



**INQUIRY OF MINISTRY
DEMANDE DE RENSEIGNEMENT AU GOUVERNEMENT**

PREPARE IN ENGLISH AND FRENCH MARKING "ORIGINAL TEXT" OR "TRANSLATION"
PRÉPARER EN ANGLAIS ET EN FRANÇAIS EN INDIQUANT "TEXTE ORIGINAL" OU "TRADUCTION"

QUESTION NO./N° DE LA QUESTION S-44	BY / DE Honourable Senator Downe	DATE March 8, 2017
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Reply by the Minister of National Revenue
Réponse de la ministre du Revenu national



Signed by the Honourable Diane Lebouthillier

PRINT NAME OF SIGNATORY
INSCRIRE LE NOM DU SIGNATAIRE

SIGNATURE
MINISTER OR PARLIAMENTARY SECRETARY
MINISTRE OU SECRÉTAIRE PARLEMENTAIRE

QUESTION

Regarding the item "How Canada is cracking down on offshore tax evasion and aggressive tax avoidance," published in the National Post on March 3, 2017: For the period 2015-17: 1. Did the Canada Revenue Agency (CRA) write the item in question? 2. If not, who wrote it, and what was the cost of having it written? 3. If it was prepared by Post Media, how many items of such content have been purchased by the CRA from Post Media? – **See full text of the question attached.**

REPLY / RÉPONSE

ORIGINAL TEXT
TEXTE ORIGINAL

TRANSLATION
TRADUCTION

With respect to the above-noted question, what follows is the response from the Canada Revenue Agency (CRA).

The Government of Canada defines advertising as any message conveyed in Canada and abroad and paid for by the government for placement in media such as newspapers, television, radio, internet, cinema and out-of home.

As part of the advertising process, departments/agencies work with the Government's Agency of Record (Cossette) to develop media strategies and plans, including, in this case, the planning, negotiation and implementation of a media partnership. This media partnership enabled the CRA to inform and educate Canadians on the federal programs in place as well as the key actions it is taking to combat offshore tax evasion and aggressive avoidance, and promote the recognition and reporting of those who sell illegal tax schemes. This is the only paid advertising media partnership the CRA implemented during the timeframe indicated.

Parts 1 and 2: The CRA provided a detailed story outline to Postmedia, and the article was written by a Postmedia writer in collaboration with the CRA. The costs to write the article were included in the media partnership package. No specific costs were attributed solely to the writing of the articles.

Part 3: The contract with Postmedia included four English articles on this specific topic.

Parts 4 and 5: In order to provide Canadians with information about the CRA's efforts to crack down on offshore tax evasion and aggressive tax avoidance in French, the CRA purchased sponsored content with La Presse+ which has national coverage in French. La Presse+ developed and featured four different articles. One article was published each week over a 4 week span. Each article in both Postmedia publications and La Presse+ featured an ad.

Part 6: The media partnership with Postmedia included four different articles, each published nationally, on separate weeks, over a 4 week span, in prime placement in print and digital formats. The partnership also included online display and programmatic ads airing from February 6, 2017 to March 31, 2017 for the overarching Compliance ad campaign and the Services ad campaign. The partnership further included social media amplification via Postmedia news social channels. The CRA paid Postmedia \$223,863 for an estimated media value of \$565,000. With this media partnership, the CRA realized savings of 60% on the cost of ad placement.

The total cost for the articles and ads in La Presse+ was \$64,634.36 which included the costs for translation and adaptation of the articles.

Part 7: The English articles were published in the following online and print news channels: *National Post* – Toronto edition, *Vancouver Sun*, *Calgary Herald*, *Montreal Gazette* and *Ottawa Citizen* including their social media channels.

Dates of publication for the digital articles were: February 10, 17, and 24, 2017 and March 3, 2017.

Dates of publication for the print articles in all the newspapers listed above were: February 11, 18, and 25, 2017, and March 4, 2017. The French articles were published on La Presse+ on February 18 and 25, 2017, and March 4 and 11, 2017.

Parts 8 and 9: There have been no other similar purchases of advertising content. As mentioned in Part 6, the media partnership included print and online display and programmatic ads airing from February 6, 2017 to March 31, 2017. The partnership further included social media amplification via Postmedia news social channels.

No. 44.

