing rate of return, it's probably not an area for greater activity.

Mr. Ted Gallivan: Just quickly, consistent with some of the feedback you may be receiving, these budgeted dollars are targeted in specific areas. There were dollars specifically for the promoters of tax schemes. There were dollars specifically to focus on people participating in aggressive tax planning. There were dollars to embed legal experts in our criminal investigations program.

Some of the money was to focus on those stubborn areas where the ROI might be lower, but the fairness of the regime is called into question if we don't police them appropriately.

• (1155)

Mr. Ron Liepert: How do you come up with the \$2.6 billion or \$2.8 billion or whatever?

Mr. Ted Gallivan: We took our current yield, and we cut it in half. In other words, we took our current average yield, and to be conservative in a mathematical sense, we cut it in half.

The Chair: Thank you, Ron. I know you'd like that conservative number.

Mr. MacKinnon.

[*Translation*]

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you, Mr. Chair.

Thank you all for being here. Welcome to the committee.

My mother spent her whole career at what used to be known as Revenue Canada. It would no doubt please her to know that her son was in the midst of questioning the agency's commissioner and top managers.

Ms. O'Connell's question really taps into how Canadians feel about the way the CRA treats them as taxpayers.

My questions are a bit more high level, though. Canada is one of the countries that does not make its estimated tax gap public, is that right?

[*English*]

Mr. Andrew Treusch: Sir, I'm not entirely sure what you mean by "tax record".

[*Translation*]

Mr. Steven MacKinnon: I'm referring to the tax gap.

Mr. Andrew Treusch: Oh, my apologies. That was my fault. I'm sorry.

No, that's true. It wasn't today, but the minister did recently make an announcement. A commitment was made to begin the process of measuring tax gaps going forward.

[*English*]

We are committed to moving down that road. What's important for me, with the Canada Revenue Agency, is that if we do this, we do it well.

I've certainly discussed it with the IRS, and I've discussed with the United Kingdom their approaches. There are areas that are relatively straightforward, and there are areas that are very difficult. I want us to do this in a way that is open and transparent, but in a way that educates Canadians so that these numbers have meaning to them.

[*Translation*]

Mr. Steven MacKinnon: You take part in events with chartered professional accountants. I believe there was a story in the media about that. I'm going to give you an example. The other day, KPMG representatives told us that they no longer engaged in developing tax shelters, if I'm translating correctly.

Is that the kind of thing you would discuss at meetings or events with chartered professional accountants, either formally or informally?

[English]

Mr. Andrew Treusch: No. Again, all of the employees of the Canada Revenue Agency, whether we're in a conference or a meeting in a boardroom, in whatever setting, social or professional, are bound by section 241 and respect that at all times.

When I was appointed commissioner, my first briefing in the agency was on section 241. When a minister is appointed, it is a minister's first briefing at the agency.

Of course we discuss tax administration. We have messages to impart to tax preparers and it's important for us to have that communication with them. They have issues to raise with us, but senior people don't deal with a taxpayer's specific information unless it's a representative of that taxpayer.

[Translation]

Mr. Ted Gallivan: I'll give you an example of the kind of thing we discuss.

Recently, we audited the accounts receivable of companies who gave discounts in order to create fictitious losses. They manipulated their financial statements and accounts receivable. They sold those accounts to other companies.

We detected that conduct. We took the matter to court, and our view was confirmed. Then we told accountants that, since the courts had ruled on the matter, they had to stop engaging in the practice. Otherwise, we would initiate legal proceedings.

These kinds of events give us an opportunity to get the word out about compliance issues to better prevent these kinds of things and influence accountants' behaviour.

• (1200)

Mr. Steven MacKinnon: Thank you.

Now I'm going to switch topics. We are very short on time.

How was Ms. Brooks selected?

[English]

Mr. Andrew Treusch: We put out a contract. A number of names were developed within the agency of people who had considerable expertise in tax law, people of good reputation, and then those who were available in the timelines we had. Ms. Brooks was either at the top of the list, or close. She was contacted. She was available.

[Translation]

Mr. Steven MacKinnon: You can appreciate, I'm sure, why the process for selecting the individual who is going to review a government agency's behaviour needs to be transparent. I think it's a good idea to make that clear.

I want to pick up on the Auditor General's 2013 report. He made two recommendations.

[English]

The Chair: You're over time.

[Translation]

Mr. Steven MacKinnon: My apologies. The two recommendations were actually made in the spring 2014 report.

Could you provide us with an update on how progress is coming along on your commitments to address the recommendations?

Mr. Ted Gallivan: Since we are short on time, I will just say quickly that our two commitments are up to date, particularly as regards the calibration of our risk assessment model. You can see the results. Our risk assessment model is working well.

Mr. Steven MacKinnon: Thank you very much.

Thank you, Mr. Chair.

[English]

The Chair: Thank you both.

Ms. Raitt, you have five minutes.

Hon. Lisa Raitt (Milton, CPC): Thank you very much.

Thank you for being here today, and I'm sorry that I may be repetitive because I wasn't here at the beginning. I was responding to the minister's introduction of the budget implementation act.

