



Canada Revenue Agency Ministerial Transition Briefing Binder – November 2015

Part 2

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SECTION 3

Introduction to the Canada
Revenue Agency (CRA)

Introduction à l'Agence du
revenu du Canada (ARC)

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**Agency Overview
(and CRA At A Glance)**

**Aperçu de l'Agence
(et Agence du revenu du Canada – Aperçu)**

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Mandate - Contributing to Canadians' Economic and Social Well-being

The Canada Revenue Agency (CRA)'s mandate 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. In real terms, this means the Agency is responsible for the administration of the *Income Tax Act*, the *Excise Tax Act*, and legislation relating to the Canada Pension Plan, Employment Insurance, softwood lumber, and tobacco. The Agency also administers a number of social benefit and tax credit programs on behalf of the federal, provincial, territorial, and First Nations governments. The work of the Agency helps protect Canada's tax base and supports the delivery of a number of important government programs, which are essential to the economic and social well-being of Canadians.

CRA by the Numbers - 2014-2015

\$469B	Taxes and duties processed
\$255B	Collected through source deductions
\$52B	In outstanding tax debt resolved
\$22B	Benefits paid
\$21.9B	Non-compliance identified
28M	Individual income tax returns processed
23M	Telephone enquiries answered

Organizational Priorities

Amid increasing technological and social change, the Agency focuses on five strategic priorities to successfully and effectively deliver upon its mandate:

- **Service:** The Agency provides multiple service channels to respond to a wide range of client service needs and is working to reduce red tape to improve the service experience of taxpayers and benefit recipients.
- **Compliance:** The Agency addresses serious and deliberate non-compliance with timely and targeted compliance enforcement actions. The CRA is increasing its use of advanced analytics and graduated compliance interventions to resolve non-compliance issues.

- **Integrity and Security:** Canadians count on the CRA to protect their information and to carry out its duties with the highest level of integrity and security. The Agency seeks to quickly detect breaches of integrity and security, and take swift and firm action to resolve them.
- **Innovation:** Innovation is fundamental to the CRA's ability to improve service to Canadians and to take firm and effective action on compliance. The Agency is creating an environment where new and innovative ideas are encouraged and supported.
- **People:** The Agency manages its workforce through strategic recruitment, ongoing employee development, and effective succession planning strategies, to provide the expertise, leadership, and experience needed to deliver our strategic priorities.

Governance

Administrative Authorities

The Canada Revenue Agency Act (the CRA Act) sets out the mandate, structure and authorities of the CRA. It also establishes a governance structure for the Agency that is unique in Canada, comprising a Minister, a Board of Management (the Board), and a Commissioner.

Under *The CRA Act* (s. 30), the CRA has authority over matters relating to general administrative policy in the Agency, the organization of the Agency, real property, personnel management and internal audit. In these areas, the CRA has administrative flexibility, and is not subject to the same Treasury Board Secretariat (TBS) authorities as other government departments. However, TBS policies do provide a foundation for many of the Agency's policies.

The CRA has the authority to enter into contracts, agreements, or other arrangements with governments and public or private organizations and agencies. Contracting limits are based upon the CRA's own delegation framework, budgets, and resources, rather than those set by central agencies. Unlike government departments that are subject to the procurement authority of Public Works and Government Services Canada (PWGSC), the CRA procures its own goods and services (except for legal services, which are provided by the Department of Justice). The Auditor General acts as an external auditor for the CRA.

The Minister of National Revenue

The Minister is responsible to Parliament for all CRA activities and exercises powers relating to regulation-making and providing reports to Parliament or the Governor in Council (Cabinet). It is a longstanding practice that the Minister does not direct officials how to interpret the law in individual cases. This practice preserves the Minister's right to

be informed while at the same time protecting the Minister from allegations of political interference in taxpayers' affairs.

The Board of Management



Top Row: Gerard J. Fitzpatrick, Rossana Buonpensiere, Richard J. Daw, Susan Hayes, Mark S. Dwor (appointed after the 2014-2015 fiscal year), Myles Bourke, Joyce Sumara, Norman G. Halldorson

Bottom Row: Margaret Melhorn, Andrew Treusch, Richard (Rick) Thorpe, Robert (Bob) M. Manning, Fauzia Lalani

Missing: Francine Martel-Vaillancourt and Todd J. McCarthy (appointed after the 2014-2015 fiscal year)

The Board of Management (the Board) is responsible for overseeing the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts. It is also responsible for the development of the Corporate Business Plan. The Board is accountable to Parliament through the Minister and may advise the Minister on matters relating to the general administration and enforcement of legislation. The Board is not involved in the day-to-day management of the Agency and has no access to confidential taxpayer information.

The Board is comprised of 15 members appointed by the Governor in Council to serve "at pleasure": the Chair; the Commissioner; 11 Directors nominated by the provinces/territories; and two Directors nominated by the federal government. A Director's term on the Board can be up to three years and is renewable twice. The Chair's term can be up to five years and is renewable once.

The Commissioner of Revenue and Chief Executive Officer

The Agency is headed by a Commissioner who is appointed by the Prime Minister and has Deputy Minister status. The Commissioner is accountable to the Minister and must assist and advise him or her with respect to legislated authorities, duties, functions, and Cabinet responsibilities. As the CRA's chief executive officer, the Commissioner is responsible for the day-to-day management of the Agency. The Commissioner is also an ex-officio member of the Board and is accountable to it for the daily administration of the Agency, the supervision of its employees, and the implementation of management policies. The Commissioner must inform, as well as consult with, any department/agency and province/territory on whose behalf programs are administered by the Agency.

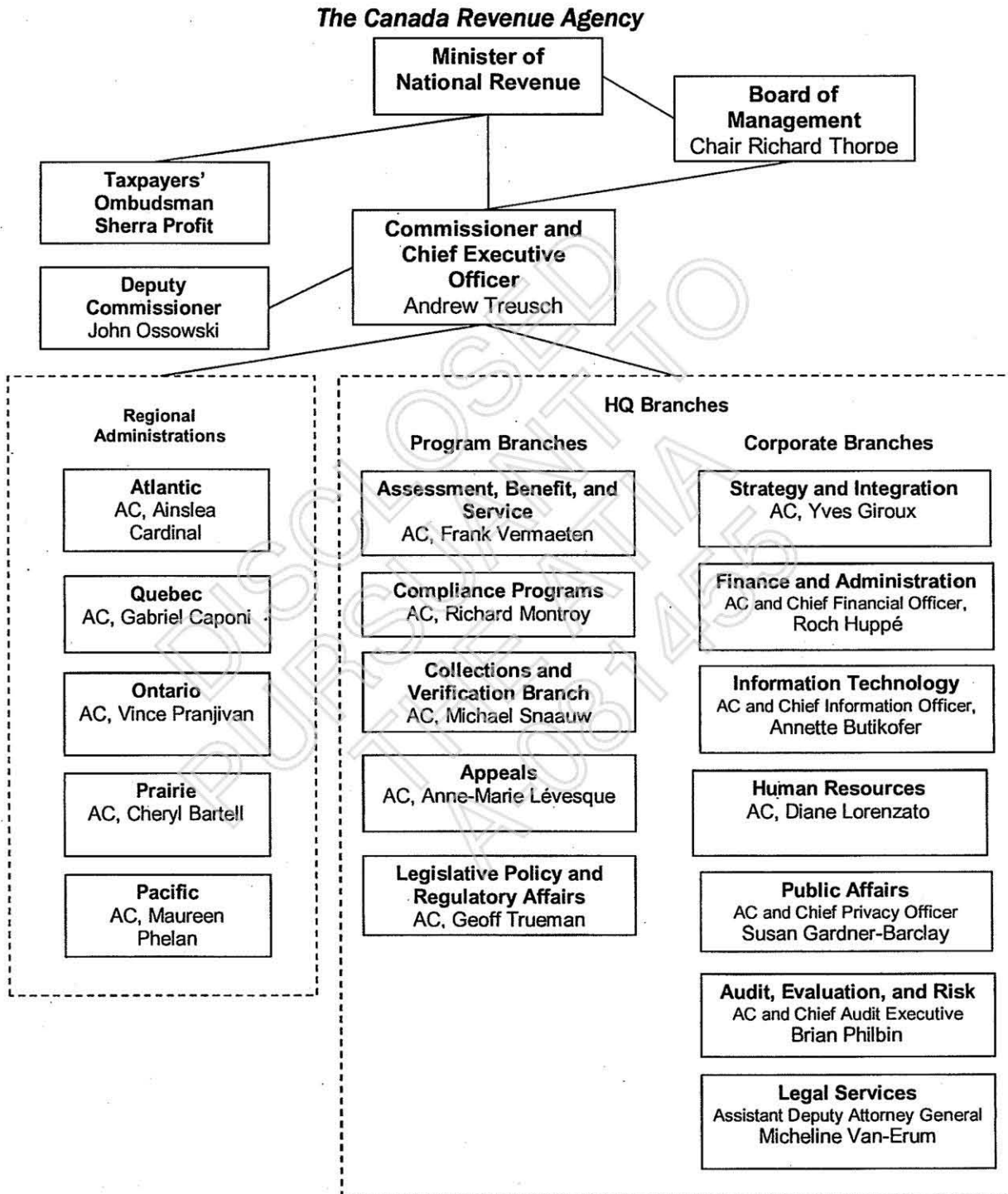
The Deputy Commissioner

The Commissioner is supported by a Deputy Commissioner. The Deputy Commissioner is appointed by the Prime Minister and is responsible for exercising the powers and performing the duties and functions the Commissioner assigns and must act for the Commissioner in case of absence, incapacity or vacancy. The Deputy Commissioner is not formally a member of the Board.

The Taxpayers' Ombudsman

The Taxpayers' Ombudsman has a direct reporting relationship to the Minister and maintains an operational independence from the CRA. The mandate of the Ombudsman is to improve service to taxpayers by offering a service complaint mechanism that is independent of the CRA. The Ombudsman is responsible for upholding the Taxpayer Bill of Rights, which sets out the Agency's public commitment to service values and 16 taxpayer rights that are derived from the *Income Tax Act* and the *Excise Tax Act* as well as the CRA's service commitments.

Organizational Structure



AC – Assistant Commissioner Level

The CRA is comprised of 12 headquarters branches and five regional administrations (regions). Five of the headquarters branches are program branches, which provide policy and technical support for program delivery through the CRA's tax service offices and regional tax centres. The remaining seven branches are corporate support branches, which provide corporate support services such as finance and human resource management. The CRA separates the responsibilities for the establishment of program policies and procedures from field operations through the use of a regional structure. Each of the CRA's five regions is led by a Regional Assistant Commissioner who is accountable for program delivery in their region. This approach allows for a high level of program integration and ensures CRA program delivery is responsive to regional needs.

Operations

The CRA has over 42,000 employees; approximately 10,000 in headquarters and 32,000 in the regions. Agency programs are delivered through 51 local tax services offices and regional tax centres located in every region of the country.

Tax services offices deliver excise (GST/HST) and income tax programs through fully integrated offices that usually provide all aspects of our program delivery such as; audit, collections, payroll compliance, and appeals. Workloads handled in the TSO are typically low volume, high complexity files that may require a degree of face-to-face interaction or in-depth review.

Regional tax centres are primarily tasked with processing individual and corporate income tax, GST, other returns and payments, and delivering benefit programs. The regional tax centres usually deal with high volume, low complexity files that require little or no face-to-face interaction with taxpayers.

