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Chair: Mr. Peter Fonseca



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• (1105)

[*English*]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call to order meeting number 85 of the House of Commons Standing Committee on Finance.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, April 20, 2023, the committee is meeting to discuss the subject matter of Bill C-47, An Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023.

Today's meeting is taking place in a hybrid format. Pursuant to the House order of June 23, 2022, members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute yourself when you are not speaking. For interpretation, those on Zoom, have the choice at the bottom of your screen of the floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

All comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

Members and witnesses, in today's meeting, we will be focused on parts 1 to 3 of the bill.

We have a number of officials with us from the ministry of finance—I believe nine. That's what I've been told. I will list those officials who are with us, and maybe one of those officials or a number of them could just give us a brief overview of parts 1 to 3 in the questions they will be answering today from the members.

We have Gervais Coulombe, who is senior director, excise taxation and legislation, sales tax division, tax policy branch; and Andrew Donelle, senior director, deferred income plans.

We also have Lindsay Gwyer, a former colleague of MP Chambers at law school. She is the director general, legislation, tax legislation division, tax policy branch.

There will be no preferred treatment here, please, MP Chambers.

Furthermore, we have Pierre Leblanc, director general, personal income tax division, tax policy branch; Warren Light, expert adviser, sales tax division, tax policy branch; Mark Maxson, director of employment and education, personal income tax division, tax policy branch; Pierre Mercille, director general, sales tax legislation, sales tax division, tax policy branch; Amanda Riddell, director of real property and financial institutions, sales tax division, tax policy branch; and lastly, Kevin Shoom, senior director, international taxation and special projects.

We want to thank you all for being with us here today.

If somebody would like to make a few remarks with regard to parts 1, 2 and 3, we would appreciate that.

[*Translation*]

Mr. Pierre Mercille (Director General, Sales Tax Legislation, Sales Tax Division, Tax Policy Branch, Department of Finance): Good morning. My name is Pierre Mercille.

We were asked not to make a formal presentation. However, I am going to quickly tell you that part 1 of the bill contains measures concerning income tax; part 2 deals with measures relating to the GST and HST; and part 3 contains two measures relating to excise tax.

I won't say any more.

The Chair: Thank you, Mr. Mercille.

[*English*]

Welcome, everybody.

We are going to get right into members' questions then. In the first round, each party will have up to six minutes to ask you questions.

We are starting with the Conservatives. I have MP Morantz for those six minutes.

Thank you.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

Thank you all for being here. There are a lot of you, so hopefully we'll get a lot of great information.

I will start off by asking about the changes to electronic filing and certification of tax information and electronic payments for the information of Canadians who are filing their taxes. I'm wondering if you could describe, for example, why the government is making changes to how Canadians interact with the Canada Revenue Agency.

Ms. Lindsay Gwyer (Director General, Legislation, Tax Legislation Division, Tax Policy Branch, Department of Finance): Sure, I'll respond to that question.

There are a number of changes in the bill. They relate to the Income Tax Act as well as to other tax statutes.

There are different purposes for different changes. A number of them are to facilitate the ability for Canadians to file their taxes and to communicate with the CRA electronically, so, for example, there are changes to requirements for hand signatures. There is elimination of certain hand signatures that were previously required. That is to facilitate the ability for people to file more easily.

There are also other changes that are intended to make the process more efficient from the perspective of the government and from the CRA's perspective. For example, tax advisers who are filing more than five returns for certain types of returns are required to do it electronically. As well, large payments above \$10,000 are required to be made electronically. That is really intended to increase the efficiency of the tax system.

Mr. Marty Morantz: If somebody doesn't want to file their tax return electronically, are they still allowed to file it the old fashioned way?

Ms. Lindsay Gwyer: Yes. There's nothing that would prevent an individual from filing their tax return on paper. If they do that, then the following year they'll be sent the information required to continue to file on paper and they'll get their notice of assessment on paper.

Mr. Marty Morantz: This piece about having to pay electronically over \$10,000—what if somebody doesn't want to do that or doesn't know how to do that? Why can't they pay by cheque?

Ms. Lindsay Gwyer: I think there are different options for how that payment could be done.

Mr. Marty Morantz: You said earlier it has to be done electronically when it's over \$10,000.

Ms. Lindsay Gwyer: Yes.

Mr. Marty Morantz: Does it have to be or doesn't it?

Ms. Lindsay Gwyer: It does have to be made electronically, yes. I'm sorry. It's whether they can do it through their bank or online. I think the CRA would provide guidance to people. I can't speak to their practices, but I assume if there were some reason why it wasn't possible for a payment to be made, they would potentially work with someone to find a solution.

• (1110)

Mr. Marty Morantz: Of course, right now PSAC is on strike.

Do you have any information as to what services might be impeded at CRA due to the strike?

Ms. Lindsay Gwyer: I don't have that information.

Mr. Marty Morantz: Does anyone want to take a stab at that? Does anyone here know anything about what's going on at CRA?

Mr. Pierre Leblanc (Director General, Personal Income Tax Division, Tax Policy Branch, Department of Finance): I don't think we could add anything beyond what CRA has put up on their website showing both the services that will continue to be provided and those that might be impacted in some way. I think we can only point to that.

Mr. Marty Morantz: For the benefit of those who are watching, could you tell us what they put up?

Mr. Pierre Leblanc: It would be for the CRA to do that.

I don't have a comprehensive recollection of everything that's on that website.

Mr. Marty Morantz: Okay.

Perhaps you could comment on the doubling of the deduction for tradespeople's tools, which is something that I think is a good development. Could you comment on how that affects tradespeople?

Mr. Mark Maxson (Director, Employment and Education, Personal Income Tax Division, Tax Policy Branch, Department of Finance): Thank you.

This is an existing deduction that allows tradespeople to deduct up to \$500 for tools that are required to do their jobs, over the amount of the Canada employment credit. The proposal in budget 2023 is to double that amount from \$500 to \$1,000, so these are employed tradespeople who are required to purchase tools in order to do their job.

Mr. Marty Morantz: I think this is a good idea, but just out of curiosity and for the purposes of transparency, what is the tax cost of that change?

Mr. Mark Maxson: It's estimated at \$2 million annually.

Mr. Marty Morantz: All right.

Could you explain the rules regarding the extension of the residential property flipping rule to assignment sales?

Mr. Pierre Leblanc: Thank you for the question.

You'll recall that in the FES legislation, which I believe was Bill C-32, Parliament passed a rule around dispositions of residential property that were held for under one year. Basically, those would generally be taxed as business income, but there would be certain exceptions for certain life events—death, divorce, a job in a different place and things like that—that would take effect for the 2023 tax year.

What this does is extend that measure to assignment sales, basically when what you've purchased is not the property but the right to the property. Often that's for condo constructions. That's often where that happens.

It's basically the extension of an existing rule to this other type of transaction, also to take effect for property sold in 2023 or after.

The Chair: Thank you, MP Morantz. That's six minutes.

Now, we are going to the Liberals. I have MP Baker for six minutes.

Go ahead, please.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thank you, Mr. Chair.

I'd like to thank all of the witnesses, the public servants, who are here with us today at this committee. Thank you not only for all of your work on the budget implementation act but also for your service in general to Canadians.

I'd like to start by asking a question around the grocery rebate. What is the benefit of delivering the grocery rebate through a system like the GST credit instead of creating a new program?

The Chair: Mr. Leblanc.

Mr. Pierre Leblanc: Thanks for the question.

Basically, when you use an existing platform, you can deliver it more quickly, and you can also deliver it at a cheaper administrative cost. Those are the main two advantages.

Mr. Yvan Baker: For the folks at home who may not follow the pros and cons of the different approaches, such as doing it through GST versus a new program, could you talk about why it's more efficient cost-wise and why it's quicker?

Mr. Pierre Leblanc: It's the Canada Revenue Agency that would be delivering the proposed grocery rebate, and it would be doing so through the GST credit system. That's the system where the CRA is delivering the benefit four times a year to a large swath of the population. Currently, you have about 11 million individuals and families who are receiving the GST credit. Essentially, in terms of changes to their information technology systems, it's certainly easier to build on something that's already functional and to make the necessary changes rather than to start from scratch.

That also answers the second part of your question, I think, sir, about efficiency and the limiting of administrative costs as well.

• (1115)

Mr. Yvan Baker: That makes sense. That makes a lot of sense.

Staying on the topic of the grocery rebate, one of the things I'm really pleased about is that the House agreed to expedite the delivery of the grocery rebate, which will support over 10 million Canadians who are struggling to put food on the table. The average support is \$467 for families and \$225 for seniors. I know you all know that, but for the folks at home, I think it's important to know that. I really think this is an important measure for those who are vulnerable, especially the seniors in my community, in Etobicoke Centre.

