

Making a Difference for Canadians



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Canada Revenue
Agency

Agence du revenu
du Canada

Canada

Mission

The mission of the Canada Revenue Agency (CRA) is to administer tax, benefits and related programs and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians.

Vision

The CRA will be the preferred provider to deliver tax, benefits, and related programs for governments across Canada.

Values

The CRA has four enduring values that guide its conduct:

- integrity;
- professionalism;
- respect; and
- co-operation.

Mandate

The CRA is responsible for:

- supporting the administration and enforcement of program legislation;
- implementing agreements between the Government of Canada and the government of a province, territory, or other public body performing a function of government in Canada;
- implementing agreements or arrangements between the CRA and departments or other agencies of the Government of Canada; and
- implementing agreements between the Government of Canada and First Nations governments to administer a tax.

For information about the CRA and its corporate reports visit

www.cra.gc.ca/agency/menu-e.html

Taxpayer Bill of Rights

The Canada Revenue Agency believes that taxpayers need to know they have rights and that we take these rights seriously. To ensure that taxpayers understand what they can expect in their dealings with us, we created a Taxpayer Bill of Rights, which articulates 15 rights as well as 5 commitments for small business.

1. You have the right to receive entitlements and to pay no more and no less than what is required by law.
2. You have the right to service in both official languages.
3. You have the right to privacy and confidentiality.
4. You have the right to a formal review and a subsequent appeal.
5. You have the right to be treated professionally, courteously, and fairly.
6. You have the right to complete, accurate, clear, and timely information.
7. You have the right, as an individual, not to pay income tax amounts in dispute before you have had an impartial review.
8. You have the right to have the law applied consistently.
9. You have the right to lodge a service complaint and to be provided with an explanation of our findings.
10. You have the right to have the costs of compliance taken into account when administering tax legislation.
11. You have the right to expect us to be accountable.
12. You have the right to relief from penalties and interest under tax legislation because of extraordinary circumstances.
13. You have the right to expect us to publish our service standards and report annually.
14. You have the right to expect us to warn you about questionable tax schemes in a timely manner.
15. You have the right to be represented by a person of your choice.

Commitment to Small Business

16. The Canada Revenue Agency (CRA) is committed to administering the tax system in a way that minimizes the costs of compliance for small businesses.
17. The CRA is committed to working with all governments to streamline service, minimize cost, and reduce the compliance burden.
18. The CRA is committed to providing service offerings that meet the needs of small businesses.
19. The CRA is committed to conducting outreach activities that help small businesses comply with the legislation we administer.
20. The CRA is committed to explaining how we conduct our business with small businesses.

For more information and a detailed description of each right and commitment, visit the CRA Web site at www.cra.gc.ca/rights.

Serving Taxpayers, Benefit Recipients and Clients

As of April 1, 2007, the CRA serves 129 clients. These include provincial, territorial, and First Nations governments, as well as federal departments and agencies, and Crown corporations.

The CRA delivers 64 programs and 144 tax credits on behalf of provincial and territorial clients, and has a total workforce of approximately 44,000 people.

For a detailed list of the programs and tax credits that we deliver for all our clients, see Appendix B on page 20.

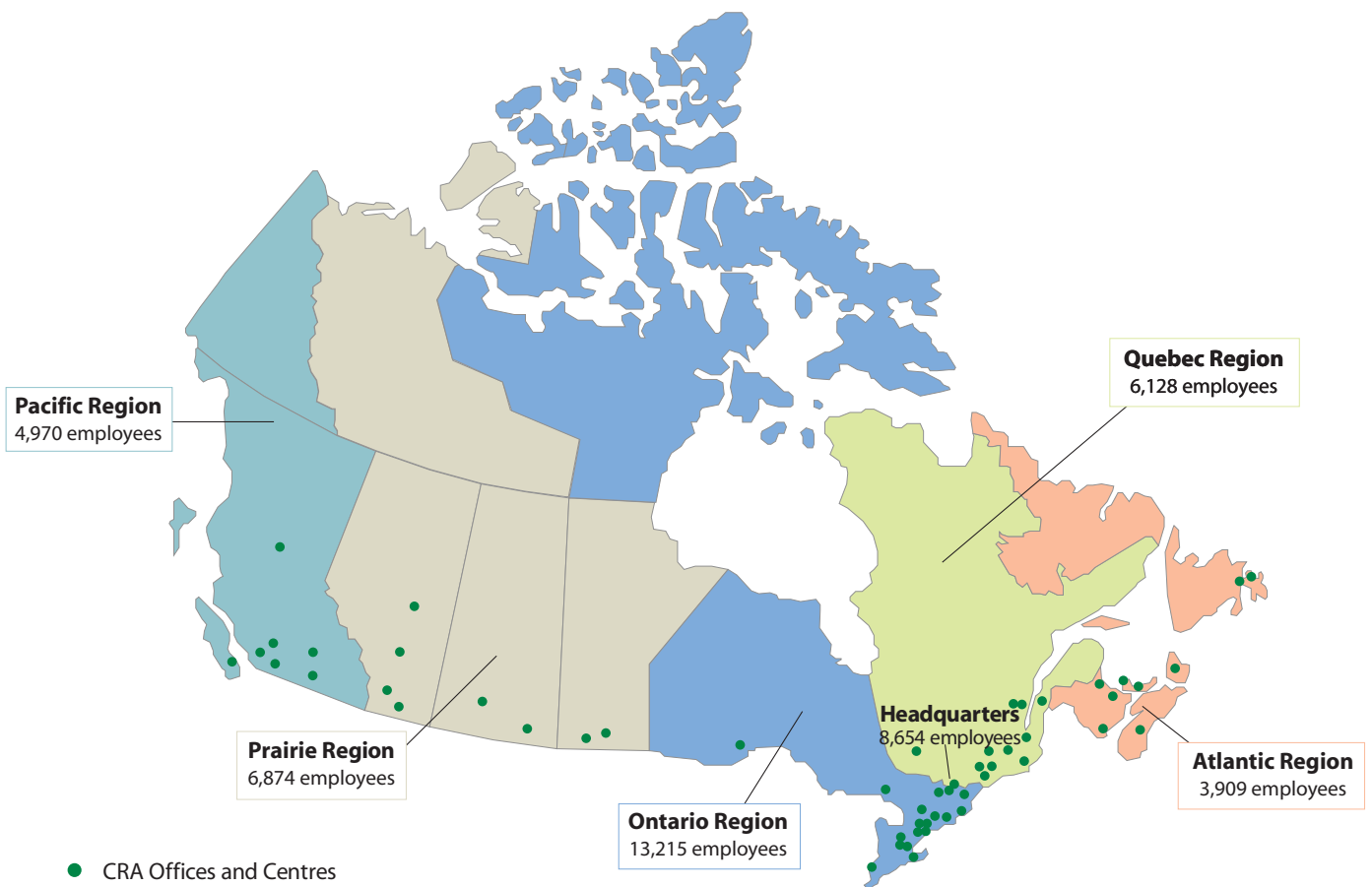


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Message from the Minister



This government knows how hard Canadians work to make a living. Therefore, it was important to provide broad based tax relief to millions of individuals, businesses and families. As Minister of National Revenue, I am proud of the Canada Revenue Agency's (CRA) professional implementation of our government's tax measures which will help many Canadians where it matters most.