Provincial Tax and Benefit Administration

In addition to delivering federal tax and benefit programs, the Agency administers:

- Individual income tax for all provinces except Quebec;
- Corporate income tax for all provinces except Quebec and Alberta;
- Harmonized sales tax (HST) in Ontario and the four Atlantic provinces; and
- Sales and income tax for First Nations governments.

The CRA's administration of provincial corporate and personal income taxes is governed by Tax Collection Agreements, which are signed by federal and provincial finance ministers. HST administration is governed by Comprehensive Integrated Tax Coordination Agreements, also signed by finance ministers. The basic administration of provincial tax and related benefit programs is free of charge. However, provinces may request enhanced services from the CRA (e.g. increased verification of tax credit claims) on a cost recovery

basis.

The CRA administers 135 benefit and credit programs and services on behalf of the provinces and territories and the federal government. The CRA's expertise and national systems lower the costs of administering programs and reduce the need for separate calculation and delivery systems at the federal and provincial or territorial levels. In 2014-2015 the CRA issued 115 million federal and provincial benefit and credit payments worth close to \$22 billion to over 12 million Canadians.

CRA's Provincial and Territorial (PT) Administration - 2014-2015

Individual and trust income tax	\$62.2B
Corporate income tax	\$15.9B
Harmonized sales tax	\$23.5B
<hr/>	
Total PT revenues administered	\$100B
PT benefit programs and sales tax credits	\$4.5B

As a holder of large amounts of information on Canadian citizens, the CRA is often seen as a key source for the sharing of information with other government entities. Conversely, the CRA acquires information from the provinces and territories to help improve the Agency's compliance programs. In support of these exchanges, the CRA completes written collaborative arrangements to ensure that the information it collects and shares is used appropriately, is adequately protected, and is supported by law. There are currently 164 such information sharing agreements in place with provincial partners.

HEADQUARTERS — PROGRAM BRANCHES¹

Appeals Branch

Anne-Marie Lévesque, Assistant Commissioner

- Program Management and Analysis
- Tax and charities appeals
- Taxpayer relief and service complaints, CPP/EI Appeals
- Strategic Planning

of HQ FTEs: 232 budget: \$54M % of total CRA budget: 1.3%

Assessment, Benefit, and Service Branch (ABSB)

Frank Vermaeten, Assistant Commissioner

Cynthia Leblanc, Deputy Assistant Commissioner

- Benefit programs
- Business returns
- Business transformation
- Horizontal integration
- Individual returns
- Taxpayer services

of HQ FTEs: 1,451 budget: \$414M % of total CRA budget: 10.1%

Compliance Programs Branch (CPB)

Richard Montroy, Assistant Commissioner

Ted Gallivan, Deputy Assistant Commissioner

- Business Intelligence
- Criminal investigations
- GST/HST
- International and large businesses
- Offshore compliance
- Scientific research and experimental development
- Small and medium enterprises

of HQ FTEs: 1,163 budget: \$257M % of total CRA budget: 6.3%

Legislative Policy and Regulatory Affairs Branch (LPRAB)

Geoff Trueman, Assistant Commissioner

- Charities
- Excise and GST/HST rulings
- Regional programs
- Legislative policy
- Registered plans
- Income tax rulings

of HQ FTEs: 953 budget: \$81M % of total CRA budget: 2.0%

Collections and Verification Branch (CVB)

Michael Snaauw, Assistant Commissioner

Mireille Laroche, Deputy Assistant Commissioner

- Collections
- Debt management compliance
- Technology and business intelligence

of HQ FTEs: 860 budget: \$93.8M % of total CRA budget: 2.3%

HEADQUARTERS — CORPORATE BRANCHES

Audit Evaluation and Risk Branch (AERB)

Brian Philbin, Assistant Commissioner and Chief Risk Officer

- Enterprise risk management
- Internal Audit
- Professional practices and corporate services
- Program evaluation

of HQ FTEs: 105 budget: \$11.8M % of total CRA budget: <1.0%

Finance and Administration Branch (FAB)

Roch Huppé, Assistant Commissioner and Chief Financial Officer

Johanne Bernard, Deputy Assistant Commissioner and Agency Comptroller

- Administration
- Financial administration
- Financial management advisory services
- Real property and service integration
- Resource management
- Security and internal affairs
- Strategic management and program support

of HQ FTEs: 1,108 budget: \$540.1M % of total CRA budget: 13.2%

Human Resources Branch (HRB)

Diane Lorenzato, Assistant Commissioner

Dan Couture, Deputy Assistant Commissioner

- Employment programs
- Executive programs and services
- HR operations
- Training and learning
- Workplace relations and compensation

of HQ FTEs: 913 budget: \$93.3M % of total CRA budget: 2.3%

Information Technology Branch (ITB)

Annette Butikofer, Assistant Commissioner and Chief Information Officer

Lyne Sincennes, A/Deputy Assistant Commissioner, Corporate Systems and Support

Keith Barrass, Deputy Assistant Commissioner, Solutions

- Solutions
- Corporate systems and support

of HQ FTEs: 3,661 budget: \$386.6M % of total CRA budget: 9.4%

Public Affairs Branch (PAB)

Susan Gardner-Barclay, Assistant Commissioner and Chief Privacy Officer

- Access to information and privacy
- Communications
- Electronic and print media
- Ministerial services and operations
- Strategies and services

of HQ FTEs: 461 budget: \$47M % of total CRA budget: 1.2%

Strategy and Integration Branch (SIB)

Yves Giroux, Assistant Commissioner

- Agency change and innovation
- Agency strategy and reporting
- Corporate Secretariat
- Information and relationship management
- Intelligence, Statistics, and Data
- Federal, provincial & territorial relations

of HQ FTEs: 218 budget: \$138.7M % of total CRA budget: 3.4%

HEADQUARTERS — EXECUTIVE OFFICES²

of HQ FTEs: 112 budget: \$9.6M % of total CRA budget: <1.0%

²Includes Legal Services, Commissioner's Office, Minister's Office, and Taxpayers' Ombudsman.

REGIONS

Pacific

Maureen Phelan, Assistant Commissioner

of FTEs: 3,763 budget: \$251.2M % of total CRA budget: 6.1%

Prairie

Cheryl Bartell, Assistant Commissioner

of FTEs: 5,825-6,325 budget: \$333.2M % of total CRA budget: 8.1%

Ontario

Vince Pranjivan, Assistant Commissioner

of FTEs: 13,060 budget: \$760M % of total CRA budget: 18.5%

Atlantic

Ainslea Cardinal, Assistant Commissioner

of FTEs: 3,268 budget: \$208M % of total CRA budget: 5.1%

Quebec

Gabriel Caponi, Assistant Commissioner

of FTEs: 4,305 budget: \$280M % of total CRA budget: 6.8%

Total Budget for Regions and HQ: \$4.1 Billion³

¹Source: Branch Profiles

²Source: 2015-2016 HQ and Regional Budgets for 2015-2016. Resource Management Directorate, Finance & Administration Branch

³Source: 2015-2016 Budget Allocations. Resource Management Directorate, Finance & Administration Branch

Note: Totals may not add due to rounding

*FTE: Full time Equivalent

PERFORMANCE HIGHLIGHTS

DELIVERING BENEFITS:

- We administer 6 federal benefit programs.
- We administer 28 ongoing benefit programs on behalf of the provinces and territories.
- We issued 115 million benefit and credit payments, totaling approximately \$22 billion, 99.9% of benefit payments were received on time.

ASSISTING TAXPAYERS:

- 93%* of the revenue we collected from individuals is paid on time.
- We received 157 million visits to our website.
- We answered over 23 million tax and benefit recipient calls.
- We processed over 37 million tax payments
- We assessed over 28.8 million individual returns. 82% of which were submitted electronically.
- We assessed approximately 2.2 million corporate returns, 86% of which were received electronically.
- We processed approximately 7.6 million GST/HST returns, 79% of which were filed electronically.

ADDRESSING NON-COMPLIANCE:

- We identified over \$21.9* billion in non-compliance.
- We resolved \$52* billion in tax debt.
- We processed over \$469* billion in payments.

IF YOU DISAGREE:

- We resolved 3,356* service complaints.
- We resolved 90,059* disputes.

Source: Branch Profiles (numbers are rounded based on 2015-2016 preliminary data which is subject to revision).

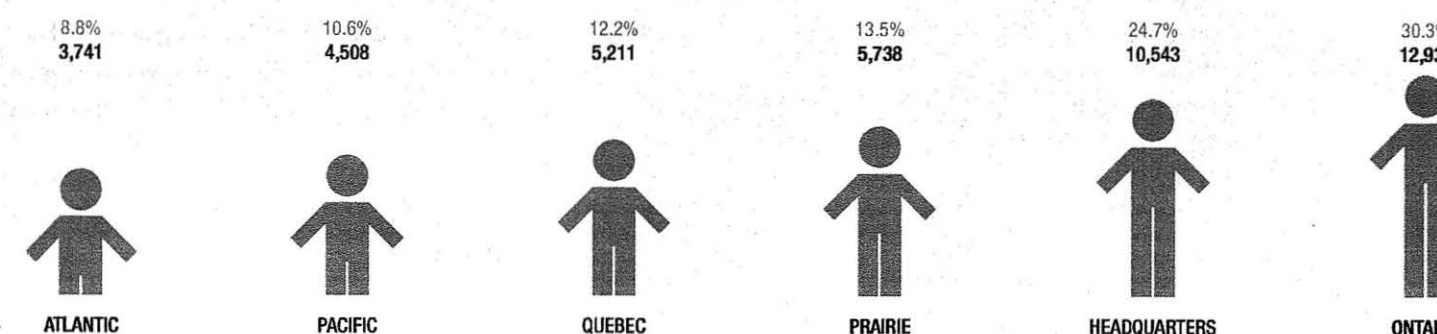
*Source: 2014-2015 Annual Report to Parliament.

EMPLOYEE DISTRIBUTION BY MAJOR OCCUPATIONAL GROUP



TOTAL 42,672

EMPLOYEE DISTRIBUTION (PERMANENT AND OTHERS)



TOTAL 42,672

Source: Corporate Administrative Systems (CAS), June 1, 2015

MISSION

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.

CANADA REVENUE AGENCY
AT A GLANCE

VISION

The Canada Revenue Agency is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Pacific Region

Home to 4.58 million people, the Pacific Region serves Canadians and businesses in British Columbia and the Yukon, and processes tax returns for southern Saskatchewan.
The regional office is located in Vancouver.

FRASER VALLEY AND NORTHERN TSO

SOUTHERN INTERIOR TSO
KELOWNA
PENTICTON

VANCOUVER TSO

VANCOUVER ISLAND TSO

SURREY TC

SURREY CC

Prairie Region

Home to 6.2 million people, the Prairie Region serves Canadians and businesses in Alberta, Saskatchewan, and Manitoba, as well as the Northwest Territories.
The regional office is located in Winnipeg, as is the Compensation Client Service Centre.

WINNIPEG TSO

WINNIPEG
BRANDON

SASKATCHEWAN TSO

REGINA
SASKATOON

SOUTHERN ALBERTA TSO

CALGARY
LETHBRIDGE
RED DEER

EDMONTON TSO

WINNIPEG TC
EDMONTON CC
CALGARY CC



Atlantic Region

The Atlantic Region encompasses four provinces, 540,000 square kilometres and is home to 2.3 million people.
The regional office is located in Halifax.