I'd like to understand a little more of your internal process. I asked the witness from KPMG the other day, how many actual prosecutions are ongoing or happen in a year with respect to tax cases. I'm wondering if you can give me an idea. What I'm looking at is specifically what our preponderance is to proceed to prosecution as opposed to settlements.

Mr. Andrew Treusch: Earlier on I spoke about the broad numbers. I spoke of 5,000 cases in litigation. I spoke about the cases that go to court, about 2,200. Of those where a settlement is reached, it is about 3,000.

On prosecutions, we haven't touched upon what's an important distinction between instances of tax avoidance and aggressive tax planning versus tax evasion, tax evasion being a criminal matter. These two are often blurred in public commentary and discourse, but for the revenue administration it's a very material distinction.

For a criminal offence, tax evasion, there's a very high evidentiary burden on the crown. To successfully prosecute we have to prove beyond a reasonable doubt that the taxpayer made false or deceptive statements. We will have to take that case to the public prosecutor, who will ultimately decide whether to prosecute.

With tax avoidance and aggressive tax planning, the burden on the agency or on the crown is lower. That's where we're looking for a taxpayer who has received a benefit that is contrary to the objective or the spirit of the Income Tax Act. We can then reassess them on that basis. A tax court ultimately could then be called upon to review the validity. That's based on a civil standard of proof and balance of probabilities.

Hon. Lisa Raitt: How many cases do you end up sending off to the Public Prosecution Service?

Mr. Ted Gallivan: I would say 200 a year are referred.

Hon. Lisa Raitt: Are they solely for tax evasion?

Mr. Ted Gallivan: They would be 100% for tax evasion. In 2013 we made a strategic shift to focus more on offshore assets and promoters. In the two years prior to that shift, we had 26 convictions. Since then, from 2012 to 2015, we've had 30 convictions, but what's important is the jail terms. The jail terms are up by 95%.

•(1205)

Hon. Lisa Raitt: What's the timeline usually? Having some experience of submitting files with the Public Prosecution Service, what's your timeline from the time you deliver the brief to when they make a decision? Do you have to meet certain deadlines yourself? Are there limitation periods?

Mr. Ted Gallivan: I think it's more interactive than that. The recent budget gave us money to imbed legal counsel with our investigation teams because I think we don't want to waste a lot of hours on a file just to find out that we don't have what we need.

But you're correct. Prosecution often takes three, four, or five years from the date we make the referral to our investigation function until we are before a judge.

Hon. Lisa Raitt: Yes. That's what I thought.

I have quick question on post-employment duties. KPMG testified the other day that they too take very seriously the fact that an oath is taken by your folks. I'll tell you what they said. They said they make sure that these folks self-identify, and self-acknowledge whether or not they are abiding by an oath that follows them into employment with an outside force, meaning that there's not a cooling-off period. Once you take that oath, you have to promise never to use information that is not publicly available. I think it is a difficult task on a day-to-day basis trying to figure out what's there or not. KPMG takes the view that it's the individual's responsibility.

Does CRA do anything in terms of monitoring post-employment practices? Here's the reason I'm concerned about this. It's one thing to act as if you are the employee of a competitor or another company going to a different firm. It is another when, as a public servant, you take an oath to the Canadian public not to do anything to harm the trust that's imposed upon you in the public service.

With that, I'm wondering whether or not the CRA does anything to monitor and/or track what happens to your folks who leave after a wonderful career in the public service.

Mr. Andrew Treusch: I'll ask Diane, but I want to put some numbers here in context. I think it's important for the public record.

There was a media report focusing on former CRA employees who went to work for the Big Four firms. In that report, 21 former CRA employees were identified by name. The media report shows that the reporter went back to people who departed in 2001, so we're talking about a 15-year period, which was the basis for the story.

I would indicate that while we take very seriously our obligations to have rigorous post-employment policies, I don't know that any post-employment regime would follow employees 15 years after their departure. A court, I would assert, referring to the Supreme Court decision of 2009, would find it an unreasonable, unjustifiable infringement on the right to a livelihood of a tax professional or a chartered accountant if they were asked to forego their livelihood for up to 15 years.

Remember we're an agency of over 40,000 people. Over the period of time that was the subject of the report, 25,000 people left the agency. The vast majority left to retire. We're talking about less than 0.1%. I would say, by point of comparison, that we have more former employees who are proudly serving in Haiti and developing

countries under the World Bank and the IMF than those who go to these firms. They are in places of hardship.

I have more employees now who are supporting the community volunteer income tax program helping low-income people. I have Suzanne Lachance-Maas in Winnipeg who was given the Governor General's Caring Canadian Award for her 25 years of service under that program. Those stories aren't news are they?

The Chair: Diane, would you like to make a quick point before Mr. Treusch takes all your time?

Ms. Diane Lorenzato: Our post-employment policy makes it very clear to our current employees that they have to respect the oath. When they leave the agency we have a post-employment letter that they must sign and they agree that we are going to share the letter, which provides the restriction of those employees to their new employer.

Therefore, we have two avenues. One is to ensure that the new employer is aware of the restriction so they can monitor, but also when we are made aware that they are in breach of that permanent restriction we can file legal proceedings.

•(1210)

Hon. Lisa Raitt: Thank you. That's very helpful. I appreciate that.

I was trying to clear up the facts for you all, that's all.

