



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 2nd SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 055

Thursday, June 10, 2021

Chair: The Honourable Wayne Easter



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• (1530)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): We'll call the meeting to order.

Welcome to meeting 55 of the House of Commons Standing Committee on Finance. Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, April 27, the committee is meeting to study the Canada Revenue Agency's efforts to combat tax avoidance and evasion.

This meeting is taking place in a hybrid format, pursuant to the House order of January 25. Between ourselves as members and the witnesses on the panel today, I don't think we need to go through all of the further rules.

I should mention to committee members that we will reserve about 15 minutes at the end of the meeting. We have the report on the steering committee to deal with, which members have been sent, and also Mr. Julian's motion. I understand there have been some discussions on it. It shouldn't take too long to dispose of those two items.

With that, our witnesses from the Canada Revenue Agency are Ted Gallivan and Alexandra MacLean. From the Department of Finance, they are Trevor McGowan, Stephanie Smith and Kevin Shoom.

I'm not sure if you each have an opening statement or if it's just one among you who does.

Maybe I'll turn it over to you, Mr. Gallivan, assistant commissioner, to start.

Mr. Ted Gallivan (Assistant Commissioner, Compliance Programs Branch, Canada Revenue Agency): Good day, Mr. Chair.

To maximize the time for questions, I might just cover some key points of emphasis. The full remarks are filed with the clerk of the committee.

[Translation]

Both the Government of Canada and the CRA are firmly committed to combatting tax evasion. We are also determined to make it much more difficult for all those who intentionally choose not to meet—

[English]

Mr. Ted Falk (Provencher, CPC): I have a point of order.

The Chair: Hold on, Ted. I don't think we're getting translation.

Is that what it was about, Mr. Falk?

Mr. Ted Falk: That's right. Thanks, Wayne.

The Chair: Could we check on the translation again?

Just give us a couple of lines, Ted.

Mr. Ted Gallivan: It must be recognized that international tax evasion and aggressive offshore tax avoidance are very complex global issues.

The Chair: Are we getting the French, Gabriel? Yes? Okay.

Go ahead, Ted. Thank you.

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

Through the government's investments, which have been announced in federal budgets since 2016, the CRA has been able to equip itself with tools and resources that allow collaboration and exchange of data at a global scale and provide much more transparency for Canadians.

[Translation]

Because of these investments by the Government, the CRA has benefited from better data, better partnerships, and ultimately, better results in its fight against tax evasion.

• (1535)

[English]

Canada is one of more than 70 countries that exchange information via country-by-country reporting. Since 2015 Canada has participated in the sharing of data related to international electronic funds transfers of over \$10,000. Additionally, with the implementation of the common reporting standard in 2016, Canada and nearly 100 other jurisdictions have been able to benefit from data from financial institutions that identify financial accounts held by customers who are non-residents for tax purposes.

Thanks to budgetary investments since 2016, the CRA has observed excellent signs of success. In fact, the agency has identified over \$12 billion in gross audit assessments every year, over 60% of which is related to tax avoidance by large multinational corporations and aggressive tax planning by wealthy individuals. While the CRA had committed to finding an additional \$5 billion over five years, we actually achieved that goal a year early, despite the pandemic. In addition, our proven results demonstrate that we're taking the right tax cases to the Tax Court of Canada, the Federal Court of Appeal and the Supreme Court of Canada.

[Translation]

Of course, there is still work to be done, but we have a proven track record to show that we are making it increasingly difficult for non-compliant individuals to continue their activities.

[English]

As part of the fall economic statement 2020, and confirmed in budget 2021, the government committed to investing an additional \$606 million over five years, starting this fiscal year. Notably, we are working to close the high-net-worth compliance gap, bolster technical support on high-risk audits and enhance the criminal investigations program. These investments will allow the CRA to fund new initiatives and extend existing programs targeting international tax evasion and aggressive tax avoidance.

[Translation]

The Government of Canada's continual investment in fighting tax evasion and aggressive tax avoidance promotes an international exchange of information that is both modern and collaborative, and ultimately ensures that all Canadians pay their fair share.

[English]

The Chair: Okay, thank you.

Does anybody else have anything to add? Is it Mr. McGowan with the Department of Finance?

I see quite a number of people have their cameras off—Ms. MacLean, Mr. McGowan, Ms. Smith, Mr. Shoom. You're quite free to leave them on. It's not like what we're doing with Bill C-30. Leave your cameras on if you like. You're quite fine either way, but it's better to see us. I see Ms. Smith is all smiles there.

Is there anybody else? Trevor, did you have anything you wanted to add?

Okay, with that, the lineup for the first round of questions is Mr. Kelly, Ms. Dzerowicz, Mr. Ste-Marie and Mr. Julian.

Mr. Kelly, you have six minutes

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Thank you, Mr. Chair.

First of all, I'd like to say I am quite disappointed. Perhaps I should have raised this as a point of order earlier. I'm using my time. Where is the minister?

The Chair: The....

Sorry, go ahead.

Mr. Peter Julian (New Westminster—Burnaby, NDP): I have a point of order.

Thank you very much, Mr. Chair. I think Mr. Kelly was intending to raise this as a point of order. I don't think he intended that it would take up part of his time.

The Chair: Well, that's fine.

Mr. Pat Kelly: Perhaps, Mr. Chair, you have an explanation. I am open to it. I understand that the ministers are busy, but we asked for the minister. We have an expectation, as a committee, to hear from the minister on this study. We haven't had the minister at this

committee on anything for a very long time now. I think it's about time she appeared. We expect her to appear on this study.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): A point of order, Mr. Chair.

On this point, I completely agree with my colleague Mr. Kelly, especially since the minister was present for the whole of question period. She was on Zoom just a few minutes ago. We could see her chewing her gum, as usual. So we would like to have an explanation for her absence.

[English]

The Chair: I don't have an explanation. The invitation was sent. The minister wasn't able to appear. We have also invited officials in her stead.

You've made your point. I will send a note to the minister that the committee was dissatisfied that she wasn't able to appear and that we look forward to her appearance at the earliest opportunity. That's about all we can do at this stage.

• (1540)

Mr. Pat Kelly: Thank you, Mr. Chair. I will say to officials that we are happy and pleased to have you here. It's great to have the detailed information that officials can provide, but members of this committee likely have political questions about the policies and priorities of this government that officials cannot properly answer.

If I may, then, to the officials.... I'm not even sure where to start.

Let's go back to the Auditor General's report in 2018. I've asked this question before. This was a very shocking report. Canadians were disappointed to hear that the Canada Revenue Agency would automatically disallow expenses as eligible tax deductions. This is for ordinary Canadians who don't have offshore accounts and don't participate in complicated offshore tax avoidance schemes. If you're a regular Canadian, you must provide documents within 90 days or you will automatically have your deduction disallowed and taxes applied.

I'm reading right from the Auditor General's report, "For other taxpayers, such as those with offshore transactions, we found that the time frame to provide information was sometimes extended for months or even years", and often with no taxes applied. Could the officials tell us if it is still the CRA's practice to grant offshore filers seemingly unlimited extensions? If you're a small business operator in Canada, you have 90 days or you lose your deduction.

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

I have a broader point and then a specific point.

The broader point is, in the case of regular Canadians, when we're asking them to substantiate a moving expense, it's true that we would allow 90 days. If they contact us, obviously we're open to extensions. However, there is a fairly narrow ask with a fairly tight frame.

Then you'd ask yourself why we would give the multinational enterprise or somebody with offshore...a series of extensions? Why would we appear to be indulging them? The fact is that those cases are going to court. We are sure, at the million-dollar point, that the taxpayer is going to want to litigate, and certainly when you get into the \$300-million and \$400-million files, there's going to be litigation.

The CRA has an onus at court to prove its case, so the additional time the CRA is putting into those files is actually to increase our chances at being successful at litigation. That's the general point.

More specifically, we have made timeliness one of our three corporate priorities for audit in the branch, and we are going to court to compel large taxpayers to give us the information we need more quickly. Also, in budget 2021 there was another measure concerning oral interviews.

I think I would explain for the committee that sophisticated taxpayers engage in stalling tactics to weaken the quality of our position at litigation as a deliberate tactic. We have tightened our procedures and processes, and through budget 2021, we've started to get ourselves more legislative power.

I think a longer period of time was actually better for taxpayers in terms of maximizing revenue, because it gave us more time to collect the evidence that we were going to need at court. Having said that, we're also taking those same taxpayers to court faster to get the information that we think we're entitled to.

Mr. Pat Kelly: I still think that answer would give no comfort to a small business owner who gets a letter from the agency with a demand for papers. That small business owner has to immediately drop everything and call their lawyer or accountant, or both, and in many cases for seemingly frivolous items.

Yet, I understand the point that in a large case that will be going to court, you need to gather the evidence, but there's a perfect opportunity there for the large tax filer—the overseas tax filer—to game the system through delay, because it's indulged by the agency.

We've heard about the KPMG case. We were talking about the Panama papers and the Paradise papers here. Have there been any convictions in the Panama papers and Paradise papers cases so far?

• (1545)

Mr. Ted Gallivan: Like most countries around the world, we have open investigations, some of which have proceeded to the search phase, but we don't yet have a conviction. At this point in time I wouldn't say that's a cause for alarm.

I would say that our criminal investigations are driven by the facts and the evidence particular to the case. It wouldn't be reflective of a lack of interest in making referrals to criminal investigations.

Mr. Pat Kelly: Do you know how many convictions have been made in Germany?

Mr. Ted Gallivan: No, I don't have the specific number for the German convictions.