NEW BRUNSWICK TSO

BATHURST
MONCTON
SAINT JOHN

CHARLOTTETOWN TSO

NEWFOUNDLAND & LABRADOR TC/TSO
ST. JOHN'S
GRAND FALLS-WINDSOR

NOVA SCOTIA TSO
HALIFAX
SYDNEY

ST. JOHN'S TC
SUMMERSIDE TC
SAINT JOHN CC

NEWFOUNDLAND AND LABRADOR CC

Ontario Region

The Ontario Region, which also serves the territory of Nunavut, is the largest geographic region in the Canada Revenue Agency (CRA). It has a population of over 13 million people (approximately 39 percent of the Canadian population).

The regional office is located in Toronto.

TORONTO NORTH/BARRIE TSO

EAST CENTRAL ONTARIO TSO
BELLEVILLE
KINGSTON
PETERBOROUGH

HAMILTON/NIAGARA TSO
KITCHENER/WATERLOO TSO
LONDON/WINDSOR TSO

TORONTO CENTRE TSO
TORONTO EAST TSO

TORONTO WEST/THUNDER BAY TSO

INTERNATIONAL AND OTTAWA TSO

OTTAWA TECHNOLOGY CENTRE

OTTAWA CC

SUDBURY TSO/TC

TORONTO CENTRE CC

HAMILTON/NIAGARA CC

TORONTO EAST CC

Quebec Region

The CRA's Quebec Region covers all of the Province of Quebec, the largest province in Canada, with an area of 1,667,441 km².

Its population is estimated at 8.2M, the second highest in Canada, after Ontario, representing 23.2% of Canada's population.

The regional office is located in Montreal.

MONTREAL TSO

WESTERN QUEBEC TSO
LAVAL
GATINEAU
ROUYN-NORANDA

CENTRAL AND SOUTHERN QUEBEC TSO

SHERBROOKE
TROIS-RIVÈRES
BROSSARD

EASTERN QUEBEC TSO

CHICOUTIMI
QUÉBEC CITY
RIMOUSKI

JONQUIÈRE TC

SHAWINIGAN SUD TC

MONTREAL CC

Note: Statistics and Volumetrics Current as of June 2015

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Senior management contact list

Liste de contacts des hauts dirigeants

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Senior Management Contact List



To be determined
Minister of National Revenue

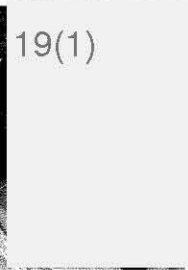


To be determined
Parliamentary Secretary
to the Minister of National
Revenue



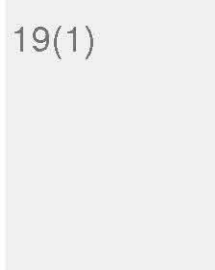
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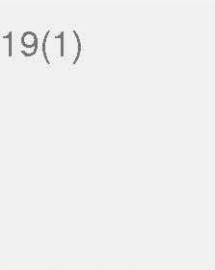
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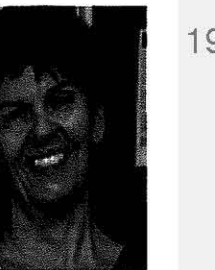
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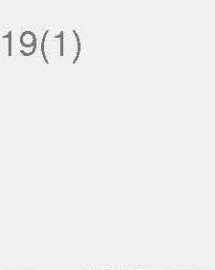
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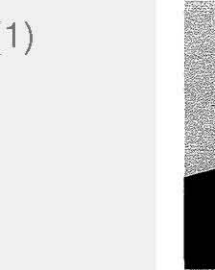
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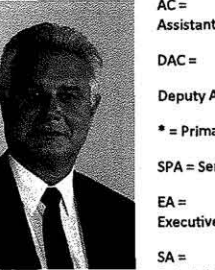
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AC =
Assistant Commissioner
DAC =
Deputy Assistant Commissioner
* = Primary Person
SPA = Senior Program Advisor
EA =
Executive Assistant
SA =
Scheduling Assistant
AA =
Administrative Assistant
AO =
Administrative Officer

3c

Biographies

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Chair of the Board of Management

Canada Revenue
Agency Briefings



Richard (Rick) Thorpe, CPA, CMA, FCMA

Penticton, British Columbia

Appointed: October 2013 for 4 years

Chair, Board of Management

Member, Audit Committee

Member, Governance Committee

Member, Human Resources Committee

Member, Resources Committee

Nominated by the federal government, Richard (Rick) Thorpe has more than 45 years of experience in the private and public sectors. He was a member of the British Columbia Legislative Assembly from 1996 to 2009 where he represented the ridings of Okanagan-Penticton and Okanagan-Westside. During his tenure as a member of the Legislative Assembly, he served as Minister of Small Business and Revenue, Minister Responsible for Regulatory Reform, Minister of Provincial Revenue, and Minister of Competition, Science and Enterprise. From 2001 to 2009, Mr. Thorpe served on the British Columbia Treasury Board, including five years as the Deputy Chair.

Before his election to the Legislative Assembly, Mr. Thorpe worked in the Canadian brewing industry for 22 years in a number of senior executive positions in Canada, and internationally. In addition, he was involved in repositioning the British Columbian grape and wine industry and was a partner in an Okanagan winery.

Mr. Thorpe formerly served on the Insurance Corporation of British Columbia from May 2012 to October 2014 as Director and Vice-Chair, and on the Canadian Snowbirds Association as Director from 2012 to 2014. He is a former volunteer Chair of the Fiscal Review Board for the City of Penticton (2010 to 2013), and has also served on non-profit boards, including Summerland Charity Shops Society (Penny Lane) 2010 to 2013, Agur Lake Camp Society, the Heart & Stroke Foundation of British Columbia and Yukon.

Mr. Thorpe is a certified public accountant and a certified management accountant. Also, in 2007, Mr. Thorpe was awarded the Fellow of the Society of Management Accountants of Canada - the highest honour given to a certified management accountant.

Commissioner of Revenue and Chief Executive Officer of the Canada Revenue Agency

Canada Revenue
Agency Briefings



Andrew Treusch, B.A., M.A.

Appointed: December 2012

In December 2012, Andrew Treusch was appointed Commissioner of Revenue and Chief Executive Officer of the Canada Revenue Agency (CRA). The CRA administers income, sales and other taxes; ensures compliance; and distributes benefit payments to millions of Canadians on behalf of governments across Canada.

In 2014-2015, the CRA processed over \$469 billion in payments; paid almost \$22 billion in benefits payments; and resolved \$52 billion in outstanding tax debt. The CRA has over 40,000 employees working coast to coast across Canada.

Mr. Treusch was born in Saskatoon and grew up in Winnipeg, Manitoba. He received a B.A. (Honours) and M.A. degrees from the University of Manitoba in 1976 and 1978; his principal field of study was Political Studies. He began his Ph.D. at Queen's University in 1979 when he was selected as a Canadian Parliamentary Intern, which brought him to Ottawa.

Mr. Treusch's career began with the Public Service of Canada in the early 1980s. He joined the Department of Finance in 1984, and then moved to the Privy Council Office, the Treasury Board Secretariat and the Department of Human Resources and Skills Development in positions of increasing responsibility.

In 2007, Mr. Treusch was named Executive Director to the Competition Policy Review Panel, chaired by L.R. Wilson. The Panel's mandate was to review competition and investment policies and to report to the Minister of Industry. The Panel's report, "Compete to Win" was released in June 2008.

Mr. Treusch was appointed Associate Deputy Minister of Environment Canada in June 2008 and later Associate Deputy Minister of Public Works and Government Services Canada in September 2009.

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Commissioner of Revenue and Chief Executive Officer of the Canada Revenue Agency

Canada Revenue
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Currently, Mr. Treusch is the Federal Deputy Minister Champion for Memorial University of Newfoundland, and was formerly President of the Institute of Public Administration of Canada (IPAC) and 2014 Chair of the Government of Canada Workplace Charitable Campaign (GCWCC).

Mr. Treusch is married, has three children, and resides in Ottawa.

You can follow him on Twitter at @AndrewTreusch.

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John Ossowski, B.A.

Appointed: June 2015

On June 26, 2015, former Prime Minister Stephen Harper announced the appointment of Mr. John Ossowski to the position of Deputy Commissioner of the Canada Revenue Agency, effective July 6, 2015.

Prior to this appointment, Mr. Ossowski was the Associate Deputy Minister of Public Safety since 2013. He has also held senior positions in the federal Public Service, notably, he served as Assistant Secretary, International Affairs, Security and Justice Sector, Treasury Board Secretariat from 2008 to 2013, and as Deputy Chief, Corporate Services, Communications Security Establishment Canada from 2005 to 2008.

Mr. Ossowski holds a Bachelor of Arts, Economics, from the University of Victoria.



Sherra Profit, B.A., LL.B

Appointed: April 2015

The Honourable Kerry-Lynne D. Findlay, P.C., Q.C., M.P., former Minister of National Revenue announced the appointment of Ms. Sherra Profit as the Taxpayers' Ombudsman on April 10, 2015. Ms. Profit's took office on July 6, 2015.

Prior to joining the Office of the Taxpayers' Ombudsman (OTO), Ms. Profit practiced law in Prince Edward Island for more than 15 years. During this time, she gained experience in a variety of legal disciplines, including alternate dispute resolution, general litigation, real property, estates and trusts, family law, corporate law, and commercial law.

Ms. Profit holds a Bachelor of Arts degree from St. Francis Xavier University and a Bachelor of Laws Degree from the University of Saskatchewan. She was called to the Bar in Prince Edward Island in 2000.

Ms. Profit is married and has two daughters.

3d

Partnerships and stakeholders

Partenariats et intervenants

000105

The Canada Revenue Agency (CRA) maintains relationship at various levels with a wide range of government, not-for-profit, and private sector organizations. The CRA's relationship with Federal, Provincial, and Territorial governments is presented in Section 3a, Agency Overview.

The CRA engages key stakeholder groups to help advance the CRA's goals and priorities and to extend the Agency's influence and expertise. Stakeholder engagement refers to our interaction with specific clients, representatives of clients, and other organizations and groups. It excludes outreach efforts and regular communication efforts the Agency conducts to support delivery or compliance.

CRA partnerships

Federal

The most important relationship the Agency has within the federal sphere is with the **Department of Finance Canada**, the organization directly responsible for developing the Government of Canada's tax policy and legislation. The Agency administers tax policy and provides the Department with input on proposed changes to tax legislation. The CRA also maintains working relationships with other central agencies, like **Treasury Board Secretariat** and the **Privy Council Office**, and follows their lead on matters such as Treasury Board submissions, collective agreement negotiations, external communications, and public opinion research.

The CRA supports the administration of the Canada Pension Plan, Employment Insurance, and Old Age Security programs with **Employment and Social Development Canada**. The Agency also provides statistical services and tax data to **Statistics Canada**, as well as the **Department of Finance Canada** and provincial and territorial ministries of finance. The Agency works cooperatively with **Shared Services Canada**, the organization responsible for the delivery of email services, data centre, and telecommunications services to 43 federal departments and agencies, including the CRA¹.

International

On the international level, the CRA collaborates with other tax jurisdictions to exchange knowledge and best practices, ensure effective and non-duplicative approaches to tax administration across borders, and to actively support the strengthening of tax administrations in developing countries. The CRA has also developed a close working relationship with fellow tax administrators from the Internal Revenue Service (United States), Her Majesty's Revenue and Customs (United Kingdom), Australian Taxation Office, and New Zealand's Inland Revenue.

