



19 December 2017

Ms. Diane Lebouthillier, Minister
Canada Revenue Agency
555 MacKenzie Avenue
Building Connaught Building
Floor 7
Ottawa, ON
K1A 0L5

cra.minister-ministre.arc@cra-arc.gc.ca

Information Request: IR0345

Dear Ms. Lebouthillier:

As you are likely aware, the Parliamentary Budget Officer (PBO) provides independent and non-partisan analysis to the Senate and to the House of Commons about matters related to the nation's finances and the economy, the estimates, certain other documents government documents and the cost of proposals. In carrying out my mandate, I often require information held by government departments and Crown corporations and I am entitled to free and timely access – subject to limited exceptions – to such information under section 79.4 of the *Parliament of Canada Act*.

I am currently undertaking an analysis pursuant to paragraph 79.2(1)(b) of the *Parliament of Canada Act*, which mandates the PBO to prepare reports on matters of particular significance relating to the nation's finances or economy that are listed in an annual work plan.

For this analysis, I am asking/requesting the following information:

In order to calculate the amount of unreported income by Canadian taxpayers for the purpose of determining the tax gap, we would like the following information that, in our opinion, is not "taxpayer information" as defined by subsection 241(10) and may be disclosed under subsection 241(4) of the Income Tax Act :

- Aggregated T1 data of the full personal income taxpaying population for the most recent and complete tax year and the previous 4 taxation years, stratified into the three dimensions below and listed in order of priority for our research purposes:

1. Ranked income group - according to total income from line 150 from the TI return, classified into 3000 evenly "n"-weighted groups

2. Province or territory or residence classification

3. Age group

- Aggregated T2 data of the full corporate income taxpaying population for the five most recent and complete tax years, stratified into four dimensions and listed in order of priority for our research purposes:

1. Ranked income group - according to net income (or loss) for income tax purposes from line 300 of the T2 return, classified into 300 evenly "n"-weighted groups
2. Corporation type (as categorized by line 040 of the T2 Corporate Income Tax Return Note 3)
3. NAICS industry code
4. Residency (as categorized by line 082 of the T2 Corporate Income Tax Return)

- Aggregated GST/HST data of the full GST/HST return filing population for the most recent and complete tax year and for the prior 4 taxation years, stratified into two dimensions and listed in order of priority for our research purposes:

1. Ranked income group- according to total sales and other revenue from line 101 of the GST/HST return for registrants and non-registrants, classified into 500 evenly "n"-weighted groups.
2. Major industry group, according to Standard Industrial Classification

- Aggregated T3 data of the full T3 return filing population for the most recent and complete tax year and for the prior 4 taxation years, stratified into three dimensions and listed order of priority for our research purposes:

1. Ranked income group – according to net income from line 50 on the T3 return, classified into 300 evenly "n"-weighted groups.
2. Trust type as defined by Table 6 found at <https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/gncy/stts/t3/2010-2014/table06-eng.pdf>
3. Residency (province/territory/country)

- Aggregated Form T1135 data of the full Form T1135 population for the most recent and complete tax year and for the prior 4 taxation years, stratified into the four dimensions and listed in order of priority for our research purposes:

1. The type of entity filing the return
2. Total income from all specified property as report in Part A of Form T1135
3. The aggregate income/gain/loss for each country code as reported in Part B of Form T1135
4. Top three country codes as specified in Part A of Form T1135

- Aggregated Form RC438 data of the full Form RC438 population filed for the most recent and complete calendar/taxation year and for any prior calendar/taxation years, stratified into the 3 dimensions for inbound and outbound transactions and listed in order of priority for our research purposes:

1. Country of: client to whose benefit EFT is paid/beneficiary of the EFT payment
2. Aggregate amount of transactions
3. Transaction currency code

- For all personal income tax, corporate income tax and GST/HST data requested, we require both initially assessed data as well as the most recent assessment. For each stratum please provide the number of audits undertaken, the number of audits resulting in a change and the number of voluntary disclosures resulting in self-correction and the amount income that was previously unreported.

Based on the nature of this request and the analysis I am undertaking, I believe a reasonable deadline would be 31 January 2018. A response must be provided if access to the requested information cannot be granted by that date.

Should you or your staff have any questions about this information request, the analyst responsible, Mark Mahabir can be contacted directly at mark.mahabir@parl.gc.ca 613-301-6708.

Attached is a reply form. It too should be filled out and returned by 31 January 2018, whether or not you provide access to the requested information. Should you refuse to provide access to the requested information, you must provide a written justification for the refusal as required under section 79.41 of the *Parliament of Canada Act*.

Your response letter will be posted on the PBO website and, therefore, it should not be marked "confidential". As well, the requested information should be attached separately. If this information is confidential, please clearly mark it as such, either on the electronic spreadsheet or the hard copy version.

I want to thank you for your assistance in this matter. Providing timely and effective analysis to the Senate and House of Commons for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability is the PBO's primary objective. The degree to which this is possible depends, to a large extent, on free and timely access to quality information held by government departments. In doing so, you are assisting us in better serving the Senate, the House of Commons, and their members.

Yours sincerely



Jean-Denis Fréchette
Parliamentary Budget Officer

c.c.: Katharine Rechico, Assistant Secretary to the Cabinet,
Privy Council Office, Liaison Secretariat for Macroeconomic Policy
Bob Hamilton, Commissioner of Revenue and Chief Executive Officer, CRA

Attachment: Reply form for IR0345