The CRA has also been commended for its participation in the government's initiative to reduce the administrative tax burden on businesses by 20%. Together we will build a more competitive national tax system by streamlining tax processes and regulations. In 2009, the CRA will begin collecting corporate taxes for the province of Ontario, which will reduce the administrative tax burden on approximately 40% of Canadian businesses, saving them over \$100 million a year.

As a demonstration of the CRA's commitment to service and accountability, our government has introduced the Taxpayer's Bill of Rights, and installed a new Service Complaints resolution process. In fall 2007, the government will appoint Canada's first Taxpayer's Ombudsman to respond to service concerns.

On an annual basis the CRA administers billions of dollars in tax revenue, the single largest funding source for government programs and services. The CRA also distributes benefit and credit payments to millions of Canadians. Both functions require excellence in service to Canadians and are the key to maintaining the high levels of confidence in the government, its programs and services, as well as compliance with Canada's tax laws.

The trust that individuals and businesses have placed in the CRA is a testament to the professionalism and dedication of our employees. Canadians have confidence in the CRA as a fair and accountable administrator. I can assure you that the CRA will continue to monitor and improve on service standards and together we can make a difference for Canadians.

A handwritten signature in blue ink, reading "Gordon O'Connor". The signature is written in a cursive, flowing style.

The Honourable Gordon O'Connor, P.C., M.P.
Minister of National Revenue

Commissioner's Message

Our Promise

The Canada Revenue Agency's promise is to contribute to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.



Since our creation, the Canada Revenue Agency (CRA) has continued to build on our strengths and has taken advantage of the unique opportunities afforded by our Agency status. The CRA has proven itself to be a world-class tax and benefits administration with a reputation for integrity and fairness.

In administering tax legislation, the CRA promotes compliance with Canada's tax laws through communication, quality service, and responsible enforcement. This is important to Canadians because taxes generate the revenue required to finance government programs and services. We also distribute benefit and credit payments to eligible recipients. Our activities contribute directly to the economic and social well-being of Canadians.

Through the hard work and professionalism of our highly skilled employees, we have contributed to the efficiency of the Government of Canada. I look forward to continuing to improve the services we provide and maintaining the trust of the people we serve.

I am pleased to present this report, which provides a summary of the activities we undertake to protect the revenue base. By highlighting our efforts to help taxpayers meet their obligations, deter non-compliance and enforce legislation, the document describes how we create value for our government clients and contribute to the quality of life of Canadians.

Our Strategic Outcomes

At the CRA, we strive to achieve our two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected; and
- Eligible families and individuals receive timely and correct benefit payments.

A handwritten signature in black ink, appearing to read 'William V. Baker', written in a cursive style.

William V. Baker
Commissioner and Chief Executive Officer
Canada Revenue Agency

About the Report

Making a Difference for Canadians builds on last year's report discussing how the Canada Revenue Agency (CRA) contributes to the social and economic well-being of Canadians through the administration of taxes and benefits on behalf of federal, provincial, territorial, and First Nations governments.

The first section of the report provides information about the CRA. The section outlines our unique governance structure, provides information about our nationwide operations, and describes how we contribute to the quality of life of Canadians.

The second section introduces our approach to tax administration. It briefly highlights our strategies toward those who are willing to comply, those who do not always succeed in complying, and those who choose not to comply. It also outlines the factors that influence taxpayer behaviour, and describes our role in addressing this behaviour.

Sections three to five provide greater detail about our role in administering taxes and benefits. They explain how the CRA helps taxpayers meet their obligations, deters non-compliance, and enforces legislation. They also describe what we do to ensure eligible families and individuals receive timely and correct benefit payments.

The conclusion summarizes our tax compliance strategy and approach to benefits administration. It reaffirms our efforts to protect the revenue base and enable governments to provide programs and services, and our commitment to being a world leader in tax and benefits administration.

Spotlight on Benefits

While the primary focus of *Making a Difference for Canadians* is on the CRA's efforts to promote compliance with Canada's tax laws, throughout this report, you will see several Spotlight on Benefits boxes that provide details on the CRA's approach to benefits administration.

The CRA views tax and benefits administration as two facets of a single mission that contribute to the ongoing social and economic well-being of Canadians. The tax system assists Canadians on a societal level by ensuring governments have the funds necessary to finance their programs and services. The benefits system functions on an individual level, ensuring that Canadians receive their entitlements.

About the CRA—Who We Are

CRA Governance Structure

The Minister of National Revenue is responsible and accountable to Parliament for the CRA's administration of tax and benefit legislation.

A unique feature of our governance structure is the Board of Management. As set out in the *Canada Revenue Agency Act*, our Board is responsible for overseeing the organization and administration of the CRA, as well as the management of its resources, services, property, personnel, and contracts. The Commissioner serves as the chief executive officer of the CRA and is a member of the Board.

The CRA is the principal revenue collector in the country, and is responsible for distributing benefit payments to millions of Canadians each year. We also administer legislation on behalf of numerous federal, provincial, territorial, and First Nations clients. A large part of our work involves providing tax and benefit services for these clients (see Appendix B on page 20 for a complete list of the programs and tax credits we administer on behalf of our clients).

In performing our functions, we strive to ensure that Canadians:

- pay their taxes, thus ensuring that the tax base is protected;
- receive their rightful share of entitlements; and
- are provided with an impartial and timely review of contested decisions.

Operating Nationwide

The CRA is a large and dynamic organization—one of the largest employers in the federal public service—with a workforce of approximately 44,000 people during peak periods of the year.

We operate nationwide in more than 50 offices and centres (this includes tax services offices, tax centres, combined tax services offices and tax centres, call centres, and the Ottawa Technology Centre). Our offices and centres are divided among the following five regions with the location of regional headquarters in parentheses:

- Pacific (Vancouver);
- Prairie (Winnipeg);
- Ontario (Mississauga);
- Quebec (Montréal); and
- Atlantic (Halifax).

The CRA interacts with more Canadians than any other government organization in Canada, and our operations have a significant impact on individuals and businesses.

We continue to be a leader in the administration of tax and benefits by focusing on:

- continually ensuring that our services are efficient and effective;
- being responsive to the needs of taxpayers, benefit recipients, and clients; and
- maintaining public trust in the integrity of our program administration.

Did you know?

Our tax services offices provide registration services, and are staffed with agents to answer questions and provide information about refunds, accounts, and assessment and reassessment notices.

Our tax centres process tax returns, benefit applications, elections and correspondence, and ensure that Canadians receive timely and accurate benefit payments.

Contributing to the Quality of Life

A country's tax and benefit system plays a key role in supporting its citizens' quality of life. As the principal tax and benefit administrator in Canada, the CRA's role in this system is pivotal.

The CRA is responsible for administering, assessing, and collecting billions of dollars in taxes annually. The tax revenue we collect is used by our clients to fund the programs and services that contribute to the quality of life of Canadians.

We also assist families and children, low- and moderate-income households, and persons with disabilities. We use our federal infrastructure to deliver benefits, tax credits, and other services that support the economic and social well-being of Canadians, and the integrity of Canada's income security system.

Did you know?

In 2006-2007, we collected nearly \$346 billion in revenue and issued more than 85 million benefit payments, totalling \$16 billion, to more than 11 million recipients.

Individuals and businesses are obligated to support the tax system by paying their taxes. To help taxpayers understand their rights and obligations under the Canadian tax system, we provide them with comprehensive information and assistance.

Why do Canadians Pay Taxes?

A well-functioning tax and benefit system is an essential part of a healthy economy, a sustainable public infrastructure, and a strong democracy.

