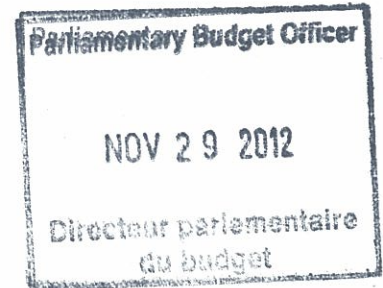




NOV 27 2012

Mr. Kevin Page
Parliamentary Budget Officer
Library of Parliament
Parliament Buildings
Ottawa ON K1A 0A9



Received electronically
Nov 27

Re: PBO Request for Information IR0091

This is in response to your letter dated November 16, 2012, concerning the determination of the cost to the Government of Canada to implement Bill C-377, *An Act to amend the Income Tax Act (requirements for labour organizations)*.

Bill C-377 (the Bill) amends the *Income Tax Act* to introduce a requirement for labour organizations to provide an information return to the Minister of National Revenue for public disclosure on Canada Revenue Agency's (CRA) Web site. The Bill includes a comprehensive list of financial statements that would be integrated into the information return.

The CRA prepared cost estimates for the administration of the Bill based on an estimated reporting population of fewer than 1,000 entities (i.e., separate reporting requirements are not expected to be imposed on each local associated with a labour organization if the pertinent information is collected by the organization for the purposes of meeting the requirements of the Bill). Labour organizations are tracked and a public listing is available through the Labour Program¹.

Similar to other cases where specialized knowledge is helpful, the CRA would seek assistance from other government organizations, such as representatives from the Government of Canada's Labour Program, to draw on their expertise during the implementation of the administrative framework associated with this Bill.

¹ The Labour Program is part of the department of Human Resources and Skills Development Canada and the program tracks information on labour organizations in Canada. Information is available online through a searchable database maintained under the Labour Program: The Directory of Labour Organizations in Canada.

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The Bill, as passed at Second Reading, involves the implementation of a comprehensive system that includes electronic processing, validations, and automatic posting to the CRA Web site. The estimated incremental cost to the CRA would be \$10.6M (including 91 FTEs) over the first two years and \$2.1M ongoing (including 21 FTEs). These costs are mostly attributable to the requirement for the cross-referencing of data.

The following is the costing profile associated with the Bill. Please note that the distribution of the start-up costs may vary depending on the date the Bill receives Royal Assent:

	Year 1	Year 2	Year 3	Year 4 <i>Ongoing</i>
FTEs (#)	42.284	48.972	21.004	20.918
Total Salaries (\$)	3,013,048	3,264,563	1,373,492	1,365,928
Total O&M (\$)	1,367,256	640,008	222,503	192,549
Subtotal (\$)	4,380,304	3,904,571	1,595,995	1,558,477
Employee Benefit Plan (\$)	602,609	652,913	274,698	273,186
Shared Service Canada (\$)	165,414	158,984	78,986	78,333
Provision for Accommodation Costs (\$)	391,696	424,393	178,554	177,570
Total (\$)	5,540,023	5,140,861	2,128,233	2,087,566

Included in these overall costs for the administration of the Bill are the following:

- The estimated incremental cost to the CRA related to the necessary system changes is \$8.5M (including 70 FTEs) over the first two years and \$1M ongoing (including 9 FTEs).
- The estimated incremental cost to the CRA related to compliance activities is \$1M (including 9 FTEs) over the first two years and \$0.7M ongoing (including 8 FTEs).²

Should you require additional information, please do not hesitate to contact me or Ms. Sandra Lavigne, Assistant Commissioner, Public Affairs Branch, at 613-957-3508.

Sincerely,



W. Davern Jones
Deputy Commissioner of Revenue
Acting as Commissioner of Revenue
Canada Revenue Agency

² Based on a review of historical non-compliance rates related to registered charities and information returns in general, a non-compliance rate of 10% was used for costing purposes. An initial rate of 30% was used during the first two filing seasons to account for an adjustment period.