



May 21, 2013

Mr. Michael Horgan
Deputy Minister
Finance Canada
140 O'Connor Street, 20th Floor
Ottawa, Ontario K1A 0G5

Re: Information Request PBO IR0118 – Revenue Generation from Tax Loopholes

Dear Mr. Horgan,

The Parliamentary Budget Officer (PBO) has been requested by a Member of Parliament to prepare an analysis of the saving measures reported within Budgets 2010-2013 specific to closing the tax loopholes. To fulfill this request, the PBO requires information and data to support any estimates that Finance Canada is using to determine the revenues associated with introduction new measures to close tax loopholes as reported in Budgets 2010, 2011, 2012, and 2013.

The PBO requires any costing analysis relating to closing the tax loopholes or similar proposals including:

1. The analytical framework used to prepare the savings measures are reported in Budgets 2010-2013;
2. Supporting data used to construct the estimate of the aforementioned savings;
3. A description of the key underlying assumptions used to construct the estimate (e.g. numbers of people implicated, probability associated with generating savings, size of anticipated savings, payback period of taxes owed);
4. Any additional analysis undertaken by Finance Canada to construct the estimate that may be relevant (e.g. behavioural changes associated with the announcement of this measure);

5. The rationale behind the downwards revisions over subsequent Budgets; (Please refer to the reference tables herein).

Economic Action Plan 2013 (Budget 2013) p. 298

Reported in Budget 2013	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Budget 2010	260	350	420	455	475	505	515	530	3,510
Budget 2011		255	750	1,115	1,060	1,010	1,135	440	5,765
Budget 2012			90	271	386	441	526	671	2,385
Subtotal		605	1,260	1,841	1,921	1,956	2,176	1,641	11,660
Budget 2013			2	316	806	946	1,082	1,237	4,389
TOTAL	260	605	1,262	2,157	2,727	2,902	3,258	2,878	16,049

Figures are reported in millions of dollars and total may not add up due to rounding.

Economic Action Plan 2012 (Budget 2012) p. 246

Reported in Budget 2012	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Budget 2010	355	440	500	565	625	625	625	3,735
Budget 2011		240	730	1,095	1,040	990	990	5,085
Budget 2012			120	320	415	440	490	1,785
TOTAL	355	680	1,350	1,980	2,080	2,055	2,105	10,605

Figures are reported in millions of dollars and total may not add up due to rounding.

6. Please provide actual figures for the savings realized in 2010-11 and 2011-12. Please provide the actual figures for 2012-13 once they become available;
7. Please provide a probability and risk analysis to support the projection figures provided within Budget 2013.

Any information or data you share will be used by my staff to respond to the Member's request to assess the fiscal impact of implementing the proposed savings measures to close tax loopholes.

Thank you for your attention to this matter. Please let me know if any part of this request requires clarification.

We would be grateful to meet in person with the individuals involved in the preparation of the government's estimates. PBO officials are available at your convenience.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Sonia L'Heureux', with a long horizontal stroke extending to the right.

Sonia L'Heureux
Parliamentary Budget Officer (Interim)

c.c.: Rick Stewart, Assistant Secretary to the Cabinet, Privy Council
Office, Liaison Secretariat for Macroeconomic Policy



PBO Information Request

REQUEST NUMBER: IR0118

PBO CONTACT NAME: Jessica Strauss (613-769-4988 or jessica.strauss@parl.gc.ca)

TYPE OF REQUEST: Reoccurring given the availability of additional data on an annual basis

PRIORITY: Normal

DATE REQUEST SENT: May 21, 2013

RESPONSE REQUIRED BY: May 27, 2013

PBO OBJECTIVE:

Research and analysis pertaining to the State of the Nation's Finances.

RELATION TO MANDATE:

Pursuant to section 79.3 of the Parliament of Canada Act, the PBO may request of a deputy head any financial or economic data in the possession of the department that are required for the performance of his or her mandate.

INFORMATION AND DATA REQUESTED:

Information provided within the body of this letter.