Mr. Andrew Treusch: I apologize if my response seemed that way. I'm very pleased to see the interest of the committee in issues of tax administration, and in particular in what is a genuine issue of great concern: international tax evasion and avoidance.

I am extremely proud of the employees of the Canada Revenue Agency, including everyone here. They are hard-working and dedicated officials, and the occasional commentary from some sources that seem to defame or call into question their professionalism and integrity— However, it was in no way related to your questions, which were entirely appropriate.

The Vice-Chair (Mr. Ron Liepert): We have to stop there, Lisa.

Hon. Lisa Raitt: Thank you very much.

Mr. Raj Grewal: Thank you, Mr. Chair. Thank you, Commissioner, and your colleagues for coming today.

I think the heart of the issue, why constituents in my riding are particularly upset about fairness, is the perception that all Canadians are paying their fair share. There is also the second element, which in my humble opinion is a perception that the CRA treats everyone equally, that it's not just the people who can afford to hire KPMG for \$100,000. It's the perception that those people are getting a better deal than the truck driver or the taxi driver who is being audited for their gas receipts and stuff like that, and they're having to spend so much time. It's not just the money and the effort, but their time as well. People are very concerned when the CRA starts reviewing their files.

An internal audit of the CRA in October 2010 said that the agency had concerns that it didn't have the resources to deal with complex cases, specifically international tax evasion. The previous government cut heavily into the CRA.

Have the previous government's cuts had an impact on the CRA being able to fulfill its mandate, specifically on international tax evasion? Please be very brief because I have a lot of questions.

Mr. Andrew Treusch: On the first question, and I'll try to be very brief, we have increasingly taken a very different approach to small and medium-sized enterprises from large international global enterprises. Increasingly, you are seeing far fewer deployments of audits with small business. Also, you've seen that we've introduced the liaison officer initiative. Rather than approach a small-business person with an audit, we're moving our resources to come to small business with a helping hand to ask how we can help the plumber, the electrician, so they can avoid some of the mistakes they're making. We are redeploying our resources to international and large business.

I've served two governments loyally. We work with the resources governments give to us. Obviously, we have come through a period of considerable fiscal restraint, but during that period, we redeployed as best we could all the resources to be stronger and more effective in a five-year period. Also, we have been given some tools. The new budget gives us an enormous reinvestment that will be a return for the crown and will move us forward in addressing the concern that I know Canadians have, as will international efforts.

Mr. Raj Grewal: The CRA determination of whether tax avoidance has occurred is made on a balance of probabilities, which is a lesser threshold than beyond a reasonable doubt. In your opinion, did the taxpayer who participated in the Isle of Man tax scheme participate in tax avoidance, based on a balance of probabilities?

Mr. Ted Gallivan: Taxpayer confidentiality prevents me from responding specifically.

Mr. Raj Grewal: Hypothetically, if you participated in a tax scheme like that, on a balance of probabilities, did you participate in tax avoidance? It is a simple yes or no question.

• (1215)

Mr. Ted Gallivan: To me, it's not simple. First I have to state, on the advice of the Department of Justice, that I can't comment on specific taxpayer situations.

What I will say is that the CRA examines every case based on its facts. The Isle of Man situation has been applied. There could be variations in the approach by the taxpayer, and those facts may vary.

Finally, our work on this matter is far from done. There are files active before the courts in respect of tax assessments that we've levied. There's action in front of the courts with respect to obtaining additional names. Our minister announced on April 11 that we're pursuing all Canadians who have interactions with the Isle of Man to risk-assess those transactions. So our work is far from done.

Mr. Raj Grewal: I think we on the committee can all agree that the balance between a regulator and those whom they regulate is pretty sensitive. I'm going to refer to your code of integrity and professional conduct and quote directly from the duty of loyalty

portion. It says, "Employment in the public service requires the acceptance of certain constraints, which should be considered in our day-to-day activities and our off-duty conduct".

Now I will refer to the CBC's report on April 17, 2016, where 20 CRA officials from the compliance division were not only invited but were required to attend an after-hours reception. I was a lawyer in my previous life, and you have to attend professional settings. I understand that the people at CRA are CPAs. But the conflict of interest comes from the fact that the CPA hosted the event for CRA officials from the compliance division, individuals from KPMG, and individuals from the CPA.

Generally, that wouldn't be an issue, but the CPA applied for intervenor status on this issue between the CRA and KPMG. This puts the CRA in a direct conflict by attending a CPA and KPMG event.

The Vice-Chair (Mr. Ron Liepert): Mr. Grewal, would you wrap it up? You're well over.

Mr. Raj Grewal: Do you not agree that it was a conflict of interest for the CRA to attend when CPA applied for intervenor status and KPMG officials were there?

Mr. Andrew Treusch: In broad strokes, CRA could never leave the Connaught Building if we were worried about coming into interaction with a taxpayer or a taxpayer's representative with whom we had issues. There are 100,000 appeals a year and 5,000 litigation cases. It's our conduct, not our attendance, that matters. Section 241 continues to apply in all of these instances.

Mr. Raj Grewal: I see it from my perspective—

The Vice-Chair (Mr. Ron Liepert): I have to wrap you up now.

Mr. Dusseault.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair.