¹ The responsibility for CRA's information technology infrastructure services was transferred to Shared Services Canada in 2011.

The CRA participates in the activities of several international organizations, including:

- Organization for Economic Co-Operation and Development (OECD);
- Global Forum on Transparency and Exchange of Information;
- United Nations Tax Committee;
- Inter-American Center of Tax Administrations; and
- Commonwealth Association of Tax Administrators.

Within the context of the OECD and the related Forum on Tax Administration (FTA), the CRA Commissioner is an active member of the FTA Bureau and a sponsor of the Large Business Network. The Agency is also an active member of several operational groups such as the Joint International Tax Shelter Information Center and the Seven Country Tax Haven Forum.

Industry associations

The CRA collaborates with a number of national industry associations on specific initiatives, programs, or projects, for example: Chartered Professional Accountants of Canada (CPA Canada); Canadian Federation of Independent Business (CFIB); Canadian Home Builders' Association (CHBA); Canadian Taxpayers Federation; and Association de planification fiscale et financière.

When working with industry associations, individual taxpayer information is never discussed.

- In 2014, the CRA and the CPA Canada signed a framework agreement to enhance collaboration, enhance CRA services, and ensure a well-running tax system in Canada. While the CRA collaborates with the CPA, it does not discuss individual taxpayer information. The agreement created seven committees in the following areas: service, compliance, tax administration, scientific research and experimental development, commodity tax, red tape reduction, and training.
- The CRA will meet twice a year with CFIB through the Small Business Consultation Forum. This joint forum between the CRA and CFIB was launched in 2015 and will provide the Agency with valuable feedback from the small and medium businesses community.
- The Minister's Underground Economy Advisory Committee launched in November 2014, comprised of key industry sectors and academia, provides the Minister of National Revenue and the CRA with an industry perspective and feedback on the government's ongoing efforts to combat the underground economy.
- For many years, the CRA worked with the Canadian Home Builders' Association (CHBA) to help promote the *Get it in Writing!* campaign – which provides consumers with tools and information to discourage and reduce their participation in the

underground economy. The CRA is investing \$745,000 over three years to support this campaign.

The CRA consults regularly with other industry associations that represent the interests of organizations involved in tax administration. Through various channels, the Agency works to reduce irritants to small businesses (e.g. red tape) and to find innovative solutions to the underground economy.

Community organizations

The CRA administers a Community Volunteer Income Tax Program, which allows partner organizations to host tax preparation sessions for low income taxpayers and those with simple tax situations. The CRA offers training, tax software, and telephone support to the volunteers. Over the past year, volunteers assisted in the completion of over 600,000 returns.

CRA's key stakeholders

CRA's activities to engage stakeholders serve to gather business intelligence and where possible enlist support for Agency efforts to deliver its mandate. Working closely with stakeholders allows the Agency to develop a more genuine understanding of their perspective on key strategic issues, which may have an impact on their organizations as well as the CRA clients they serve. It also promotes openness and transparency in CRA decision making on policy and program development.

The CRA's key stakeholders are identified based on their:

- influence on the Agency's planning and priorities;
- potential to influence the public's perception of the CRA;
- significance as representatives of a specific stakeholder community at a national level, or as national opinion leaders within their communities; and
- importance as potential partners or adversaries in advancing the priorities and goals of the Agency, for example, e-services.

Some of the CRA's key stakeholders include:

- | | |
|--|---|
| • Association de planification fiscale et financière | • Chartered Professional Accountants of Canada |
| • Canadian Bankers Association | • Conference Board of Canada |
| • Canadian Chamber of Commerce | • Efile Association of Canada |
| • Canadian Federation of Independent Business | • Tax Executives Institute |
| • Canadian Payroll Association | • Volunteers for CRA's Community Volunteer Income Tax Program |
| • Canadian Tax Foundation | |
| • C.D. Howe Institute | |

3e

Taxpayers' Ombudsman overview

Aperçu de l'ombudsman des contribuables

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Background

The Office of the Taxpayers' Ombudsman (OTO) works to enhance the Canada Revenue Agency's (CRA) accountability in its service to, and treatment of, taxpayers and benefit recipients through independent and impartial review of service-related complaints and systemic issues. Ms. Sherra Profit, who assumed the role on July 6th, is the second person to be appointed Canada's Taxpayers' Ombudsman since its creation in 2008.

The Taxpayers' Ombudsman's mandate is to assist, advise, and inform the Minister about any matter relating to services provided to a taxpayer by the CRA. Unlike American, Australian, and Mexican models that have created Taxpayer Advocate offices, the Canadian Taxpayers' Ombudsman was not created to exercise an advocate function. The CRA Appeals Branch exercises this function and independently reviews disputed assessments to ensure their correctness.

More specifically, the Taxpayers' Ombudsman:

- Reports directly to the Minister of National Revenue.
- Operates at arm's length from and independently of the CRA.
- Conducts impartial reviews of service-related complaints about the CRA.
- Enhances the CRA's accountability and service to the public.
- Upholds the 8 service rights of the 16 rights stated in the Taxpayer Bill of Rights. The other rights are legislated and administrative rights.

The Taxpayers' Ombudsman will generally review a complaint only after all the CRA's internal complaint resolution mechanisms have been exhausted. There are certain types of complaints that she cannot review, such as complaints that are not service-related, where matters are before the courts, etc. The Taxpayers' Ombudsman is not authorized or mandated to review matters that arose more than one year before her appointment, nor can the Taxpayers' Ombudsman review the administration or enforcement of CRA legislation except to the extent that the matter raises a service issue.

In addition, the Taxpayers' Ombudsman proactively engages with Canadians and continues to build and strengthen relationships with key stakeholders, all with a view to raising awareness of taxpayers' rights and the role of her office. The Taxpayers' Ombudsman also visits CRA offices throughout Canada to meet with management and staff to explain the role of the OTO as well as to hear the staff's perspectives on service issues.

The Ombudsman Liaison Office (OLO) within the Appeals Branch is the CRA's official point of contact for the Taxpayers' Ombudsman. OLO facilitates all of the OTO's activities in the Agency and provides assistance to the Taxpayers' Ombudsman to fulfill her mandate in a timely manner.

The former Taxpayers' Ombudsman has published six annual reports, seven special reports, and one observation paper, with 28 recommendations, which were all accepted by the CRA.

Taxpayers' Bill of Rights

The Taxpayer Bill of Rights was launched in 2007 in order to demonstrate the Government of Canada's firm commitment to fairness for taxpayers. It is a set of sixteen rights confirming that the CRA will serve taxpayers with a high degree of accuracy, professionalism, courteousness, and fairness. The Taxpayer Bill of Rights also includes the CRA Commitment to Small Business, a five-part statement through which the CRA pledges to create a competitive, dynamic, business environment in which Canadian businesses will thrive.

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**Expenditure management cycle and CRA
budget**

**Cycle de gestion des dépenses et budget de
l'ARC**

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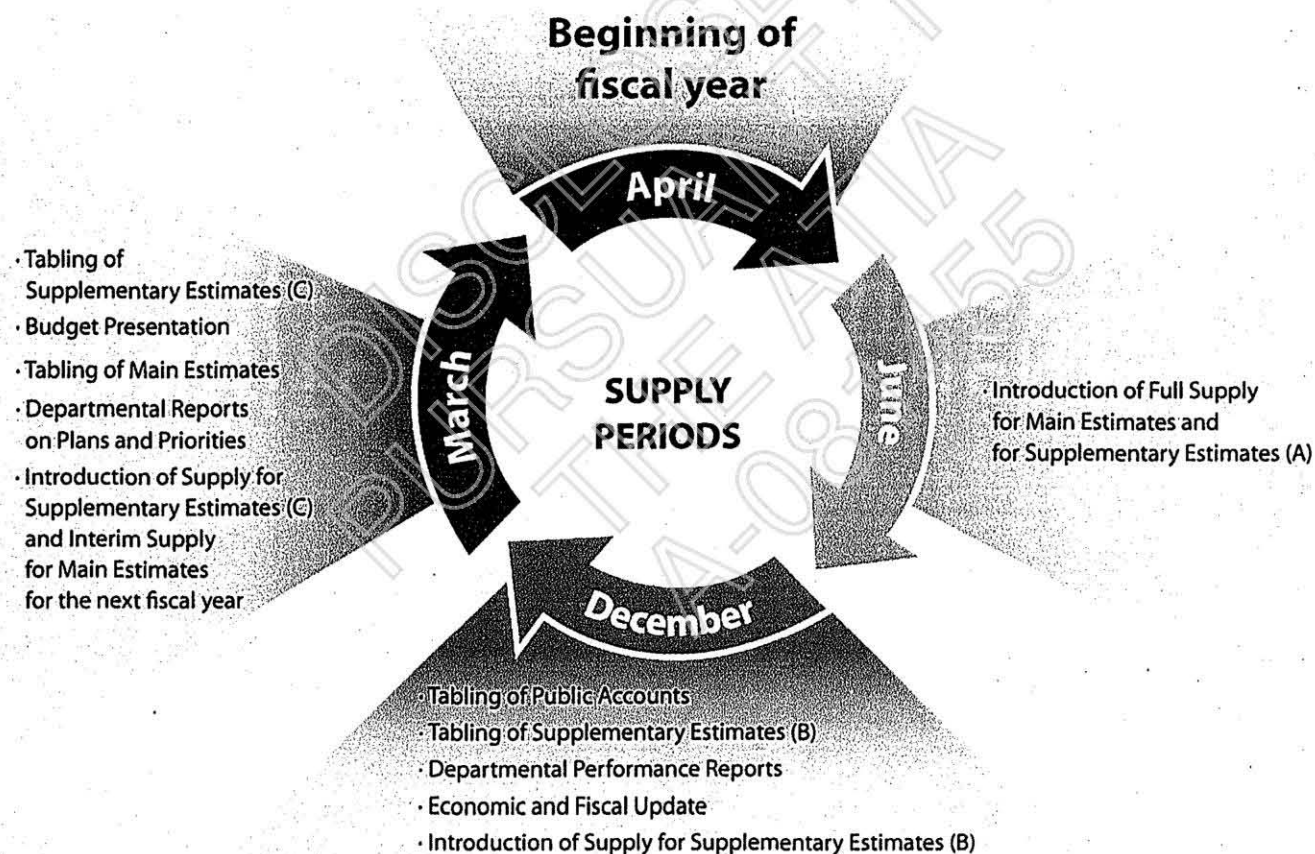
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EXPENDITURE MANAGEMENT CYCLE AND CRA BUDGET

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BUDGET CYCLE



BUDGET CYCLE

- The Federal Budget (usually in February or March) outlines the government's spending and priorities for the coming years.
- The Main Estimates, which must be tabled by March 1 every year, present the government's spending plans for each government organization for the coming year. They contain both statutory programs (included for information purposes only) and appropriations which must be authorized annually by Parliament. Pages 5 and 6 show CRA's Main Estimates amounts for 2015-2016.
- Timing is such that Main Estimates generally do not include new spending initiatives announced in the Federal Budget. Funding for these initiatives must first receive support through a Treasury Board submission, and will then be included in one of the Supplementary Estimates (generally approved in June, December, and March) or in the following year's Main Estimates.
 - *CRA has obtained TB approval for Budget 2015 measures having an impact beginning in 2015-2016. Associated funding for 2015-2016 will be accessed through the December 2015 Supplementary Estimates.*

69(1)(g) re (a)

- Each fall, the government tables the Public Accounts of Canada, to account for each organization's spending compared to its approved authorities in the previous fiscal year. They also present the government's consolidated financial statements for that same period.
- As an Agency, the CRA has benefitted from a two-year spending authority (i.e., funds voted in one year could be spent over two fiscal years). Budget 2015 announced that the CRA will transition to a standard one-year appropriation in 2016-2017 subject to TB's carry forward limitations of 5% of the Operating Vote and 20% of the Capital Vote.

