

Clerk of the Standing Committee on Finance  
Sixth Floor 131 Queen Street  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Sirs

Re: An idea to Strengthen the Economic Stability of Canada

I recently sent an idea to Dan Albas, MP for our local Okanagan constituency and he recommended that I forward it to your Committee for consideration. I enclose copies of my email exchange with Dan Albas as well as a copy of my proposed idea.

Although tempted, I do not seek to appear in person before the Committee at any of the proposed locations of hearings across the country. I appreciate the opportunity provided for citizen input into pre-budget consultations. I look forward to following the results of these hearings.

If you have any questions regarding my proposal don't hesitate to contact me directly.

Sincerely

A handwritten signature in black ink, appearing to read "Kevin Ritcey". The signature is fluid and cursive, with the first name "Kevin" and last name "Ritcey" clearly distinguishable.

Kevin Ritcey

Penticton BC

In Canada an individual's liability for income tax is based on residency in Canada. A Canadian resident has to file and pay income taxes on their world income and they are entitled to receive credit for taxes paid to other countries via a Reciprocal Tax Treaties which Canada has with those other countries. Non-residents on the other hand are only subject to certain taxes in Canada based on the nature of them e.g. capital gains on the sale of Canadian property and withholding taxes help ensure these are paid to Canada. Non residents are otherwise not subject to Canadian income taxation until they dispose of certain property.

A determination of residency in Canada is made after considering various factors such as the amount of time the individual spends in Canada, their economic, social and family ties, whether they own a home or other real property in Canada etc. Non resident Canadians do not have to file Canadian tax returns.

Other countries e.g. the United States have a national Tax Code which is based on citizenship as well as residency. All U.S. citizens must file an annual tax return regardless of where they derive their income for the year. Various Tax Code provisions offer recognition and relief from double taxation as well yet the important thing to note here is that the USA as an autonomous state places a value on its citizenship. This conveys the message that US citizenship carries responsibilities as well as certain rights. If you wish to retain your citizenship then you must file a US tax return. The onus is on the citizen each year to maintain his/her connection to Uncle Sam.

In recent years some countries in the Commonwealth e.g. Australia have recognized the value of knowing and maintain contact with their ex-patriot citizens who are living around the world. I do not know if Australian non residents have to file Australian tax returns or not however that country does make an effort to know how many Australian trained professionals ( doctors, engineers, researchers, teachers and other technical experts) are working abroad and the Australian Government communicates with them if there are Australian skill shortages of similar professionals at home. This is social networking on a grand scale and it sends the message that Australia values its citizens around the world.

In Canada I feel that our citizenship is seriously undervalued ( lots of rights and privileges but few responsibilities) and our Non Resident citizens are a virtually unknown and neglected lot with few if any responsibilities or ties to Canada' economic future. Just one example illustrates this very clearly. During yet another upheaval in Lebanon, thousands of non resident Canadian citizens sought Canadian government assistance to leave that country for safety in Canada. Literally millions of Canadian tax dollars were spent repatriating these citizens back to Canada and then within months of the end of hostilities the majority of these citizens returned to their ongoing home Lebanon with no obligation to repay or replace the tax dollars spent on their behalf.

This situation and another more recent one dealing with Canadian non resident citizens living in Egypt, I suggest do not sit well with a great many Canadians who live here paying taxes to build Canada's infrastructure, social and health safety network for our future generations. Many of these Non Resident

our Canadian health safety network without ever having to pay for them.

## Rights & Responsibilities of Canadian Citizenship

I checked Government of Canada website ( Immigration) and found it to be an excellent summary of Canada's history, cultures and norms for the benefit of potential immigrants.

While it encourages newcomers to become citizens and to actively participate in their new country, it does not require them to retain or maintain any residential, economic, social or family ties to Canada. In effect once obtained, Canadian citizenship carries with it no expiration date and yet conveys all sorts of rights such as:

- Right to run for political office
- Right to vote
- Eligibility for employment in certain Federal jobs
- Right to hold a Canadian Passport
- Entitlement of Canadian Government support and assistance in foreign countries.

In recent years as noted above, when war and strife occur in foreign countries Canadian citizens who reside there often look to Canada for financial assistance with transportation, travel modes etc.

Perhaps certain Federal Government Departments may have some data on the numbers of Canadian citizens living and working abroad but I doubt it. In my view it would be a worthwhile effort to simply ask those Departments to provide a current estimate of the number of non resident Canadian citizens living and working abroad on an ongoing basis. At the very least this would assist Foreign Affairs in planning estimates on fiscal liability to repatriate citizens from Haiti, Lebanon, Egypt etc.

Canada faces very trying circumstances in the coming years (aging population, increased health care demands, low birth rate, aging infrastructure) which all carry major economic challenges. Instead of just reducing spending or cutting programs and necessary public services that people need why not look at innovative ways to " grow the pie" from which all these budget needs can be met?

### Proposal:

Rather than increase taxes on people & corporations that already reside and pay taxes here in Canada, why not place a greater value on Canadian citizenship. Essentially, I recommend that the Federal Government introduce a requirement for non resident Canadian citizens to file an annual statement (using the existing income tax return) to affirm their wish to retain their Canadian citizenship and that they be required to pay an annual fee or levy e.g. \$ 100 to contribute to Canada's systemic fiscal needs. Assuming at a minimum there are 3 million Canadian expatriate citizens living abroad (it may be as high as 5 million) this could generate \$ 300 million each year that could be used to fund health care initiatives. Failure to file and pay the annual statement and fee for two years could lead to suspension or cancellation of their Canadian citizenship.

Amend Section 5 of the Citizenship Act to include a responsibility for citizens to maintain a continuing connection to Canada by way of residency, work or investment or by way of filing an annual statement advising of their desire to be an expatriate citizen living outside of Canada.

Amend the Income Tax Act to include a clause requiring all Canadian citizens to file an annual statement affirming their status (resident or non resident) and acknowledge their obligation to contribute to Canada's fiscal needs related to their ongoing citizenship. Canadian residents would be exempt from this citizenship fee since they are already filing and paying their taxes. Non resident citizens however who choose to live , work or invest outside of Canada on a permanent basis would have to meet the requirement or risk losing all the rights & privileges associated with citizenship.

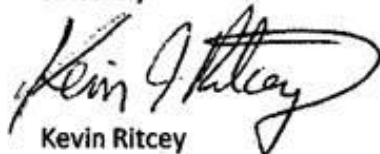
**Additional Benefits:**

The above proposal would send a powerful message of the high value of Canadian citizenship and the desire of the Federal Government to maintain an ongoing connection with expatriate citizens. It would also help assure resident Canadians that they are not alone in bearing the load and that citizens living abroad are contributing in some way to Canada's future.

**Conclusion:**

My proposal may have social, international or other implications that I have not considered. e.g. dual citizenship agreements. Yet I believe it would be worthwhile for the Government to at least look into it from a feasibility or policy point of view. Perhaps a leading university or think tank group could be tasked to study the idea and report back on the pros and cons of it. Perhaps a research grant could be made available for this purpose.

Sincerely

A handwritten signature in black ink, appearing to read "Kevin Ritcey", with a large, stylized flourish at the end.

Kevin Ritcey

Penticton BC