Coming back to the letter that was on the CBC website, Madam Henderson, can you confirm that the signature we see on the letter is your signature? If I ask you to sign a piece of paper, would that be your signature?

Ms. Stéphanie Henderson: It appears to be my signature, but I can't confirm that I signed the document. I don't know the source of the document.

Mr. Pierre-Luc Dusseault: Mr. Treusch, I would like to ask you if you can come back to the committee to confirm that this letter was sent. I understand the legal implication of providing us with the letter, but can you come back to the committee to confirm whether this letter was sent or not?

Mr. Andrew Treusch: I think this question has been asked and answered by me and by legal counsel. We're unable by section 241 of the Income Tax Act to enter into that kind of discussion.

Mr. Pierre-Luc Dusseault: I don't want you to provide the letter itself, just to tell us whether you sent that letter.

Mr. Andrew Treusch: I sent no letter.

Mr. Pierre-Luc Dusseault: Why?

As parliamentarians, we want to know if you did send that letter. It will help us in our work.

Mr. Andrew Treusch: Perhaps you mean a representative of Canada Revenue Agency rather than me, but I'll ask Ms. Lovett again to talk about the legal restrictions that bind all Revenue Agency employees.

• (1220)

Ms. Lynn Lovett: I spoke earlier about section 241 of the Income Tax Act. Without referring to any specifics of what may have happened or not in the KPMG litigation, I can say that anything that would have been sent in that context would also be subject to settlement privilege, and so I believe that your question is an effort to determine whether or not this specific letter was sent in that specific case, and Ms. Henderson isn't in a position to answer that question.

Mr. Pierre-Luc Dusseault: Thank you. Now I'll turn to something else.

[Translation]

I'd like to draw an analogy between the situation at hand and a bank robbery. Let's say a group of masked thieves walk into a bank and rob it. As soon as they step outside, the bank is surrounded by police officers. But the thieves are wearing masks, so they can't be identified. The police order them to put the money back and tell them that, if they do, they will only be subject to minor penalties. Then the police let them continue on their way, thank them for returning the money, and assure them that they will never be subject to prosecution since their masks made it impossible to identify them.

What is your take on my analogy between that story and the KPMG case?

We know what's going on, in this particular case.

[English]

In the application in the Federal Court, you have the name of Mr. Russell Lyon, auditor, of Victoria, British Columbia. He swore an affidavit filed with the court that reads:

As a result of the compliance audits of the Taxpayers, the CRA's position is that the Taxpayers, through the [offshore company] structures set up for them, did not cede control and influence over the assets they caused to be transferred to the offshore company.

He says, "The CRA's position is that the investment"—

The Vice-Chair (Mr. Ron Liepert): Mr. Dusseault, I'm going to have to get you to wind up. You're well over time.

Mr. Pierre-Luc Dusseault: Just to finish, he said "...[the] assets is taxable in Canada in the Taxpayers' hand and that they are required to file form T1135". So, if you know it's illegal, why would you offer an amnesty?

The Vice-Chair (Mr. Ron Liepert): Mr. Gallivan.

Mr. Ted Gallivan: To take up your analogy again, I can't confirm that this document represents an actual offer, and I can't disclose any specific taxpayer information, but in cases like this, the analogy I would use is more, before the courts...and an accused who is willing to plead guilty but wants to have a conversation about the sentence. From the perspective of the agency, there's always a legal risk around our position. We've taken the position that the specific Isle of Man

structure is not compliant. Only the courts can give us a final determination, and that hasn't happened yet.

We sought information from KPMG because we wanted to hold those participants to account, and we're in court trying to get those names. We have no guarantee that we'll be successful, and so in a situation like that, if there were a theoretical opportunity to get value for the Canadian taxpayer, the agency might do so.

Mr. Pierre-Luc Dusseault: Thank you, Mr. Chair. I just want to put a notice of motion. I would like to discuss it later. It's related to what we are discussing right now. It's notice:

That the committee compel the Canada Revenue Agency to provide all written correspondence, including, but not limited to letters and emails, between the Canada Revenue Agency and the KPMG LLP accounting firm, issued between January 1st 1999 and May 5th 2016, regarding the Isle of Man tax plan and any matters related to that plan, and that the documents be provided to the committee no later than Wednesday May 18th, 2016.

This is just a notice of motion. I would like to discuss it later at committee—

The Chair: Okay, notice is given.

Mr. Sobara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

Thank you to the witnesses this morning, and this afternoon as well.

Since I'm batting cleanup, if I can use that analogy, I'll just ask a couple of questions. A lot of stuff has been asked.

There was mention that a tax gap study is currently under way. Have you any idea when that will be available or completed?

Mr. Andrew Treusch: The minister announced the government's approach to tax gap. She announced it on April 11. It will be a series of things as opposed to one big bang. What she committed us first to was a conceptual paper on the definition of tax gap, on approaches to measurement, on the methodological issues, and on the approach that the agency would be taking. She also committed to a specific tax gap, and I think we were fairly clear that it would be the GST/HST domain that would be the first thing. That was committed for before the summer, as I recall.

• (1225)

Mr. Francesco Sorbara: The second question is this. We have heard a lot of noise about, say, the complexity of our tax system in Canada and what it costs both businesses and individuals. I think the number thrown out was it costs something like \$25 billion for compliance for everything from someone like me preparing my taxes at home to costs incurred by a large multinational corporation. I think it would behoove us to take a look at cleaning up our tax system.