CRA 2015-2016 AUTHORITIES TOTAL \$3.8B

- In addition to its statutory authorities, the CRA has two annually voted appropriations (commonly referred to as 'votes'), namely:
 - ✓ **Vote 1 - Operating** (covering the Agency's base operations, including salaries (84%) and operating expenditures such as supplies, postage, training, travel, legal services, etc.)
 - ✓ **Vote 5 - Capital** (covering the acquisition or creation of mainly IT assets expected to exceed \$10,000)

Statutory Authorities include:

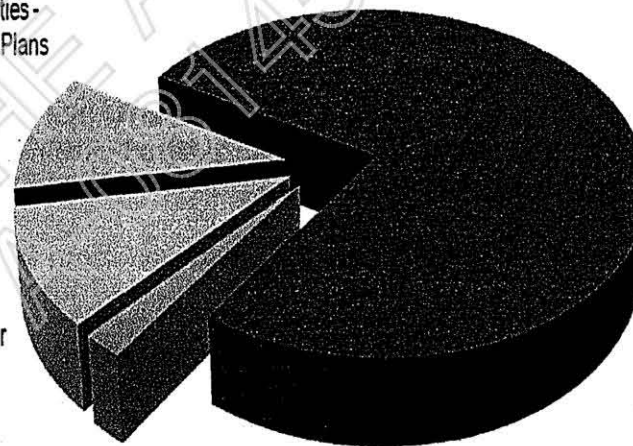
- Children's Special Allowance (CSA) payments \$237.0M
- Respendable Revenues \$169.5M

Statutory Authorities -
Employee Benefit Plans
\$418.9M
11.0%

Statutory
Authorities - Other
\$406.5M
10.7%

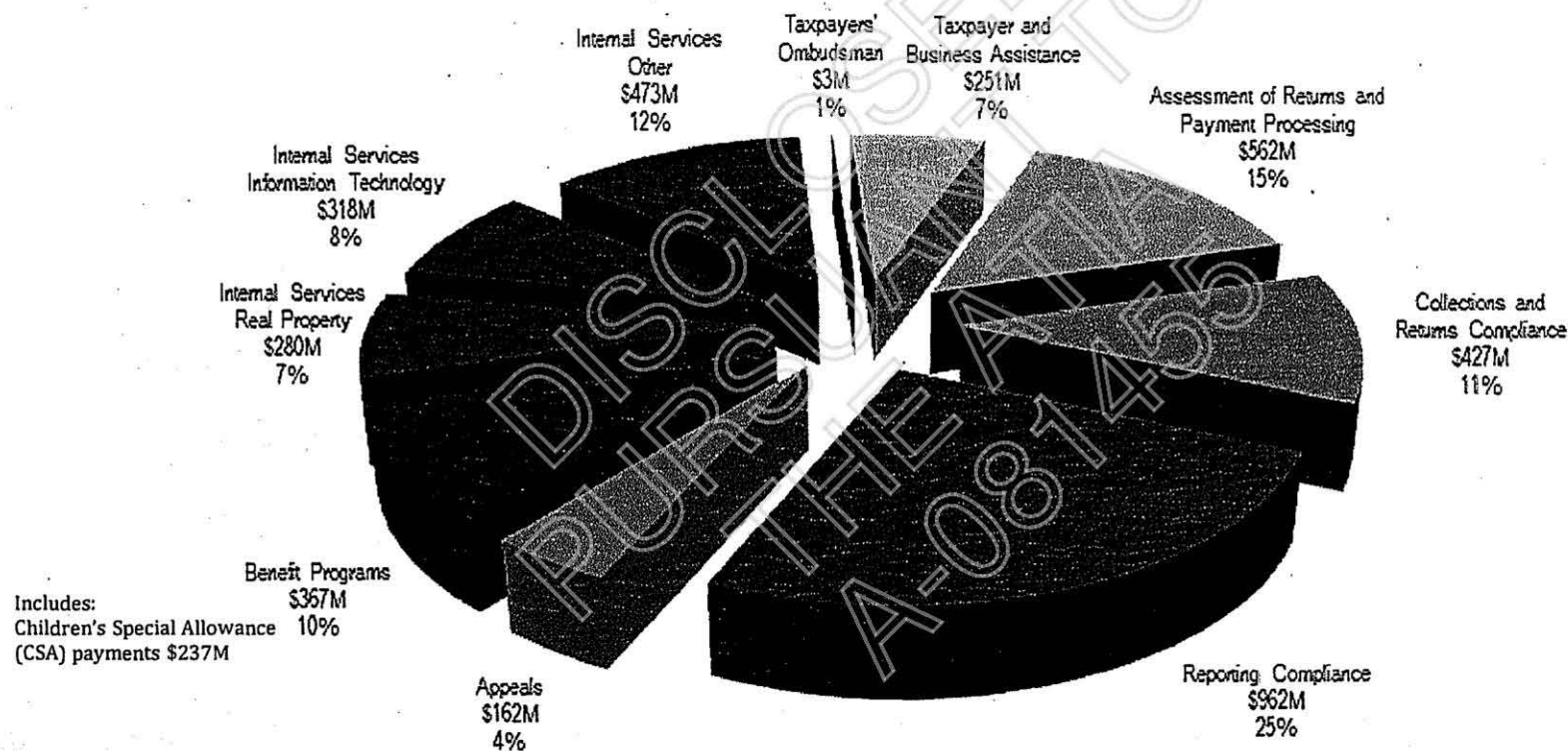
Vote 5 - Capital
\$80.5M
2.1%

Vote 1 - Operating
\$2,898.9M
76.2%



AUTHORITIES SUPPORT THE DELIVERY OF SEVEN CRA PROGRAMS

- The seven programs are in turn supported by internal services (finance, HR, IT, real property, etc.).



Total authorities = \$3.8B

CHANGE IN CRA BUDGET LEVELS FROM 2010-2011 TO 2015-2016

Since 2010-2011, the Agency has managed budget reductions of \$283 million announced in Federal government efficiency exercises.

	\$M
2010-11 Main Estimates (excluding statutory authorities)	3,990.4
2015-16 Main Estimates (excluding statutory authorities and transfer to Shared Services Canada)	4,019.8
Budget Increase (Decrease)	29.4

Major changes to the Agency's budgets are summarized below (including the ongoing impacts prior to 2010-11):

a) Various reduction exercises announced in Federal Budgets including spending review, targeted review and travel reductions	(282.9)
b) Treasury Board Submissions and Federal Budget measures , including the implementation of HST for Ontario, the redesign of the individual income processing system, the Agency's annual Omnibus submission and Real Property Accommodations	225.1
c) Centrally funded wage settlements outside the operating budget freezes announced in Budget 2010 and Budget 2014	87.2

Total Budget Increases (Decreases) ¹	29.4
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1. Includes Employee Benefit Plans associated with these initiatives

18(d)

KEY IMPACTS OF RECENT BUDGETS - REVENUE GENERATION

- Under Economic Action Plan (EAP) 2013, the CRA committed to implementing transformational changes to its compliance programs to improve effectiveness and help preserve the integrity of the tax system by targeting non-compliance in the highest-risk areas. The CRA exceeded the commitment to generate additional revenues of \$550M per year by 2014-2015. No incremental funding was received to implement these changes.
- Under EAP 2014, the CRA received funding of \$99M for three years (2014-2015 to 2016-2017) for the implementation of four revenue generating initiatives with the objective to generate \$652M in incremental federal revenue. CRA exceeded the target set for 2014-2015 and is well positioned to meet the 2015-2016 target.
- As part of EAP 2015, the CRA received funding of \$375M over five years to expand and enhance a number of audit and non-audit programs including those that target the underground economy, offshore non-compliance and aggressive tax avoidance by large complex entities. The expected federal revenue impact is significant, estimated at approximately \$1.9 billion over five years.

KEY IMPACTS OF RECENT BUDGETS – TAX MEASURES

- Additional funding was received to implement a number of legislative measures:

Federal Budget	Funding for 2015-2016 ¹	Funding over 5-year period ¹	Key Legislative Initiatives Include:
2013 ²	\$15.7M	\$64.8M	Scientific Research and Experimental Development outreach and increased compliance
			Combating international tax evasion and aggressive tax avoidance
			Harmonized Sales Tax (HST) and the Harmonized Sales Tax Credit (HSTC) in Prince Edward Island (PEI)
2014	\$7.4M	\$42.1M	Reducing the administrative burden on Charities
			Information reporting of tax avoidance transactions
			Enhanced exchange of information - intergovernmental agreement between US and Canada

69(1)(g) re (a)

1 - Includes funding for Public Works and Government Services, and Shared Services Canada

2 - The CRA internally funded Omnibus 2013 initiatives for fiscal year 2013-2014; therefore 5 year funding period represents 2014-2015 to 2018-2019

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Service to Canadians

Service aux Canadiens

SERVICE TO CANADIANS

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OVERVIEW

- In Canada's self-assessment tax system, providing service excellence is one of the best and most effective ways to sustain high rates of voluntary compliance and ensure clients receive the entitlements they are due.
- The CRA provides up-to-date information through a variety of service channels to ensure Canadians have easy access to clear, timely, and accurate tax and benefit information.
- Over the last several years the CRA has improved the service experience of most clients and the efficiency of our service delivery by delivering a number of new e-enabled self-service options. These e-services are supported by traditional telephone service delivery and offer clients the convenience of accessing CRA information and services in a way that works best for them.

PROCESS TAX RETURNS

The CRA is one of the largest service organizations in Canada. Last year, the Agency touched the lives of 31 million individual and corporate clients and issued benefit and credit payments to nearly 12 million recipients. Canadians can electronically file their tax returns with the CRA and a growing number of individuals and businesses take advantage of this key e-Service.

Results for 2014-2015

Individuals (T1)

- 28.8M (82% electronic)

Corporations (T2)

- 2.2M (86% electronic)

Goods & Services / Harmonized Sales Tax

- 7.6M (79% electronic)

Trust (T3)

- 261,000 (paper only)

Challenges

- Continue drive to e (filing, services)
- Enhance operational efficiency

Service Standards

Processing individual tax returns

- Target is to process an electronic T1 return (EFILE and NETFILE) within an average of two weeks of receipt; paper in average of four to six weeks
- With Direct Deposit, many Canadians receive their refunds within 8 days

Processing corporation tax returns

- Target of 90% of electronic returns processed within 45 calendar days of receipt and 90 days for paper returns

Processing GST/HST returns

- Target of 95% of returns processed within 30 calendar days of receipt

ADMINISTER BENEFITS AND CREDITS

Results for 2014-2015

- Issued 116M benefit and credit payments totaling almost \$22B to 12M Canadians
- Federal benefits and credits include the Canada Child Tax Benefit, Universal Child Care Benefit, GST/HST Credit, Working Income Tax Benefit and the Disability Tax Credit
- Administer 28 benefit and credit programs on behalf of provinces/territories
- Provide electronic income verification service in support of 56 federal/provincial/territorial programs
- 94% of new births in provinces using the CRA's Automated Benefit Application (ABA) service are automatically enrolled for child benefits administered by CRA

Challenges

- Replace Universal Child Care Benefit, National Child Benefit Supplement and Canada Child Tax Benefit with the new Canada Child Benefit
- Develop better marketing and use of technology to communicate to Canadians about the Disability Tax Credit; and ensure regulations for the Disability Tax Credit Promoters Restrictions Act are effective

E-SERVICES

Secure Online Portals

My Account (individuals)

Users can view their Notice of Assessment, track their refund, view or request adjustments to their tax return, check benefit and credit payments and RRSP limits, sign up for direct deposit, receive online mail, and more.