Is what I have just said correct? Am I correct in my understanding of how this rebate will affect Canadians? That's the first part of my question. The second part of my question is: When can we expect Canadians to receive that support? That's a question I get from my constituents all the time. When will it come?

Mr. Pierre Leblanc: Thanks for those questions.

For the first part, maybe what I would add is it would be a benefit of up to \$467 for a family with two children. That's the maximum amount. Also, for a single individual without children, the

maximum benefit would be \$234. When the government talks about \$225 for seniors, that's an average, recognizing that some individuals who are currently on the phase-out zone for the GST credit will receive a partial amount, so less than the maximum. I think you've captured it well with those amounts.

In terms of timing, I can just point to what's in the budget, that the government will endeavour to have the CRA pay this out as soon as possible following royal assent, if it's passed by Parliament.

Mr. Yvan Baker: Thank you for that.

Getting royal assent and getting this passed is critical to making sure people receive this relief.

Moving on, I have about a minute and a half left, I think. The BIA moves forward with the development of the Canadian dental care plan. This is another element of the budget I know many of my constituents in Etobicoke Centre are really excited about. The question I have is: Will this benefit be taxable and will it impact other income-tested benefits, like the GST credit, for example?

Mr. Pierre Leblanc: No, it won't be taxable, and it won't be taken into account in income for the calculation of income-tested benefits like the GST credit.

Mr. Yvan Baker: Sorry, could you repeat that? It may be because I'm virtual, but I didn't hear it.

Mr. Pierre Leblanc: It won't be included in income. That means two things: first, it won't be taxable; and second, it won't be taken into account when calculating entitlement to benefits like the Canada child benefit, the GST credit and so on.

Mr. Yvan Baker: Okay. It won't impact people's taxes. In other words, when people receive the Canadian dental care plan benefit, it won't impact their taxes in any way.

Mr. Pierre Leblanc: You can ask further questions under part 4 of the legislation. We have an information-sharing provision in this part of the bill. Also, services will be paid for. It's not like the interim benefit where people are receiving a cheque or a payment. It's more that the government will be paying for either all or a portion of services.

Mr. Yvan Baker: And there will be no further taxes paid on it. Thank you.

The Chair: Thank you, MP Baker.

Now we're going to MP Ste-Marie for six minutes, please.

• (1120)

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Good morning, Mr. Chair.

I would like to say hello to my colleagues and thank all the senior officials for being with us to answer our questions.

I have numerous questions. Unfortunately, in preparing them, I didn't distinguish between the parts of Bill C-47. If any of my questions happen to relate to part 4, I apologize in advance.

In fact, I am going to start with a question about part 4, so you can pass it on to your colleagues who will answer it later, at an upcoming meeting. It concerns division 31, which makes “Charles the Third, by the Grace of God King of Canada.”

I would like your colleagues to be able to check the section of the equivalent legislation, as it was worded the last time. I imagine we go back to the era of Queen Elizabeth II and the clause was submitted to Parliament in an omnibus budget implementation bill, toward the end of the bill. I would therefore like your colleagues to prepare an answer to my question for the next meeting. I would appreciate it.

My first question concerns both part 1 and part 4. Last Wednesday, we adopted Bill C-46 at all stages. We have therefore doubled the amount of the GST credit, which we are calling the “grocery rebate”, even though groceries are not taxable, and the \$2 billion in health transfers to the provinces.

Bill C-46 was adopted at all stages on Wednesday. Bill C-47, which provides for the same amounts, was introduced in the House of Commons on Thursday.

If Bill C-47 is adopted without being amended, for example by removing those parts, we are going to find ourselves with two GST credits and an additional \$2 billion for the provinces.

Is that correct?

Thank you.

[English]

Ms. Lindsay Gwyer: With regard to part 1 and the grocery rebate amendments, it's correct that the same amendments in this bill as are in Bill C-46. If both bills were to pass, it wouldn't double the amount of the credit. The amendments do the same thing. They would be effectively redundant.

I can't speak to part 4, but typically there are coordinating amendments in legislation that address a scenario where you have legislation in two different bills that would impact the provisions in the other bill. You have coordinating amendments that address that scenario where one passes or they both subsequently...or they both end up passing. There may be coordinating amendments that address part 4, but that would be a question to put to someone next week.

[Translation]

Mr. Gabriel Ste-Marie: Okay, thank you for that very clear answer, Ms. Gwyer.

In the budget, \$80 billion is allocated to the energy transition and going green.

My question is about the creation of the two institutions that would be responsible for administering the funds.

Is this covered in parts 1 to 3 or in part 4?

[English]

The Chair: Ms. Gwyer, I don't know if you captured that. Can you repeat it?

[Translation]

Mr. Gabriel Ste-Marie: Please don't all answer at once.

Ms. Lindsay Gwyer: I think that is in part 4.

Mr. Gabriel Ste-Marie: Okay, fine. So we will talk about it at a future meeting.

Mr. Pierre Mercille: It certainly isn't covered in parts 1, 2 and 3.

Mr. Gabriel Ste-Marie: Okay, thank you.

Regarding employment insurance, is that covered in part 4 also?

Mr. Pierre Mercille: It's not in part 1, 2 or 3.

Mr. Gabriel Ste-Marie: Okay, fine.

The amendment to the Canadian Environmental Protection Act relating to the carbon tax, is that also in part 4?

Mr. Pierre Mercille: It's not in part 1, 2 or 3.

Mr. Gabriel Ste-Marie: Okay. Maybe I'll have better luck this time.

Mr. Mercille, at the briefing you gave us concerning the notice of ways and means, for which I thank you again, I asked a question about regional flights. As you know, those flights are expensive. The price of fuel keeps going up.

However Bill C-47 provides for a substantial increase in the airport security tax. That tax is going to apply both to international flights and to regional flights that depart from an airport where security measures are in place. This means that no exemption from the tax is provided for regional flights.

Can you confirm that I have understood the answer I received correctly?

• (1125)

Mr. Gervais Coulombe (Senior Director, Excise Taxation and Legislation, Sales Tax Division, Tax Policy Branch, Department of Finance): Thank you for your question.

Yes, division 2 of part 3 does apply a 32.85% increase in the rates of the air travellers security charge.

That charge applies when a flight is connected to one of the 89 airports in Canada where the Canadian Air Transport Security Authority handles security screening. The rate increase will raise the charge from about \$14.96 for a return flight in Canada to \$19.87, so that is an increase of about \$5.00.

If a regional flight in Canada includes a departure or arrival at one of the airports designated in the Air Travellers Security Charge Act, then yes, the increase will apply to the trip. Again, however, the increase is \$5.00 for a return trip in Canada. That amounts to about 1.6% for a \$300 plane ticket, taxes included, or 0.8% a \$600 return plane ticket.

Mr. Gabriel Ste-Marie: Thank you, Mr. Coulombe, that is very clear.

I see that my speaking time is ending.

The Chair: Thank you, Mr. Ste-Marie.

[English]

That's the time.

We are now going to MP Blaikie, for six minutes, please.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

I want to follow up on some of Mr. Baker's questions about the grocery rebate.

For clarity, the mechanism of this rebate is effectively the same mechanism that we deployed for a doubling of the GST rebate. Is that fair to say? Are any of the operational or legislative details substantially different from the doubling of the GST rebate?

Mr. Pierre Leblanc: No. You're right.

Mr. Daniel Blaikie: Okay.

Is it typical for tax experts in the department to offer branding advice for initiatives, or did the grocery rebate idea originate in the minister's office and get passed down to the department?

Mr. Pierre Leblanc: I can't comment on the policy-making process and where decisions on those things are taken.

Mr. Daniel Blaikie: I suppose it will remain a mystery in that case, but I think astute observers will probably have a sense of the answer.

I wanted to ask something on a more technical light.

One of the purposes of the BIA is to expand "the definition of 'dividend rental arrangement' to include 'specified hedging transactions' carried out in whole or in part by registered securities dealers".

I wonder if some of our departmental officials might be able to put in plain terms what exactly that means and why it's important, from the government's perspective, to do that.

Ms. Lindsay Gwyer: Sure. I can try to answer that question.

It's a measure that was announced in last year's budget. It addresses certain hedging transactions that financial institutions engage in. Effectively what they do is the following.

Under general principles, there's a deduction where a Canadian company receives a dividend from another Canadian company. They have certain types of planning that will take advantage of that deduction and effectively allow them to double the deduction. They have a member in a group who will hold shares long—so they'll own shares in a Canadian company—and then a registered securities dealer within the group will borrow and short-sell those shares. As a result of that short-selling arrangement, they typically would have an obligation to make a payment equal to the amount of the dividend, and they would receive a deduction equal to two-thirds of the amount of that payment under existing rules in the Income Tax Act.