On that tangent, I'm really curious about the answer on the transfer pricing issue with respect to businesses and multinationals, because transfer pricing is an issue in which the line between tax avoidance and the other side can be easily blurred, from my accounting background. How confident is the agency on the transfer pricing file?

Mr. Andrew Treusch: First, on complexity, any commissioner of a revenue agency would prefer to have a tax system that would be simple, that would be clear, and that would reduce compliance efforts. All Canadians would welcome that.

I feel a little torn, to be honest. I think that is a good outcome for individual taxpayers, and in particular for small and medium-sized business, particularly microenterprises, for which I feel there's ground for improvement.

What I feel ambivalent about is large global enterprises with very complex structures and financial arrangements. You referred to transfer pricing. These are not simple matters. It would be naive to think they ever could be simple.

Concerning transfer pricing, could you elaborate, Mr. Gallivan?

Mr. Ted Gallivan: The OECD has released a BEPS action plan including 15 items, of which items 9 through 11 relate exactly to transfer pricing. Those new global standards very much represent the Canadian mode. This makes us feel that both in the past we were on a good footing and going forward we are even more so.

Secondly, the commissioner alluded to the 1,200 economic entities with more than \$250 million in gross revenue; these are under real-time risk assessment. Every year we do a deep dive, and 100% of those that we consider to be high-risk are audited. That's why last fiscal year we had an \$11.3 billion fiscal impact, up from \$8.7 billion in 2011-12. The multinationals and transfer pricing are a strong focus of the agency.

Mr. Francesco Sorbara: I'm glad to see that 6,400 auditors will be hired in addition, too, so that you'll have more resources. I think that's wonderful. I also take a step back and say that I hope some of those auditors don't show up at the doors of some of those individuals in my riding who are working very hard and who may have made a simple mistake. They'll feel the wrath of the MP who represents those residents. I've had to deal with a couple of tax issues in which liens were put on people's homes for insignificant amounts, or at least what I consider insignificant amounts, or in which CPP and old age security were garnisheed—I think that's the proper term—and we've had to help the individuals out and have taken steps with them and obviously have guided them to go to an accountant ultimately.

I hope the auditors who come on board understand that not only are we dealing with businesses and stuff; we are dealing with individuals' lives and livelihoods. We are sometimes dealing with people who generate a lot of economic wealth for our country and for our constituencies, and we're there to work together, not to go against them.

Mr. Andrew Treusch: On the first part, the reference to 6,000 auditors, that is the number of auditors we have today. That's over the period of fiscal restraint. The indication I had is that we were still able to grow our auditor complement by 20%.

Going forward, following budget 2016 and a \$440-million investment, we will again be very active in the field, which is why the question about post-employment is a really important one. We're going to have to be hiring for attrition thousands of employees, in the budget, so we need to get the balance right.

The second part of the question was about debt collection. There is a video that we have put up, with a lot of promotion. The Revenue Agency has to uphold the law to collect debts owing to the crown. We're really encouraging people to come forward to talk to us. You'll see an article in this morning's *Globe and Mail*, with the same message: talk to us. Things become difficult when a taxpayer avoids the Revenue Agency and doesn't respond; then, over a period of time, we are required by law to take some of the actions that you referred to.

● (1230)

Mr. Francesco Sorbara: I was just reading some of the information on the voluntary disclosure program. It seems that the program is working well, if I may say that.

I've always been curious about the difference between the voluntary disclosure program and the negotiated settlement agreements wherein CRA comes to a business or an individual and...I don't want to say "offers that choice"—I may be choosing my words incorrectly—but you have voluntary disclosures and you have negotiated settlements agreements when an individual moves from one bucket and goes to the other bucket, in terms of CRA's view. A person may have been able to come forward and did not and then gets put into this second bucket in which a settlement agreement might be negotiated.

Mr. Andrew Treusch: I'll answer part, and Ted Gallivan can complement the answer.

I'm asserting that we've been more and more successful in tightening the noose around offshore tax avoidance and tax evasion.

What is a way of measuring that? Well, when people come forward under the voluntary disclosure program, it shows that they're becoming increasingly worried that they can't hide from us. Our voluntary disclosures have been up 400% in the last six years. That's a billion dollars in tax that we wouldn't otherwise have found. I think that's a cumulation of all the things I spoke about in my opening statement.

Mr. Gallivan.

Mr. Ted Gallivan: Just quickly, the voluntary disclosure program is primarily targeted at Canadians who want to come forward. Often it happens with an estate. One generation of a family passes away. The next generation has this wealth that they weren't expecting, but they find out that it wasn't tax-compliant and they want to move forward in compliance with the law. That's who that is for.

In terms of legal settlements, usually the CRA is already on the case, either with a specific taxpayer or through an unnamed persons requirement. That's a very different setting. Through those legal agreements we will seek to assess the facts and reach an agreement in cases in which it makes sense for the taxpayer. In some cases we won't, because the offer isn't there. In other cases, the principle or the precedent is so important that the agency won't come to an agreement.

The Chair: Thank you. We are out of time.

I have one quick question.