My Business Account (businesses)

Allows business clients to access multiple services for their GST/HST, payroll, corporation income taxes, excise tax, excise duties, and other levies accounts.

Represent a Client (representatives)

Authorized representatives can access an account on behalf of someone else, such as their employer or their client(s).

Canada.ca

CRA website is often the first point of contact for Canadians looking for answers to their tax-related questions.

Our content is viewed more than 100M times a year.

The better organized our content is, the more issues Canadians can resolve themselves, and the less likely they are to call the Agency.

CRA web content is being streamlined and consolidated under Canada.ca

Mobile Apps

My CRA - is a mobile app for individuals and can be used to view information such as a Notice of Assessment, tax return status, and RRSP and TFSA contribution room. New features in 2016 will allow people to undertake the most popular My Account transactions.

Business Tax Reminders - is an app for business clients that can be used to create custom reminder alerts for due dates related to instalment payments, returns, and remittances.

Payments

CRA provides Canadians and businesses a wide range of electronic payment options, including:

- Online banking
- Credit and Debit card - Interac® Online
- Pre-authorized debit and Third-party service providers.

74% of payments made to the CRA are electronic

68% of payments to Canadians are Direct Deposit.

MANAGE CALL CENTRES

Results for 2014-2015

- CRA Telephone Enquiries answered over 23.5M last year:
 - ✓ Individual Income Tax enquiries: 11.8 M
 - ✓ Benefits enquiries (CCTB and GSTC): 6 M
 - ✓ Business enquiries: 4.2 M
 - ✓ e-Services helpdesk (Individual and Business): 1.1 M

Challenges

- Demand exceeds capacity (busy signals)- 80% accessibility standard
- Perception of quality
- Old technology

CORRESPONDENCE

The CRA sends out approximately 130 million pieces of correspondence each year, comprised of approximately 430 specific letter or notice types including:

- T1 Notices of Assessment and Reassessment (28.7 M and 4.5 M respectfully)
- Employer-related correspondence (13 M)
- Goods and Services Tax Credit (GSTC) Notices and Cheques (7.8 M and 4 M respectfully)
- Corporation Notice of Assessment (2.1 M)

Challenges

- The CRA conducted a review of its correspondence, which identified specific problems with:
 - ✓ Lack of clarity, readability, and understandability
 - ✓ Inconsistency in messaging and appearance
 - ✓ Did not fully meet the commitment reflected in the Taxpayer Bill of Rights
- Through CRA's External Administrative Correspondence (EAC) Project, our correspondence is being improved in the areas of:
 - ✓ Structure, layering and format
 - ✓ Plain language and tone
 - ✓ Content flow

OUTREACH

CRA conducts outreach to specific taxpayer segments to support voluntary compliance by providing proactive support to target groups such as students, seniors, aboriginals, persons with disabilities, newcomers to Canada, and low income earners.

The Community Volunteer Income Tax Program (CVITP)

The CVITP is a CRA-sponsored, community-based outreach program that helps eligible individuals meet their filing obligations or apply for benefits and tax credits.

Volunteers work with members of local community organizations to help taxpayers who need extra help to file their returns and access their entitlements.

In 2014-2015, the CRA worked with over 2,000 community organizations and 17,000 CVITP volunteers to help file over 600,000 tax returns.

Liaison Officer Initiative (LOI)

In recent years the Agency has placed a greater focus on providing proactive compliance support for small businesses to help them navigate the tax system and reduce unintentional errors.

The program provides in-person support to businesses at key points as their business grows and helps make sure they "get it right from the start."

IMPROVING SERVICES – MAJOR INITIATIVES

- 69(1)(g) re (a)
- Plain language correspondence that is easy to read.
- 69(1)(g) re (a)
- Support Canadians to ensure they receive benefits they are entitled to.

3h

Compliance

Observation

COMPLIANCE

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OVERVIEW

Maintaining the integrity of Canada's tax system

- Canada's tax system is based on voluntary compliance and self-assessment.
- The CRA's compliance activities protect the integrity of our self-assessment tax system through responsible enforcement by identifying, addressing, and deterring non-compliance with Canada's tax laws.
- By pursuing those who are non-compliant, the CRA helps to maintain Canadians' trust in the fairness and integrity of our tax system.

Compliance Outcomes

95% of GST/HST registrants registered when required.

93% of individuals filed their taxes on time.

86% of businesses filed on time.

93% of individuals paid their outstanding amounts on time.

Almost 87% of businesses paid on time.

COMPLIANCE AND VERIFICATION

Compliance Programs Branch (CPB)

- The mandate of the Compliance Programs Branch is to ensure compliance with the reporting requirements of the Acts administered by the Agency.
- CPB activities include:
 - Supporting compliance through outreach, service and education for those who need extra help and through measures to reduce the red tape burden and make compliance easier.
 - Collaborating with tax professionals, provincial and territorial governments, internal and external partners and stakeholders to clarify rules and ensure efficient administration.
 - Developing business intelligence, gathering data and risk scoring to select the optimal files.
 - Conducting audits and delivering an expanding range of non-audit treatments including industry campaigns, support visits, and criminal investigations to correct non-compliance.
 - Delivering broader coverage to international and large taxpayers, offshore non-compliance, the underground economy sectors and aggressive tax planning schemes.
 - Collaborating with the Department of Finance (legislation and policy development) and international partners in response to the Organization for Economic Co-operation and Development (OECD), G20 and G8 tax and fiscal priorities.

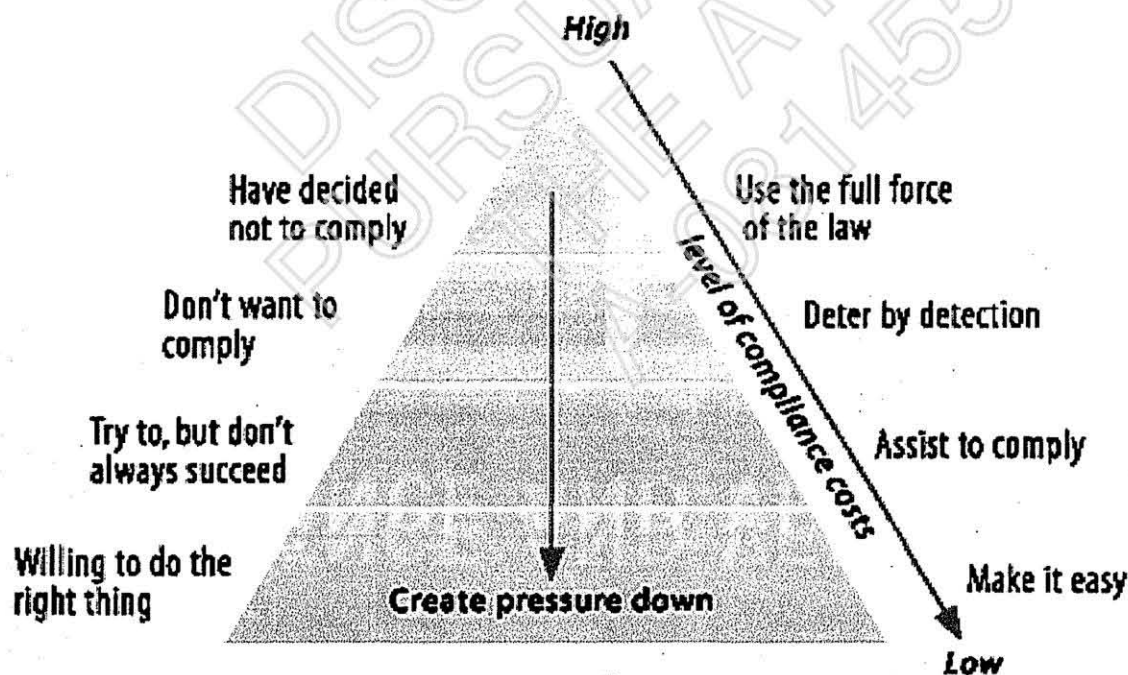
Collections and Verification Branch (CVB)

- The mandate of the Collections and Verification Branch is to promote and enforce compliance with Canada's tax laws for filing, withholding, registering, and debt obligations.
- CVB activities include:
 - Facilitating compliance through taxpayer education.
 - Performing statistical analysis, data mining and research to identify compliance risks and deploy innovative strategies to more effectively and efficiently address compliance.
 - Validating information contained in returns and reassessment requests through the review of income amounts, deductions, and credits to ensure correct reporting.
 - Examining the books and records of employers and GST/HST registrants to ensure the correct amounts are calculated and remitted.
 - Using risk-based approaches to identify non-filers and deployment of appropriate compliance treatments to effectively and efficiently support and enforce filing compliance.
 - Collecting outstanding debts through the application of progressive and targeted enforcement action.

THE COMPLIANCE PYRAMID

- Compliance research, such as the Agency's 2011 Taxpayer Attitudinal Segmentation Research Report, confirms the validity of the compliance pyramid model. This model is used to help guide the development of more effective and efficient compliance strategies.

- The CRA's approach to compliance is to identify non-compliance as early as possible, intervene as quickly as possible, and take the most appropriate corrective action to efficiently correct non-compliance and to prevent future non-compliant behaviour.



RISK TREATMENT

- When it comes to enforcing compliance, the CRA ensures the right treatment is used for the right level of risk.

Risk Group	Treatment
Low	Influence compliance behaviours by increasing taxpayers' understanding of their tax obligations through targeted outreach, accessible taxpayer services, and education.
Medium	Provide information and in-person support to reduce the necessity for direct compliance intervention. Utilize lighter touch compliance approaches such as nudge techniques and reminders by mail and phone designed to encourage and support taxpayer compliance.
High	Initiate progressively intensive compliance treatments such as examinations, audits, collection actions, legal actions, investigations, and prosecutions to ensure and enforce compliance with the Acts administered by the CRA.

THE RIGHT TREATMENT FOR THE RIGHT RISK

PRIORITIES MOVING FORWARD

Initiative	Description
Small and Medium Strategy	Further develop non-audit approaches with emphasis on innovation such as nudge techniques. Continue to shift audit focus to medium sized businesses and UE activities. Formalize the approach to micro-enterprises.
The Underground Economy (UE)	Support stakeholders working to reduce the social acceptability of participation in the UE. Demonstrate tangible results against the UE work plan.
Aggressive Tax Planning (ATP)	Implement the recommendations contained in the Office of the Auditor General of Canada's Spring 2014 report and other measures to strengthen the ATP program.
Criminal Investigations	Continue to improve the selection and prioritization of high-risk files for criminal investigations, including a new Memorandum of Understanding and enhanced collaboration with the RCMP.
Offshore Compliance	Use new information sources to expand and focus audits and investigations on taxpayers who participate in aggressive tax avoidance or attempt to conceal income and assets offshore.
Base Erosion and Profit Sharing (BEPS)	Continue to ensure that Canada plays a central role in establishing the global standards approach.
Simplify Compliance Interactions	Simplify compliance correspondence and expand electronic services to businesses and third parties to help them resolve tax issues more quickly and easily.
Facilitate Employer Compliance	Expand webinars, educational visits and work with stakeholders to help employers understand and manage compliance responsibilities.
Enhanced Compliance Initiative	Continue to apply new investments and achieve objectives in addressing specific non-compliance.
Nudge to Action	Apply behavioural economics to improve responsiveness to large-scale compliance interventions such as letter campaigns.