Mr. Pat Kelly: Okay. There are reports of convictions and hundreds of millions of dollars being recovered in other jurisdictions, and yet not in Canada. Can you explain that?

Mr. Ted Gallivan: Yes. I think a key point on the Panama papers—because there has been media coverage saying there have been zero convictions—is that tax authorities have been reporting the gross amounts or the amount they've identified. In the case of Canada, which is the CRA plus Revenu Québec, roughly \$52 million in tax was identified by them, which would place us in ninth place in the world.

We've refused 36 VDPs, which would add to that number, and we have about another \$60 million under audit. At the end state, we're looking at perhaps \$100 million in taxes from people listed in the Panama papers.

I think there's a semantical issue around, "Have you identified it? Have you collected it?" We've gone to the details. All other countries are reporting what they've identified, and they're not yet able to land on what's actually been collected. I'd also add that a lot of other countries higher up on the list—Italy and Spain, for example—have received voluntary disclosures in the range of \$100 million.

Canada, I think, has taken the Panama papers list seriously. I think we've made a strategic choice to restrict VDPs and refuse some voluntary disclosures, because the consequences have to be there.

I think you have to look at the CRA results and the RQ results together. We're not in a competition, but we're two tax authorities in the country. Ninth place is maybe not where we'd hoped to be at the end, but it's not at zero.

Mr. Pat Kelly: Thank you for those answers.

The Chair: I let that go on substantially, because I think that's pretty good information.

Ms. Dzerowicz.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

Mr. Gallivan, thank you for your presentation and remarks.

Thanks, everyone, for being part of this panel today. I really appreciate your spending the time here.

Mr. Gallivan, one of the narratives that's put forward at this committee is that the federal government has done nothing to combat tax avoidance and tax evasion. Would you agree with that statement?

Mr. Ted Gallivan: No, I wouldn't. In fact, I would say that successive governments have made significant investments and significant legislative changes, and have signed on to significant international initiatives, first, to tighten the rules, and second, to have a greater flow of data. I mentioned country-by-country reporting for multinationals. The common reporting system is worldwide banking information. Domestically in Canada we have the electronic funds transfer. We have a new paid informant program that was launched in 2013. Three or four years in, there was only \$2 million collected. People were very critical of that. Well, we're approaching \$200 million in unpaid taxes that would have been identified through that program.

I think there's been a broad range of things done both operationally and legislatively.

Ms. Julie Dzerowicz: Mr. Gallivan, I'll be a little more specific, just because I have the numbers here from the 2016, 2017, 2018 and 2019 budgets.

In 2016 we invested \$444.4 million. In 2017 we invested an additional \$523.9 million. In 2018 we invested another \$90.6 million. In 2019 we invested another \$150.8 million. That's just dollars; it doesn't count some of the other things you had talked about to modernize Canada's AML/ATF framework or providing more dollars for the court's administration and some of the other measures you had talked about.

Would you say that this was a significant investment, over the last four years, to combat tax avoidance and evasion?

• (1550)

Mr. Ted Gallivan: Yes. The \$1-billion figure that people have talked about as an investment that was to yield \$5 billion was a very significant investment. We identified that \$5 billion a year early, despite being disrupted by COVID for two years.

Ms. Julie Dzerowicz: Can you just tell me, of all that investment, how much we have captured in terms of tax avoidance? Can you give us that number, please?

Mr. Ted Gallivan: It is over \$5 billion.

Ms. Julie Dzerowicz: So we have identified that it's \$5 billion.

Mr. Ted Gallivan: That's correct.

Ms. Julie Dzerowicz: Thank you so much.

Mr. Ted Gallivan: That's a tactical result. In terms of outcomes, though, there are other positive indicators. We're getting roughly 4,000 people with offshore assets trying to come through voluntary disclosure every year. We've tightened it to make it less generous, but those are taxpayers speaking with their actions.

A second is complex legislation. From 2012 to 2020, the volume of complex legislation before the Tax Court roughly doubled, from 994 to 1,987. You see twice as much more complex legislation. Again, those are taxpayers who we've taken on, who are not rolling over and complying but are taking us to court.

Finally, there's form T1135, the disclosure of your offshore assets. Again, from 2012 to 2020, we've grown from 200,000 people disclosing their offshore assets to 400,000. Again, that's roughly a doubling.

I think you can see in these trend lines that taxpayers are reacting to the crackdown in two ways. Some of them are trying to do voluntary disclosures and disclose their offshore assets. They got the message and they'd like to comply. Others are taking us to court.

I think largely now there is a very well-populated court record at the Tax Court of Canada, Federal Court of Appeal, and three tax cases at the Supreme Court right now that kind of lay out where the state of play is in terms of aggressive tax planning in Canada. Again, I'd refer you to budget 2021. That had a number of measures, in part reacting to adverse court decisions and reacting to this reaction by taxpayers to CRA's increased efforts.

Ms. Julie Dzerowicz: Thank you.

Next, you were talking about Canada's being ninth in the world. Is that in terms of investment in combatting tax evasion and tax avoidance, or in being successful going after it? Could you clarify that?

Mr. Ted Gallivan: Absolutely. The International Consortium of Investigative Journalists, the people who kind of broke the Panama papers story, have a bit of a ranking where they're tracking public pronouncements by tax authorities around the tax that they've identified.

Right now the Canadian reporting approach has been very conservative. We have tended to get hung up on collected versus assessed. Canada, if you take CRA and Revenu Québec together, has just upwards of \$50 million in additional tax already identified, which would put us in ninth place. If we look at our inventory, our open Panama papers audits that the auditors are working on right now to document, so that they survive court challenges, we know that we have another \$60 million yet to come.

The Chair: This is your last question, Julie.

Ms. Julie Dzerowicz: That's great.

Is it ninth out of 300 countries?

Mr. Ted Gallivan: It's out 80 countries. Roughly 80 countries have said they're aggressively pursuing the Panama papers.

Ms. Julie Dzerowicz: We're among the top.

Thank you so much, Mr. Chair.

The Chair: I would say to any other witnesses here that if you have additional information, put up your hand. If I don't see you, just yell.

Next we have Mr. Ste-Marie followed by Mr. Julian.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I have a brief comment on what was just said.

Canada is still behind Colombia, and the amounts targeted or recovered have nothing to do with what is being done in Germany or the United Kingdom. According to the Radio-Canada article, even Revenu Québec has managed to recover more money and identify more files than the Canada Revenue Agency. In my opinion, there is a problem. To say that everything is fine is to keep playing the song *Don't Worry Be Happy*.

First, the purpose of today's meeting was to ask the Minister of National Revenue about tax evasion and to get her explanation as to why the Agency signed a lenient amnesty agreement with KPMG and its clients. The purpose of the meeting was to ask her what she is doing, as minister, to address the fraud and embezzlement in the case involving Mr. Weinberg and executives of Norshield and Mount Real, where a Ponzi scheme defrauded thousands of small investors of their savings.

Five hundred million are missing, and most are still unaccounted for. The purpose of the meeting was to ask her how she was going to ensure that the small savers who were robbed could get their money back. The minister has the power.

Will she use her ministerial power to call a public inquiry as she alone has the authority to do under subsection 231.4(1) of the Income Tax Act?

The purpose of the meeting was to ask her what she is doing about the sword companies, which is what I wanted to ask her.

However, the minister chose to go AWOL. She chose to bury her head in the sand. She was invited last week and now she is running away. This is deplorable and I can assure you that we in the committee will continue to hold her accountable. We will not stop there. Hiding like this may help save her skin once, but not twice.

Mr. Chair, let me tell you that I'm sure we'll come back and find a way to hear from the minister on this. As I told you during the point of order, she was at her desk all through question period. Blowing off such an important study is honestly unacceptable.

We are talking about tax justice and fairness for individuals and taxpayers. Justice must be done for small savers like Ms. Watson, who came to the committee for this study. Honestly, I find the minister's attitude unacceptable.

Having said that, I welcome the presence of the senior officials. My thanks to them for being here to answer our questions, and I appreciate that. Of course, my questions were primarily for the minister to address the points I raised.

My first question is for Mr. Gallivan.

Mr. Gallivan, thank you for your presentation.

On the issue of KPMG and the clients who used their scheme with the shell companies in the Isle of Man, can you confirm that there were 16 clients, 14 of whom agreed to identify themselves and two of whom refused?

Is that correct, Mr. Gallivan?

• (1555)

Mr. Ted Gallivan: No, the numbers are a little higher. From memory, there are 25 clients, and two are apparently still in the pro-

cess of being verified. I think you're talking about the ones that have reached a voluntary agreement to identify themselves.

Mr. Gabriel Ste-Marie: Yes, that is correct. Thank you for the clarification.

With respect to the cases where clients chose to disclose their identity, I would like to know why the Agency did not follow the usual process. Under the process, amnesty or the possibility of partial amnesty is offered upon voluntary disclosure, not when the investigation is already under way, as was the case here.

Why did the Agency not follow the usual process?

Mr. Ted Gallivan: First, when there is a dispute, negotiations are always carried out to reach a settlement. Settlement discussions are not unusual when there are disputes. It is a normal process.

The legislation that the Canada Revenue Agency used to force KPMG to disclose the identity of taxpayers had only just changed. When we went to court, the wording of the legislation had not yet changed. Once in court, we were told that it was not certain that we would be able to obtain the identity of those taxpayers.

The first factor was a legal opinion asking that the Canada Revenue Agency would never know the identity of those taxpayers.

Second, because the schemes went on for a number of years, we found a way to backdate the review of tax returns to 13, 15 and 16 years for some participants, which increased the amount of the bill. We then decided that all taxes had to be paid.