In those situations, they're effectively able to get one deduction for the dividend received and another deduction for the payment that was made equal to two-thirds the amount of the dividend. So they get a one and two-thirds deduction on the dividend, even though economically, they have no exposure to the shares because they have a long position and a short position.

The purpose of the measure is to address that planning and amend the rules, so that in that situation, they're only able to get one deduction, which is equal to the amount they paid out with respect to that dividend.

Mr. Daniel Blaikie: Right on. Thank you very much. I thought that was important to make part of the record.

I am curious about the Canada workers benefit. It talks about quarterly advance payments. Sometime in the discussion early on about changes to the Canada workers benefit, around the fall economic statement, I think some folks were talking about a biannual payment, that is, getting paid twice a year instead of four times.

Was that a misimpression of what the intent was in the fall and this has been the case all along, or has some of the thinking changed around the frequency with which the CWB payments would be made?

• (1130)

Mr. Mark Maxson: I don't recall seeing references to a biannual payment, but they are quarterly payments. There are three quarterly payments, which may lead to a bit of confusion. There is one in July, one in October, one in January and then, effectively, the residual would be the fourth quarterly payment with the tax return.

I didn't see references to biannual payments. It was always quarterly.

Mr. Daniel Blaikie: Okay.

In the case when a person's income has increased substantially over the course of a year, the government has said that they wouldn't be entitled to their final payment, but nothing would be clawed back.

Is it just that fourth residual...? At tax time, if they otherwise would have been entitled to an extra payment, they won't get that extra payment.

Mr. Mark Maxson: Yes, that's correct.

Mr. Daniel Blaikie: Okay. Thank you very much.

One of the things that the BIA does is increase the ability of defined benefit pension plans to borrow against their assets.

I'm wondering if someone from the department could explain for the committee what safeguards are in place currently, and if any are being added to the mix with the BIA to ensure that people's pension plans aren't going to be over-leveraged by the increased borrowing activity.

Mr. Andrew Donelle (Senior Director, Deferred Income Plans, Department of Finance): Safeguards on borrowing or investment risks are not part of the tax act per se. They're part of provincial pension standards legislation and the federal Pension Benefits Standards Act.

In doing our internal analysis, we responded to the stakeholders who wanted a bit more flexibility in borrowing on their defined benefit plans, and gave a small, limited amount to do the borrowing. We'll have to rely on the safeguards in the other standards legislation.

Mr. Daniel Blaikie: Could you give us a bit of a description of what some of the commonalities are across those protections, just to give the committee a sense of—

Mr. Andrew Donelle: Many of the provincial acts point to the federal statute, which says in a certain schedule that there are some investment concentration limits. Not more than 10% of your investments can be in any one entity. You cannot take a 30% or greater stake in certain entities.

There are those types of investment concentration limits.

Mr. Daniel Blaikie: Is there anything in particular about this borrowing? If a pension plan were going to borrow the equivalent of 20% of its assets, could it then put all of that borrowed money into one investment or one enterprise?

Is there any restriction on how they can use the borrowed funds, or is it treated like their assets have increased by 20% and as long as they invest according to the existing rules, there is no further concern from regulators or the governing legislation?

Mr. Andrew Donelle: The tax rule itself does not prescribe, so presumably you could put 20% into one entity, but I think those other safeguards in the provincial standards rules would probably prevent a large, mass multi-billion dollar investment into any one entity.

The Chair: Thank you, Mr. Donelle and MP Blaikie.

Members, that's the end of our first round.

Moving into our second round, we have MP Chambers up for five minutes, please.

Mr. Adam Chambers (Simcoe North, CPC): Congratulations on another budget. It's a lot of work. I know it takes lots of work.

Let's have a show of hands, so that it's not on the record. Who would like a fixed budget date?

Voices: Oh, oh!

Mr. Adam Chambers: Yes. I see smiles. Okay, we have a couple. There are no names. It's fine.

I know it would help our committee and it would probably help those of you who work very hard on these things over holidays and all the rest of it, so some greater discipline around budget dates would be welcomed, I think, by many. I'll leave it there.

I want to circle back on a couple of items. I think it was Mr. Leblanc who mentioned about something needing royal assent in order to perform. My understanding is that there is some precedent for it. As long as a ways and means motion is tabled in the House, CRA would administer tax changes based on that public tabling.

Is that fair?

• (1135)

Mr. Pierre Leblanc: Thanks for the question.

For most tax proposals it is, but here—with something like the grocery rebate or something paid out of the GST credit system—you're talking about refundable credits, so you're talking about amounts paid out of the consolidated revenue fund.

The CRA's position for those sorts of changes is that it will only do so when Parliament has passed the legislation and there is royal assent.

Mr. Adam Chambers: Okay, and there was all-party support to do that. There is a bill that I assume is going to make its way quickly to the Governor General's hand for signature.

Forgive me if this is not in the right section, but dental care was brought up, or at least the tax information-sharing on behalf of the taxpayer. If the benefit is not taxed, what is the purpose of having taxpayers disclose the dental benefit that they receive from an employer. Is there a...?

Mr. Mark Maxson: That particular piece is in part 4.

You might be able to get a better answer from them, but my understanding is that it's for the purpose of ensuring eligibility of the individual.

Mr. Adam Chambers: Okay. It wouldn't be because there are folks who think we should tax the dental benefits of Canadians in private plans, right?

Mr. Mark Maxson: There's no connection to that. It's for the purpose of Health Canada to see who has coverage. Again, it's a part 4 measure.

Mr. Adam Chambers: I remember a lot of discussions on that issue previously, on budget 2016 or 2017. Lots of folks have been recommending that for some time.

On the provisions for the CRA and the electronic filing, do any of these have to support the automatic tax filing objectives of the government or is this solely on the basis of electronic filing? I'm just trying to understand. It will prefill people's tax returns. Are any of the sections in this BIA to support that objective or are these different?

Ms. Lindsay Gwyer: None of the measures would support that objective, as far as I'm aware.

Mr. Adam Chambers: Okay. That's fair.

My final question is very technical, so we could take this off-line if you'd prefer.

It relates to some of the excise tax changes with respect to digital assets and some clarification that non-resident mining pools that use a certain kind of technology or set-up would be not considered as sharing their payments. I know that there's an industry in Canada that has kind of set itself up and is wanting to make that sure it can avail itself of the input tax credits.

Can we get clarification on that? Could I follow up with a technical question, maybe, if that's not something we can clarify here today?

Ms. Amanda Riddell (Director, Real Property and Financial Institutions, Sales Tax Division, Tax Policy Branch, Department of Finance): Yes. I'm not sure if there's a question in there, but....

Mr. Adam Chambers: Really, it's for those who use FPPS or PPS—I think you know what I'm talking about—as to whether they would be considered to be sharing their mining payment with a Canadian entity.

Ms. Amanda Riddell: I think that's probably an off-line conversation.

Mr. Adam Chambers: Okay. That's wonderful. Thank you.

The Chair: Thank you, Mr. Chambers.

I guess you can get to MP Chambers some of that information he's looking for.

Now, members, we have the Liberals for five minutes.

MP Dzerowicz, go ahead, please.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to say good morning to all of my colleagues.

Also, thanks to all of you for all your hard work. There are definitely a lot of technical details. I really appreciate you being here this morning to answer our questions.

I have two big parts to me. One is a business side: I've been in business for 20 years. Then there's also the side of me that is a very big constituency person. One of the things worrying me this time is that there are many people in my riding who are caught in a cycle of poverty, and I worry about them a lot.

The first question I want to ask you is about the automatic tax filing.

My understanding is that right now we already provide that service to a number of Canadians, and I wouldn't mind if you could tell me how many Canadians actually already benefit from automatic tax filing. The second part is that budget 2023 is now going to increase that to allow 2.5 million Canadians, I believe, to get access to automatic tax filing by 2025.

If someone can answer those two questions, that would be great.

• (1140)

Mr. Pierre Leblanc: Sure. Thanks for the question. What I think I can do is provide some high-level information. There was an announcement in budget 2023. There's no measure in the bill related to that.

I think the CRA currently provides a number of services basically to facilitate tax filing, to support tax filing, for Canadians. One example is "Auto-fill my return", where you can, through other tax software, download on your return basically all the information the CRA has. I think that was used about 14 million times in the last tax season. That would be an example.

Other examples include—

Ms. Julie Dzerowicz: Mr. Leblanc, I'm sorry. I'm going to stop you because I have very specific questions on the automatic tax returns. If it's not in parts 1 to 3 right now, I'm okay not to proceed. I have other questions that I can ask.

Mr. Pierre Leblanc: It's not in 1, 2, 3 or 4.

Ms. Julie Dzerowicz: That's fine.

Sorry about that. That's my bad.

I would like to turn to the Canada workers benefit because that also helps people who are on the lower end of the income scale.

