



“Summary” version of the 10-page newsletter

The Department of Finance Canada and its civil servants in complete disarray (Part 1)

MAJOR MISTAKES AND OMISSIONS, BLUNDERS CAUSED BY “PRACTICAL” INCOMPETENCE, AND LETHARGY ARE CAUSING MAJOR HARM TO TAXPAYERS AND COSTING THE FEDERAL GOVERNMENT A FORTUNE!

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Note from the CQFF Because tax policy can be a topic that includes a lot of technical terms and unpleasing vocabulary, we’ve decided to write a “summary” version of the first edition of our newsletter, which includes 10 pages. We’ve included all the evidence presented in our more detailed version.

This summary aims to make the reader aware of the examples described in the first edition of our newsletter. This is intended for readers who are less familiar with tax issues and the technical aspects of some topics. For those who are more familiar with taxation laws and regulations (accountants, attorneys, tax experts), we strongly suggest you read the detailed version of this first edition.

In this first of a series of newsletters addressing this significant problem, we will demonstrate, **with numerous concrete examples as proof**, how this appalling situation developed over the past 15 to 30 years and how it was caused by the inaction of civil servants at the Department of Finance Canada. Industry experts (as well as the Canadian taxpayers they represent) have become the butt of a joke created and perpetuated by these civil servants. In fact, their gaffes are costing billions of dollars. 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 a sad saga **where a real tax chaos is presently building in Canada...**

Context

First, let’s be very clear. We are not targeting civil servants working at the Canada Revenue Agency (CRA) because they are only in charge of administrating tax laws. They’re not the ones who create said tax laws in Canada. The horror stories we will highlight emanate from the shady Department of Finance Canada and the civil servants operating there. Nor will we blame those who have occupied the role of Minister of Finance over the years, because the horror stories we will share are not the result of a specific political agenda. For instance, we will not criticize or cheer Harper’s decision to cut the GST by two percentage points or Trudeau’s implementation of the Canada child benefit (CCB). These two examples are part of a political agenda that the civil servants at the Department of Finance had no choice but to implement, whether they were in favour or not. We are not pointing the finger at the politicians, they are not the right target. Instead, we will share numerous examples that were entirely the result of decisions by the civil servants at the Department of Finance. These are instances of civil servants deciding not to intervene at all or taking an egregious amount of time to do so (despite being well aware of the problems for several years, with supporting evidence in hand). We will also show examples of how they intervened in the worst way imaginable.

Our organization is specialized in Canadian and Quebec tax laws and, as a general rule, all our examples will deal with problems related to income taxes in Canada. We will not be discussing issues related to commodity taxes (such as the GST) or international tax laws (such as the impact of foreign subsidiaries) because these topics are not within our scope of expertise. That being said, we don’t believe that these sectors have been handled perfectly either. Maybe one day, experts on these issues will be willing to share some of the horrible

cases of incompetency they've encountered. We'd be happy to include in-depth examples in our future newsletters, even though we've got plenty of material to fill our next several editions.

Finally, before diving into concrete examples of just how much of a mess our tax system is, it's important to mention that it is the unending stream of blunders from the civil servants at the Department of Finance, especially over the last 15 years, that have led us to publish this series of devastating articles. The camel's back has finally been broken because of the Department of Finance's incessant gaffes and their constant habit of turning a blind eye to the problems at hand and available solutions... despite several warnings from highly-renowned tax organizations and experts, including this author. Enough is enough! The time has come for them to face the music! It is time to speak up about the incompetency of the Department of Finance's civil servants. After all, these mistakes are costing taxpayers, including middle-class taxpayers, an arm and a leg.

In every edition of our newsletter, we will provide:

- i) Concrete examples of oversights and omissions that cost or have cost the federal treasury a fortune
- ii) Concrete examples of inaction that harm taxpayers
- iii) Concrete examples of "practical" incompetence in implementing tax measures

Notes from
the CQFF

- 1 - We know that in publishing this devastating series of newsletters about the incompetency of the civil servants at the Department of Finance, we will face criticism from every level of the governmental bureaucracy. We are more than ready! Every one of our examples is backed by documentary evidence. And we will respond with other examples that are even more devastating. The time has come to defend the taxpayer from the culture of apathy that poisons the Department of Finance.
- 2 - To those who believe that we are publishing this series of newsletters as some sort of revenge for the measures announced by the Department of Finance on July 18, 2017 targeting SMEs, its owners and members of their family, we simply want to say, "get real". This author has been researching and documenting the content of these articles for the past two years. The final decision to publish these newsletters was made in the fall of 2016 and the first article was nearly ready for translation on July 18, 2017. **Some** of the measures announced on July 18, 2017 (but not all of them) should have been implemented a very long time ago (such as the restrictions targeting the taxable capital gains allocated by a trust to minor children and stemming from the sale of SME shares). Others, however, can be likened to measures that confiscate the wealth of SMEs and their owners and are a major violation of the concept of integration that is so important in Canadian taxation. We will tackle these topics in one of our future newsletters.

In this first newsletter, we will begin our examples with a mistake that had cost the treasury at least \$2.5 billion. This was caused by a useless delay in modifying the dividend taxation (which should have been done in 2008), due to the implementation of a reduction of the tax rate for SMEs. In brief, the government allocated at least \$2.5 billion to taxpayers who should not have received this advantage (including this author). We will then discuss the problem of hundreds of millions of dollars lost in tax revenue for the government with "paved" farmland, a problem that has existed since 1988. We will pursue our examples with the plex (duplex, triplex, etc.) saga that unfairly penalizes **middle-class** taxpayers resulting from the change in use of one of the units, caused by a "bureaucratic coma" of the civil servants at the Department of Finance. We will end our newsletter with an example of a poorly planned intervention that demonstrates that these civil servants have absolutely no idea how SMEs operate. We will describe their pointless attacks on SMEs resulting from the publication of shoddy legislation, even if the motives behind this intervention were completely appropriate.

Several more devastating newsletters will be published in the next 12 months... your blood will boil!

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