The tax revenue we collect each year is either given back to taxpayers in the form of benefit payments or tax credits, or is provided to the federal, provincial, territorial, and First Nations governments on whose behalf we collect the tax revenue. They then use this tax revenue to finance programs and services for Canadians.

Key CRA Activities

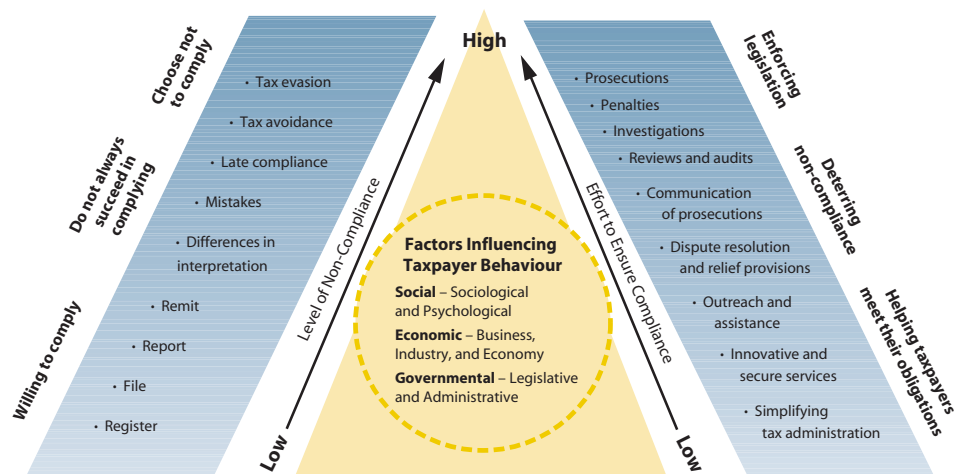
Tax	Benefits
<ul style="list-style-type: none"> • Processing returns and payments • Performing reviews and audits • Collecting arrears • Identifying non-compliance and prosecuting cases of tax evasion and tax fraud • Providing taxpayers with a fair dispute resolution process • Registering businesses, charities and deferred profit-sharing plans • Issuing rulings on, and interpretations of, tax law • Providing information products and services 	<ul style="list-style-type: none"> • Processing benefit applications and elections • Increasing public awareness of benefit programs and tax credits • Issuing timely and accurate benefit payments • Making sure that eligible recipients receive the benefits and tax credits to which they are entitled through service, outreach, and validation and controls • Providing information products and services

Our Approach to Tax Administration

The Canadian tax system is based on voluntary compliance and self-assessment, which means taxpayers determine their own liability under the law and then pay the correct amount of tax. Our fundamental approach to tax administration is to enable individuals and businesses to comply with their obligations, without our direct intervention. A high rate of voluntary compliance reduces the costs of administration, and allows us to direct our resources to high-risk areas, such as the underground economy, aggressive tax planning (including the abusive use of tax havens), and GST/HST fraud. We aim to ensure that all Canadians meet their tax obligations.

Taxpayer Behaviour

The model below illustrates typical taxpayer attitudes toward compliance and major factors that influence taxpayer behaviour, as well as the CRA's strategy to support voluntary compliance, and identify and address non-compliance. The model shows that as the level of non-compliance increases, so does the level of CRA involvement.



In Canada, the vast majority of individuals pay their taxes on time without our intervention. We believe that people are more likely to participate in Canada's tax system and pay the taxes they owe if we provide the services necessary to help them do so. Research shows that rates of compliance are positively affected by access to information, tools, and assistance that encourage taxpayers to meet their obligations.

We use a mix of service and enforcement activities to ensure compliance with Canada's tax laws, whether taxpayers are willing to comply, do not succeed in complying, or choose not to comply.

We use risk management to identify current as well as emerging compliance risks, and to assess them for their potential effect on the revenue base and on compliance in general. We then develop strategies to address specific segments of the tax population or particular areas of non-compliance that pose the greatest risk.

Our compliance activities include providing outreach (education and information), offering high-quality, innovative and secure services, and simplifying tax administration through harmonization and burden reduction. To detect and deter non-compliance, we conduct reviews and audits, and communicate the results of previous compliance actions. We also conduct investigations, which can lead to fines and prosecutions.

In addition, we are committed to treating taxpayers fairly and to ensuring their rights are upheld through the administration of taxpayer relief provisions and dispute resolution. When taxpayers disagree with us, we provide them with the opportunity for redress, which is a formal, objective review of their file. This fosters taxpayers' confidence in the fairness of our self-assessment system, and encourages them to meet their obligations.

Factors Influencing Taxpayer Behaviour

The model on page 8 identifies factors that may influence taxpayer behaviour. These factors can influence the degree to which a person complies with their tax obligations and can be grouped into three broad categories: social, economic, and governmental.

Social factors include sociological and psychological elements such as a person's level of trust in the taxation system and the government as a whole, and their sense of social responsibility. Other factors, such as moral and ethical values, and general attitudes toward government, can also influence an individual's willingness to comply.

Economic factors related to business, industry, and the economy can also affect the compliance rate. Changes in the labour market, the profit margins of firms, or the general state of the economy can all have an impact. For example, during slower economic periods when profits decrease, a greater number of businesses may choose not to comply.

Governmental factors also have an impact on taxpayer behaviour. Laws and regulations can influence compliance. The complexity of tax laws may make it difficult for some taxpayers to understand or meet their obligations. Penalties and fines for non-compliance can induce people to comply. Integrating the tax and benefits administration system can also provide an incentive to comply because potential benefit recipients are more likely to fulfil their tax obligations if they know, that by doing so, they may receive a benefit payment.

Did you know?

The income tax and benefit return is used to determine an individual's entitlement to federal and provincial benefit programs.

Our Role in Addressing Taxpayer Behaviour

Although many of the factors that influence taxpayer behaviour are not within our direct control, the CRA still has a significant role to play in facilitating and enforcing compliance. Our most important role in influencing taxpayer behaviour lies in our ability to instill trust in the integrity and fairness of the tax administration system.

Maintaining trust is essential. A loss of confidence in the CRA or in the tax legislation that we administer can erode the high levels of voluntary compliance that Canada currently enjoys. At the CRA, we work hard to maintain Canadians' trust by operating in accordance with our four core values: integrity, professionalism, respect, and cooperation.

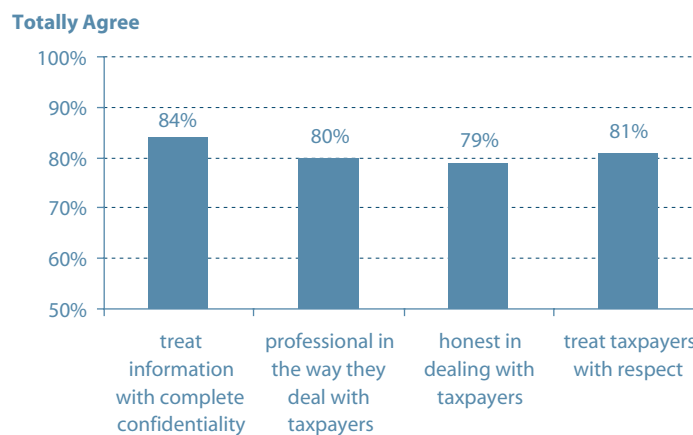
The CRA understands that the public's perception of the way we deal with taxpayers is a key factor in maintaining their trust and supporting compliance. Through surveys and other research, we carefully monitor taxpayers' perceptions of the Agency. According to the CRA's 2006 Annual Corporate Survey, we continue to have a positive image with Canadians (see Figure shown below).