For those who are listening, could you explain who the Canada workers benefit is available to? I believe what we are doing in budget 2023 is offering to advance payments of the Canada workers benefit.

Could you tell us what the impact of that will be on Canadians who are eligible for the benefit? Just remind us what the Canada workers benefit does, who is able to access it and what the impact will be on the advance payments.

Mr. Mark Maxson: Thank you for the question.

From a broad lens, it's available to most workers below a certain income threshold. If you are a single individual, unmarried, with no children, you could be making in most provinces up to \$33,000, or have income of up to \$33,000 I should say. If you're a couple or a single parent, for example—so a multi-person household—it's up to at least \$43,000. That limit could be higher if you're a dual-earner couple. There is some variation in Quebec, Nunavut and Alberta, which have entered agreements to adjust the parameters.

The general story is that you're making at least \$3,000 from work, and you're earning less than about \$33,000 for a single individual and \$43,000 for a family.

In terms of the advance payment proposal that was in the 2022 fall economic statement, it would essentially say that if you received the Canada workers benefit in a particular year—let's say 2022—based on your work and your income in 2022, we're going to automatically provide half of the amount of your entitlement as an advance payment during the subsequent year. That would be starting in July, and then October, and then January. If you're eligible for more when your tax return for the next year is assessed, you would get the remainder at that point.

Ms. Julie Dzerowicz: The reason we chose to do that is to provide advance dollars to those who might be needing the dollars the most during this time of high-cost living.

Is that right?

Mr. Mark Maxson: Yes. The purpose is to push it forward in time and get it to people sooner.

Ms. Julie Dzerowicz: Thank you very much.

The Chair: Now it's over to MP Ste-Marie, please, for two and a half minutes.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I would like to come back to a question I asked Mr. Mercille in the briefing. I would just like to get a confirmation, again.

There are companies here in Quebec and in Canada that have huge servers connected to very high speed fibre that lease their computing and data transfer capacity. That is their work.

They contacted us because some of their clients are outside Canada. Some of them are engaged in mining cryptocurrency. The changes to the GST as they are worded don't seem to consider those transactions to be business activities that would allow them to deduct their GST on inputs, and that would force them to bear the burden of the tax even in cases where their sale is for export.

Could you confirm that if Bill C-47 is not amended, that will in fact be the case?

• (1145)

[English]

Ms. Amanda Riddell: Hi there. I think it would help if we just stepped back a little bit. It's a topic that's relatively complex, as Mr. Chambers was mentioning.

The GST is a very effective revenue source. As the economy is evolving, we need to protect the tax base. The way in which the ETA, the Excise Tax Act, is structured at the moment is that it's based on there being a supplier and a recipient and there being consideration. Unfortunately, with crypto it's a bit of an unusual situation. You have miners who are providing a service that would otherwise normally be subject to GST/HST but is being provided to a decentralized network of users. As a result, there's no recipient to which they can charge tax. They don't know what rate to charge—for example, if it's an export or not—and there's no consideration, because you're winning rewards. So clarity was needed.

In looking at this issue over some years, we've discovered that miners fall into three buckets, if you will. The first type of miner is a solo miner. A solo miner is what you might imagine. It's somebody in their basement doing crypto mining on their individual computer. Hopefully, if they're lucky enough, they win a reward and get some bitcoin. There's very little or none of that left, we understand, in the industry, because the computations have become a bit too complex.

The second type of miner is when solo miners are working collectively in a mining pool and are sharing rewards. If one of them gets a reward, they can share it. In that particular case, they're kind of like a solo miner, but it's like they're all acting collectively as one large solo miner. The rules apply to those types of miners. There's no identifiable recipient. Again, we're talking about a decentralized network of users. These amendments would take it out of the GST, because it doesn't fit within the framework of the GST. Effectively, the miners would provide the service. They would be relieved of the requirement to charge GST/HST since, again, they don't know who the recipient is or what rate would be charged. Because they're not charging GST, they would also not be entitled to input tax credits. There are other examples of that kind of thing in the GST act as well.

There's an important exception. That exception applies when there's an identifiable recipient, an identifiable arm's-length recipi-

ent, who's not part of that pool. You're not sharing rewards. You're providing computer services to an identifiable recipient. If that recipient is offshore, then you would be subject to the normal GST/HST rules. You would charge GST. If you know that the arm's-length identifiable recipient that's not the pool operator is offshore, then you would charge 0% and you'd be able to claim ITCs. The regular rules would apply. To our understanding, this would apply to a lot of the people involved in the crypto mining industry in Canada.

I hope that answers your question.

[Translation]

Mr. Gabriel Ste-Marie: Yes, absolutely. Thank you very much.

[English]

The Chair: Thank you very much, Ms. Riddell and MP Ste-Marie.

Now it's over to MP Blaikie for two and a half minutes, please.

Mr. Daniel Blaikie: Thank you very much.

The act talks about implementing the model reporting rules for digital platforms developed by the OECD. I'm wondering if someone could speak to what exactly those are and why it's important that this be done.

Mr. Kevin Shoom (Senior Director, International Taxation and Special Projects, Department of Finance): Thank you for the question.

The model rules for reporting on digital platforms was developed by the OECD to address concerns about under-reporting in the sharing and gig economy. Many of the participants in the sharing and gig economy who would be providing services through these online platforms might be unaware of the tax consequences of the income they're receiving, or if they are aware, in some cases they might not have been voluntarily reporting their income.

The rules were developed to provide a mechanism for essentially third party reporting. It's similar to the third party reporting that many of us are familiar with with respect to sources of income, like employment and investment income, where an intermediary, like a bank or the employer, would provide that information to the tax authority.

This reporting regime would require digital platforms to provide information to the tax administration on the amounts received by people providing services through these platforms. It would also apply to sales of goods by third parties through an online platform.

Another important aspect of this is that in many cases, these platforms might not be located in the country where the individual providing the services or selling the goods is located. In this case, the logic behind the system is that with different countries implementing similar rules, they would require the platforms located in their countries to report on the sellers whom they have on their countries of residence. That would mean the tax administration would have information on the local residents and then could exchange information with other countries on the sellers who are residents in other countries.

Another dimension to this is the reporting that the platforms are to provide to the tax administration. They will also provide the same information to the sellers themselves to help ensure that those sellers are aware of their tax obligations.

• (1150)

The Chair: Thank you, Mr. Shoom and MP Blaikie.

Now we have the Conservatives with MP Morantz, please, for five minutes.

Mr. Marty Morantz: Thank you, Mr. Chair.

I want to ask questions about the changes to the registered disability savings plan.

Is one of you able to speak to that?

Yes, that's you. Thanks.

This particular program was brought in by Jim Flaherty when he was finance minister. It was really one of his major accomplishments as Stephen Harper's finance minister.

In fact, after it came out, my wife and I were able to avail ourselves of this plan for our son. It's a very good thing for people with disabilities in our country. It hits home personally for me.

I just want to make sure that we understand what these changes are for. Do they make, for example, registered disability savings plans more accessible for families? Is the process going to be easier for them? Will more people other than parents be able to set these plans up, for example, siblings, close relatives or other people? What do these changes entail?

Mr. Pierre Leblanc: Thank you very much for the questions.

I think they will make RDSPs more accessible for an important group of people. If you look at RDSPs for adults who are eligible for the disability tax credit, typically the individual is the holder of the plan; but, in some cases where the individual, because of their disability where their ability to enter into an RDSP contract isn't out, the question is who can be the plan holder. Absent this measure, because property comes under provincial law, it would require guardianship. Guardianship is something that can be a time-intensive process. It can also reduce the individual's autonomy in important ways.

This measure was first introduced in 2012 and has been extended a couple of times. What Bill C-47 proposes to do is to extend it one more time. It allows in those cases what's called a "qualifying family member" to be the plan holder. The measure does two things. First, the qualifying plan holder measure would expire at the end of 2023. The bill proposes to extend those three years, until the end of 2026. The second thing it does is that, currently under the current provision, it's either parents or a spouse who can be a qualifying family member, and this proposes to add siblings. It proposes to add brothers and sisters to the list. Those are the two main changes.

• (1155)

Mr. Marty Morantz: I have a couple of questions out of curiosity. Why isn't this a permanent provision? Why does it have a sunset?

Mr. Pierre Leblanc: That's a really good question. It's been extended a couple of times because, as I mentioned before, questions of property are provincial. You've had several provinces.... You mentioned Minister Flaherty's important role in encouraging provinces to have streamlined approaches to have family members represent the individual with a disability. That would be both easier to sign up for than guardianship and also less intrusive for the person with the disability.

