



Canada Revenue Agency Agence du revenu
du Canada

Commissioner Commissaire

Ottawa, ON
K1A 0L5

Mr. Yves Giroux
Parliamentary Budget Officer
Office of the Parliamentary Budget Officer
10th Floor
50 O'Connor Street
Ottawa ON K1A 0A9

Information Request: IR0440

Dear Mr. Giroux,

This is in response to your letter addressed to Minister Lebouthillier dated December 17, 2019, requesting data from the Canada Revenue Agency (CRA) to support an analysis of business tax compliance programs by the Parliamentary Budget Office. You requested information pertaining to these programs related to Corporate Income Tax and Goods and Services/Harmonized Sales Tax.

The CRA has reviewed the available data and has provided responses in the attached template for the majority of the requested data, including:

- Performance metrics
- Funding and spending
- Related objections and appeals

However, the CRA was not able to provide the data requested with respect to write-offs. The system used does not have an identifier on debts raised through compliance actions and therefore it is not able to report specific amounts collected to distinct assessments or reassessments.

Additionally, in reference to question # 6 related to assumptions of the CRA for future compliance, the CRA does not make assumptions on the future compliance of an entity after a compliance action by the CRA. Similarly, the CRA does not factor the impact of past compliance actions into its future expected revenues. Future expected revenues for Federal Budget initiatives are calculated using audit data at a point in time. The CRA has conducted periodic studies of the future behaviours of audited taxpayers; however, conclusions have not been drawn from the results at this point.

Please find below considerations that provides proper context to the data to support its interpretation.

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General Observations

- Within the timelines of this request, eight years of data was the most consistent timeframe in terms of reporting methodology across most programs.
- Program lines include revenue and non-revenue generating initiatives.

Question 1:

- The programs included under Corporate Income Tax also have a component related to individuals and trusts; however, figures related to those business lines have been excluded in the remaining questions.

Question 2:

- Performance metrics for all programs are identified in the fiscal year where the compliance action closed. As a result, work could have been completed over multiple fiscal years.
- Therefore, financial data should not be used to calculate a return on investment with the revenue figures in a given fiscal year.

Questions 3 & 4:

- Financial figures represent funding and spending related to all sources of funding including base funding, spendable revenue and incremental funding from federal budget initiatives.
- The CRA's financial structure does not separate funding and spending by every business line i.e. individual income tax vs corporate income tax. Therefore, the proportion of funding and spending related to corporate income tax was estimated based on the revenue. Note this was not an issue for GST/HST.

Question 5:

- As clarified with your official, this question is related to increased spending from Federal Budget initiatives.
- The CRA agreed with your officials that the response for this question could be based off of a similar PBO request (EPC2019-IR024) that was provided previously, given the timelines of this request. The CRA has received funding for revenue generation initiatives over a number of Federal Budgets; however, this response provides revenues generated since Budget 2016.

Question 7:

- Objections and appeals volumes as well as the taxes in dispute have been provided as at intake (objections or appeals received). Note that until objections and appeals are finalized, the amount of taxes in dispute are still estimates.
- It is not possible to draw a straight line between the number and amount of the compliance activities and the numbers provided for the intake of objections and appeals. The CRA has simply provided the intake for each fiscal year. As a result, a dispute rate cannot be estimated.

Section 241 of the Income Tax Act prohibits the CRA from providing taxpayer information to the PBO. The current provision of data is based on the premise that no taxpayer can be identified and the PBO and his team will not use the data to attempt to identify individual taxpayers.

Given the complex nature of this request, CRA officials would be pleased to offer you or your team an in-person briefing on the templates to facilitate accurate interpretation of the data.

Should you require additional information, please do not hesitate to contact me or Ms. Mireille Laroche, Assistant Commissioner, Chief Service Officer and Chief Data Officer, Service, Innovation and Integration Branch, at 613-952-3660.

Sincerely,



Bob Hamilton