By the Honourable Senator Downe:

March 8, 2017— Regarding the item "How Canada is cracking down on offshore tax evasion and aggressive tax avoidance," published in the National Post on March 3, 2017:

For the period 2015-17:

1. Did the Canada Revenue Agency (CRA) write the item in question?
 2. If not, who wrote it, and what was the cost of having it written?
 3. If it was prepared by Post Media, how many items of such content have been purchased by the CRA from Post Media?
 4. Have any items of such content been purchased by the CRA from any other firm?
 5. If so, how many and what are the names of those firms?
 6. How much money has the CRA spent on such content?
 7. In what newspapers was this content published? On what dates?
 8. Have similar purchases of content been made in other media (radio, television, internet, etc.)?
 9. If so, what are the details of those purchases (instances, dates, expenditures, firms, etc.)?
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How Canada is cracking down on offshore tax evasion and aggressive tax avoidance

Jared Lindzon

Offshore tax evasion and aggressive tax avoidance have become more complex, global and aggressive, while continuing to present challenges to tax administrations around the world. In response, the Government of Canada has made a commitment to crack down on tax cheats, and the **Canada Revenue Agency** (CRA) is responding on multiple fronts to ensure that the tax system is more responsive and fair for all Canadians.

With new resources from Budget 2016, the CRA has increased its number of audits and enhanced its risk assessment tools to leverage new information and identify high risk taxpayers. The CRA has increased the number of teams focused on large multinational corporations, increased the number of auditors assigned to offshore non-compliance and high net worth individuals and increased the number of auditors focusing exclusively on promoters of tax schemes. In fact, the CRA has made promoters of tax schemes and offshore tax evasion the focus of the Agency's Criminal Investigations Program and several investigations are already underway.

The CRA already has a proven track record - with over \$218 million in third party penalties against promoters and tax preparers who advised their clients to participate in aggressive or illegal tax arrangements, plans or schemes- and will continue to increase the application of penalties to all cases of serious non-compliance.

With increased information gathering capabilities and better tools at its disposal, the CRA now has access to more information than ever before. For example, since January of 2015, financial institutions have been required to report international electronic funds transfers (EFTs) of \$10,000 or more. This information is invaluable in helping the CRA target jurisdictions and financial institutions of concern.

"These new information gathering tools are helping the CRA focus its compliance efforts," said Lisa Anawati, deputy assistant commissioner for the CRA's International, Large Business and Investigations Branch.

Related

Federal programs in place to address offshore tax avoidance and evasion

How the CRA's Criminal Investigations Program brings tax cheats to justice

How to recognize and report those who sell aggressive or illegal tax schemes

As part of its ongoing efforts to stop tax avoidance and evasion, the CRA committed to reviewing all EFTs of four targeted jurisdictions or financial institutions of concern in 2016. The Agency is currently reviewing over 41,000 transactions, worth over \$12 billion, from these first four, and plans to expand its efforts in 2017 by reviewing over 100,000 transactions for four additional jurisdictions of concern.

International collaboration is another important tool used by the CRA to crack down on offshore tax cheating. For example, the minister of national revenue recently announced efforts that are being made around the Panama Papers by the Joint International Taskforce on Shared Intelligence and Collaboration Network. A January meeting of this network, which includes over 35 international tax administrations, involved the largest simultaneous exchange of information under tax treaties in history.

Canada is also furthering these internationally collaborative efforts through active participation in a number of international projects, such as the G20/Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting project. Canada is also a signatory of the Multilateral Competent Authority Agreement which provides the authority for the automatic exchange of financial account information and country-by-country reports (CbCR) by large multinational enterprises with participating nations. Starting in June 2018, CbCR will be exchanged with certain other countries and will be used to enhance tax risk assessment tools.

"With 93 tax treaties, 22 tax information exchange agreements and the multilateral Convention on Mutual Administrative

Assistance in Tax Matters, Canada's treaty network is one of the world's largest. By sharing information and best practices, the CRA is better able to crack down on tax avoidance at home, while helping administrations around the world," added Anawati. "We all share in these concerns, which is why these international partnerships have been an invaluable resource for all parties involved."

These efforts will continue to ensure that all Canadians pay their fair share, without having to shoulder the burden left by those who seek to pay less than they owe.

Thanks to efforts deployed on several fronts, the CRA is on track to uncovering an additional \$2.6 billion in revenue for the Crown over the next five years.

For more information, visit <http://www.cra-arc.gc.ca/gncy/cmpgns/crckngdwn-eng.html>).

This story was created by Content Works, Postmedia's commercial content division, on behalf of the **Canada Revenue Agency**.

Url: <http://news.nationalpost.com/news/how-canada-is-cracking-down-on-offshore-tax-evasion-and-aggressive-tax-avoidance>

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