RECENT INVESTMENTS

■ Budget 2013

- \$30 million over five years in support of new measures to combat international tax evasion and aggressive tax avoidance.
 - \$15 million to implement the Electronic Funds Transfer (EFT) reporting.
 - \$15 million in to focus on offshore compliance activities and programs.

■ Budget 2015

- \$25.3 million over five years for the CRA to expand its offshore compliance activities through the use of improved risk assessment systems and business intelligence and by hiring additional auditors.
- \$58.2 million over five years was proposed to combat aggressive tax avoidance in Canada by the largest and most complex business entities.
- \$118.2 million over five years to provide support to the CRA's efforts to combat the underground economy in Canada.

RECENT MEASURES

- **The Offshore Tax Informant Program (OTIP)**

- OTIP allows the CRA to make financial rewards to individuals who provide specific and credible details about major international tax non-compliance that leads to the assessment and collection of additional federal taxes.

- **The International Electronic Funds Transfers (EFT) Initiative**

- Certain financial intermediaries, including banks, reporting international Electronic Funds Transfers (EFT) of \$10,000 and over to the CRA.

- **Automatic exchange of information**

- The common reporting standard and intergovernmental agreements (i.e. the Foreign Account Tax Compliance Act (FATCA)).

- **Voluntary Disclosure Program (VDP)**

- Increased submissions by taxpayers voluntarily reporting income – suggesting a reduction in non-compliance.

- **Underground Economy Specialist Teams (UEST)**

- Focusing on methods to identify and address significant non-compliance in high risk sectors.

International cooperation

- **Base Erosion and Profit Sharing (BEPS)**

- The Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project will require some legislative change to support country-by-country reporting (CbC). In addition, some multinational enterprises will be required to provide governments with information on their global allocation of revenues (sales), profits, taxes paid and other activity indicators.

COMPLIANCE PROGRAMS BRANCH

RESULTS 2014-2015

- The Compliance Programs Branch conducted 127,504 audits and examinations during the 2014-2015 fiscal year which resulted in a fiscal impact amounting to \$11.7 billion.
- Fiscal impact consists of tax earned by audit (TEBA), provincial taxes, interest and penalties not included in TEBA. It excludes the impact of appeals reversals and uncollectable amounts.
 - TEBA is comprised of federal income tax adjustments for the years audited plus future years' adjustments discounted to the net present value, the value of GST/HST recoveries, third-party, transfer pricing and gross negligence penalties.
- The Compliance Programs Branch workforce includes 5,391 auditors (April 2015).

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Collections

Recouvrements

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COLLECTIONS

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COLLECTIONS OVERVIEW

- The Canada Revenue Agency's (CRA) Collections Program:
 - **collects accounts receivable** for all taxes, levies, duties, and other accounts administered by the CRA, including amounts withheld in trust on behalf of the Crown;
 - **prevents and/or deters taxpayer non-compliance** and **ensures early resolution of accounts** prior to entry into more resource intensive collection workflows through the use of automated operations and remittance strategies; and
 - **provides collections services to other federal departments and provincial governments** (including, but not limited to, defaulted Canada Student Loans, Employment Insurance overpayments, and Canada Pension Plan overpayments).

Collection Outcomes

90% of taxpayers pay their taxes on time without intervention

\$52.5 billion in tax debt was resolved in 2014-2015

\$37.9 billion in outstanding tax debt in 2014-2015

4 million taxpayers owing various types of tax debt

COLLECTIONS OVERVIEW

- The Canada Revenue Agency is committed to responsible enforcement in order to preserve the integrity of Canada's tax base and to protect the interests of the Crown.
- The CRA's collection policies seek to resolve issues in a mutually satisfactory way. Taxpayers are encouraged to contact us and work with us to create suitable payment arrangements based on their ability to pay.
- The CRA makes every effort to reach a mutually acceptable payment arrangement before proceeding with garnishment or other forms of legal action to satisfy the debt, such as seizure of properties and assets.
- The CRA is sensitive to cases of hardship. Taxpayer Relief provisions are used wherever possible to provide eligible taxpayers with relief of interest and penalties.
- Responsible stewardship of the CRA debt management portfolio means:
 - Maximizing recoveries.
 - Writing off unrecoverable accounts when appropriate.

MANAGING TAX DEBT

- The Collections Program is addressing the growth of the tax debt through its transformation agenda; incorporating enhanced business intelligence and analytics, and through the use of risk-based approaches:

Intake Avoidance

- Encouraging compliance and assisting taxpayers who want to pay in order to avoid and/or quickly resolve new debt.
- Approach:
 - Providing taxpayers with reminders with tailored messaging to comply.
 - Making it easier for taxpayers to pay early or on filing.

Service

- Working with taxpayers who cannot pay in order to avoid undue financial hardship and reduce bad debt
- Approach:
 - Educating taxpayers through websites and videos.
 - Negotiating payment arrangements in line with taxpayers' ability to pay.

Enforcement

- Compelling those who are unwilling to pay in order to ensure they meet their obligations
- Approach:
 - Providing legal warning letters.
 - Conducting investigations and gathering third party information.
 - Taking enforcement actions.

WRITE-OFFS

- An uncollectible debt is an amount that the CRA is unable to collect for a number of reasons, such as:
 - collection avenues have been exhausted;
 - the debt cannot be located; or
 - the debtor does not have the ability to pay.
- Under specific legal requirements, uncollectible debts can be written off to remove them from the CRA's inventory, under the authority of the *Financial Administration Act*.
- The CRA has multiple delegated authority levels to approve debt write-offs.
- Writing off a debt does not forgive or extinguish the legal right of the CRA to collect the debt, nor does it release the debtor from the obligation to pay.

Fiscal Year	Amount Collected (\$B)	Write-offs (\$B)	Total (\$B)
2014-2015	49.5	3.0 ¹	52.5

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PRIORITIES MOVING FORWARD

Initiative	Description
Intake Avoidance	Facilitate access to, and encourage/promote use of, self-serve payment options to assist taxpayers who want to pay.
Leverage Business Intelligence for Workload Management	Use business intelligence and data-mining techniques to better understand trends, identify risks, predict taxpayer behaviour, and distinguish between deliberate non-compliers and those who owe but cannot pay.
Enhance Enforcement Actions	Modernize collection procedures and workflows to emphasize the requirement for timely, appropriate, thorough, and progressive collections action.
Aggressive Tax Planning and Offshore Non-Compliance	Advance initiatives outlined in the Collections program's strategy and work plan focused on combatting aggressive tax planning and offshore non-compliance.
International Best Practices	Ongoing engagement with other tax administrations on benchmarking, best practices, and future initiatives related to debt management.

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Appeals

Appels

APPEALS

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Briefings

APPEALS OVERVIEW

- The Appeals Branch administers the Government of Canada's largest administrative dispute resolution service.
- The mandate of the Appeals Branch is to provide a fair and impartial process to resolve disputes, service complaints and requests for relief from assessed penalties and interest arising from decisions made under the legislation and programs administered, and services provided, by the Canada Revenue Agency.
- It liaises with the Office of the Taxpayers' Ombudsman and provides assistance to Members of Parliament for their constituents' tax issues.
- The Appeals Branch is the CRA's last opportunity to administratively resolve tax disputes before going to court.

APPEALS BRANCH

APPEALS RESPONSIBILITIES

Reviews taxpayers' objections to assessments relating to Income Tax, GST/HST, Benefits and Credits, and Charities, and confirms or reverses the assessments. The decision of the Appeals Branch may be appealed through the court system.

The CRA is responsible for making decisions on the insurability and pensionability of employees' income relating to the Canada Pension Plan (CPP) & Employment Insurance (EI). Anyone disagreeing with that decision can ask the Appeals Branch for a review. This decision can be further appealed to the court.

Provides relief to taxpayers by reviewing requests to cancel or waive interest and/or penalties. The Taxpayer Relief Provisions of the statutes give the CRA authority to cancel or waive penalties and interest (otherwise payable by the taxpayer) because of personal misfortune or circumstances beyond the taxpayer's control. They also provide for certain discretion in administration such as to allow late, amended, or revoking elections. CRA's decisions may be reviewed by the Federal Court.

Resolves service complaints. The CRA offers a process to resolve service-related issues resulting from mistakes, undue delays, misleading information, or concerns about behaviour of CRA employees. Taxpayers who are still not satisfied with the CRA service or a response on a complaint may seek redress from the Office of the Taxpayers' Ombudsman.

Provides assistance to Members of Parliament to resolve their constituent's tax issues or emergency tax situations. The assistance is provided through a dedicated phone service.

WORKLOAD

- The Appeals Branch receives 60,000 to 70,000 income tax and GST/HST objections a year. The objections vary from the less complex issues, such as individual tax credits, to the CRA's largest and most complex files such as international transfer pricing and the General Anti-Avoidance Rule (GAAR).

OBJECTIONS BREAKDOWN

About 60% of objections relate to individual taxpayers with less complex tax issues and are resolved within 180 days.

Approximately 30% are typically related to businesses (small and medium) and are currently resolved within two years.

The remainder are comprised of large corporations with a lengthy resolution period.

- In recent years, the CRA received a significant increase in objections relating to tax schemes such as gifting tax shelters, withdrawal of funds from registered retirement savings plans (RRSPs), tax protestor groups ²⁴⁽¹⁾ etc. **There are currently more than 117,000 of such objections in inventory - about 110,000 are related to gifting tax shelters.** The processing of these objections is being conducted over time with about half being resolved administratively and the other half awaiting the outcome of lead litigation cases before the courts which may take many years to resolve.

2015-2016 PRIORITIES

PRIORITIES

1. Improve turn-around time for the resolution of business (small and medium) objections to an average of 180 days.
2. Support the newly appointed Taxpayers' Ombudsman, Ms. Sherra Profit.
3. Strengthen the CRA's ability to improve service delivery to Canadians through a robust analysis of taxpayer feedback and service complaints.

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Corporate

Administration centrale

CORPORATE

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OVERVIEW

- There are seven corporate branches within the Canada Revenue Agency (CRA) that support program delivery through the provision of corporate and common services. Representing the bulk of these services that support the effective running of the Agency, are the following three key branches:
 - **Information Technology Branch (ITB):** Maintains the Agency's IT systems and develops new IT-based system solutions.
 - **Human Resources Branch (HRB):** Oversees the management of the CRA workforce including collective bargaining, and training and development.
 - **Finance and Administration Branch (FAB):** Provides advice, products, and services in finance, security, administration and real property.
- Additional corporate branches that serve the Agency include:
 - **Strategy and Integration Branch (SIB):** Reports to Parliament and provinces and territories, Federal, Provincial, and Territorial relations, supports informed internal decision making of CRA's operational and strategic agenda through Business Intelligence and statistics, as well as Cabinet Affairs, leads cross-cutting CRA projects and initiatives (such as innovation), and supports the Board of Management and Corporate Secretariat.
 - **Public Affairs Branch (PAB):** Provides public affairs oversight, advice, products, and services.
 - **Legal Services:** Assists the Minister, the Commissioner, the Board of Management, and CRA employees in making effective decisions that are legally correct, fair, and consistent across the CRA.
 - **Audit, Evaluation, and Risk Branch (AERB):** Provides independent and objective information, advice and assurance on the soundness of the CRA management framework and on the effectiveness, efficiency, and economy of its strategies, programs, and practices.

