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Federal programs in place to address offshore tax avoidance and evasion

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A vast majority of Canadians pay their fair share of taxes, but those who don't put an increased burden on the rest of us. That is why the **Canada Revenue Agency** (CRA) has implemented initiatives to help Canadians participate in the efforts to help fight offshore tax avoidance and evasion.

The Offshore Tax Informant Program (OTIP) rewards those who come forward with information regarding major offshore tax avoidance that leads to the collection of taxes owing. OTIP has two objectives: encourage those with information to come forward to ensure the fairness of the tax system for all Canadians, and discourage those who are contemplating breaking the law, as there is a high probability that they will get caught. To target the most serious cases, the CRA only offers an informant a contract leading to an award if the potential assessment of **federal** taxes, excluding interest and penalties, exceeds \$100,000.

Once the taxes owed are collected by the CRA, a reward of between five and 15 per cent of the **federal** taxes collected (not including interest and penalties) will be awarded to the individual, providing he/she meets all the necessary requirements of the program. Any individual, no matter where in the world, is eligible to participate as an informant, subject to certain limitations.

"The Offshore Tax Informant Program is an important tool the CRA has at its disposal to combat tax avoidance and evasion," explained Lisa Anawati, deputy assistant commissioner of the CRA. "Through this program, Canadians can play a role in combating tax avoidance and evasion, an issue that impacts us all."

The initiative is part of a global effort to reduce international tax avoidance and evasion. It also mirrors other programs that are currently being pursued by the Organisation for Economic Co-operation and Development (OECD) and G-20 countries, such as the Whistleblower Office that was established by the Internal Revenue Service (IRS) in the United States.

"Fighting international tax evasion and aggressive tax avoidance is a global issue that goes beyond Canada's borders and requires international solutions," Anawati said. "That is why we are working within legal frameworks with our international partners and sharing best practices as well as information, to unravel complex tax structures."

Information provided through the program will remain confidential, as will the identity of the individual providing the information, unless they are required to testify as part of an investigation.

Those who have been convicted of tax-evasion related offences in the past are barred from participating in the program. All calls made to the toll-free tip line are kept confidential, and all information provided over the phone is collected on a no-names basis to protect informants' identities.

"This program is proving to be very useful," Anawati said. "As of Dec. 31, 2016, OTIP has received 407 written submissions, 126 of which are active submissions still being reviewed - and, furthermore, has entered into over 25 contracts with individuals who have provided information."

Those with information are encouraged to call the dedicated North American toll-free number (1-855-345-9042) or local number (613-960-4265) that can be reached from anywhere in the world.

Canadians who want to voluntarily correct their tax filings are also able to do so through the CRA's Voluntary Disclosure Program (VDP). Through this program, individuals, employers, corporations and other tax-paying entities are able to correct unreported income, capital gains, misappropriated funds, unreported GST/HST, over-claimed input tax credits and unfiled information returns without being penalized or prosecuted.

Canadians who want to take advantage of the VDP program must complete form RC199 or send a letter providing the same information as the form to the CRA by mail, fax or online.

"International tax evasion and aggressive tax avoidance carry a cost for all Canadians and can have serious consequences for those who choose to participate in these activities," Anawati said. "We strongly encourage those who wish to correct their tax affairs to do so to gain peace of mind."

While international tax evasion and aggressive tax avoidance remain a significant problem around the world, proactive steps like the establishment of the VDP and OTIP help ensure everyone pays their fair share of taxes.

For more information on the OTIP, visit <http://www.cra-arc.gc.ca/gncy/cmplnc/otip-pdife/menu-eng.html>)

For more information on the VDP, visit <http://www.cra-arc.gc.ca/voluntarydisclosures/>)

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