Enhancing Trust

To further strengthen taxpayers' fundamental right to redress, we have:

- developed the Taxpayer Bill of Rights that informs taxpayers about the treatment they can expect when dealing with the CRA (www.cra.gc.ca/rights);
- created an enhanced complaints resolution process, called CRA — Service Complaints, which will review complaints that are not resolved by the CRA's front line (www.cra.gc.ca/agency/crasc); and
- established a Taxpayers' Ombudsman to act as a final, independent level of review in the CRA complaint resolution process (www.cra.gc.ca/ombudsman).

Public Perceptions of the CRA



Understanding the factors that influence taxpayer behaviour helps us direct our compliance efforts efficiently and effectively. As a result, taxpayer attitudes and behaviour are important to our compliance approach. This approach, which is discussed in the remainder of the report, focuses on helping taxpayers meet their obligations, detecting and deterring non-compliance, and enforcing legislation.

Helping Taxpayers Meet Their Obligations

The vast majority of Canadians are willing to comply and pay their taxes without our intervention. This is evident in the fact that the majority of taxpayers file returns on time, register and remit when required, and report complete and accurate information.

Maintaining taxpayers' trust in our operations ensures that the voluntary self-assessment system

functions properly and that non-compliance is kept to a minimum. We believe the majority of taxpayers will voluntarily comply with the law if they are treated fairly and have the information and quality services they need to meet their obligations.

Our objective is to inform taxpayers of their obligations, and make it as easy as possible for them to comply. We help taxpayers by:

- providing outreach and assistance;
- offering innovative and secure services;
- harmonizing tax administration; and
- reducing the compliance burden for small businesses.

Did you know?

For the 2006 tax year, 93 percent of taxable individuals paid their reported taxes on time, without our intervention.

Providing Outreach and Assistance

Understanding Canada's tax system is the first step toward compliance. It is important for a taxpayer to know how to meet their tax obligations, as well as understand why paying taxes is important to the economic and social well-being of Canadians. Two of our outreach initiatives help build this understanding:

- The Teaching Taxes Program introduces high school and post-secondary students to Canada's tax system and teaches them how to prepare a basic income tax and benefit return.
- The Responsible Citizenship and Canada's Tax System learning initiative teaches high school students the value of tax compliance and the threat to society posed by the underground economy.

We understand that fulfilling tax requirements can be complex. For this reason, we provide targeted assistance and offer numerous free events and seminars to entrepreneurs and small business owners. In 2006-2007, we provided over 1,000 outreach events to more than 54,000 businesses.

Did you know?

The CRA distributes the Teaching Taxes learning materials nationally to more than 5,000 teachers and over 84,000 students each year.

Spotlight on Benefits: Encouraging Benefits Take-Up

To contribute to the fairness and integrity of Canada's tax and benefits system, the CRA works hard to ensure that individuals and families receive the benefits to which they are entitled. As part of our approach to benefits administration, we encourage benefits take-up through targeted outreach initiatives, such as the benefits inserts that are distributed to newcomers at entry points across Canada and application kits given to new parents in hospitals from coast-to-coast.

Assisting Canadians with Income Tax and Benefit Returns

The Community Volunteer Income Tax Program is a national program coordinated by the CRA. Under this program, volunteers trained by the CRA, and working with various organizations across Canada, donate their time and effort to assist eligible individuals who may have difficulty completing income tax and benefit returns on their own and are unable to pay for assistance. In 2006-2007, more than 15,800 volunteers helped over 500,000 Canadians prepare their income tax and benefit returns.

We also provide Canadians with a list of certified tax preparation software to help them file their returns.

To promote compliance with income tax legislation and regulations for registered charities, we deliver educational information sessions called Roadshows. These sessions, which are open to all registered charities, provide attendees with information on bookkeeping and record keeping, receipting, tax planning schemes, how to prepare for an audit, and sanctions.

We also communicate proactively to help taxpayers understand how to protect themselves against tax schemes. Our Tax Alert website contains information on a variety of tax-related issues (www.cra.gc.ca/alert). Recent alerts have focused on unsolicited emails and phone calls, tax shelter schemes, and the debunking of common tax myths.

Did you know?

The CRA maintains a searchable list of registered Canadian charities at www.cra.gc.ca/charities. The list is designed to help Canadians make informed choices about the charities they support by providing daily updates of newly registered and recently revoked charities.

CRA Electronic Services

My Account is a secure online service that gives taxpayers and benefit recipients the convenience and flexibility of viewing and managing their account information on a secure website (www.cra.gc.ca/myaccount).

My Business Account is a secure online service that enables users to access their business account information with a single user identification and password (www.cra.gc.ca/mybusinessaccount).

Represent a client is a secure online service that enables individuals and businesses to deal with the CRA as a representative for someone such as a client, friend, or family member (www.cra.gc.ca/eservices/tax/representatives/about-e.html).

Offering Innovative and Secure Services

Canadians demand service options that are fast, efficient, convenient, and secure, and they want access to the right information. Our goal is to facilitate compliance by making service faster, providing easier access to information, and protecting the privacy of confidential information.

Although we continue to offer traditional forms of service, the best opportunity to improve the services we offer to Canadians is through electronic services, which also provide the most economical means of reaching the greatest number of people. The CRA assists individual and business tax filers by promoting self-service through our Web site. We offer services that enable Canadians to file their income tax returns electronically using one of three e-filing options: TELEFILE, EFILE, or NETFILE. We also offer a multitude of electronic services for businesses including filing returns (for example, GST/HST, Corporation Income Tax, and Information Returns), registering a business, making payments, or requesting certain financial actions on their accounts.

Keeping personal information secure is key to maintaining the trust of Canadians. We are committed to ensuring that personal and financial information is secure on our website and in our computers. Our encryption technology and security procedures protect the personal information of Canadians at all times.

Spotlight on Benefits: Helping Recipients Receive Their Entitlements

To help recipients claim and receive their entitlements, we make plain language forms and benefit-related guides and publications available on our website. We also make available innovative tools such as the Child and Family Benefits Online Calculator, which can be used to determine the amount of child and family benefits a person is entitled to receive.

For more information on available benefits, visit www.cra.gc.ca/benefits.

Simplifying Tax Administration

The Government of Canada has been working to harmonize tax and benefits administration across the country to make it easier for Canadians to comply with their obligations and receive their entitlements. Having the CRA administer tax and benefit programs for federal, provincial, territorial, and First Nations governments simplifies participation in the tax system and increases the competitiveness of the Canadian economy.

Some of the benefits of harmonization under the CRA include:

- better service because individuals and businesses have to contact only one organization for information related to a number of tax and benefit programs;
- a reduction in the compliance burden on individuals and businesses, through the integration of information requirements; and
- a reduction in the cost of administration for our clients, through greater economies of scale and the elimination of duplicated activities.

In 2006, the Government of Ontario and the Government of Canada agreed to have the CRA administer Ontario's corporate income tax beginning in 2009. This agreement will save the Province of Ontario millions of dollars annually in administrative costs. Businesses will also benefit by having a single tax form, a single tax collector, and a single set of income tax rules. This means that businesses will be able to spend more time operating their business and focus on succeeding in the global marketplace.