INFORMATION TECHNOLOGY

- The CRA is a highly e-enabled organization that has made significant investments in IT. It was one of the first government organizations to offer Canadians comprehensive digital services. This past year (2014-2015), over 80 percent of individuals filed their returns online and millions of individuals, businesses, and their representatives accessed services through the Agency's secure digital portals.

ITB RESPONSIBILITIES

Strengthening CRA's IT security in collaboration with Shared Services Canada (SSC) to protect CRA data and IT assets.

Supporting the operation, maintenance, and development of business and administrative systems of the Agency.

Provisioning of client computing and Corporate Administrative System services to the Canada Border Services Agency.

Supporting Government of Canada initiatives, such as the email transformation initiative, adoption of GCDocs, and the migration of CRA web sites to Canada.ca.

HUMAN RESOURCES

- As a separate employer, the CRA has authority over the management of its human resources. Although the CRA is not bound by the Treasury Board Secretariat's HR policies, the Agency has maintained its ties to the core public service and is actively involved in government-wide initiatives.

HRB RESPONSIBILITIES

Maintaining awareness and compliance with all sections of the *Canada Revenue Agency Act* and other federal statutes that have implications for employees and HR management.

Developing, refining, and negotiating various strategies, policies and plans pertaining to collective bargaining, terms and conditions of employment, and classification standards.

Providing strategic support to Agency senior management, ensuring that the necessary policies, procedures and practices are in place to allow them to fulfill their responsibilities.

Providing operational services for Agency managers and employees.

FINANCE AND ADMINISTRATION

- Effective resource management is key to the CRA's success in managing one of the Government of Canada's largest budgets. FAB supports the Agency by focusing on effective and efficient business models and continually striving to improve client services.

FAB RESPONSIBILITIES

Stewardship of the Agency's resources and accountability for the financial management of all revenues and expenditures generated by the Agency.

Continuously supporting and promoting the Agency's agenda on integrity and security by ensuring CRA's systems are designed to protect the information the Agency receives from individuals and businesses.

Being the corporate owner and investor in real property management and responsible for material management. As accommodation is one of the CRA's largest expenses, space optimization continues to be a CRA priority.

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Safeguarding taxpayer information

**Protéger les renseignements sur les
contribuables**

CRA's obligation

The Canada Revenue Agency (CRA) recognizes that trust is the foundation of Canada's voluntary self-assessment tax system, and therefore, places the highest priority on protecting the personal information entrusted to it by taxpayers. The CRA has put in place strong internal controls to ensure taxpayer information and privacy is protected.

The CRA has a legal obligation to safeguard the confidentiality and integrity of the information and assets for which it is responsible. The CRA's legislative responsibility to protect taxpayer information is outlined in detail in section 241 of the *Income Tax Act*, section 295 of the *Excise Tax Act*, and section 211 of the *Excise Act, 2001*.

Information classification

In accordance with the *Access to Information Act* and the *Privacy Act*, the Government of Canada has grouped its sensitive information and asset holdings into two types: classified information and protected information.

1. **Classified information** concerns information related to the national interest, such as the defence and maintenance of social, political and economic stability of Canada that may qualify for exemption or exclusion under the *Access to Information Act* or *Privacy Act*. Classified information is classified into three categories based on the degree of potential injury to the national interest if the information were to be compromised: Top secret (high); Secret (medium), and Confidential (low).
2. **Protected information** concerns information that lies outside the national interest that may qualify for an exemption or exclusion under the *Access to Information Act* or *Privacy Act*. Protected information is classified into three categories based on the degree of potential injury to an individual, an organization, or the CRA if the information were to be compromised: Protected A (low); Protected B (medium); and Protected C (high).

Cabinet documents management

It is essential for the Minister's Office to follow established procedures to safeguard Cabinet documents, which contain classified and/or protected information. The CRA manages Cabinet documents in its custody according to the requirements of the Privy Council Office with regard to the handling, storing, routing, and filing of Secret Agency information and assets. In addition, the CRA stores Cabinet documents in a secure area with controlled access and an alarm system. The employees involved in managing the documents use equipment that has been approved by the Royal Canadian Mounted Police, such as

filing cabinets, shredders, brief cases, and fax machines. The employees also work on a separate secret file server.

Privacy breaches

Privacy breaches refer to the improper or unauthorized access or disclosure of personal information as defined in the *Privacy Act*. Privacy breaches involving taxpayer information generally fall into three broad categories: employee misconduct (e.g. unauthorized access); unintentional breaches (e.g. human error), or information technology vulnerabilities.

A material breach is one that involves sensitive personal information and could reasonably be expected to cause serious injury or harm to the individual, and/or involves a large number of affected individuals. When a privacy breach is discovered, the CRA documents it, assesses its risk, and notifies the individuals involved. This is in accordance with Treasury Board Secretariat guidelines.

In 2014-2015, the CRA reported the following three types of privacy breaches:

- misdirected mail;
- unauthorized access to taxpayer information; and
- other, including cyber security threats (e.g., Heartbleed) and unauthorized disclosure of taxpayer information (e.g., Canadian Broadcasting Corporation).

Specifically, 37 privacy breach incidents were reported to the Office of the Privacy Commissioner and the Treasury Board Secretariat. These incidents include the following:

- 32 incidents involving unauthorized access to taxpayer information by a CRA employee;
- two unauthorized disclosures of taxpayer information;
- two incidents of misdirected mail; and
- one theft of information.

In April 2014, there was a breach of CRA's systems as a result of the Heartbleed bug, a software security threat. The CRA quickly closed down its e-services, including My Account and My Business Account for five days to contain the vulnerability. In November 2014, in response to an access to information request, the CRA inadvertently released taxpayer information to the Canadian Broadcasting Corporation (CBC). The CRA immediately addressed the incident by conducting an internal investigation, which confirmed the disclosure of information was a result of human error. The CRA also implemented a plan to enhance controls within the Agency's Access to Information and Privacy operations. At the same time, the CRA initiated a third-party independent review of its access to information and privacy management frameworks.

Although the CRA made immediate efforts to retrieve the information, the CBC chose to publish some of the information in an article. Since the incident, the CBC has refused to return the confidential information. In May 2015, the CRA commenced legal proceedings against the CBC to recover this information on the basis that their failure to return the material is a breach of confidence.

CRA's security screening

As part of protecting the confidentiality of taxpayer information, the Agency examines employees' conduct and potential risk for misconduct through its security screening process. The CRA has three levels of security clearance:

- **Reliability Status** for positions requiring access to Protected information.
- **Secret Clearance** for positions requiring access to Classified information.
- **Reliability Status Plus (RS+)** was introduced in December 2013, for positions requiring a high degree of public trust.

CRA's security infrastructure

The CRA has a centralized security and incident management capacity. The Agency ensures that only those that require access as part of their work function have access to CRA's systems and that information is only used for its intended purpose. Additionally, the Agency has post screening mechanisms in place for reporting suspected fraud or misuse of access to information, including an anonymous tip line. When concerns are raised, the Agency conducts investigations to determine whether allegations of wrongdoing are founded.

The Agency's security infrastructure includes:

- proper security design of facilities;
- access control measures and procedures; and
- standards for handling, storing, transmitting, and disposing of information and assets.

The CRA continues to enhance its security infrastructure to ensure the Agency's readiness to respond to the changing threats in its environment. For example, given that cyber security incidents are increasing and becoming more sophisticated, the CRA is strengthening the security of its processes with regard to how sensitive information is stored, accessed, and transmitted over its network. The Agency also continues to improve upon its security protocols and controls to make sure that taxpayer information is safeguarded.

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Oversight

Surveillance

Beyond the broad oversight role of the Board of Management, the activities of the Canada Revenue Agency (CRA) are subject to rigorous oversight in the form of both internal and external audits and evaluations.

External Oversight

Office of the Auditor General

The Office of the Auditor General (OAG) provides Parliament with fact-based information and independent advice on government programs and activities gathered through audits. Parliamentarians use OAG reports to evaluate and oversee government activities and hold the federal government to account for its management of public funds. The Commissioner of the Environment and Sustainable Development carries out the mandate of her office on behalf of the Auditor General.

Office of the Privacy Commissioner

The Office of the Privacy Commissioner (OPC) protects and promotes the privacy rights of individuals by conducting audits of the privacy policies and practices of federal government departments and agencies. The OPC also answers public inquiries and investigates privacy complaints.

Office of the Commissioner of Official Languages

The Office of the Commissioner of Official Languages (OCOL) promotes Canadian linguistic duality and oversees the full implementation of the *Official Languages Act*.

Office of the Information Commissioner

The Office of the Information Commissioner investigates complaints about federal institutions' handling of access requests and mediating between dissatisfied information applicants and government institutions. As an ombudsperson, the Commissioner may not order complaints to be resolved in a particular way, though the Commissioner may refer a case to the Federal Court for resolution.

Office of the Conflict of Interest and Ethics Commissioner

The Conflict of Interest and Ethics Commissioner is an independent Officer of Parliament who administers the Conflict of Interest Act for public office holders and the Conflict of Interest Code for Members of the House of Commons to prevent conflicts between the public duties and private interests of elected and appointed officials.

Internal Oversight

Internal Audit

The CRA conducts internal audits of its programs and corporate functions to provide senior management with information on program management and cost effectiveness. Internal audit activities are carried out according to CRA internal policies and in compliance with the International Standards for the Professional Practice of Internal Auditing. All final internal audit reports are posted on the CRA web site.

Program Evaluations

The CRA conducts program evaluations to provide the Commissioner and senior management with independent, evidence-based assessments on the performance and outcomes of CRA programs, policies, and initiatives. Program evaluations are carried out according to the *CRA Program Evaluation Policy*. All final program evaluation reports are posted on the CRA web site.

Upcoming Audits and Evaluations

External Audits (fall 2015 to fall 2016)

- *Meeting the Information Technology Needs of Federal Organizations with Shared Services Canada* (OAG audit of Shared Services Canada, CRA is an entity of interest only) – delayed to winter 2016
- *Departmental Progress in Implementing Sustainable Development Strategies* (OAG audit of four departments and agencies reported by the Commissioner of the Environment and Sustainable Development) – delayed to winter 2016
- *Privacy and Portable Storage Devices* (OPC audit of a number of federal departments and agencies) – winter 2016
- Performance audit of the Tax Appeals Program (OAG) – fall 2016

Internal Audits and Program Evaluations (fall 2015 to fall 2016)

- Information extracted from source systems audit - fall 2015
- Audit of Cyber Security – fall 2015
- Tax Free Savings Account evaluation – spring 2016
- Major project investment oversight process audit – spring 2016
- e-Services – Individual compliance behaviour framework evaluation – spring / summer 2016
- Employer Compliance Audit Evaluation – fall 2016