Most provinces have done that. In fact, in the last couple of years, to give you just to give a couple of examples, P.E.I. and New Brunswick have recently adopted legislation with flexible, streamlined approaches to representation. There are a couple of jurisdictions that still need to act. One thing that was mentioned in the budget was strong encouragement for those remaining provinces to take action so that basically, no matter where, there would be a streamlined approach under provincial law. So you can think of this as bit of a backstop, and then, for those provinces that have enacted it, it provides this option.

The Chair: Thank you, Mr. Morantz. Those were great questions, and it's a great program.

We have MP MacDonald for the Liberals for five minutes to finish off our second round.

Mr. Heath MacDonald (Malpeque, Lib.): Thank you, Chair.

I thank everyone for being here and for the work you've done on the budget. It's no easy task, no small task.

I have a few different questions.

Can you clarify for us what the impetus is behind the changes to the Income Tax Act as they relate to veterans and active military armed forces?

Mr. Mark Maxson: This amendment concerns a number of benefits provided by Veterans Affairs Canada and the Department of National Defence generally to ill and injured members or former members. These are long-standing benefits that have historically been treated administratively as completely non-taxable. They're not reported on slips to taxpayers.

Recently there were some questions asked about whether that treatment was supported under the Income Tax Act, or whether, in fact, they should be taxable under current law. This amendment essentially confirms the historical treatment of these benefits, that they would be non-taxable, and it makes an amendment retroactively just to provide clarity.

Mr. Heath MacDonald: Thank you.

I want to go back to...MP Dzerowicz.

With the automatic tax filing, the Canada child benefit is something we see as an opportunity for many low-income families.

Based on the automatic tax filing, do you have any numbers on who or how many persons or families will be able to access that Canada child benefit going forward?

Mr. Pierre Leblanc: Thanks for the question.

I don't think I have those numbers with me. As the budget made clear, it's a priority for the government and this is work to be done. It's work that the government will be doing going forward.

Mr. Heath MacDonald: It's also going to be retroactive, from what I understood.

How many years are you going back to allow these people to be able to claim the Canada child benefit?

Mr. Pierre Leblanc: I think details like that are to be worked out.

Mr. Heath MacDonald: All right.

If you could get those answers, I would appreciate it. If it was broken down regionally, it would be appreciated by all members around this table, I assume.

Mr. Pierre Leblanc: I think that's an analysis the government would be doing going forward. I can say that it's not information that the government has currently.

Mr. Heath MacDonald: The BIA moves forward with the development of Canadian dental care.

I want this to be on the record. I've had several people question whether this benefit will be taxable or affect other income-tested benefits like the GST tax credit.

• (1200)

Mr. Pierre Leblanc: No. It's the same answer as it was for Mr. Baker: It won't be taxable and it won't affect income-tested benefits.

Mr. Heath MacDonald: Bill C-47 introduces a crackdown on predatory lending by bringing the criminal rate of interest from the equivalent of 47% annually down to 35% annually.

How will this measure help Canadians avoid crippling debt cycles? Can you please explain that?

Mr. Pierre Leblanc: That's in part 4, so I would ask our colleagues when they come before you on those measures.

Mr. Heath MacDonald: Okay.

Do you want to go, Sophie?

[Translation]

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you, Mr. Chair.

I would first like to congratulate you on all the work that you and your teams are doing to produce these budget implementation bills and the budget itself. I know that this work takes the entire year.

I'm going to ask my question and I think we will come back to it in the next round. I primarily want to congratulate you for the courage you show in tackling a subject that is of extreme importance for all Canadians. Even if people have a salary and are part of the middle class and pay their taxes, a lot of people take advantage of tax loopholes and the freedom that, unfortunately, the courts have permitted by not halting those loopholes.

You have proposed some extremely important measures in the budget that aim to restore integrity to the Income Tax Act, particularly with the general anti-avoidance provision and the consultation that it involves.

I have just introduced the subject I will address in the next round. Thank you.

[English]

The Chair: Thank you, MP Chatel. That is the time.

Members and witnesses, we are moving into our third round.

I have MP Chambers up for five minutes, please.

Mr. Adam Chambers: Thank you, Mr. Chair.

I have a couple of questions about the air travellers security charge.

Where do the proceeds or the revenues from that charge go?

Mr. Gervais Coulombe: Thank you for the question.

All revenues from the air travellers security charge flow into the CRF, the consolidated revenue fund. There is, though, a notional commitment to balance over time the revenues from the ATSC and expenses for the air travel security systems. That includes the expenses from CATSA, which is the federal agency responsible for screening passengers and their luggage at airports.

Mr. Adam Chambers: Thank you.

On the commitment to balance, is there any documentation that you're aware of that shows what the balance is today?

Mr. Gervais Coulombe: There has not been, in recent years, a public statement about that particular balance. What I can tell you, though, is that the expenses for travel security have been higher than revenues generated from the ATSC in recent years.

The federal government collected only \$419 million of ATSC revenue in 2021-22. Now that the sector is recovering from the pandemic, we expect to collect about \$780 million in fiscal year 2022-23.

Budget 2023 committed \$1.8 billion in new funding for CATSA. In that sense, the increases that are included in part 3 of the bill will help fund those additional expenses. That is what has been presented in this budget.

Mr. Adam Chambers: Thank you.

If the government is not recovering the cost of expenses, I'm curious because other countries seem to have lower charges than Canada does. Why are we looking to increase revenues instead of the expense side of the equation? Why is it that CATSA has the expenses so much higher on a per traveller charge than our comparable jurisdictions, as I understand?

• (1205)

Mr. Gervais Coulombe: Thank you for the question.

That goes beyond my level of expertise. I'm not responsible for challenging CATSA's expenditures.

What I can tell you, though, is that the government decided to provide that extra funding for CATSA as part of budget 2023.

Mr. Adam Chambers: Thank you.

It is maybe not for you to challenge CATSA's expenditures but somebody should. Maybe the transport committee wants to undertake a study.

How much time do I have, Mr. Chair?

The Chair: You have about a minute and a half, MP Chambers.

Mr. Adam Chambers: I appreciate Ms. Riddell's answer to my colleague Mr. Ste-Marie. If it's okay with the committee, if he would like to follow up on that very thorough answer, there may be some things to unpack there. I'll yield my time to Mr. Ste-Marie if he'd like to pursue that line of questioning when it gets to him.

The Chair: [*Inaudible—Editor*], MP Ste-Marie? No?

Okay. We're moving to the Liberals now and MP Chatel for five minutes, please.

[*Translation*]

Mrs. Sophie Chatel: Thank you.

I will pick up where I left off. In the budget, important amendments have been proposed to restore a lot more integrity in our tax system and make sure that people pay their fair share of tax. There are going to be major changes.

I have an initial question concerning your consultation. You announced that you were going to hold a consultation until May 31 before releasing the revised legislative proposals. Do you think the period announced in the budget is going to allow for the committee to see the legislative proposals in the Budget Implementation Act, 2023, No. 2?

[*English*]

Ms. Lindsay Gwyer: I can respond to that question.

Going back, last summer we released a consultation paper on the GAAR. In this past budget, we released proposed amendments to the GAAR, including draft legislation that included those proposed amendments. Those are out for public consultation until May 31.

In terms of the next steps, I can't commit to specific dates. It would be a decision for the government. However, I expect that further draft legislative proposals that take into account comments we get during that consultation period would be released. That could potentially happen in the summer when we release—as we typically release—legislation related to the budget measures that were not in the BIA 1, the first budget implementation act. Measures that are released in the summer do often get included in the budget implementation act in the fall.

Again, it would be a decision for the government, but yes, based on what we have released to date, that would be a potential timeline.

[*Translation*]

Mrs. Sophie Chatel: Thank you.

As a last point, I note that there is going to be a penalty for misuse of the tax law. This is a much anticipated change. Will there al-

so be a penalty for third parties? A lot of accounting and legal firms, for example, suggest loopholes to people who are not very familiar with the Income Tax Act. Are those firms going to receive a penalty?

[*English*]

Ms. Lindsay Gwyer: All the amendments that were proposed don't contemplate a penalty on promoters or advisers, so there would just be a penalty on the person who has engaged in the tax planning.

[*Translation*]

Mrs. Sophie Chatel: Okay. Thank you.

Can you make a connection between the proposed mandatory disclosure rules and the proposed measures to restore integrity?

[*English*]

Ms. Lindsay Gwyer: Sure.

This bill does include changes to create new rules that would require taxpayers, and their advisers and promoters, in certain situations, to report certain aggressive tax planning to the CRA.

There are existing rules that exist in the Income Tax Act to address reportable transactions. Those are transactions that are identified through generic hallmarks related to fees that are tied to a tax benefit, contractual protection to guarantee a tax benefit, and confidential protection to protect an adviser or promoter from having the details of their plan divulged. Those rules are being amended to make them apply more broadly.

As well, there is a second set of transactions called “notifiable transactions”, which are specific types of tax planning, and those types of transactions would need to be reported to the CRA.