The CRA has also taken action to simplify tax administration by reducing the reporting and remittance requirements for small businesses. In 2006, the Minister of National Revenue established the Action Task Force on Small Business that consisted of representatives from the public and private sectors. The Action Task Force's March 2007 report, *Helping Small Businesses by Reducing the Compliance Burden*, identifies concrete actions to be undertaken by the CRA to reduce the compliance burden on small businesses (www.cra.gc.ca/atfreport). These actions focus on three areas:

- simplifying, improving, and, where appropriate, reducing the frequency of small business interactions with the CRA;
- improving how and when the CRA communicates with small businesses; and
- making burden reduction systemic within the CRA by measuring the burden, and reporting on burden reduction efforts.

“By moving to a single corporate tax collector, we are slashing red tape and reducing up to \$100 million in annual compliance costs for Ontario businesses.”

—The Honourable Jim Flaherty,
Minister of Finance

“The plans and initiatives contained in the Action Task Force Report represent a serious commitment on the part of the CRA to reduce the compliance and paperwork burden for small and medium-sized businesses. As the initiatives are implemented, business owners will experience real cost savings measured in terms of both time and money. These savings will multiply as provincial tax administration systems are harmonized with those of the CRA.”

—Bruce Ball, representing the
Joint Committee on Taxation of
the Canadian Bar Association, and
the Canadian Institute of
Chartered Accountants

Deterring Non-Compliance

Taxpayers do not always succeed in complying. Honest mistakes on forms and differences in the interpretation of complex laws are to be expected. Some taxpayers are late in filing while others simply choose not to comply. To ensure that individuals comply with their obligations, the CRA takes action to encourage compliance, and to detect and deter non-compliance. These actions include

- conducting reviews and audits;
- communicating the results of our compliance actions; and
- administering taxpayer relief provisions and dispute resolution.

What is an Audit?

A tax audit is the examination of a taxpayer's books and records. We conduct tax audits to monitor and maintain Canada's self-assessment tax system.

There are a number of ways that we select specific files to be audited. In some cases, we review the compliance of a particular group of taxpayers. In others, we follow leads from other audits or investigations, or from outside sources, such as those provided through our Leads and Assistance Program (www.cra.gc.ca/agency/investigations/leads-e.html).

Charities and Non-Profit Sector

In 2005, the CRA initiated the national Charities and Non-Profit Organization Sector Project to identify the level of GST/HST compliance risk in charities and non-profit organizations.

Conducting Reviews and Audits

Each year, the CRA conducts a number of reviews and audits to ensure compliance with, and to promote awareness of, the tax laws we administer.

Our review programs contribute to promoting taxpayer education by identifying common areas of misunderstanding (www.cra.gc.ca/reviews/). The analysis of results and feedback from taxpayers are used to improve the guides and forms we provide to the public.

Under these programs, we review deductions and credits on individual income tax returns, and ensure that various amounts have been correctly reported. These programs also form the basis of our Beneficial Client Adjustment Initiative and provide support for other important programs such as the Canada Child Tax Benefit, the GST/HST credit, and the Guaranteed Income Supplement.

In addition, the CRA conducts audits of individuals, businesses, charities, and non-profit organizations in order to review GST/HST returns, income tax returns, and payroll records. Our objective in auditing is to accurately determine the taxes and any interest or penalties payable under the law.

Did you know?

By law, taxpayers are required to keep adequate books and records for a minimum of six years to determine their tax obligations and entitlements. Using the services of a tax professional does not relieve taxpayers of these responsibilities.

Spotlight on Benefits: Validation and Controls

In order to ensure that non-compliance is identified and addressed, the CRA conducts validation and control activities to make sure that individuals who receive benefits and credits are eligible and that the amounts paid are correct. Our validation and controls program specifically targets accounts identified as high-risk for potential overpayments or underpayments. In 2006-2007, we adjusted 190,000 benefits accounts, and recouped overpayments totalling more than \$185 million and made adjustments favouring benefit recipients of more than \$76 million.

Communicating the Results of Our Compliance Actions

Law-abiding Canadians want to see evidence of fair and equitable tax administration. They want to see that action has been taken against those who do not comply.

We publicize court convictions in the media to inform people about the consequences of tax evasion and fraud committed against Canadians. Publicizing our enforcement activities contributes to an open and transparent tax administration by helping Canadians understand what the CRA does about non-compliance and why. It also acts as a deterrent by providing taxpayers with information about the risks and costs of non-compliance.

Did you know?

The CRA regularly advises the media of cases of individuals, corporations, and trusts convicted in the courts of tax evasion or of not filing income taxes when required. Publicized convictions are posted on our website at www.cra.gc.ca/convictions.

“The CRA pursues tax evaders to maintain public confidence in the integrity of the tax system. Canadians have to trust that our self-assessment system is working and that it is fair.”

— William V. Baker,
Commissioner and Chief
Executive Officer,
Canada Revenue Agency

Dispute Resolution and Administering Taxpayer Relief Provisions

Our ability to protect the revenue base can be affected by the public’s confidence in the firmness and fairness of the overall tax administration system, and their trust in the integrity of the CRA. To earn and retain the trust of Canadians requires a redress process that is both fair and seen to be fair.

When taxpayers do not agree with us on a tax or penalty matter, they are entitled to a formal and objective review of their file. The CRA provides an impartial and timely dispute resolution process that respects taxpayers’ fundamental right to redress in their dealings with the CRA.

In addition, our taxpayer relief provisions allow us to be more flexible and responsive to taxpayers’ circumstances when it is unreasonable or unfair to penalize them. These provisions have given the CRA common-sense ways to help taxpayers that are unable to meet their tax obligations because of extraordinary circumstances.

The Voluntary Disclosures Program is another CRA initiative. The program gives taxpayers the chance to come forward and correct inaccurate or incomplete information, or to disclose previously unreported information, without penalty or prosecution (www.cra.gc.ca/voluntarydisclosures).

Did you know?

The CRA can forgive penalties and interest when they result from circumstances beyond a taxpayer’s control, including:

- natural or human-made disasters, such as floods or fires;
- civil disturbances or disruptions in services; or,
- serious illness or accident, or serious emotional or mental distress due to circumstances such as a death in the immediate family.

Voluntary Disclosures Program

The Voluntary Disclosures Program provides an opportunity for taxpayers to correct past omissions. Relief from penalty or prosecution is determined on a case-by-case basis if the disclosure meets certain validity conditions.

In 2006-2007, the CRA processed 8,244 voluntary disclosures, generating related assessments totalling over \$525 million in taxes.

Enforcing Legislation

Tax Avoidance Versus Tax Evasion

Tax avoidance is when actions are taken to reduce the amount of tax owing in a manner that contravenes the object and spirit of the law.

Tax evasion is the effort to avoid paying taxes by illegal means. Tax evasion usually involves taxpayers deliberately misrepresenting or concealing the true state of their affairs to the tax authorities in order to reduce their tax liability.

Hiring a Contractor?

Some taxpayers do not realize that they are exposed to financial and personal risks by not obtaining a detailed written contract between them and their contractor for work such as construction, renovation, or repair work. These risks include

- lawsuits and financial loss if there is a work-related injury or damage to the property;
- the loss of a deposit or advance payment, or being charged more than expected;
- limited options for dealing with poor quality or incomplete work; and
- no assurance of warranty coverage or after-sales service.

For more information, visit www.cra.gc.ca/agency/inwriting-e.html.

There will always be a small minority of people who will operate outside the public interest, who choose not to comply with their obligations, and who will avoid or evade paying taxes. Their actions have a negative impact on the tax base and adversely affect all Canadians.