To avoid the risk of losing in court and never knowing the identity of those taxpayers, we agreed to take all the tax returns back 15 to 20 years, which is very rarely done, to get that money and move on, instead of running the risk of getting nothing.

• (1600)

Mr. Gabriel Ste-Marie: Mr. Gallivan, in my opinion, this is still a bargain-basement agreement, especially when we see that the Internal Revenue Service (IRS), the federal agency in the United States, demanded that KPMG and its clients provide names, and obtained them. The IRS even threatened KPMG in the U.S. with being classified as a criminal organization if it did not hand over its documents.

As for the Canada Revenue Agency, the agreements it has reached are to ask the offenders to pay back unpaid taxes and interest, but at rates lower than those charged to small and medium-sized businesses and the average person, without imposing any form of penalty. In my opinion, this is borderline illegal and should be considered criminal. That is my beef.

I think there is too much accommodation in the deals being made, and the way KPMG and its clients are being treated sends a message internationally that “Folks, if you feel like defrauding, come try it in Canada, because the worst that can happen to you, once there is an investigation, is that we are going to make you pay your taxes, maybe even for the last 15 years.”

In my opinion, a lot more should be done. Again, this is a political issue that I would have liked to discuss with the minister, but she chose to duck out.

[English]

The Chair: Gabriel, we'll have to get to the question.

Go ahead.

[Translation]

Mr. Gabriel Ste-Marie: Thank you.

Is the KPMG case with the Isle of Man shell companies, in which some people refused to disclose their identity, still before the courts? Is it active?

What stage is it at?

What is the Canada Revenue Agency doing?

Mr. Ted Gallivan: In terms of the core group of participants, we have determined that \$24 million is owed in taxes. As I mentioned, two files are still open.

We also found 70 more participants, represented by other accounting firms, whom we asked to repay \$7 million.

We then reviewed all e-transfers between the Isle of Man and Canada over a two-year period. We found 90 records of Canadians of interest. Of those, we found 45 files that, when audited, resulted in the recovery of an additional \$17 million.

In total, the Isle of Man file audits recovered \$48 million in taxes. There are 15 non-KPMG audits and two KPMG audits still open.

Mr. Gabriel Ste-Marie: I would like to finish this block—

[English]

The Chair: Sorry, Gabriel. You're way over the time. You'll get another round down the road a little ways.

We'll go to Mr. Julian next, followed by Mr. Lawrence.

[Translation]

Mr. Peter Julian: Thank you very much, Mr. Chair.

My thanks to all the officials who are here today. We hope their families have remained healthy during the pandemic. We also thank them for their service.

I, too, am flabbergasted that the Minister of National Revenue chose not to come to this committee meeting. She has a responsibility to answer our questions and explain why there has never been any follow-up on the fraud cases where Canadians watched their retirement savings vanish.

She had a responsibility to be here today.

[English]

I am very surprised and, quite frankly, profoundly disappointed that the Minister of National Revenue chose to avoid the committee today and decided not to come to answer questions about what has been a massive fraud that has deprived thousands of Canadians of their entire retirement savings. The case around the Isle of Man scam and KPMG is something that the minister needs to come to committee to explain. I hope that happens in very short order. I'll join my voice to colleagues' about this.

I have a number of questions about KPMG, but first off, Mr. Gallivan, I'm very happy to see you again. A year ago you came to committee, and I asked you a series of questions. I want to get a very brief update.

I'll start with the Panama papers. How many of the corporations named in the Panama papers have now been charged by CRA?

Mr. Ted Gallivan: As was explained previously, given the point we're at in terms of our investigations, we are—

Mr. Peter Julian: Is it still none one year later?

Mr. Ted Gallivan: Yes, that's correct.

Mr. Peter Julian: Okay. How about the Paradise papers? How many of those corporations have been charged?

Mr. Ted Gallivan: Again, the Paradise papers was a very different case from the Panama papers. It was publicly available information that people would have already had. I don't think we've confirmed any investigation of criminality around the Paradise papers.

• (1605)

Mr. Peter Julian: Still none, one year later.

How about the Bahamas leaks? Again, these are publicly listed; the information's available online. How many of the corporations involved in tax evasion and have been named in the Panama papers have been charged?

Mr. Ted Gallivan: Mr. Chair, to get at the root of the question, the facts of the case will decide whether criminal charges will be relayed or not. It's not a discretionary choice on the part of the Revenue Agency. In the case of the Bahamas leaks, it is zero.

Mr. Peter Julian: Okay, so it is zero for Panama, zero for Paradise and zero for Bahamas.

How about the Isle of Man scam? How many of the corporations or individuals involved have been charged?

Mr. Ted Gallivan: Again, Mr. Chair, based on the facts of those cases, the statutes and the jurisprudence, there have been no charges laid to date.

Mr. Peter Julian: Thank you. I appreciate your honesty on this. This is a year later; I asked you those same questions a year ago. There has been absolutely no progress, yet the Parliamentary Budget Officer estimates that Canadians lose \$25 billion a year to massive overseas tax evasion. That means that over the last five years—the life of this government—there's been \$150 billion that could have gone to housing or to a wide variety of supports, to safe water in first nations communities—

The Chair: Peter, I hate to correct your arithmetic, but it's \$125 billion, not \$150 billion, in five years.

Mr. Peter Julian: Well, you're now in your sixth year, so by the end of this year, it'll be \$150—

The Chair: Okay, I'll not take the time from you.

Mr. Peter Julian: Thank you, I appreciate that.

Mr. Gallivan, at the time, you said, “Based on the facts, the current jurisprudence and current Canadian law, we believe we took every action we could.”

A year ago, no charges were laid in any of these cases. A year later, there are still no charges laid in any of these cases. What do you believe the government should be doing to bring forward legislative tools so that this massive tax evasion, which costs Canadians so dearly, is effectively dealt with?

Mr. Ted Gallivan: Beyond criminal investigations—including criminal investigations, but also including civil actions—there are three areas, and one is CRA access to information. Whether it is information that's protected by solicitor-client privilege or whether it is taxpayers objecting through the audit phase to providing information, and the fact lawyers in Canada clearly enjoy significant protections, we have a hard time getting the evidence we need to advance both criminal files with the evidence seized, and civil files.

Mr. Peter Julian: Thank you very much.

Now, I'd like to go specifically to the issue of KPMG. On this file with KPMG, how many meetings were held between CRA and KPMG?

Mr. Ted Gallivan: I would have to get the answer, but I would say there would have been dozens of meetings.

Mr. Peter Julian: How many written communications were there between KPMG and CRA?

Mr. Ted Gallivan: Again, we're talking about more than 25 clients, so there would have easily been 100 different pieces of correspondence. There was litigation on finding out who they were and then resolving the actual tax bill that they had to pay in getting to that \$24 million amount I talked about.

Mr. Peter Julian: Yes. You can understand, when we're talking about \$150 billion by the end of this year that has disappeared in overseas tax havens, the amounts that you're citing of what been collected are appallingly low.

I want to come back to your comment about Canada's ninth place. In terms of the actual size of the economy and tax collected, what place is Canada in? Many of the smaller countries may have collected less in tax but have smaller economies, so proportionally, they're doing much better. Is Canada in 20th place, 25th place, when you compare apples with apples?

Mr. Ted Gallivan: I did that comparison, and I think that relative to our economy, we were 10th. There was a slight change.

I will use the example of Colombia, which your colleague mentioned. Colombia, surprisingly, has \$100 million U.S., all from one voluntary disclosure by one taxpayer, so I would suggest that this was an anomaly. The point I was trying to make is that we are far from being a laggard. We were in the mix. I hope to do better in the future, but we were clearly not in last place, at zero.

The Chair: This is your last question, Peter.

Mr. Peter Julian: As a final question, has KPMG ever consulted with CRA about how to change the Isle of Man scam to make it more acceptable to CRA?

• (1610)

Mr. Ted Gallivan: Not to my knowledge, no, and it would have been highly unusual if they had.

The Chair: Thank you both.

We will turn to Mr. Lawrence, who will be followed by Ms. Koutrakis.

Go ahead, Mr. Lawrence, for five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much, Chair.

Mr. Gallivan, I'm going to build on some of the questioning that has already been put forward. I would also say to you publicly that I believe you and your team are working as best you can. I believe it's the government that's ultimately failed. Perhaps we see a sign of that, as the minister has failed to appear today.

With respect to section 380, how many individuals or how many corporations have been charged under section 380 with respect to offshore tax havens?

Mr. Ted Gallivan: Right now we have 55 ongoing investigations that have an offshore tax element. I'm not trying to duck the number on convictions; I just don't have that number in front of me right now.

Mr. Philip Lawrence: Could you get that to the committee?

Mr. Ted Gallivan: I'd be happy to do it.

Mr. Philip Lawrence: Perfect.

By the way, what sanctions has KPMG faced for their role?

Mr. Ted Gallivan: Our work on the KPMG Isle of Man situation is ongoing, and I guess the details would be protected under section 241. I would just say that our work in that regard is ongoing.

Mr. Philip Lawrence: Transparency International referred to us as having a “notorious reputation” for money laundering. In accordance with the commission inquiry into money laundering in British Columbia, it's estimated that \$45 to \$113 billion flows through Canada illegally. If you did the math on that with a 20% tax rate, you might come up with \$20 billion. The PBO said we're losing \$20 billion to offshore tax havens. How would you rank us compared with the rest of the world? I ask because it appears that most of the NGOs are putting us near the bottom.