Then finally there are also changes related to uncertain tax treatments that are reported on a company's financial statement if they're required. Generally it's large public companies if they're required to maintain their statements in accordance with accounting principles. Then, if they report an uncertain tax treatment it would need to be reported to the CRA.

Those rules would allow the CRA to better identify aggressive tax planning, including potential situations that are subject to GAAR. The GAAR proposals that were announced in the budget—which are not in this bill but which we're consulting on—do contemplate that in order to avoid the penalty under the GAAR rules, reporting could be done to the CRA of the fact that this transaction has occurred. That reporting is proposed to occur under these mandatory reporting rules that I just discussed, so in that way the measures are linked.

● (1210)

[*Translation*]

Mrs. Sophie Chatel: Unfortunately, my speaking time is up.

Thank you.

[English]

The Chair: Thank you, MP Chatel.

Now we are going to MP Ste-Marie for two-and-a half-plus minutes.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I thank Mr. Chambers for leaving me some of his speaking time. My speaking time is therefore three minutes and 15 seconds.

Regarding the subject raised by Mr. Chambers, would you like to complete your answer, Ms. Riddell?

[English]

Ms. Amanda Riddell: Do you mean that I complete the answer to the question that was originally asked by Mr. Chambers?

Mr. Adam Chambers: I want to hear your explanation to Mr. Ste-Marie last time, or were you finished?

Ms. Amanda Riddell: Oh, I thought I was done.

[Translation]

Mr. Gabriel Ste-Marie: Do you want to add something, Ms. Riddell, or was your answer complete?

[English]

Ms. Amanda Riddell: I don't have anything specific that I would like to raise, but if you have any other questions, I'm certainly happy to answer them.

[Translation]

Mr. Gabriel Ste-Marie: Okay. Thank you.

I'm going to change the subject and talk about the excise tax on alcohol.

In the previous budget implementation bill, last spring, we added a tax on wines in response to Australia's complaint to the World Trade Organization. We had asked that cider, other fruit or vegetable beverages and alcoholic beverages made from maple syrup, among others, be exempted from the tax, since the judgment did not cover those types of beverages. We had been caught a bit off guard, but the government succeeded in exempting cider and mead, but not the other small fruit beverages.

For example, if a cider producer includes a small percentage of pear, it must pay the entire tax on alcohol, and might not claim compensation for that, thinking that it was excluded. We were expecting the budget implementation bill to provide corrective measures for this, but it hasn't happened.

Is the department currently working on finding a solution? We are getting a lot of requests about this.

Have you met with berry liquor or mead producers to discuss the problem?

Mr. Gervais Coulombe: Thank you for that question, Mr. Ste-Marie.

When the officials appearing as representatives were preparing to testify before the committee concerning Bill C-47, they studied the

content of the bill. The amendments that were proposed and adopted by the committee last year, in the previous budget bill, Bill C-19, were not part of our preparation for...

Mr. Gabriel Ste-Marie: If I may interrupt you, Mr. Coulombe. Thank you for the answer. It's very clear.

If possible, I would like you to provide the committee with an answer in writing to the questions I have asked, that is, whether you are working on solutions internally, in the department, and whether you have met with producers for that purpose.

Thank you.

[English]

The Chair: *Merci*, MP Ste-Marie.

If you could do that for us, Monsieur Coulombe, that would be appreciated.

Now we'll go over to the NDP and MP Blaikie for two and a half minutes.

• (1215)

Mr. Daniel Blaikie: Thank you very much, Mr. Chair.

Ms. Riddell, I have a follow-up question for you in response to your previous answer.

What I heard, at least with respect to the second bucket, where you have an anonymous collective that's mining for resources, such as they are—"virtual resources", "pretend resources" or whatever you want to call them—is that it's a bit of a black box. It's not that it wouldn't make sense if you could get the level of detail that you needed about the membership of that collective to charge GST when it's appropriate, but that we don't have that information.

I can appreciate from an administrative point of view why, without that information, it makes sense to have a tax applied that you can't administer, but I'm wondering if there are concerns about money laundering or other kinds of activities that can arise when you don't have that kind of information.

Is it a concern of the department that the lack of information about who is undertaking this kind of activity could also mean there are other activities that are not legal and not desirable that are being masked by that structure?

Ms. Amanda Riddell: Thank you very much for the question.

I can only speak to the tax changes. I can't speak to the general risks that this new industry could potentially pose. I know that issue is being taken up by different parts of our department.

Mr. Daniel Blaikie: It is on the radar, so to speak, of the department that the structure may be a problem and that it's worth pursuing.

Ms. Amanda Riddell: I can't say for sure what they're looking at, because I'm not in that part of the department. However, I know some colleagues elsewhere in the department are looking at it from a more holistic, systemic point of view, as opposed to just the narrow tax question, which is what I'm dealing with.

Mr. Daniel Blaikie: This certainly seems like an interim solution with respect to the GST. We have something that we don't know. We don't have the information we would need in order to administer the tax, and there are choices being made not to administer the tax.

Ms. Amanda Riddell: I think that's one way it could be put. We're faced with a difficulty, because there is no recipient, and GST relies on there being an identifiable recipient. The fact that there's not makes it impossible to charge GST.

Is it appropriate to have no tax applied to the industry as a whole?

There are different ways that can be done. The choice the government has made in this particular case is to bring it outside the scope of the GST to ensure that at the end of the day, some tax sticks. There is some consumption of crypto services in Canada. We can't apply the tax in the normal way, so the services are effectively being input taxed.

Again, I would go back to the fact that there is this large exception for people when there is an identifiable recipient. I would argue that in most cases, particularly now the rules are out, people will ensure that their affairs are arranged to take advantage of that exception.

We're not being punitive in any way. It's really just a structural concern with the Excise Tax Act and the fact that the rules were not designed in a way that could easily accommodate this new industry.

The Chair: Thank you, Ms. Riddell.

Thank you, MP Blaikie.

Now we're going to the Conservatives and MP Chambers.

Mr. Adam Chambers: Thank you, Mr. Chair.

This is more of a point of interest for those watching at home, because it's so riveting. You're supposed to self-assess GST as a taxpayer. Isn't that correct?

If you owe GST and it wasn't collected, you're supposed to self-assess and remit. Isn't that correct?

Ms. Amanda Riddell: There are self-assessment rules throughout the act in all different sorts of situations. I would say that self-assessment is not our preferred approach in general, as a rule, just because the compliance rate is not as high—not surprisingly, as you might expect.

Some hon. members: Oh, oh!

Mr. Adam Chambers: We'll give an example. How many Canadians self-assessed GST on Netflix services or digital streaming services prior to a couple of years ago? It was very few, I think.

Is that right?

Ms. Amanda Riddell: I think that's fair.

Mr. Adam Chambers: I want to thank all of you for the very thorough answers to some technical questions and also some questions that probably didn't apply to the matters at hand.

I don't know how to ask this, Mr. Chair, but given the dense nature of the bill, if there's agreement from my colleagues.... I don't

want to do a motion on this, but if there's agreement from officials or colleagues.... I think in the past there's been some understanding that, only for technical questions that pertain specifically to the bill, questions posed in writing could be followed up on at a future date while the study is still going on. I don't want to inundate people with questions, but we just got this last week, so there could be a technical question about a particular section that comes up three days from now while we're still doing the prestudy and officials are no longer going to be coming to appear. If we could get an agreement.... Is that okay with folks? Is that something we agree with: that we can pose written questions to officials throughout the study?

• (1220)

The Chair: Yes, MP Chambers, that's a practice I think you've used numerous times, and we will continue with that.

Mr. Adam Chambers: That's wonderful. Thank you.

You've been very helpful. You just wake up at night sometimes, and there's a question that comes, so you want to....

Some hon. members: Oh, oh!

The Chair: We have officials here in person right now, live.

Mr. Adam Chambers: Yes, well, sometimes they're not always available when I have the question.

Not to take away from the great discussion, I would like to maybe expeditiously deal with the motion that was tabled last week on extending the tax filing deadline. I read it into the record last week, but I would like to move that now.

The Chair: I take it you're moving that motion.

Mr. Adam Chambers: I would move that motion now while I have the floor.

The Chair: Members, is there any discussion on that?

MP Dzerowicz and then MP Morantz.

Ms. Julie Dzerowicz: I think Marty was before me.

The Chair: Okay.

MP Morantz and then MP Dzerowicz.

Mr. Marty Morantz: Thank you, Mr. Chair.

I want to speak in favour of this motion; it's a very important motion. There's a lot of uncertainty right now as to what's going on at the CRA. I noted in question period—I think it was yesterday or the day before—that several questions were asked of the revenue minister about filing deadlines at the CRA, which she did not respond to. Ultimately, Minister Gould, to her credit, did say something about electronic filing's still going on, but of course, we're not clear as to whether Canadians can get through to the CRA, whether they'll be getting their refunds on time, when they'll be getting their refunds, and whether they'll be able to get through to the CRA to get their questions answered in order to be able to file their taxes.

