

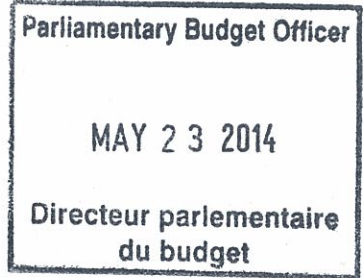


Canada Revenue Agency Agence du revenu du Canada

Commissioner Commissaire

MAY 20 2014

Mr. Jean-Denis Fréchette
Parliamentary Budget Officer
50 O'Connor Street, Suite 919
Ottawa ON K1A 0A9



Dear Mr. Fréchette:

I am writing in response to comments made during the proceedings of the Standing Committee on Finance on April 29, 2014, concerning the use by the Canada Revenue Agency (CRA) of s.241 of the *Income Tax Act* (ITA) to deny sharing confidential taxpayer information with your office.

During the proceedings, reference was made to section 241, specifically paragraph 241(4)(k), and that it, in conjunction with section 79.3 of the *Parliament of Canada Act*, would enable the CRA to disclose confidential taxpayer information to the Parliamentary Budget Office (PBO). Paragraph 241(4)(k) allows the disclosure of taxpayer information to any person otherwise legally entitled to it under an Act of Parliament, solely for the purpose for which that person is entitled to the information.

As you are aware, the CRA has a legal obligation to protect taxpayer and confidential information under section 241 of the ITA and section 295 of the *Excise Tax Act* (ETA). These acts prohibit the disclosure of taxpayer and confidential information respectively, to any person unless specifically authorized by the ITA or the ETA. The confidentiality regimes in these acts require the CRA to be absolutely scrupulous with respect to the protection and security of taxpayer and confidential information. The CRA rigorously protects taxpayer information, both internally and in its use by third parties. Whenever disclosing taxpayer information, the CRA always seeks to limit the information to that which is specifically required.

In addition, to further ensure protection of taxpayer information shared with third parties, the CRA requires comprehensive memoranda of understanding (MOUs) with information recipients. These MOUs set out roles and responsibilities, and data exchange mechanisms, and include security and audit provisions to ensure that the recipient has adequate process and system protections in place.

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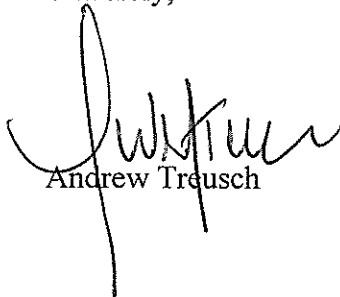
Under the *Parliament of Canada Act*, subsection 79.3(1), the PBO is authorized to obtain financial or economic data from departments, in support of its mandate. However, subsection 79.3(2) provides that this access does not apply to “information the disclosure of which is restricted under section 19 of the *Access to Information Act* or any provision set out in Schedule II to that Act”. Section 241 of the ITA is included in Schedule II. Therefore, the PBO does not have the right to access confidential taxpayer information.

Once taxpayer or confidential information is aggregated, such that it is no longer possible to identify individuals either directly or indirectly, it is no longer subject to the provisions of section 241 of the ITA or section 295 of the ETA because it no longer falls within the definition of taxpayer or confidential information. The CRA is able to provide such aggregate data to the PBO.

In your letter of April 24, 2014, you accepted the CRA’s cost and timeline for the provision of aggregated data, and I understand that our officials are working to formalize this arrangement in writing. I am pleased that the CRA is able to respond to your office’s request for information, and I appreciate your understanding of the CRA’s legal obligation to protect taxpayer information.

Should you require additional information, please do not hesitate to contact me or Ms. Catherine Bennett, Assistant Commissioner, Strategy and Integration Branch, at 613-952-3660.

Sincerely,



Andrew Treusch