Mr. Ted Gallivan: Colleagues from the Department of Finance may have a view on this as well. I spend most of my time looking at Canadian residents who may owe tax to the CRA. I think what you're describing would be resident nationals of other countries that other tax authorities would be interested in. I would say that the beneficial ownership registry announced in the budget should definitely make a significant shift in the transparency around beneficial ownership of corporations in Canada.

The Chair: Does anybody from the Department of Finance want to enter? No?

Sorry, Mr. Lawrence; go ahead.

Mr. Philip Lawrence: No worries. Thank you, Mr. Chair.

What I wanted to talk to you about next was beneficial ownership. Am I correct that it's not planned for that registry to be in place until 2025?

Mr. Ted Gallivan: I believe the exact timeline—oh, go ahead, Trevor.

Mr. Trevor McGowan (Director General, Tax Legislation Division, Tax Policy Branch, Department of Finance): I was just going to confirm that budget 2021 proposed to provide funding over two years to Innovation, Science and Economic Development Canada to support the implementation of a publicly accessible corporate beneficial ownership registry by 2025—

Mr. Philip Lawrence: Right, so in the next four years, while countries all across the world have this in place, we're planning to do it. The United States already has this in place and the U.K. already has this in place. We're spending lots of money, but we're not getting any gold. How many billions of dollars are we going to lose while we wait for Canada to be a decade behind the rest of the world?

Mr. Ted Gallivan: The first point I would make is that we're not idle. In other words, we haven't downed tools while waiting for the beneficial registry. We have legal tools at our disposition. We're able to do our own research. I mentioned the increased data that we're getting by looking at worldwide bank accounts and looking at electronic funds transfers. We're looking at the flow of funds by using the paid informant program that I mentioned earlier. We do have other sources of information, so I don't think we're going to be idle between now and 2025.

Mr. Philip Lawrence: No, and I'm not saying that at all. Like I said, I believe it's the government that's letting you down and letting our taxpayers down.

Would it not be tremendously beneficial, and is it not fair to say that it would save Canadian taxpayers potentially billions of dol-

lars, if we were able to get that beneficial ownership registry done in the next couple years as opposed to in four years from now?

Mr. Ted Gallivan: I think the key to understanding a tool like the beneficial ownership registry is to recognize how it helps. I think just announcing it deters some behaviour and change some behaviour, just as when we announced country-by-country reporting for multinationals. Many of them decided to change their approaches. I do think there's already been a deterrent effect, just from the announcement.

I'd also caution that once it exists, from a CRA perspective that's just a start. As we're seeing with this explosion in cases before the court, even with the registry, even when we found somebody doing aggressive tax planning, they're very happy to take us to court and fight us all the way to the Supreme Court in the cases I mentioned.

I would say that we are already having some benefits. Once the registry arrives in 2025, we probably still have many years of litigation ahead of us until some of the determined actors really stop their behaviour.

• (1615)

The Chair: All right. We are going to have to move on, Philip. I'm sorry.

Ms. Koutrakis and Mr. Sorbara were going to split their time, but we're used to an hour and a half in committee, and so I think we have time for them each to take the full time if they want to. I'll put Mr. Sorbara down further.

Ms. Koutrakis.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Thank you to our witnesses for being here this afternoon and answering our questions.

I would like to quote Debi Daviau, the president of the Professional Institute of the Public Service of Canada, the PIPSC, who appeared before finance committee in early May.

Ms. Daviau stated at the time that the CRA used to have “international tax units that were very well organized and could work together more effectively to produce...documents [from an offshore tax filer], but those units were broken down some 10 or so years ago in favour of interspersing these tax experts within more generalized teams. That has reduced the capacity of employees at the CRA to be able to deliver on getting international tax avoiders to pay their fair share.”

Since these budget cuts to the CRA...and we've already heard in this meeting this afternoon that the federal government has invested over \$1 billion in the CRA to restore its capacity in this regard. Can you comment on how recent funding from past federal budgets has helped repair the CRA's capacity to fight offshore tax avoidance? Can you share your thoughts on any additional funding or resources that would be required to completely restore these specialized international tax units?

Mr. Ted Gallivan: Thank you for the question, Mr. Chair.

I would say the combination of better data and access to additional sources of data that let us identify and then prove aggressive tax planning, co-operation with the Department of Finance to close the loopholes once we surface them, and additional sources like the paid informant program or the FTEs have really made a significant contribution.

It's not just about having more audits, but it's the right audits.

Absolutely, the resources that have been provided have allowed us to identify that gross \$5 billion that we keep talking about, but I think more importantly it is bringing the right cases to court so that the full consequences are felt. Recently, the government has identified additional funding for CRA and the Department of Justice for roughly 140 additional lawyers to handle just tax matters before the courts.

I mentioned 2,000 complex issues before the Tax Court of Canada. There are actually 3,000 pieces of high-end litigation, if you include the Federal Court and the appeals branch. I do think it's that pressure of 3,000 high-end cases where taxpayers are being called to account that is helping. For sure, the resources to CRA helped, but I think we also need that access to data, and increasingly we need lawyers and legal resources; because I would say the fight has moved from the audit front to the courtrooms now, and the crackdown that the government started in 2016 has largely moved to the courtrooms.

Ms. Annie Koutrakis: Thank you for that.

It's with great sadness that I hear that, unfortunately, these cuts happened during the last Conservative government. I'm happy to hear that the new funding that we've given since that time is helping in that regard.

Can you provide the committee with an overview of the CRA's leads program?

Mr. Ted Gallivan: I think we have two forms of leads programs.

We have a classic leads program, in which people would write in and provide information. We're not able to keep in touch with those taxpayers. We're not able to tell them what the outcome is. Those vary, from some very good leads to perhaps just disputes between neighbours or family members. Some of them are of relatively low quality, and the information is not helpful to either start an audit or to finalize one.

The second is the offshore tax informant program that started in 2013. It's a very different program, under which we sign a contract with the informant. They receive a percentage of the funds collected. That's the program that already has almost \$95 million identified directly, which is already billed, and that has another \$100 million in the hopper.

I would say we have a two-tiered process. One is for serious offshore issues that involve financial reward, and then there is a more general program. There results of the two have very different flavours.

• (1620)

The Chair: We will have to move on, Annie.

Mr. Ste-Marie, go ahead for two to three minutes. Then it will be the same for Mr. Julian followed by Mr. Falk.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I have some questions for the Department of Finance.

My regards to you, Mr. McGowan, and to your colleagues as well.

Clearly, it's important to avoid double taxation in a company when there's real economic activity. This is usually written into the tax treaty between Canada and another country.

Why, in the case of almost all tax havens, has this agreement been extended to include tax information exchange agreements?

[*English*]

The Chair: Who wants to take that?

Go ahead.

Mr. Trevor McGowan: I'll try, or perhaps Stephanie would like to take it? She's an expert on tax treaties.

The Chair: Okay.

Ms. Smith, you're on.

Ms. Stephanie Smith (Senior Director, Tax Treaties, Tax Legislation Division, Tax Policy Branch, Department of Finance): I think you're referring to the domestic law provision that allows exempt surplus to be repatriated free of tax if it comes from a jurisdiction with which Canada has a tax treaty, or a tax information exchange agreement.

The underlying tax policy reason for that provision is to ensure that Canadian corporations can compete competitively and pay the same level of taxes in the jurisdictions in which they are operating. There are rules around the foreign affiliates system to ensure that only active business income can be repatriated tax-free. Any income that is passive investment income is taxed on an accrual basis.

[*Translation*]

Mr. Gabriel Ste-Marie: With all due respect, I would like to point out that, as a general rule, the rate in effect in these tax havens is 0%. We want to ensure the competitiveness of Canadian businesses, but, according to subsection 5907(1) of the Income Tax Regulations, the big Bay Street banks, for example, can artificially relocate the activities they carry out in Toronto or anywhere else in Canada to tax havens. Under the regulations you just explained, those banks pay about 0% on their most profitable activities, namely on those done here. Needless to say, I am not satisfied with the explanation given to us.

I should mention that, somewhat along the same lines, Barbados is one of the few, if not the only, tax havens with which Canada has a tax treaty. Article XV of that treaty specifies that a Canadian or other company cannot use the avoidance of double taxation as a reason for resorting to a tax haven, that is, to artificially relocate activities on paper only.

Subsection 5907(1) of the Income Tax Regulations struck down that article. It happened just when Paul Martin had registered his company Canada Steamship Lines there.

To your knowledge, what was the rationale for striking down article XV?

• (1625)

[English]

The Chair: Ms. Smith, do you want to give that one a go?

Ms. Stephanie Smith: I can start. Unfortunately, I was just trying to pull up the treaty with Barbados so that I could confirm the reference to article XV.

[Translation]

Mr. Gabriel Ste-Marie: You can send us a written answer if you wish.

[English]

Ms. Stephanie Smith: Trevor, maybe we're best to do that, because in terms of trying to pull up both pieces of legislation, I can't off the top of my head remember. Article XV normally is about employment income, but it doesn't fit with the question.

The Chair: We'll look forward to a written reply on that.

We will turn to Mr. Julian, who will be followed by Mr. Falk.

Peter.

Mr. Peter Julian: Thanks very much.

Ms. Smith, thanks again for having answered that question.

What you're doing is raising a very important policy question. What do you do with the Bahamas where a tax rate is zero? If income is declared there, is it not true that to avoid the double taxation and to be competitive, as you've mentioned, none of that income would be subject to tax here in Canada?

The Chair: Ms. Smith.

Ms. Stephanie Smith: If there is real, active business activity taking place in the Bahamas, which they subject to a 0% tax and whose dividends they can repatriate tax free, there would be no additional Canadian tax. That's by virtue of Canadian domestic law as opposed to operation of the tax treaty specifically.