An accounting company is coming up with, say, a tax-reduction scheme. Is there a process whereby they can get an advance ruling from CRA? Does that happen? What is that process?

Mr. Andrew Treusch: Yes, sir, we do provide rulings. It's a significant part of the responsibility of the Revenue Agency whereby we're asked to provide a ruling. It's an important part of our responsibilities.

The Chair: Okay.

With that I thank you, Mr. Treusch, and all the other witnesses from CRA with you. Thank you very much for coming here this morning.

We will suspend for a couple of minutes and then come back.

• (1230)

(Pause)

• (1235)

The Chair: We'll reconvene.

As indicated at the last meeting, we are dealing with the motion from Mr. Dusseault.

Would you like to reread that motion, Mr. Dusseault?. Then we'll go from there.

Mr. Steven MacKinnon: On a point of order, Mr. Chair, who is the NDP member on this committee?

The Chair: Who is sworn in?

I'm sorry; Mr. Caron is officially the member, and so Mr. Caron will have to read it.

[*Translation*]

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Would you mind repeating your request, please? Which motion would you like me to read?

[*English*]

The Chair: It's from the notice of motion that was tabled by Mr. Dusseault at the last meeting: "That the committee compel KPMG to provide documents..."—that one.

[*Translation*]

Mr. Guy Caron: The motion we began talking about and are now resuming our discussion on reads as follows:

That the committee compel KPMG to provide documents indicating the names of clients who used the Isle of Man tax sheltering scheme and the names of KPMG employees responsible for the development and marketing of the tax scheme.

[*English*]

The Chair: The motion is on the floor, and we were in discussion on it previously. Is there any further discussion, or are we going to the question?

Mr. Sorbara.

Mr. Francesco Sorbara: I'd like to propose an amendment to the motion.

The Chair: Could you read it, and then we'll distribute it? Do we have it?

Mr. Francesco Sorbara: That the committee request that KPMG provide detailed information including, where legally allowable, documentation concerning the Isle of Man and other offshore tax shelter schemes as well as the names of the KPMG employees responsible for the development and marketing of those tax schemes.

The Chair: I'm just trying to figure out whether this amendment is in order or not.

Mr. Caron.

Mr. Guy Caron: I'll submit that this is not in order. This is not an amendment; it is a new motion that would be replacing the intent of our motion.

• (1240)

The Chair: I believe you are right, so I will rule the amendment out of order. We're on the original motion.

Mr. Caron.

Mr. Guy Caron: We started the argument at the last meeting regarding the importance of this motion.

[*Translation*]

This motion is important. Three meetings were scheduled, two of which have already taken place. At the first, we heard from a KPMG representative. At the second, today's, we heard from CRA and Department of Justice officials. At the third, scheduled for May 19, we will hear from the minister. In light of the two meetings we have had so far, however, it is clearly going to be extremely difficult to get to the bottom of this affair, especially as regards how exactly the scheme worked.

We need to be able to represent all taxpayers, to stand up for tax fairness under the system, and to make sure we can get to the bottom of this whole thing. In order to do that, we believe it's necessary to have the names of the people involved in creating this scheme and of those who benefited from it. That will give us crucial insight into their interpretation of the act and regulations. It will also tell us what the KPMG representatives said to those clients.

When we last talked about the motion, we were discussing the possibility of replacing the word "compel" with the word "request" in English, and the word "contraigne" with the word "demande" in French. As we see it, it's extremely important that we use the committee's authority to request these documents. If we use the word "request", KPMG could refuse to co-operate because it is under absolutely no obligation to do so, and we would be no farther ahead than we are now. If KPMG refuses to hand over the documentation, without any discussion, we'll face an uphill battle trying to get to the bottom of things.

[English]

Our motion, then, stands. Our motion is a strong one that aims at ensuring that this issue will not slide, will not go down to oblivion, but will continue to do what we have to do as a committee, which is to ensure that it is well understood that this will not be repeated and that we will hold the people who are responsible, if that is the case, to account.

The Chair: Mr. Grewal.

Mr. Raj Grewal: I have a question to the clerk, or to be honest to any committee member, for the sake of some of the new members of the committee. Does the committee have the legal authority to compel KPMG to release names? If something like this is in front of the court, and the Government of Canada has already made this request, where does the committee's role...? Is this a motion for the sake of a motion, or is there a legal method to actually compel KPMG to release names?

The Chair: At the last meeting, Mr. Grewal, we initially thought that this would be out of order as a result of being *sub judice*. People within the clerk's office felt that this was going too far and that it should be debated, so that's why it is on the floor. It will thus have to be debated and a decision be made by committee.

But to your point, it's close to the line; there's no question about that.

I have Mr. MacKinnon first and then Mr. Caron.

[Translation]

Mr. Steven MacKinnon: I am going to object to the honourable member's motion, and I'm going to support the motion of my colleague, Mr. Sorbara, should he see fit to provide the required notice.

Mr. Caron knows full well that a case is before the courts, one that is being paid for and challenged by Canadian taxpayers and Her Majesty the Queen. It involves trying to gain access to the very information he wants to get from us.

I know he also realizes that, should his motion be ruled in order, it could lead to another legal challenge that would cost Canadian taxpayers thousands, if not hundreds of thousands, of dollars in legal fees. We, on our end, would prefer to let the case make its way through the legal system.

