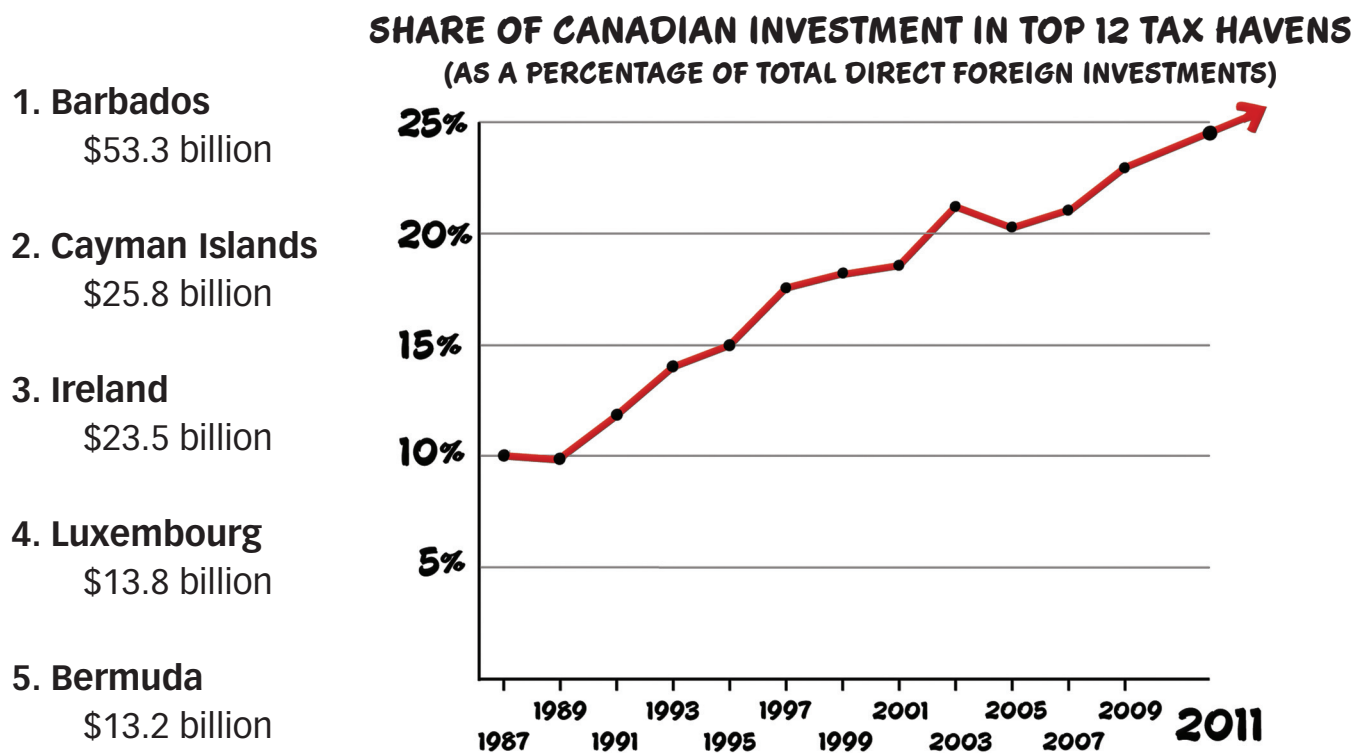


# CANADA TAX HAVEN FACT SHEET

## Tax Havens are a Canadian Problem

- The amount of Canadian money funnelled to offshore tax havens is at an **all-time high**. Nearly a **quarter of all Canadian overseas investment dollars** end up in tax havens. In 1987 that figure was 10 per cent.
- The top five tax havens for Canada hold nearly **\$130 billion**:



SOURCE: STATSCAN

- Barbados is the tax haven of choice for Canadian financiers. In 2011, **\$53.3 billion of untaxed Canadian dollars were parked there**. Four years earlier that figure was \$33.4 billion. That is a growth of nearly **60 per cent**.
- Tax havens are the ultimate hide-out for dead money. **The banking and financial services sector now accounts for 51% of Canada's total direct investment offshore**, more than double its share from 1987. For instance, the Royal Bank of Canada has 30 subsidiaries in confirmed tax havens. Other financial institutions aren't far behind. More money going to tax havens means less money going into productive, job-creating investment in Canada. Instead it is parked there to avoid taxes.

## What Other Countries are Doing

- The Australian Tax Office and the United States Internal Revenue Service have invested in special units to handle offshore tax avoidance.
- The British Government created the High Net Worth Unit which tracks artificial losses used to reduce an individual's tax liability.
- The British Government is also working on anti-avoidance legislation.
- The cash-strapped Greek government is finalizing a treaty with Switzerland that will improve access to information about banks accounts being used for tax evasion purposes.

## What Canada isn't Doing

- A report by the Tax Justice Network in 2011 estimated **Canada loses \$80 billion a year to all forms of tax evasion**. The government does not have a system for estimating and publishing the amount of lost revenues due to offshore non-compliance.
- In 2011, there were more than 9,000 CRA employees working on taxpayer compliance. As of May 2012, 510 were assigned to the international audit program. **That number hasn't changed since 2008 even though the use of offshore accounts has skyrocketed**. And layoffs of public servants announced in the 2012 Federal Budget threaten to reduce this number.
- In 2012, the Canada Revenue Agency modestly assessed \$4 billion in taxes owed on money hidden offshore. But the CRA's 2010 audit of its own enforcement branch confirms the Agency's inability to pursue complex offshore cases worth millions of dollars. Instead it prefers to chase down "**low-hanging fruit such as small business, and the self-employed**".
- The Canadian tax system relies on the principle of voluntary compliance. Most Canadians pay their due. Government leaders acknowledge that ignoring abusive tax strategies undermines community confidence as well as creating opportunity for criminals and terrorists. Canada has an opportunity to work with international partners to strengthen the role of the UN, **support a system of country by country reporting**, and **support an automatic tax information exchange system**.

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