Mr. Peter Julian: Yes, but you can understand how outrageous that is to Canadians. You have small businesses that are paying their fair share of taxes, and families that are paying their fair share of taxes. Regular Canadians are really struggling, particularly during the pandemic, and here you have big corporations that can declare active income offshore, pay zero tax on it, and because of the structure of both the tax information exchange agreements and the double taxation avoidance agreements, they don't have to pay income tax on it here.

It's a licence to avoid taxes, for tax evasion. We've structured a system that is basically encouraging the very wealthy and big corporations to take their money overseas. As the Parliamentary Budget Officer indicates, that's a \$25-billion loss to tax revenue each and every year.

As the chair of the finance committee admitted, or just mentioned, it's \$150 billion that could have gone into a wide range of things, such as education, health care, clean energy or housing over the last six years, by the end of the sixth year of the government.

What I'm interested in seeing is to what extent, both with the double taxation avoidance agreements and the tax information exchange agreements, there is accurate reporting and to what extent CRA is actually tracking tax dollars that are going overseas and never subject to the income tax that every Canadian family and every small business has to pay.

Could you tell us, under the current tax information exchange agreements and the double taxation avoidance agreements, how much money is basically being taken out of the tax system from CRA's standpoint?

As I mentioned, the Parliamentary Budget Officer estimates \$25 billion a year.

The Chair: Mr. Julian, who is that question to?

Mr. Peter Julian: It's to whomever would like to answer it.

The Chair: Okay. I guess that's Mr. Gallivan.

Mr. Ted Gallivan: Mr. Chair, yes, I'll make a start.

One of the things the CRA has done is to publish a series of tax gap studies. When you talk about offshore, there's definitely offshoring by multinationals and there's offshoring by high-net-worth individuals. For the individuals, I think our estimate was \$800 million to \$3 billion. The variability in that estimate underscores the difficulty of estimating something that people are deliberately trying to hide.

In relation to multinationals, it seemed to me that our estimate said there could be \$16 billion in tax unpaid by multinationals, half or \$8 billion of which the CRA identified and sought to make them pay. You're in the range of \$11 billion at the outer edge, with CRA maybe finding half of it. I think those are order-of-magnitude estimates that are enough to frame it. I don't think those are accounting-level details.

I will also say that we've been tracking voluntary tax paid by taxpayers—and those payments were greatly exceeding GDP. A lot of factors go into tax revenue. Tax revenue is a trailing, lagging indicator. Those revenues were pretty good last year, despite COVID, because they lag. There is lots of multi-year stuff from the companies.

Over the last five years, the tax paid voluntarily by multinationals was greatly exceeding GDP, sending at least to me the message that multinationals were getting the message and cleaning up their act, but there continue to be far too many multinationals with an effective tax rate that approaches zero, so there continues to be a problem.

Hopefully I've explained it as best I can in terms of the CRA data or the numbers we look at.

• (1630)

The Chair: Thank you all. We're well over, but—

[*Translation*]

Mr. Gabriel Ste-Marie: A point of order, Mr. Chair.

[*English*]

The Chair: Go ahead, Gabriel.

[*Translation*]

Mr. Gabriel Ste-Marie: Let me clarify for Ms. Smith that the article I was referring to earlier is actually article XXX. My apologies.

[*English*]

The Chair: Thank you, Gabriel. That clears that up, Ms. Smith. It's article XXX on the written answer.

We'll go to Mr. Falk for five minutes, followed by Mr. McLeod.

Mr. Ted Falk: Thank you, Mr. Chair, and thank you to the panelists. We appreciate the input so far, and the information.

The Prime Minister's 2019 mandate letter to the Minister of National Revenue instructed the minister to “seek new ways to counter tax avoidance and evasion by wealthy individuals”, “enhance our existing tax avoidance and evasion whistle-blower programs” and “look for more opportunities to invest resources that help crack down on tax evaders”.

My questions are these: Have you identified these opportunities? What are they? How have you responded, and what are the early results?

Mr. Ted Gallivan: I think it falls to me again to lead off.

I'll talk about one initiative, which is the related party initiative. That's our focus on Canadians whose net worth is \$50 million or more. We have increased the number of resources in that area, and we've also increased our ability to do analytics on offshore transfers, meaning these \$10,000 back-and-forths, and mine that data. It's also to bring into our BI systems what I call a common reporting system. Again, that's worldwide banking information.

By having a dedicated team that has a standing watch on everybody whose net worth is \$50 million or more, we go through transfers in and out of Canada related to those individuals, and we also look at banking information. We trace through their corporations, their sales tax accounts and their payroll accounts to kind of understand who they are. That is an example of progress.

We're just starting to reassess those taxpayers, to go back to the \$12 billion-plus. They've just been billed, so it will take years

for those cases to work themselves through the courts, but I think we've had early success.

Mr. Ted Falk: Thank you.

I have another question. For the 2016 tax year, Canadian taxpayers were asked for the very first time if they had sold their principal residence. Why was that question on the tax form?

Mr. Trevor McGowan: Thank you for the question.

The question provided more information to the Canada Revenue Agency on a very significant tax exemption, maybe one of the most significant tax exemptions for many Canadians, which is that they don't have to pay capital gains tax on the sale of their principal residence. That sale is something that had not been reported, so it was difficult for the Canada Revenue Agency to gather data on the compliance with the rules. It was also for analysis on policy to see that the policy was achieving its intended objective.

At the same time, there was some aggressive tax planning uncovered that was, for example, intended to provide access to the capital gains exemption for non-residents, which was unintended. That, along with the reporting change, was addressed in, I believe, 2016.

It helps provide information. It helps ensure that our voluntary compliance system is working correctly and that the appropriate tax benefits are going to the people who are selling their principal residences.

• (1635)

Mr. Ted Falk: Did the direction to do that come from the minister's office and was it pre-empting the study of taxing capital gains on individuals' personal residences?

Mr. Trevor McGowan: I don't recall where the request for that came from or what the genesis of it was.

The Chair: Mr. Falk.

Mr. Ted Falk: There was a second part to that question. Was it also the intent to partially determine the feasibility and the profitability of taxing an individual's capital gain on his personal residence?

Mr. Trevor McGowan: As I said, my understanding of the policy was to help provide necessary information to the government to ensure compliance, and also to be able to look at the policy to make sure that the rules were working as intended.

Mr. Ted Falk: I think I'm out of time. Thank you.

The Chair: Well, Ted, you're not quite out of time, but that's okay. You have time for one quick question.

Mr. Ted Falk: Okay.

Often comparisons are made between aggressive approaches that the CRA takes to obtain taxes owed from average Canadians, looking for low-hanging fruit, and there's little action taken against these offshore tax accounts.

Sorry, Chair, it's not a quick question.

Senator Percy Downe appeared recently. I'm going to quote him. He said:

Canadians are wondering why we have a two-tiered justice system for tax evasion. Try to cheat on your domestic taxes and the CRA will likely find you, charge you, convict you and force your repayment. Check their website and you'll see their results. Hide your money overseas and you likely will never be charged or convicted. Again, check their website and you'll see the results.

Why is it that way?

The Chair: Mr. Gallivan.

Mr. Ted Gallivan: In a short period of time, it's difficult to review the premise of the question, but in my area of responsibility, the audit branch at CRA, we focus disproportionately on large dollars and high-net-worth individuals. In our results, 60% of the dollars are coming from multinational enterprises.

My experience in 30 years at the CRA is that we do tend to focus on risk, which is dollars, and focus more intently on higher dollars.

The Chair: Thank you both.

I'll just give you the lineup to finish the rounds of questions: Mr. McLeod, Ms. Jansen, Mr. Sorbara and Mr. Fast.

Mr. McLeod, you have five minutes.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair; and thank you to the presenters today.

I thank the CRA for its increased efforts to combat tax avoidance, but I've heard from many constituents over the years of their frustrations about being audited, year after year, by the CRA in regard to the northern residents deductions. These are not aggressive tax planners; they're people who have lived in the north for decades, some for their entire lives, and they are just trying to claim the benefits they're eligible for.

I know there are some measures in budget 2021 to improve the travel component, which will help many northerners who were previously unable to claim it, but can you tell me what the CRA has been doing to fix the issue of targeting some of my constituents with excessive audits?

Mr. Ted Gallivan: What I would say is "empathy". We started something called "People First" at the CRA, a whole agency focus to try to shift our culture. In the audit compliance functions, they're having a dialogue around using discretion. Discretion will always be subject to oversight and when Canadians hear that the CRA is using discretion, I think many people think that's going to make things worse, that they're going to be more aggressive. However, it has involved talking to our employees about reacting to the facts in front of them and giving taxpayers a bit more of the benefit of the doubt. More recently it has taken hold with this idea of empathy and really talking to our employees about what empathy is, what empathy isn't and how to demonstrate greater empathy.

COVID has helped. In COVID, the CRA was really involved in trying to help the Canadian economy, trying to help regular Canadians and issue benefits. For our frontline staff, and me and others, it has made us more appreciative of what regular Canadians can go through and to be a little more consultative and collaborative.

I do agree that we need a culture change. Our commissioner has launched it under something called "People First", and for people in enforcement and regulatory jobs, we're really trying to have a dialogue about empathy and being more empathetic.

● (1640)

Mr. Michael McLeod: I hope that works, because I certainly get the calls, but it seems to be that the northern residents tax deductions trigger something in the system that automatically requires an audit.

We've heard a lot about international treaties and about how CRA is already collecting additional tax revenue. Could you comment on how the international treaties could be improved to assist the government in fighting tax evasion?