The CRA uses enforcement methods to target those who choose not to comply. Through our Special Enforcement program, we conduct audits and undertake other civil actions on individuals, known or suspected of, deriving income from illegal activities. Through our Criminal Investigation program, we investigate suspected cases of tax evasion, fraud and other serious violations of tax laws. These investigations, and subsequent referrals to the Department of Justice, often lead to prosecutions that can result in fines and imprisonment.

To maintain the integrity of the tax base, we continue to focus our resources on:

- underground economic activity;
- aggressive tax planning; and
- prosecuting fraud.

Underground Economic Activity

Discouraging underground economic activities ensures a level playing field for all businesses and taxpayers. Addressing the underground economy is important to ensuring the fairness and equity of the tax system.

The underground economy can take many forms including:

- failure to report a business activity (for example, working under the table);
- failure to report employment income (for example, tips);
- mischaracterization of employment income; and
- failure to file or register.

The underground economy is heavily concentrated in sectors where cash transactions are prevalent. Our underground economy audits focus on identifying unreported income, primarily in industries where there has been a higher level of non-compliance, such as the construction and hospitality industries.

Did you know?

As part of our Special Enforcement Program, in 2006-2007, the CRA conducted 1,342 audits of taxpayers suspected of earning income from illegal activities. These audits resulted in the identification of more than \$88 million in additional tax owing.

During the same period, our Criminal Investigation program led to 245 convictions for tax evasion or fraud. Courts across Canada imposed close to \$13.4 million in fines and more than 35 years of jail sentences. The CRA obtained convictions in 97 percent of cases prosecuted.

We also work collaboratively with other members of the Federal-Provincial-Territorial Underground Economy Working Group to reduce participation in the underground economy through research, information sharing, communication, and enforcement.

Aggressive Tax Planning

Aggressive tax planning, which refers to arrangements that “push the limits” of acceptable tax planning, undermines the integrity of the tax system and community confidence in the fairness and equity of that system. Abusive tax schemes, such as tax avoidance arrangements through liberal interpretations of Canada’s tax laws, can also give the impression that tax avoidance and evasion are pervasive.

An example of aggressive tax planning is the abuse of international tax havens. A tax haven is a jurisdiction with very low or no taxes, a lack of transparency in the operation of its tax system, or a lack of effective exchange of information with other countries. Although tax havens may be used for legitimate reasons, they also provide opportunities for some taxpayers to avoid or evade paying Canadian tax.

The misuse of tax havens is an important issue in a globalized economy, where money moves instantly and anonymously across national borders. The CRA recognizes that strategic alliances and international cooperation are essential for ensuring that taxpayers comply with tax laws. Canada has treaties with more than 80 countries providing for the exchange of tax-related information. The CRA also participates with other members of the Organisation for Economic Co-operation and Development to develop international rules and responses to unfair tax practices.

In 2005, the CRA created 11 Centres of Expertise across the country to focus on aggressive international tax planning. These centres reflect a more coordinated approach to aggressive tax planning by bringing together expert teams of audit professionals from the areas of international tax, special audits, and tax avoidance.

Prosecuting Fraud

Fraud represents the most flagrant case of non-compliance. Fraud schemes often involve unreported income and fictitious expenses. In cases where enough evidence is obtained to support criminal charges, the CRA refers those responsible for prosecution.

When convicted of tax fraud, individuals may be subject to fines and jail terms. They are also obligated to repay any credits they fraudulently claimed, any taxes owing plus interest, as well as any civil penalties that may be assessed by the CRA. One of our main priorities in recent years is GST/HST fraud. Our GST/HST compliance strategy focuses on improving our enforcement activities and ability to identify high-risk registrants and refund claims before credit returns are paid.

Did you know?

The CRA has the authority to apply third-party penalties against individuals who counsel others to file tax returns based on false or misleading information, or who turn a blind eye to false information provided by their clients for tax purposes.

“The use of tax havens by Canadians and abuse of tax treaties with other countries could divert tax away from Canada, and the amounts at risk could be significant. The progress we observed in the Agency’s handling of these challenges is encouraging.”

—Sheila Fraser,
Auditor General of Canada,
February 2007

Joint International Tax Shelter Information Centre

Formed in 2004, the Joint International Tax Shelter Information Centre is helping to identify potential tax treaty abuse. Member countries include the United States, Canada, Australia, the United Kingdom, and Japan.

The Centre enables members to share taxpayer and transaction information, where permitted by tax treaties and domestic legislation, in order to determine if transactions in one jurisdiction resulted in abusive tax avoidance in another.

Conclusion

The CRA plays an important role in contributing to the quality of life of Canadians. Through our administration of tax and benefit programs, we protect the revenue base and enable governments to provide the programs and services that improve Canadians' collective economic and social well-being.

Our approach to ensuring compliance recognizes that numerous factors influence taxpayer behaviour. As a result, our efforts to facilitate compliance build on areas where we believe we can have a positive impact. To help taxpayers meet their obligations, we focus on outreach and assistance, innovative and secure services, and simplifying the tax system. To deter non-compliance, we focus on conducting reviews and audits, communicating the results of previous enforcement actions, dispute resolution and administering taxpayer relief provisions. To enforce legislation, we focus our efforts on underground economic activity, aggressive tax planning, and prosecuting fraud.

As with tax administration, our approach to benefits administration is multifaceted. To help recipients receive their entitlements and encourage benefits take-up, we focus on providing effective and efficient information, tools, and services, and on issuing timely and accurate benefit payments. We also complement this work with our validation and controls program which ensures eligible recipients receive their correct amount.

We are proud of the work we do at the CRA on behalf of Canadians. Taxpayers trust us with their information, and our government clients trust that we will administer programs fairly and effectively on their behalf. One of our objectives in the coming years will be to build on this trust, as we solidify our position as a world leader in tax and benefits administration.

Appendix A – Where to Find Information on CRA Programs and Services

The CRA website is designed to help Canadians access the programs, services, and information relevant to them. Whether you are a senior, student, employee, tax professional, or are involved in such occupations as construction, daycare, or running a small business, our website is tailored to meet your needs. The general CRA website is available at www.cra.gc.ca. For specific websites about some of the Agency’s programs and services, please see the list below.

Programs and Services	Websites
Audits and Investigations	www.cra.gc.ca/agency/alert/audit-e.html
Benefit Programs	www.cra.gc.ca/benefits
Canada Child Tax Benefit	www.cra.gc.ca/cctb
Charities Directorate	www.cra.gc.ca/charities
Community Volunteer Income Tax Program	www.cra.gc.ca/volunteer
Convictions	www.cra.gc.ca/convictions
CRA—Service Complaints	www.cra.gc.ca/agency/crasc
E-services	www.cra.gc.ca/eservices
Enforcement and Disclosures	www.cra.gc.ca/investigations
Events and Seminars	www.cra.gc.ca/events
Forms and Publications	www.cra.gc.ca/forms
GST/HST Credit	www.cra.gc.ca/benefits/gsthst
Information for Aboriginal Peoples	www.cra.gc.ca/aboriginals
Information for Newcomers to Canada	www.cra.gc.ca/tax/nonresidents/individuals/newcomer-e.html
Information for People With Disabilities	www.cra.gc.ca/disability
Information for Seniors 55 and Up	www.cra.gc.ca/seniors
International and Non-Resident Taxes	www.cra.gc.ca/tax/nonresidents
Leads and Assistance Program	www.cra.gc.ca/agency/investigations/leads-e.html
Learning About Taxes Online Course	www.cra.gc.ca/tax/individuals/topics/learn-tax/intro
My Account	www.cra.gc.ca/myaccount
My Business Account	www.cra.gc.ca/mybusinessaccount
National Child Benefit	www.cra.gc.ca/benefits/ncb-e.html
Resolving Disputes	www.cra.gc.ca/agency/programs_services/disagree/menu-e.html
Tax Alert	www.cra.gc.ca/alert
Taxpayer Relief Provisions	www.cra.gc.ca/agency/fairness/fair-prov-e.html
Taxpayers’ Ombudsman	www.cra.gc.ca/ombudsman
Tax Professionals	www.cra.gc.ca/tax/taxprofessionals
Universal Child Care Benefit	www.cra.gc.ca/uccb/
Tax Tips	www.cra.gc.ca/newsroom/taxtips
Voluntary Disclosures Program	www.cra.gc.ca/voluntarydisclosures
Action Task Force on Small Business Issues	www.cra.gc.ca/newsroom/factsheets/2007/april/fs070411-e.html