That said, should Mr. Sorbara put forward his motion and should it be adopted, we will get the information and be able to consider it, in addition to the witness testimony. By the way, three and a half hours of witness testimony shows just how seriously the committee is taking this study and its objective of getting to the bottom of the situation. We all want the same thing; we don't want to needlessly spark further legal battles that will conflict with or duplicate the case currently before the courts.

For that reason, I am against the motion.

• (1245)

[English]

The Chair: I want to clarify one point because some people have questioned why the motion was ruled out of order. The original motion states the names of clients, and the proposed amendment

states the names of KPMG employees. It is substantially different in that regard.

Mr. Caron and then Mr. Ouellette, and then if we could go to the question.

[Translation]

Mr. Guy Caron: Thank you, Mr. Chair.

I see a major flaw in the Liberals' argument.

First of all, we aren't talking about people who are before the courts but, rather, about the minister's request to obtain people's names, the exact same request we are trying to make here in this committee. The Liberals are telling us that, because the minister has requested the names of those responsible for the scheme and those who benefited as a result, the committee cannot request the information. We have a serious problem with that.

As for the names of the five individuals currently before the courts, we have already made clear our willingness to exclude them from our motion. At the end of the day, we are talking about people who have been given amnesty. In order to be given amnesty, one must acknowledge one's guilt. In that sense, then, we shouldn't have any problem requesting those names or those of the individuals responsible for developing the scheme.

As I said, the main difference between compel and request lies in the outcome and will become very clear when we get nothing. The Liberals simply want to give up because the Government of Canada could be sued or wind up in litigation.

Do we really want to get to the bottom of things and make sure the Canadian government stands up for taxpayers and the tax system so that it is worthy of Canadians' confidence? If not, are the Liberals simply trying to water down the motion to make sure that KPMG will be under no obligation to hand over the documents because it might be too risky or dangerous?

The purpose of the motion before us is to make KPMG turn over the information in question. If KPMG refuses to co-operate and chooses to challenge the request, it will have to answer for its decision in the court of public opinion. It is our duty to protect the interests of taxpayers, of Canadians.

The choice is clear. Do the members of the government want to water down the motion, let the situation run its course, and have it fade from memory in the fullness of time? Or do they want to really use the authority of the committee, and ultimately of the House, to make KPMG turn over the documents for public scrutiny in order to represent and safeguard the interests of taxpayers and Canadians? That is the choice before the members of the government.

[English]

The Chair: The question's been called.

Mr. Guy Caron: I would submit that there's no question being called in this committee. So if somebody else wants to speak, they are welcome to do so. If nobody does, then we can move to the question.

The Chair: I don't hear anybody speaking.

Mr. Guy Caron: Mr. Ouellette was on the list.

•(1250)

The Chair: Okay, Mr. Ouellette.

Mr. Robert-Falcon Ouellette: I guess we want to go to the question pretty quick.

One of my issues is the names of the clients. I think there has to be a certain level of fairness and privacy for individuals when they're dealing with the Canada Revenue Agency. In the political environment here, I'm not always certain that that's perhaps the most appropriate means to be dealing with something, especially concerning people for whom we don't know their situation in their lives. So I'm a little concerned about that, because I'm very concerned about the idea surrounding privacy.

On the other hand, when we first started this idea of going and looking into KPMG and the Panama papers—this was in the media—the idea, I believe, the original intent, was that we would discuss with the officials and then we would see where that would lead us over time. I'm very supportive of the idea of getting more names to have greater discussion and trying to understand how these tax havens work, Canada's implication in the international community, but I think this is really what we should be trying to get to, trying to get more people here so we can truly understand it, get them on the record, and really try to gain a greater understanding of that.

I'm not sure what everyone else thinks, but I would actually like to propose not a substantive amendment, but a slight change. I don't think my change will be major in any way, but the idea in this one is to remove, for instance, the word “compel” and just have “request”. That does not preclude in the future, if KPMG refuses to provide that information, coming back and trying to deal with this again, and also just removing the names of clients.

Essentially, the original motion is, “That the committee compel KPMG to provide documents indicating the names of clients who used the Isle of Man tax sheltering scheme and the names of KPMG employees responsible for the development and marketing of the tax scheme.”

And we would replace it with, “That the committee”, not compel but , “request KPMG to provide documents on the Isle of Man tax sheltering and the names of the KPMG employees responsible for the development and marketing of the tax scheme”.

I don't believe this is a substantive change to this motion. I believe it's still in the spirit of what you're trying to get at and it wouldn't preclude, later on, coming back if KPMG refuses to provide more documentation to this committee so that we could continue to do our work and really get to the bottom of what's going on. I applaud Monsieur Dusseault and Monsieur Caron for bringing this to the forefront.

The Chair: So you're moving an amendment that would read, so we're all clear on this, “That the committee request KPMG to provide documents on the Isle of Man tax sheltering scheme and the names of KPMG employees responsible for the development and marketing of the tax scheme.”

Mr. Robert-Falcon Ouellette: Yes.

The Chair: The amendment is on the floor. I can't see there being a problem with it. The amendment's on the floor.

Go ahead, Mr. Caron.