Mr. Ted Gallivan: I might start. It's very awkward, because the Department of Finance holds the pen, but we are sometimes sitting on the front line of how the treaties play out. I would observe, one, because we've been more active internationally, the collections component and the number of treaties that maybe have a collections component are more of a priority than they used to be. I would also say that Luxembourg comes up very frequently, and I think both the commissioner and I have been comfortable saying that treaties are generally good and effective and they're there for lots of reasons and that our colleagues at Finance work very hard and consider lots of factors, but I would certainly say that as we look at the multinationals we deal with, the Luxembourg treaty in particular seems to have a very, very wide degree of use.

Mr. Michael McLeod: Do I have time for one more?

The Chair: You can have one more.

Mr. Michael McLeod: Okay. It seems that there are a small number of high-net-worth individuals engaging in complex transactions intended to avoid the collection of tax debt. Budget 2021 proposed introducing an amendment to the Income Tax Act to address this sort of planning. Can you give us some comments on whether or not you think this is a positive direction for the government to take?

The Chair: I'm not sure. That might be Mr. McGowan.

Go ahead, Mr. McGowan.

Mr. Trevor McGowan: Thank you for the question.

I'm happy to provide some general comments on the proposed amendment on the collection of tax debts. There's an existing section in the Income Tax Act—section 160—that is intended to prevent somebody who owes taxes from moving their assets to a non-arm's-length person to avoid having to pay the tax debts they owe. Tax planning that seeks to frustrate that rule and prevent its application has arisen, with the ultimate objective being that people or corporations that owe taxes typically could move their assets through a series of transactions very carefully ordered and staged so that the assets were moved ultimately to another entity so that when it came time to pay the taxes, the corporation or the legal entity with the tax liability had nothing left to pay and the Canada Revenue Agency was frustrated in its attempts to collect the taxes. This sort of tax planning is highly aggressive, to say the least, owing taxes and then moving your assets away so that the Crown can't collect.

The budget 2021 proposal would attempt to help fix the wording of section 160 so that it can't be avoided and so that it achieves its initial policy intent in order to prevent this type of planning and to ensure that everybody pays the taxes that they owe. It improves upon an existing mechanism in the Income Tax Act to help improve fairness.

The Chair: Thank you. We went a little over.

Next is Mrs. Jansen, followed by Mr. Sorbara.

Mrs. Jansen, go ahead, please.

Mrs. Tamara Jansen (Cloverdale—Langley City, CPC): Thank you.

My question is for Mr. Gallivan. I have to say, having been audited in the past, that the word “empathy” is never a word I've thought of when I have thought of the tax man. It's an interesting concept. Let's hope it actually takes.

We've seen CRA grow by 15%, give or take, over the past five years, and yet the revenues they've generated from those new employees haven't really grown at the same rate. Canadians can expect that these investments will lead to things like catching more tax cheats who are using offshore shell accounts to launder money, which then comes into our country and damages housing affordability. Instead, we've been seeing CRA going after small mom-and-pop shops during the pandemic. It looks as though CRA is more lenient on big tax cheats but throws the book at the little guy. It appears the government doesn't even have the will to go after those who have enough money to hide it offshore, and when they do catch them, they protect their identity and let them walk with a small fine. Compared to how other countries are dealing with the issue of offshore tax havens, Canada looks very permissive.

How can we fix this problem since throwing money at the problem hasn't made much of a difference with regard to taxes collected so far? Why should Canadians believe that adding more people would have any better results?

• (1645)

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

Perhaps I will make a start. My colleagues might come in afterwards. follow me.

Again, I think it's the premise of the question. Aggressive taxpayers are certainly “voting” by coming in increasing numbers to make voluntary disclosures. They are disclosing their offshore assets. As I mentioned, that has roughly doubled.

Our revenue generated by audit is up more than 15%. In fact, the average dollar value of an audit has doubled. Again, I think that's a function of increased horsepower and better data.

It isn't the case that revenues are down or have failed to grow. They have grown. Taxpayers who are facing this are increasingly having to have recourse to the courts. I mentioned the doubling in the number of court cases. I think the fight has been taken to them.

Now, what's missing? Perhaps it's greater consequences. If you look at interest as being part of the consequence of a tax audit, when the interest rates were 10% or 14% and much more than the market returns, interest was probably a big part of the consequence of tax cheating and getting caught. Now, with the market exceeding the interest that we charge, maybe that deterrent value isn't there.

Mrs. Tamara Jansen: Yes. Thank you.

You were just mentioning that we have grown by 15%, but we haven't seen any actual increases, which is disappointing.

Debi Daviau, President of the Professional Institute of the Public Service of Canada, suggested at the finance committee that CRA's focus should be on wealthy individuals and powerful corporations who do the majority of the cheating.

I had asked her why CRA appears to be aggressively focusing on small mom-and-pop shops for audits during COVID and ignoring the wealthy individuals. She identified this actually as a real problem. Her response was the following:

I just don't think the Canada Revenue Agency is up—

The Chair: Just hold on, Tamara. We're getting feedback from somewhere. Does somebody have their mike on?

Try it again, Ms. Jansen.

Mrs. Tamara Jansen: I'm going to quote her:

...I just don't think that they have the same capacity to address international taxes that they do to address local taxes.

....certainly employees at the Canada Revenue Agency are up against, as I said, tax giants. These are people who have immense skill, technology, expertise and other big companies on their side.

It's interesting to hear how your testimony today asserts the complete opposite on how well CRA is doing on chasing down wealthy overseas tax cheats.

With the number of dollars that CRA has invested over the last years, why didn't you invest in the tools you need to go after the big guys rather than focus on those little mom-and-pop shops, especially during a pandemic?

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

Let's start with one of the premises, which was COVID. During COVID, my colleague Alex MacLean, who looks after international tax and large business, never stopped. They never duntooled those audits. We continued to focus on those taxpayers while giving six months of a kind of hiatus on contact for small businesses.

The CRA did suspend its small and medium-sized enterprise audits for a full six months, and when we resumed, we did so on a more consultative basis, checking in with businesses to see if we could start.

It would be my testimony today that during COVID the situation has actually been the the opposite of the testimony you would have received. The CRA never stopped its work on high-net-worth individuals and big companies through COVID. We made a deliberate pause because we understood that small businesses were suffering during COVID. When we resumed, we tried to make it a more consultative process based on the readiness of that business to withstand an audit.

The Chair: Did you want to add something, Alexandra Maclean?

Ms. Alexandra MacLean (Director General, International and Large Business Directorate, Compliance Programs Branch, Canada Revenue Agency): Thanks very much, Mr. Chair.

I just wanted to add how seriously we take our mandate in international and large business directorate. We have been staffing up and we have been focusing on training. As the member indicated, we are challenging very well resourced interests that have very well qualified advisors. They have very deep pockets. There is a strong focus on improving training and making sure our people are well equipped to take on the most challenging and complex tax situations.

We have also invested a lot in information technology. I think Mr. Gullivan has touched on that in some of his answers. The amount of data coming into the agency is better than it has been in the past by quite a lot. We're better able to detect relationships and transactions than we were in the past, for sure.

However, it is a challenging business. There's a lot of money at stake, as many people have mentioned during this afternoon's proceedings. A lot of resources are deployed, I guess, on both sides, but particularly in the interest of high-net-worth individuals and multinational enterprises.

I wonder if my colleagues from Finance want to highlight.... We are quite excited about some of the budget 2021 initiatives that will help us deal with base erosion.

• (1650)

The Chair: Base erosion....

Mrs. Tamara Jansen: Do I still have time?

The Chair: No, Tamara. You're way over time.

Mrs. Tamara Jansen: Oh, I was going to ask a question again.

The Chair: We might have time for supplementary question at the end, when we get the next witnesses on.

Trevor, did you want to add one thing? You're leaning forward.

Mr. Trevor McGowan: I was going to pick up on my friend Alex's suggestion that Finance could provide information on some of the tax integrity proposals in budget 2021 if the committee wanted.

The Chair: We'll come back to that later. We might run out of time. We'll hold that in abeyance for the moment.

We'll go to Mr. Sorbara, and then Mr. Fast. I'm not sure whether Mr. Fraser wants in.

Mr. Sorbara, you have five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair, and good afternoon. It's great to be here.

Ms. MacLean, you said two words, "base erosion". I'll just add the other two words, "base erosion and profit shifting", which we as a government signed on to address, along with our OECD partners, and I think many other countries. That was from the [*Inaudible—Editor*].

How important is the BEPS sign-on for fighting tax evasion? Then going to some of the measures that were in budget 2021, could you comment on how they'll help aid in our fight against base erosion, transfer pricing or whatever you want to call it, that we need to ensure we're winning?

Ms. Alexandra MacLean: I'll start, but I'm going end up throwing this over to my colleagues in Finance because these are really policy matters that are in development to a large degree. There are some important tools, at least in the development, discussion and early implementation stage, that should help address some of my mandate in terms of tax compliance for multinational enterprises: for example, the interest deductibility proposal in budget 2021 and the anti-hybrid debt measure.

I'll stop so that Trevor can highlight some of those, but the recent G7 announcement on the international scene is also very significant for Canada and other nations.

The Chair: Trevor, it's over to you.

Mr. Trevor McGowan: Thank you very much for the question.

I'd probably put the budget proposals into a couple of different categories that help tax evasion and aggressive tax avoidance. The first is informational, making sure that the Canada Revenue Agency and the tax authorities have the information they need to detect and challenge aggressive tax avoidance and tax evasion.

In that respect, we've already mentioned some of the beneficial ownership announcements, building as well on beneficial ownership announcements from budget 2018 relating to trust.

