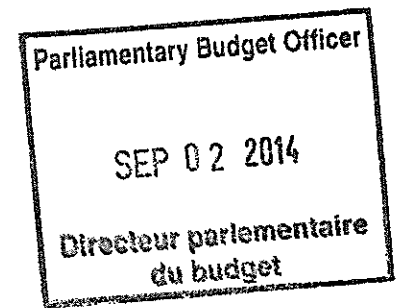




AOUT 29 2014  
AUG 29 2014

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 your letter of July 29, 2014, regarding Parliamentary Budget Officer (PBO) Information Request IR0102: Tax Gap Estimate. You expressed concern with only having access to aggregate data and the time and cost of obtaining these data. I address your concerns below and also append earlier exchanges with Canada Revenue Agency (CRA) to ensure a complete record.

As outlined in my letter dated May 20, 2014, CRA legal analysis does not support PBO access to taxpayer identifiable data. While the *Parliament of Canada Act* subsection 79.3(1) authorizes the PBO to obtain financial or economic data from departments, subsection 79.3(2) states that the access to financial and economic data permitted under subsection 79.3(1) does not apply to “information the disclosure of which is restricted under section 19 of the *Access to Information Act* or any provisions set out in Schedule II to that Act”. Section 241 of the *Income Tax Act* is explicitly referenced in Schedule II of the *Access to Information Act*. Therefore, the limitation in subsection 79.3(2) on PBO access to data from departments applies and consequently, the PBO is not authorized to access individual taxpayer information. For this reason, the CRA is prohibited by law from disclosing the requested information at the taxpayer-level. All of this was stated in my May 20, 2014 letter to you.

While the CRA is unable to provide access to individual taxpayer data, we remain prepared to provide aggregated tables as outlined to you on April 16, 2014. In your response of April 24, 2014, you accepted the cost of \$141,000 and the six month timeline to produce these tables. However, in your most recent letter dated July 29, 2014, you now question both the cost and the timeline for producing the tables.

With respect to the timelines to prepare aggregate data, the anticipated six months to complete your request includes all effort required by CRA officials to identify, acquire, verify and validate the source taxpayer data files, develop and test the

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processes to aggregate the data into tables, table production, quality assurance, application of confidentiality standards, communication and feedback. The size of the PBO request, over 110 million data points, the single largest request ever made to the CRA, limits our ability to accelerate the timelines.

As I also stated in my letter of May 20, 2014, the CRA is required to be absolutely scrupulous with respect to the protection and security of taxpayer information. We apply confidentiality controls to all aggregated data that we release to ensure that individual taxpayer information cannot be identified. These controls include blanking out cells within the tables where the small count of individuals could lead to the identification of individual taxpayers. Depending on the number of table cells and the distribution of the data, the application of these confidentiality controls can result in significant data suppression. As we communicated to your staff on June 26, 2014, our preliminary work on your request indicated that the extremely high number of table cells that you have requested will result in a significant portion of the aggregate data being either suppressed or zero.

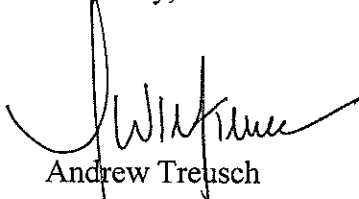
The CRA is prepared to enter into a Memorandum of Understanding with the PBO to provide aggregate data in accordance with the law. A draft is attached, and will need to be concluded before proceeding further with your request.

You will notice that we have removed the condition originally included to limit the sharing of the data tables outside of the PBO. However, we remain concerned that the complexity of the data, in combination with the confidentiality controls that we apply might lead to mistaken assumptions and inaccurate conclusions by individuals not involved in the development of the methodology of these data tables and not familiar with the Agency's data.

We remain open to working with you to ensure that the final data tables meet the PBO's analytical requirements in as timely a manner as possible.

Should you require additional information, please contact me or Ms. Catherine Bennett, Assistant Commissioner, Strategy and Integration Branch, at 613-952-3660.

Sincerely,



Andrew Treusch

Attachments