I would actually like to see the revenue minister come to the committee, and I am hoping to get all members on side with this. I don't know if we need a separate motion for it or not—at least a request to the revenue minister to come to committee to sort this out.

We don't have the information we need at this point to know whether or not the services at the CRA are happening as they should at a critical time of the year, given the strike. The purpose of this motion is to extend the filing deadline for 21 days beyond the end of the strike in order to make sure that Canadians are able to get the information and services they need in order to comply with their obligations under the Income Tax Act.

With that said, I think this is an important motion that all members of this committee should support.

The Chair: Thank you, MP Morantz.

We're going to go to MP Dzerowicz.

The Minister of National Revenue was before our committee, MP Morantz, just—

Mr. Marty Morantz: Mr. Chair, that was before the strike.

The Chair: Okay.

Thank you, MP Morantz.

MP Dzerowicz.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

I want to thank my colleague for putting forward this motion. I think it was put with good intent. When we see a strike go on, we think, “Oh my gosh, there's a strike. Maybe it's going to impact people who are filing taxes.”

Mr. Chambers and colleagues, I don't believe that because there is a strike we should be moving forward with delaying the tax filing deadline—for a number of reasons.

I think everybody knows that we have the IT systems. It's all set up to send out benefits and tax credits as of July 1. It's automatically set up. If there's any delay with the filing of the taxes, it's going to impact those IT systems. You have to recalibrate it. That apparently takes weeks to do. That's actually going to impact the benefits and credits of thousands of Canadians. That's one thing.

Two, in my riding, we help so many people and direct them to many different places on how to be helped to get their filings done. None of that is being impacted by the strike. They're all going to local community centres. They're going to places that offer these free tax filing services. None of that is being impacted by the strike.

I will also say—I think Mr. Morantz asked this earlier—what it actually says on the CRA website:

The tax filing deadline has not changed. Canadians should take steps to ensure that their return is filed by May 1, 2023....

The CRA will continue to accept all returns during this labour disruption. Those that are filed digitally will largely be processed automatically by the system without delay.

We want to make sure that people's access to these benefits and tax credits will not be delayed, particularly when everybody is feeling the pressures of the high cost of living.

My understanding, as well, is that CRA is not the only tax authority. There is also going to be, if there's a delay of accepting tax filings, implications for Revenu Québec. We understand that they don't have a desire to move their filing deadline.

The last thing I would maybe say is that there's only been once in history that we've actually delayed it, and that was during the pandemic. That was for legitimate reasons, because we didn't know what was happening in the pandemic.

Right now, you have CRA continuing to encourage people to file their taxes. From my perspective, I don't think there's anything that would hinder Canadians from being able to continue to file their taxes. We want to do everything we can to make sure that benefits and credits that are due to thousands of Canadians are not put at risk because of this.

Although, Mr. Chambers, I think you've put this forward with good intentions, I don't think that in the end it's going to have the desired impact you would like it to have.

Thank you.

• (1225)

The Chair: Thank you, MP Dzerowicz.

I believe I have MP Blaikie and then MP Chambers.

Were there any other hands? No?

Okay, go ahead, MP Blaikie.

Mr. Daniel Blaikie: Chair, thank you very much.

I'm happy to speak in favour of the motion. I take Ms. Dzerowicz' point about the timeliness of paying out certain benefits. It's important to encourage Canadians to file on time, but also to provide some flexibility for folks who have questions they can't get answers to right now, or, in certain cases, might need permission.

I just heard a story about someone who has been locked out of their CRA filing account. They need to call the CRA in order to get access to their account. They can't do that while no one is picking up the phone. That's somebody who shouldn't be penalized, in my view, for having a late return because they're not able to do the things they need to do to file their return.

Where Canadians can file their return, I don't think there's anything contradictory about the government's saying, on the one hand, that, if you're able to file, do file on time. We encourage filing on time. There are benefits to filing on time, but in the event that you can't file on time, you're not going to be penalized.

I think it's also important to note that, while I take all of the resolutions of the committee very seriously, this isn't a binding resolution. It's not something the government is going to have to implement. I would encourage them to implement it. I would encourage them to be thoughtful about it and to think about ways they may already start preparing to try to accommodate late filing for payments of certain benefits on July 1.

This is something the department has some experience with. I wouldn't say that it went well, but during the pandemic, there were delayed filing dates. Hopefully there have been some lessons learned by the department about how to do this and how to mitigate some of the negative impacts, but the fact of the matter is, for Canadians who aren't able to file on time because they need access to someone on the CRA phone line, their benefit payments on July 1 are going to be delayed already.

Certainly, again, encourage those who can file on time to file on time, but for those who can't, I think there should be an understanding that they won't be penalized for circumstances beyond their control.

Finally, I would say that the best way to mitigate all of this is for the government to reach a fair deal at the table as quickly as possible. PSAC has been without a new contract now for about two years. None of the bargaining issues are new. They waited a bloody long time for the government to put an offer on the table—well past the expiration of their contract.

Let's not pretend that somehow we're in this bind for any reason other than the government's not presenting a reasonable offer in anywhere near a reasonable timeline. The best way to get around all of this is to have an expeditious end to negotiations by getting a deal.

When we've had a year of completely unprecedented inflation, to put numbers on the table that don't in any way reflect the period of inflation that we have suffered, when we know that public sector negotiations set the bar for wage negotiations across the entire economy, the PSAC isn't just out for themselves. They're out for workers across the country in private industries as well who are interested in making wage gains that recognize that they've been kicked in the teeth over the last year with the cost of groceries, rent and everything else.

If the public service settles and the government insists on giving them a wage deal that doesn't recognize inflation, they won't just be punishing the PSAC. They'll be punishing workers across the entire economy who are going to go to employers to ask for wage increases that recognize inflation and be told that not even federal civil servants got wage increases that recognize inflation, so why should you get it?

This is an important negotiation for the entire country, for workers across many different industries who are rightly looking to ensure that their paycheques keep up with increased costs. It's why

this government, which says it cares about workers, should be concerned not just for civil service workers. It should be concerned to have an exemplary deal that shows employers in the public and private sectors how to fairly accommodate its workers who have been suffering greatly as a result of inflation. That's the best way to get this done, but, in the meantime, if certain Canadians who can't reach anybody at the CRA right now want to take a few extra days to file their taxes, I think that's the least we can do.

Thank you.

• (1230)

The Chair: Thank you, MP Blaikie.

I have three people still up. MP Chambers was next, but he's asked to go last. I have MP Ste-Marie, MP Dzerowicz and then MP Chambers. Hopefully we'll still have some time to get to our officials who are here waiting eagerly for our questions.

Go ahead, MP Ste-Marie, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Chair.

I still have a lot of questions to ask the officials. I hope we will have the time to come back to them.

Just before the meeting, I was on the picket line in Joliette to let the women and men on the line know that we agree with them, that they are entitled to a negotiated agreement, and that we reiterate the demand that the government bargain. I even think that at this stage, after a weekend with no progress, we support their demand that the Prime Minister intervene personally. We must not, contrary to what we have seen on all the other issues in recent years, fold our arms and allow the situation to deteriorate. That leads to terrible situations.

Obviously, as I said at the previous meeting, I completely support the motion presented by Mr. Chambers. I think it is a good motion.

I understood the arguments made by Ms. Dzerowicz, and I thank her for them. I also concur in the arguments made by Mr. Blaikie. So let people who are able to file their returns by the current deadlines do so. However, as my colleagues said, accounting firms that have clarifications to request from Canada Revenue concerning certain cases are unable to get answers at present. That is creating a problem. As well, the present situation is in addition to the labour shortage in the bookkeeping and accounting industry, which means it is very difficult for them to file all the returns in the period allowed.

I would remind you that in Quebec, we were without electricity for several days in numerous regions because of the freezing rain. A lot of accounting firms were hit by this situation. The Quebec government has already given them an extension for filing returns, in view of the situation. In my opinion, a G7 country is certainly capable of granting an extension, in view of the exceptional circumstances.

Thank you.

[English]

The Chair: Thank you, MP Ste-Marie.

I have MP Dzerowicz and MP Chambers.

MP Chatel, you want to speak to this also.

Okay, we'll have MP Dzerowicz, MP Chatel and then MP Chambers, please.

Ms. Julie Dzerowicz: Thank you so much.

Because Monsieur Ste-Marie as well as Mr. Blaikie had mentioned this, I want to respond as well because it is fair to do so. Of course we want a fair deal and of course we want a good deal. We all want an end to it.