Budget 2021 announced a reform of Canada's mandatory disclosure rules, which in part came out of the base erosion and profit shifting process that would provide more meaningful and more relevant disclosure of aggressive tax planning, or tax planning anyway, to the Canada Revenue Agency, along with penalties to help ensure compliance.

In addition, there's a measure relating to audit authorities, helping the Canada Revenue Agency get answers to their appropriate questions when they're being asked.

That builds also upon a number of other important international efforts that have been implemented in Canada from previous years, such as country-by-country reporting and the common reporting standard, again to ensure that the right information is provided.

The second category relates to the integrity of the tax rules to ensure that they operate as intended and to ensure that taxpayers can't exploit loopholes, to use the common term, in order to avoid taxes.

Alex mentioned a couple of them coming out of the base erosion and profit shifting project, limiting excessive interest deductions so that debt can't be essentially placed into Canada so that the interest deductions can erode the Canadian tax base and be paid offshore. Hybrid mismatch arrangements can help ensure that complex cross-border transactions that are treated one way in one country and another way in another country don't lead to inappropriate tax avoidance.

In addition, we have upcoming consultations relating to the general anti-avoidance rule in the Income Tax Act, as well as Canada's transfer pricing rules.

There were a lot of important tax integrity measures announced in budget 2021 that should help ensure the fairness of the Canadian tax system.

• (1655)

The Chair: Your clock is starting to run down, Francesco. You're going to have to be fairly rapid.

Mr. Francesco Sorbara: I have just a quick question for Mr. Gallivan.

In your comments today, you mentioned a couple of times the litigious nature of how the work is going in response to individuals practising aggressive tax planning, especially with those with the wherewithal choosing to pursue the court method instead of potentially coming to an agreement with CRA.

Why do you think that is happening. Is it that the stakes are so high?

Mr. Ted Gallivan: It certainly would be my observation that the stakes are high enough. If somebody is facing a \$40-million bill, \$4 million in legal fees to either reduce that or have it go away seems reasonable.

We're seeing more and more cases where taxpayers are spending \$5 million, \$10 million. There are a couple of cases that are well over \$20 million in professional fees.

I think from a taxpayer's perspective, it's straight math. They think that either the bill will be reduced or they may be successful, and so they spend the money opposing us.

The Chair: Thank you both.

Mr. Fast.

Hon. Ed Fast (Abbotsford, CPC): Thank you. I've been listening very carefully.

Mr. Gallivan and Ms. MacLean, thanks for coming prepared and providing us with a lot of good information.

Mr. Gallivan, you mentioned a list of tools you use to go after tax evaders, fraudsters, those who are improperly avoiding tax. You mentioned, I believe, the paid informant program. There's a leads program, the related party initiative that you mentioned. There are criminal investigations and many more tools that you have in your tool kit.

Of all of those tools, which one has delivered the greatest returns for the resources invested?

Mr. Ted Gallivan: I do want to sincerely answer your question. I feel, at some level, it's the combination of the tools. If you put pressure in one direction, that's not enough, but it's the cumulative pressure of all of those things.... I also think—and again this is tough to measure—people start to get the message. There's a message that “enough is enough”.

I think that attention from this committee and media commentary, even though its often critical of the CRA, are also putting pressure on taxpayers. It's transparency measures like we have with the wage subsidy now that are out there. I faced questions at committee about some of the payments we authorized. I think that increased transparency is happening.

I'm a little disappointed—

Hon. Ed Fast: I was looking for maybe highlights, a couple of tools that pop out in your mind as being very effective in being able to go after these folks.

Mr. Ted Gallivan: I would say any automatic data exchange where CRA is getting data from a third party—we're getting it automatically and across the board, and people know we have the data—kind of has a chilling effect.

Hon. Ed Fast: I have a question for Mr. McGowan.

Earlier my colleague Mr. Falk asked you a question on when the declaration of a personal residence was included on tax forms.

Do you know the year that was added?

• (1700)

Mr. Trevor McGowan: I apologize; I don't recall the first year that it appeared on the tax forms.

Hon. Ed Fast: You were also asked who would have directed Finance to include it, and you couldn't answer.

Is that correct?

Mr. Trevor McGowan: I didn't know the answer to where that specific proposal came from.

Hon. Ed Fast: Could you provide this committee with that once you've checked into it?

Mr. Trevor McGowan: I can look into it. I don't know where the information might lie, but I can look into it.

Hon. Ed Fast: Obviously it would lie in probably the year in which it was first included on the tax return, and it would be helpful for the committee.

The Chair: Ed, it might have even have come from the previous government.

Hon. Ed Fast: It might be the case. That's what I want to know.

Has the Department of Finance either participated in or contributed to CMHC's study on intergenerational tax inequity and the housing market?

Mr. Trevor McGowan: I would need to take that away and ask some of my economist colleagues. I'm not sure, on the legislative side, if that's been done. I would need to check with my colleagues to see if Department of Finance officials have participated in that study.

Hon. Ed Fast: Okay.

Can I ask you again about the rationale? Could you explain to me why that declaration is even included on our tax returns?

Mr. Trevor McGowan: For when there has been a sale of a principal residence?

Hon. Ed Fast: Yes.

Mr. Trevor McGowan: A sale of a principal residence exemption essentially provides that any capital gains on the sale of the principal are tax-free. That, for many Canadians, can be one of the biggest investments that they have. It is also a significant tax expenditure. It is something that hadn't been previously reported, and so in order to ensure the government had information on who was claiming these exemptions and to help ensure compliance, it was added.

Hon. Ed Fast: Between you and Mr. Gallivan, could one of you tell me how much tax has been recovered from people who have abused the home residence exemption?

The Chair: That will be the last question, Ed.

Mr. Ted Gallivan: As a quick answer, we have a real estate program, which is probably broader than just abuse. That program has yielded \$1 billion over the last four or five years, mainly focused

on the Lower Mainland of B.C. and the GTA. However, that would be a lot of things, including sales tax and other matters all mixed in.

The Chair: Thank you, all.

We'll go to Mr. Fraser, I believe, and then I'll take three or four single questions.

If people want to raise their hand, I see Mr. Julian, Mr. Ste-Marie, and I know Ms. Jansen has one.

Mr. Sean Fraser (Central Nova, Lib.): How much time do I have, Chair?

The Chair: You can have five minutes, if you want it.

Mr. Sean Fraser: I may not need it, and I apologize in advance if I ask a question that's already been asked, as I did not participate in the first few segments of the meeting.

I will put a question to our officials.

The Finance Minister, as part of conversations with her G7 counterparts, has recently made news over the issue of a proposed agreement to establish a global minimum corporate tax rate at 15%, which is Canada's federal rate of corporate tax today.

I'm curious whether you can shed some light on the impact that kind of multilateral agreement will have on business practices, where multinationals are trying to shift the income from one jurisdiction to another, without shifting the work, in order to avoid tax that otherwise would properly be paid in a country like Canada.

• (1705)

The Chair: Who wants to take it?

Mr. Trevor McGowan: Kevin or Stephanie, do you have anything on pillar two?

Kevin.

The Chair: There you go.

Mr. Shoom.

Mr. Kevin Shoom (Senior Director, Business Income Tax Division, Tax Policy Branch, Department of Finance): Thank you for the question.

The work at the OECD and G20, the inclusive framework towards a global minimum tax regime for corporations, is very important in the context of some of the matters that have been raised at this committee today.

One of the key challenges in taxing multinational corporations appropriately is finding the right balance between ensuring that they pay their fair share and not unduly impeding their ability to compete with multinationals based in other countries. That latter consideration makes it difficult to tax at a higher rate or to have a more thorough approach to taxing their income earned abroad, because that could simply result in their not being able to effectively compete with multinationals that are taxed less severely by their home countries.

Trying to move individually on this type of situation is a challenge. The work that's going on at the G20 and the OECD inclusive framework are therefore trying to get agreement amongst a wide number of countries to set a minimum tax rate, which would then allow countries to ensure fairer taxation of their multinationals without having to worry about the harmful effects on the competitiveness of the multinationals based in their country.

The step forward at the G7 finance ministers' meeting was to get agreement amongst the seven countries to put forward a common position of a minimum rate of at least 15% and to have that calculated on a country-by-country basis, which helps to set the stage going forward to the broader G20 finance ministers' meeting in mid-year and the meeting of the OECD's inclusive framework, which includes 139 countries and which will be taking place at the end of this month, to try to promote agreement on the parameters of how that minimum tax could take shape and how it could move forward.

If this does end up working out, it will be a landmark achievement, because it's a way of addressing a lot of the problems many countries have been struggling to address on their own.

The Chair: You can ask a quick supplementary question if you want to, Sean.

Mr. Sean Fraser: This may have been asked, given the stakeholders some of us have probably met with before. I'm just curious. I heard previously from union representatives for public employees who work in this space, who indicated that the lack of human resources in the regional offices at CRA is a barrier to enforcement. Do you agree with that point of view, and what do you think could be done to actually beef up CRA levels on the ground to help combat tax evasion?

Mr. Ted Gallivan: The CRA continues to enjoy significant investment, so lack of funding is not a preoccupation. We've recently received additional funding for legal support from colleagues at the Department of Justice. I mentioned earlier the 140 additional lawyers, so that's certainly important. As well, as my colleague Alexandra mentioned, training and making sure we have the right training are important.

It's a competitive market out there, but I don't think lack of funding has been a barrier at all. We do have challenges training. As I said, I think we have challenges in terms of the legal resources at our disposal, but not in terms of the number of auditors.