Appendix B – Client Programs and Income Tax Credits Administered by the CRA

Federal Programs delivered by the CRA as of April 1, 2007

Federal Organization	Program Description
<ul style="list-style-type: none"> Agriculture and Agri-Food Canada 	<ul style="list-style-type: none"> Administrative services for the Canadian Agricultural Income Stabilization (CAIS) Program, formerly known as the Net Income Stabilization Account (NISA) Program; audit activities in support of the CAIS Program; and release of information in support of the <i>Farm Income Protection Act</i> and the <i>Income Tax Act</i>. Refund Set-Off
<ul style="list-style-type: none"> Atlantic Canada Opportunities Agency 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Bank of Canada 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Business Development Bank of Canada 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Canada Border Services Agency 	<ul style="list-style-type: none"> Provision of information technology services and other corporate services, and joint delivery of programs.
<ul style="list-style-type: none"> Canada Economic Development 	<ul style="list-style-type: none"> Refund-Set-Off
<ul style="list-style-type: none"> Canada Mortgage and Housing Corporation 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Canadian Heritage and the Canadian Cultural Property Export Review Board 	<ul style="list-style-type: none"> Canadian content audits of Canadian film or video productions for which an application for certification has been submitted to Canadian Heritage.
<ul style="list-style-type: none"> Canadian International Development Agency 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Canadian Transportation Agency 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Citizenship and Immigration Canada 	<ul style="list-style-type: none"> Delegation of collection powers to CRA for recovering outstanding sponsorship debts.
<ul style="list-style-type: none"> Department of Foreign Affairs and International Trade Canada 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Department of Justice Canada 	<ul style="list-style-type: none"> Release of taxpayer information and of garnishable moneys payable by the CRA to Justice for purposes of the <i>Family Orders and Agreements Enforcement Assistance Act</i>. Joint project to expeditiously resolve all outstanding Federal Sales Tax and Excise Tax appeals in the Federal Court of Canada and the Canadian Trade Tribunal.
<ul style="list-style-type: none"> Department of National Defence 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Enterprise Cape Breton 	<ul style="list-style-type: none"> Refund Set-Off
<ul style="list-style-type: none"> Fisheries and Oceans Canada 	<ul style="list-style-type: none"> Refund Set-Off

Federal Organization	Program Description
<ul style="list-style-type: none"> • Human Resources and Social Development Canada • Industry Canada • National Capital Commission (NCC) • Public Prosecution Service of Canada • Public Safety and Emergency Preparedness Canada • Public Works and Government Services Canada (PWGSC) • Royal Canadian Mounted Police • Transport Canada • Treasury Board of Canada Secretariat • Veterans Affairs • Western Economic Diversification Canada 	<ul style="list-style-type: none"> • The CRA administers Part I of the <i>Canada Pension Plan</i> and Parts IV and VII of the <i>Employment Insurance Act</i>. HRSDC has overall financial responsibility. • Delivery of Universal Child Care Benefit Program • Collection of student loans • Refund Set-Off • Refund Set-Off • Refund Set-Off • Refund Set-Off • The CRA and PWGSC exchange business registration information for the purposes of the Supplier Registration Information (SRI) Service. The SRI is linked to the CRA's National Business Registry system for the purpose of assigning a Procurement Business Number to eligible clients. • Refund Set-Off • Interchange Assignment of CRA employees, and the cooperation and information sharing between the CRA and the RCMP, in the Integrated Proceeds of Crime/ Proceeds of Crime units within the RCMP. • Refund Set-Off • Refund Set-Off • Government Security Policy • Refund Set-Off • Refund Set-Off

Provincial and Territorial Programs and Income Tax Credits Administered by the CRA as of April 1, 2007

Alberta		
Programs	Tax Credits	
<ul style="list-style-type: none"> Individual income tax Alberta Family Employment Tax Credit Alberta 2005 Resource Rebate (completed by the end of 2007) Harmonization of pension annual information returns and data processing Refund Set-Off Program 	<ul style="list-style-type: none"> Adoption expenses tax credit Capital gains refund to a mutual fund trust or corporation Political contribution tax credit Provincial foreign tax credit Royalty tax rebate 	
British Columbia		
Programs	Tax Credits	
<ul style="list-style-type: none"> Individual income tax Corporate income tax BC Family Bonus and Earned Income Benefit Business Entity Information exchange arrangements concerning reciprocal compliance activities Agreement that the CRA may make block payments, monthly, to the Public Trustee with respect to individuals under the stewardship of the B.C. Public Trustee Harmonization of pension annual information returns and data processing Refund Set-Off Program 	<ul style="list-style-type: none"> Adoption expenses tax credit Basic tax credit BC tax reduction credit Book publishing tax credit Capital gains refund to a mutual fund trust or corporation Digital animation or visual effects tax credit Employee share ownership plan tax credit Film and television tax credit Logging tax credit Manufacturing and processing investment tax credit Mining exploration tax credit 	<ul style="list-style-type: none"> Mining flow-through share tax credit Political contribution tax credit Production services tax credit Provincial foreign tax credit Qualifying environmental tax credit Regional tax credit Regional production services tax credit Sales tax credit Scientific research and experimental development tax credit Training tax credit Two-year tax holiday for new small businesses Venture capital tax credit
Manitoba		
Programs	Tax Credits	
<ul style="list-style-type: none"> Individual income tax Corporate income tax Harmonization of pension annual information returns and data processing Refund Set-Off Program 	<ul style="list-style-type: none"> Adoption expenses tax credit Capital gains refund to a mutual trust or corporation Children's fitness tax credit Co-operative education tax credit Co-operative graduates hiring incentive tax credit Community enterprise development tax credit Education property tax credit Equity tax credit Family tax reduction Film and video production tax credit 	<ul style="list-style-type: none"> Labour-sponsored funds tax credit Manufacturing investment tax credit Manufacturing and processing tax credit Mineral exploration tax credit Odour control tax credit Personal tax credit Political contribution tax credit Provincial foreign tax credit Research and development tax credit School tax credit for homeowners Tuition fee income tax rebate

New Brunswick

Programs	Tax Credits
<ul style="list-style-type: none"> Individual income tax Corporate income tax Harmonized sales tax New Brunswick Child Tax Benefit and Working Income Supplement Consolidated payments to the Public Trustee for Trustee clients Harmonization of pension annual information returns and data processing 	<ul style="list-style-type: none"> Capital gains refund to a mutual trust or corporation Film tax credit Labour-sponsored venture capital fund tax credit Low-income tax reduction Political contribution tax credit Provincial foreign tax credit Research and development tax credit (non-refundable) Research and development tax credit (refundable) Small business investor tax credit