[*Translation*]

Mr. Guy Caron: Thank you for proposing that, Mr. Ouellette, but the issue is much too important.

The motion we want to see adopted is the one that uses the word “compel”—or “contraigne” in French. Words like “request” or “ask” have absolutely no teeth from a legal standpoint. All we would get from KPMG is a refusal to co-operate. What will the committee do then?

As for client names, we are totally prepared to exclude the names of those individuals currently involved in court challenges. But those clients who enjoy amnesty, by extension, have acknowledged their guilt. From that perspective, then, I think it's entirely appropriate for the committee to seek out individuals who can explain how the scheme was presented to them to help us understand how it works.

I appreciate the member's attempt to propose an amendment, but I cannot support it.

[*English*]

The Chair: Mr. McColeman.

Mr. Phil McColeman: I am in support of the amendment because I, too, share the concern over the names of clients. I think there is almost an assumption of guilt here of individuals who may be proven not guilty if this were a legal case in front of a court, which it appears it may be, and if we compel names of individuals and wrongly suggest in the court of public opinion, as Mr. Caron has said... I think it's totally out of line to do that to any individual and their privacy rights.

Therefore I agree to remove the names of the individuals, and I support changing it to “request” although it's not a big issue for me one way or the other. It's more the protection of the individuals who may be involved here and may be proven to have done nothing wrong at the end of the day and yet we put their names out there.

I'll say this, too, that as we politicize this issue in the House of Commons, as was done yesterday during question period, it begins to imply or, perhaps, even accuse people of guilt where there may be no guilt. That happened yesterday in the House of Commons and I was not pleased about that.

•(1255)

The Chair: Do we have any more discussion or can I go to the question on the amendment?

(Amendment agreed to [*See Minutes of Proceedings*])

Is there any discussion on the motion as amended?

Mr. Caron.

[*Translation*]

Mr. Guy Caron: I'm not sure whether the government members will agree with how this is worded, but there's a serious problem with the motion: it doesn't set out a deadline. There is no time frame within which the documents are to be provided, no deadline to indicate whether KPMG will comply. For that reason, I'd like to include—

[English]

The Chair: You didn't have a date in the original motion either, did you?

Mr. Guy Caron: Yes, but it was compelled. It was very different. I will actually propose an amendment to say that we want these documents by Wednesday, May 18, 2016.

The Chair: Is there general agreement on that, that we request the documents by May 18?

Some hon. members: Agreed.

The Chair: Okay, then that's assumed to be in the motion and there is general agreement.

(Motion as amended agreed to [See *Minutes of Proceedings*])

The Chair: I know we have a number of other issues and we have only about two minutes. One of them relates to our work next week. In order to get a start on the budget bill, can we deal with the motion to deal with the subject matter of the bill on Monday? I'm simply asking if there is agreement or not.

Mr. Caron.

[Translation]

Mr. Guy Caron: I have a question for the clerk.

Was the motion introduced with the requisite 48 hours' notice?

[English]

The Chair: No, it has not, but we are in committee business so we can discuss any motion that's related to the business of the committee. At a committee meeting there has to be 48 hours' notice, but not for committee business. Committee business is wide open and any business you want to deal with that relates to the committee.

Could we have agreement to go this far, because I know we're going to have too long a discussion to go to the subject matter of the bill. Is there any way we could get agreement at Tuesday's meeting, regular slot, and go from there to have finance officials on the subject matter of the bill? Could we go that far and agree to that, so we have at least a start on the subject matter of the budget bill? Is there agreement?

Mr. Caron.

[Translation]

Mr. Guy Caron: I don't object to doing it on Tuesday, but I nevertheless want to, once again, express my dismay at the

government's haste in dealing with this bill. We know the Senate has already studied it, and debate at second reading only began today.

So I sincerely hope this isn't the beginning of a government habit to deal with bills before any meaningful debate has taken place at second reading. Debate at second reading serves a purpose: to inform committee study. Therefore, I would like the record to reflect my unease with the government's chosen approach. There is no reason to rush.

I'd also like to ask the government members how long the study is going to last. How many meetings are planned? Will it be possible to hear from other witnesses as part of our study of Bill C-15?

● (1300)

[English]

The Chair: This is one of the difficulties without having a parliamentary secretary on the committee. Could I recommend that I'll talk to the parliamentary secretary, and we'll see what they feel the time frame will be, Mr. Caron? We can at least start with a regular meeting on Tuesday with officials of the department on the subject matter of the bill—that may even be helpful for us in the debate in the House of Commons—and then we'll plan our schedule from there. We only have the two meetings planned for next week. One would be Tuesday, on the subject matter of the bill, and we have the Minister of National Revenue on—

The Clerk: That's the following week.

The Chair: Oh, that's the following week, is it?

Okay, we'll have to deal with it at Tuesday's meeting where we go from there on Thursday or those days thereafter.

Last point, Mr. McColeman.

Mr. Phil McColeman: As I look at the committee calendar, we have the month of June available to us. I ask the question, why the hurry when we have all this time we can do this in regular committee meetings?

The Chair: You made your point. On Tuesday, we will hear from officials on the subject matter of the bill, and we'll plan our agenda from there accordingly.

The meeting is adjourned.

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