The Chair: Okay. I'll go to Mr. Ste-Marie for one question, Mr. Julian for one and Tamara for one.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Galloway, on behalf of the Canada Revenue Agency, do you have a message to reassure the thousands of small investors who were defrauded in the case involving Mr. Weinberg and executives of Norshield and Mount Real?

How are your investigations into the sword companies and their possible links to KPMG progressing? Are you working with the Royal Canadian Mounted Police (RCMP) on this matter?

Mr. Ted Galloway: My message is that we have joined the team already working on this file. We are trying to gather the best infor-

mation available. As we gather the facts to the extent possible, we will move forward and determine the consequences based on those facts.

• (1710)

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thank you, both.

Mr. Julian.

Mr. Peter Julian: I will ask you to answer the same question in English.

With regard to all of these people who have been defrauded of their retirement savings in these various scandals linked to KPMG, what is your message to those people who have lost their retirement savings?

I'll also ask if you can tell us the sum total of those funds that have been collected, and those charges laid internationally, with all of the overseas tax havens that Canada has agreements with.

The Chair: That's a complicated question, Mr. Galloway, but go ahead.

Mr. Ted Galloway: I'll repeat the answer quickly in English that I provided previously in French, which is that the CRA did become aware of the situation and we are pursuing additional facts. To the extent that we can get facts and data, we will apply whatever consequences we can legislatively. I think the investors should know that the CRA is playing its role in relation to any of the statutes that we administer.

The second question seemed to be the on total charges related to offshore tax evasion levied by us and partners. Could I suggest an OPQ or another written question, so that I make sure I can address it? I am not sure if this is related to the matter at hand or all forms of tax evasion. I just want to be clear on the question.

Mr. Peter Julian: It's all forms.

Mr. Ted Galloway: If you want to know globally what all tax authorities have done, I'll have to get back to you with a written answer.

The Chair: Okay, you'll have to get back to us on that one.

Tamara, you have the last question. You said it was a supplementary.

Mrs. Tamara Jansen: Actually, Mr. Lawrence is going to ask the last question.

Thanks.

The Chair: Go ahead, Philip.

Mr. Philip Lawrence: Thank you, Mr. Chair.

What an honour to end the finance committee.

Mr. Galloway, of course, we're going to want to get those folks who are evading taxes through offshore tax shelters, and we've talked about that a lot, but there are going to have to be some greater resources, I think, to make that happen.

I have a theory I want you to hear. For the rest of middle-class Canadians, who sometimes pay, because of this government, effective rates of 40%, 60% and even 70%, wouldn't it be great if the government simply lowered rates? You wouldn't have to do so much enforcement and detection, and you wouldn't have to harass small business owners as much. Wouldn't lowering rates on middle-class Canadians reduce the amount of tax avoidance?

Mr. Ted Gallivan: Again, I think I'm going to choose to go after some of the premises in the question. I think it's true that we've had some overzealous auditors who have asked too many questions of small business, and I talked about our interest in shifting the culture of towards empathy and getting away from that.

My role is to administer the laws as written and as enacted by Parliament. Whether that is a 53% marginal rate or a different rate, we're going to continue to apply the same strategies and techniques.

The Chair: Okay. Thank you.

I have the simplest of questions, Mr. Gallivan.

One of the biggest complaints I have received recently has come mainly from accountants. They are complaining that the outside drop-off box—now, this is really simple—at the CRA in Charlottetown had been shut during the beginning of COVID, but it hasn't been replaced.

As an accountant told me, there is no reason why somebody in that building can't go out and open up that box and get the returns, rather than having to send them to Winnipeg, for labour deductions or whatever it might be.

That's a fairly simple one. It's just common sense.

Mr. Ted Gallivan: As a former interim director of the Summerside tax centre, sir, I will find out. I would presume that there is a good reason why that hasn't been restored, but that question will be in the next email I send today.

The Chair: Thank you. It's at the Charlottetown office. They may have it outside at the one in Summerside—I don't know—but the Charlottetown office is where I've been getting the complaints from anyway.

We do have a bit of committee business, but we'll release our witnesses.

Thank you very much. We've seen a lot of witnesses from CRA and especially Finance in recent weeks, so we thank you very much for coming to answer our questions. I wish you all the best. Have a good weekend when it comes around.

Now we turn to committee business. You have received the report of the subcommittee on agenda and procedure. I'll just read through it, and if there are any questions on it, somebody can move it.

We met on June 8 and recommended:

1. That the committee meet for 2 hours on Thursday, June 10, 2021 and invite the Minister of National Revenue as well as senior officials from the Canada Revenue Agency and from the Department of Finance;

That's already done.

2. That the committee meet for 2 hours on Tuesday, June 15, 2021 and invite specialists and experts in the field related to tax evasion and that the committee

meet for 2 hours on Thursday, June 17, 2021 and invite key stakeholders in relation to the tax evasion study;

The clerk has already sent out some invitations on one or both of those, but we're still short witnesses.

3. That the committee meet for 2 hours on Tuesday June 22, 2021 and invite the Minister of Finance and the Deputy Minister of Finance to appear in regards to tax policy commitments made at the G7 Finance Minister's Meeting, as well as in regards to the monthly reports provided by the Department of Finance and others;

I expect that invitation has gone out.

4. That the Chair schedule a subcommittee meeting between June 17th and June 22nd, 2021;

We're working on that and we're not meeting with much success yet, but we'll have to try to find one somehow then or shortly after.

5. That, in relation to the committee's pre-budget consultations in advance of the 2022 budget:

(a) the committee invite Canadians to share their recommendations in briefs of no longer than 2000 words, submitted through the committee's website, no later than Friday, August 6, 2020, at 11:59 p.m. EST; (b) this year's theme be—

We hadn't decided on one. In fact, we had quite a discussion, and I think Mr. Kelly mentioned maybe it would be left as “pre-budget consultations for 2022”.

(c) only one submission per individual or organization be accepted; (d) a succinct list of recommendations be included at the beginning of the written submissions; (e) all those who submit a written submission will be considered as having made a request to appear before the committee; (f) the clerk be allowed to publish submitted briefs, once they are translated in both official languages, on the Digital Binder Site of the committee; and (g) a news release be prepared by the analysts and the clerk, in consultation with the Chair, and be published on the committee's website and on social media to launch the process.

Does somebody want to move that and we can discuss it?

That's moved by Mr. Fast.

Is there any discussion?

● (1715)

Ms. Annie Koutrakis: Mr. Chair, on a point of order, I think we need to correct item number 5, because it says, “August 6, 2020”, and it should say, “2021”.

The Chair: That would be a fairly good point. We're a little past that. Good catch.

All right. I think we're agreed to that.

It's been moved. Is there any discussion? The only thing is that there is no theme. Pre-budget 2022, is that fine? I see heads nodding yes.

Some hon. members: Agreed.

The Chair: Now we'll go to Mr. Julian's motion. You all have a copy, but I understand there have been some discussions between Mr. Julian and others and a consensus on some changes to the motion.

I'll let Mr. Julian explain that.

Mr. Peter Julian: Thanks very much, Mr. Chair.

My thanks to Mr. Sorbara, Mr. Kelly and Mr. Ste-Marie.

Hopefully we'll go through this consensus document quickly.

Mr. Sorbara has recommended three friendly amendments. I'm going to incorporate them into the motion, because I accept those friendly amendments.

The motion would read as follows:

That the committee request the production of all memos, emails, documents, notes or other records from the Department of Finance and the Canada Revenue Agency relating to the KPMG offshore tax scheme since November 1, 2015, as well as the production of a copy of all communications between the Department of Finance and the Canada Revenue Agency and KPMG, or its affiliates, relating to KPMG's offshore tax scheme since November 1, 2015; that all documents issued pursuant to this motion be filed by department and provided to the members of the committee as soon as possible given the current pandemic, but in any event, no later than Friday July 2, 2021.

What is struck is the “office of the Minister of Finance and the office of the Minister of National Revenue”. What remains is the “Department of Finance and the Canada Revenue Agency and KPMG”. The original date of June 18 has been changed to July 2.

I apologize for the poor reading. If you like, Mr. Chair, I can read it a second time more smoothly.

• (1720)

The Chair: Does anybody want to hear it again? It goes to the main sources, which are the departments and KPMG, and it changes a couple of dates. Is everybody okay with the reading?

Some hon. members: Agreed.

The Chair: Is there any further discussion?

Gabriel.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

With respect to the subcommittee report and the absence of the Minister of National Revenue, who was supposed to appear today,

since we have few meetings left, I would like to know what my colleagues think about inviting her back. We could do so at the June 22 meeting, when the Minister of Finance is already scheduled to appear. Normally at the committee, ministers appear in the first hour and senior officials appear in the second hour.

Would it be possible for the Minister of Finance to appear for one hour and for the Minister of National Revenue to also appear for one hour to make up for her absence today?

[*English*]

The Chair: Before I get to that point—we'll get into that discussion in a minute—I believe there is general agreement on Mr. Julian's motion.

You've moved it, Mr. Julian. I will call the vote.

(Motion agreed to)

The Chair: On Mr. Ste-Marie's point on an invitation to the minister, is there any discussion on that?

Mr. Pat Kelly: I support Gabriel on that. I think that's reasonable. It would have been better for her to be here today, but we will take her on the 22nd, if that works better.

The Chair: What I'm hearing is that an invitation also be sent out, at a different hour from that of the Minister of Finance and officials.

Mr. Pat Kelly: It's for the 22nd.

The Chair: Yes, that's what I'm hearing.

The Chair: Hearing no opposition to that, then we will send that invitation as well.

With that, we have a hard stop at 5:30 your time, and we're ahead of the game for once.

Thank you, all.

The meeting is adjourned.

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