Newfoundland and Labrador

Programs	Tax Credits
<ul style="list-style-type: none"> Individual income tax Corporate income tax Harmonized sales tax Newfoundland and Labrador Child Benefit Mother Baby Nutritional Supplement Collection of defaulted Canada – Newfoundland and Labrador integrated student loans Harmonization of pension annual information returns and data processing Newfoundland and Labrador Senior's Benefit Refund Set-Off Program 	<ul style="list-style-type: none"> Adoption expenses tax credit Capital gains refund to a mutual fund trust or corporation Direct equity tax credit Film and video industry tax credit Labour-sponsored venture capital tax credit Low income tax reduction Manufacturing and processing profits tax credit Newfoundland Harmonized Sales Tax Credit Political contribution tax credit Provincial foreign tax credit Scientific research and experimental development tax credit Small business corporate income tax holiday

Northwest Territories

Programs	Tax Credits
<ul style="list-style-type: none"> Individual income tax Corporate income tax Northwest Territories Child Benefit and Territorial Workers Supplement Refund Set-Off Program 	<ul style="list-style-type: none"> Capital gains refund to a mutual trust or corporation credit Cost-of-living tax credit Investment tax credit Political contribution tax credit Risk capital investment tax credit Territorial foreign tax credit

Nova Scotia	
Programs	Tax Credits
<ul style="list-style-type: none"> • Individual income tax • Corporate income tax • Harmonized sales tax • Nova Scotia Child Benefit • The auditing of books and records of licensed fish buyers for provincial purposes • Partnership to provide Business Number; exchange registration information; payroll and explore other opportunities for cooperation and collaboration • Refund Set-Off Program 	<ul style="list-style-type: none"> • Capital gains refund to a mutual fund trust or corporation • Corporate tax reduction for new small businesses • Energy efficiency tax credit • Equity tax credit • Film tax credit • Investment tax credit • ISO 9000 certification tax credit • Labour-sponsored venture capital tax credit • Low income tax reduction • Manufacturing and processing investment tax credit • Nova Scotia young children tax credit • Political contribution tax credit • Post-secondary graduate tax credit • Prospectus tax credit • Provincial foreign tax credit • Research and development tax credit • Sport and recreational expenses tax credit

Nunavut	
Programs	Tax Credits
<ul style="list-style-type: none"> • Individual income tax • Nunavut Child Benefit and Territorial Worker's Supplement 	<ul style="list-style-type: none"> • Capital gains refund to a mutual fund trust or corporation • Cost-of-living tax credit • Investment tax credit • Political contribution tax credit • Territorial foreign tax credit • Risk capital investment tax credit • Young children tax credit

Ontario

Programs	Tax Credits
<ul style="list-style-type: none"> • Individual income tax • Agreement to increase the level of validation coverage for the Ontario Property Tax Credit claims to 5% annually • Administer and implement the Ontario Home Electricity Relief program • Partnership to provide Business Number; exchange registration information; payroll and explore other opportunities for cooperation and collaboration • Agreement with respect to integrated registration for business provided through the joint registration/change systems • Agreement to administer the Ontario Health Premium • Harmonization of pension annual information returns and data processing • Refund Set-Off Program 	<ul style="list-style-type: none"> • Adoption expenses tax credit • Apprenticeship training tax credit • Cooperative education tax credit • Environmental trust tax credit • Labour-sponsored investment fund and employee ownership tax credit • Ontario focused flow-through share tax credit • Ontario tax reduction • Political contribution tax credit • Property and sales tax credits • Provincial foreign tax credit

Prince Edward Island

Programs	Tax Credits	
<ul style="list-style-type: none"> • Individual income tax • Corporate income tax 	<ul style="list-style-type: none"> • Capital gains refund to a mutual fund trust or corporation • Corporate investment tax credit • Labour-sponsored venture capital corporation tax credit • Low income tax reduction 	<ul style="list-style-type: none"> • Manufacturing and processing profits tax credit • Political contribution tax credit • Provincial foreign tax credit • Teacher school supply tax credit

Québec

The Government of Quebec is the only provincial government that collects both its own personal and corporate income taxes. To avoid duplication and lessen the burden on taxpayers, CRA employees in the Quebec Region work closely with the Ministère du revenu du Québec by conducting joint information sessions, creating joint working groups, carrying out community visits together, co-producing public awareness campaigns, and performing joint training sessions.

Saskatchewan		
Programs	Tax Credits	
<ul style="list-style-type: none"> • Individual income tax • Corporate income tax • Saskatchewan Child Benefit • Saskatchewan Sales Tax Credit • Collection of defaulted Canada – Saskatchewan integrated student loans • Harmonization of pension annual information returns and data processing • Refund Set-Off Program 	<ul style="list-style-type: none"> • Capital gains refund to a mutual fund trust or corporation • Dependent child tax credit • Employees' tool tax credit • Film employment tax credit • Graduate tax exemption • Labour-sponsored venture capital tax credit • Manufacturing and processing investment tax credit • Manufacturing and processing profits tax reduction • Manufacturing and processing tax credit 	<ul style="list-style-type: none"> • Political contribution tax credit • Provincial foreign tax credit • Qualifying environmental trust tax credit • Research and development tax credit • Royalty tax rebate • Saskatchewan farm and small business capital gains tax credit • Senior supplementary credit

Yukon		
Programs	Tax Credits	
<ul style="list-style-type: none"> • Individual income tax • Corporate income tax • Yukon Child Benefit 	<ul style="list-style-type: none"> • Capital gains refund to a mutual fund trust or corporation • Fireweed fund tax credit • Low-income family tax credit • Manufacturing and processing profits tax credit • Mineral exploration tax credit 	<ul style="list-style-type: none"> • Political contribution tax credit • Research and development tax credit • Small business investment tax credit • Territorial foreign tax credit • Yukon First Nations income tax credit

First Nations Government Programs Administered by the CRA as of April 1, 2007

First Nations Government	Program Description
• Champagne and Aishihik First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Little Salmon/Carmacks First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Nacho Nyak Dun First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Selkirk First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Teslin Tlingit Council, YK	• Collection of personal income taxes • Collection of First Nations GST
• Tr'ondek Hwech'in First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Vuntut Gwitchin First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Ta'an Kwach'an Council, YK	• Collection of personal income taxes • Collection of First Nations GST
• Kluane First Nation, YK	• Collection of personal income taxes • Collection of First Nations GST
• Tlicho First Nation, NWT	• Collection of personal income taxes • Collection of First Nations GST
• Nunatsiavut government (Labrador Inuit Association), Newfoundland and Labrador	• Collection of personal income taxes
• Adams Lake First Nation, BC	• Collection of First Nations Sales Tax
• Buffalo Point First Nation, MB	• Collection of First Nations Sales Tax
• Chemainus First Nation, BC	• Collection of First Nations Sales Tax
• Cowichan First Nation, BC	• Collection of First Nations Sales Tax
• Kamloops First Nation, BC	• Collection of First Nations Sales Tax
• Shuswap First Nation, BC	• Collection of First Nations Sales Tax
• Sliammon First Nation, BC	• Collection of First Nations Sales Tax
• Tzeachten First Nation, BC	• Collection of First Nations Sales Tax
• Westbank First Nation, BC	• Collection of First Nations Sales Tax
• Whitecap Dakota First Nation, SK	• Collection of First Nations Sales Tax