

“Summary” version of the 10-page newsletter

“Father, forgive them, for they do not know what they are doing”

The Department of Finance Canada and its civil servants in complete disarray (Part 2)

By **Yves Chartrand, M.Fisc.**
Centre québécois de formation en fiscalité – CQFF inc.
ychartrand@cqff.com

This famous sentence, from the Gospel According to Luke, perfectly summarizes the current situation. The civil servants at the Department of Finance Canada have utterly failed in their **duty as trustees of our collective wealth**. Here is more disturbing proof.

In this second of a series of newsletters describing this significant problem, we will continue to demonstrate, **with numerous examples throughout these newsletters**, how this appalling situation has developed over the past 30 years (specifically over the last 15) and how it was caused by the inaction of the civil servants at the Department of Finance Canada. Taxpayers have become the butt of a joke created and perpetuated by these civil servants who seem to live in another reality. In fact, their gaffes have and continue to cost billions of dollars. It's the equivalent of the Phoenix pay system scandal, but with no end in sight because these technical problems are much less visible to the general public and few people understand the complexity of the tax issues at play. Who pays for all these mistakes? Taxpayers. Except of course, those who have been able to benefit from the incredible ineptitude of these civil servants. The tale of this sad saga continues...

Topics discussed in this 2nd newsletter

- E. Since 2001, nearly 13,000 children between the ages of 0 and 19 have realized almost \$3 billion in tax-free capital gains by selling shares of SMEs. Who is guilty of this momentous gaffe? Take a wild guess...
- F. Life insurance policies being transferred to private corporations: hundreds of millions of dollars in lost tax revenue while civil servants at the Department of Finance Canada were asleep at the wheel for 14 years — despite warnings issued by the CRA as early as 2002!
- G. Automobile supplied by an employer and a personal use of 150%!
- H. The hunt for honest taxpayers ... while fraudsters get away with billions of dollars

In the first newsletter published in September 2017 (see http://www.cqff.com/informateur/Deroute_fiscale_anglais_sept2017.pdf), we focused on four (4) examples of major mistakes, blunders, and cases of unbelievable incompetence. Here is a brief reminder of each of the examples discussed. Simply click on the title to access the corresponding section of the first newsletter.

- A. **Six years for a correction to the taxation of “non-eligible” dividends: an oversight that has cost the government at least \$2.5 billion**
- B. **“Paved” farmland: several hundreds of millions of dollars in lost tax revenue for no reason ... since 1988!**
- C. **Examples of inactions that continue to punish taxpayers, such as the “plex” saga**
- D. **A great example of “practical” incompetence: the partial or total loss of SBD for subcontractors who do not deal at arm’s length with a shareholder of another SME**

In this second bulletin, we will take a look at five new concrete examples (see sections E to H) demonstrating the clearly unsatisfactory work being done by the civil servants at the Department of Finance Canada. Simply click on the titles in the left column to access sections E to H.

Why do we write these shocking newsletters?

As we've stated in our first newsletter published in September 2017, we could no longer stand by in the face of mounting gaffes from the civil servants at the Department of Finance Canada, especially over the past 15 years. No one from that Department is doing anything to fix these problems. Mistakes, incompetence, laxity, and astounding carelessness from these civil servants are depriving federal coffers of billions of dollars. **And we are only getting started.** It has become an unfair system that penalizes taxpayers, including those in the middle class, who must bear the burden of a cumbersome tax process all because of the inaction of civil servants who are supposedly the "trustees of our collective wealth". After the publication of our first newsletter, several renowned tax experts told us someone was finally saying out loud what many were thinking. Others told us we were being rude to the civil servants. To the latter, we will simply say that continuing to tolerate the unacceptable incompetency of civil servants is to endorse the consequences of their mediocrity and excuse the negative impacts on taxpayers. We will not be kept silent and we refuse to condone this situation.

When will the House of Common's Standing Committee on Finance look into these issues? When will the Standing Senate Committee on National Finance take an interest in these blunders? When will federal MPs study this robbery of public funds allowed by their own civil servants who are supposedly tax experts? When will the Auditor General of Canada recognize the severity of these problems?

As stated in our first newsletter, our expertise mainly focuses on Canadian and Quebec income tax rules, not international tax laws or consumption taxes (such as the GST). If we did take those into account, we can only imagine how much more fodder for these newsletters we'd have!

To be continued in our next newsletter with several billions in play and simply titled "The Cheaters".

Yves Chartrand, M.Fisc.

Centre québécois de formation en fiscalité-CQFF inc.

Tous ensemble, nous sommes meilleurs...

CQFF.com