I do want to just remind everyone there were 570 items on the table and we're now down to a handful, so a lot of tremendous work has been done by both sides to try to reach a fair and good settlement.

I just want to recognize the extraordinary work that has been done and how far we've actually come on that. Just because we're having tough negotiations now doesn't mean that we don't continue to support strong labour rights or that we don't support our public service unions. We absolutely do.

The only other point I want to add to the current debate at hand is that according to the CRA website, approximately 95% of the 17 million people who have filed their taxes have already done so using self-serve digital options. I appreciate it—because this is the case in my own riding—that not everybody has access to a computer, although if they go to our non-profit organizations they would be able to be helped. There are step-by-step instructions called “Learn About Your Taxes” and you can engage with Charlie the chatbot who can answer your questions online.

I encourage anyone who is listening who might want to call CRA with some additional questions in wanting to file their taxes that there might be some online resources available to them.

Thank you so much, Mr. Chair.

• (1235)

The Chair: Thank you, MP Dzerowicz.

We'll go to MP Chatel and then MP Chambers.

[Translation]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

Having been a public servant myself for a number of years, I can tell you that we understand the situation very well. We all hope there will be a satisfactory resolution, an agreement that is fair for everyone, for both the employees and the government, but also for all Canadians.

Regarding the motion, I know it comes out of good intentions. However, I have to point out that in Quebec, in most cases, federal and provincial tax returns are submitted together. A large number of people in Quebec use software that combines the two. Unfortunately, if we adopt this motion, we might be misleading some people in Quebec who might decide to fill out their tax return and send

it. That would result in penalties in Quebec, because Quebec is not required to follow these instructions, obviously.

So it would have consequences for people in Quebec that I don't want to be associated with. That is why I do not support the motion.

[English]

The Chair: Thank you, MP Chatel.

We'll go over to MP Chambers, I think, to wrap this up.

Mr. Adam Chambers: Thank you.

I appreciate the comments by my colleague. I won't take any more time other than to say that no Canadian should be penalized for not being able to get the information they require. The business tax inquiry line is down—only certain calls are getting through—and the online chat function with a human is not available. Charlie the chatbot may be great, but he's overloaded.

Perhaps the government has a better idea and has more line of sight into what's possible and not possible. I won't amend the motion, but I'll leave another consideration for the government to think about. No Canadian should be assessed a penalty for filing late if they owe afterwards, as a compromise—although I'm not willing to compromise my motion. I will keep it as is. I think we should go to a vote.

It makes sense for Canadians, who expect some services, that they are not going to be penalized. This was an idea to extend the filing deadline, to give Canadians some comfort, while they are stressed out trying to find out some answers or get into their CRA My Account.

If the government wants to take a different approach, that's fine, but I'd like the committee to express its will.

The Chair: Thank you, MP Chambers.

Is there discussion on this?

MP Chatel.

[Translation]

Mrs. Sophie Chatel: Mr. Chair, I just want to point out that measures are available.

[English]

There's taxpayer relief for taxpayers in conditions where they can't file for X, Y and Z.... The CRA already has a process to waive penalties and interest due to circumstances that are out of the control of taxpayers.

The Chair: Thank you, MP Chatel.

MP Lawrence.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): I have just a brief intervention. I did a little bit of research with respect to chatbot Charlie. First, it says it's a pilot project. Secondly, it says, “Please don't include any personal information.” It's basically a frequently asked questions device. That is not a substitute for a human being, who should be answering Canadians' questions.

• (1240)

The Chair: Thank you, MP Lawrence.

Is there any further discussion?

MP Beech.

Mr. Terry Beech (Burnaby North—Seymour, Lib.): I'm ready to vote.

The Chair: Okay. That's good.

Clerk, I think the members are ready.

(Motion agreed to: yeas 6; nays 5 [*See Minutes of Proceedings*])

The Chair: The motion carries.

Mr. Adam Chambers: I think that's probably all my time for my round.

Some hon. members: Oh, oh!

The Chair: I think so, MP Chambers.

Mr. Adam Chambers: Oh, the time for the motion doesn't count.

The Chair: You have about a minute and a half left of your time.

Mr. Adam Chambers: Charlie, the chatbot, I'm sure is great. Maybe at some point we can replace the work of some members with artificial intelligence based on some of the.... I'm sure it could do a better job than I do sometimes.

I'll yield the rest of my time, Mr. Chair.

Mr. Marty Morantz: On that point of order, Mr. Chair, I want to suggest to the analysts that we call Charlie the chatbot as a witness in the event that the Minister of National Revenue is not available.

Some hon. members: Oh, oh!

The Chair: We're going to the Liberals.

Is it MP Chatel? Are you up for it?

Mrs. Sophie Chatel: I'm totally ready. Yes.

The Chair: Okay.

Mrs. Sophie Chatel: I'm waiting for Charlie to replace me.

I will ask a question. In the budget we had two very important international developments. We've had some discussion amongst committee members already, and I want to have more information to prepare this committee on what's coming—it's welcome—very, very soon, which is the global minimum tax.

I know there has been a lot of progress and there's been some legislation that will lead to that, but on a higher level, would you be able to explain to this committee what exactly the main features of this global minimum tax are and how it will apply?

I know MP Morantz, who just left, had some questions about that.

Mr. Kevin Shoom: Thank you for the question.

The global minimum tax is being negotiated at the OECD's inclusive framework, which is a group that involves over 140 nations. The intention is to address remaining risks from base erosion and

profit shifting, even after other recent initiatives from the OECD and others.

It's also to put a floor on tax competition and do away with the tax competition that is available currently when countries can have corporate tax rates down as low as 0%.

The general framework that is being negotiated involves looking at a multinational of a certain size. The threshold that's being used is 750 million euros in revenues. That multinational would need to calculate the effective tax rate on its operations in each jurisdiction in which it operates, and a top-up tax to get to 15% would be levied whenever the effective tax rate in that jurisdiction is less than 15%. This calculation would be based on the modified version of the accounting profits of the multinational in each jurisdiction.

The next question would be who gets to collect that top-up tax. The hierarchy or the order effectively provides the first right to tax—to collect that top-up tax to get to 15%—to the jurisdiction in which there is the low-taxed income. If that jurisdiction doesn't tax up to 15%, then the top-up tax could be collected by the jurisdiction in which the multinational is headquartered.

If that jurisdiction does not implement the global minimum tax, there's effectively a backup rule to ensure that multinationals, no matter where they're headquartered, are subject to the minimum tax. This backup rule would take the aggregate amount of low-taxed income across the multinational that has not been taxed up to 15% and then allocate it out to the countries where the MNE operates that have implemented the minimum tax using a formula based on where its employees and its tangible assets are located.

• (1245)

Mrs. Sophie Chatel: Thank you for the mechanics.

May I confirm—and we had discussions with the Conservatives on this—that this is a global minimum tax that will ensure that MNEs, multinational enterprises, wherever they are located, will globally be subject to a minimum tax of 15%?

Mr. Kevin Shoom: That is correct. It's a minimum tax of 15% in each jurisdiction in which they operate.

Mrs. Sophie Chatel: Compared to what we discussed—

The Chair: We're out of time, MP Chatel, but thank you.

Thank you, Mr. Shoom.

We are now at MP Ste-Marie for two and half minutes, please.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I'm eager to see this important international 15% minimum income tax measure implemented, so I thank Ms. Chatel for raising this issue.

Obviously, I also thank the Biden administration for proposing it to the international bodies.

Regarding Bill C-47, the implementation bill, do the rules governing the transfer of family businesses appear in the first three parts or in the fourth?

[English]

Ms. Lindsay Gwyer: You're referring to the rules related to Bill C-208?

[Translation]

Those rules do not appear in Bill C-47. In the budget, we published the preliminary legislative provisions that the public can consult. It will be up to the government to make a decision, but it is possible that those rules will be in the bill in the fall.

Mr. Gabriel Ste-Marie: Thank you.

Since Bill C-208 was introduced, we have been getting calls every week from owners of farming businesses and family farms who are postponing transferring their businesses to their children so as not to be penalized from a tax perspective.

I now understand that the rules concerning these transfers do not appear in the current implementation bill, but that could be the case in the fall.

Thank you for your answer, even if it doesn't make me happy.

I am going to come back to a subject addressed earlier, the duplication of the GST credit adopted in Bill C-46, also called the “grocery rebate”, which is better from a marketing perspective.

Assuming that Bill C-47 is adopted by the end of the parliamentary session, how would Bill C-46 speed up payment of this GST cheque?

Mr. Pierre Leblanc: Thank you for the question.

In fact, two conditions are necessary. First, we have to get royal assent for the enabling bill. Second, the Agency has to be in a position to make the payment. So it depends on those two conditions.

• (1250)

Mr. Gabriel Ste-Marie: On that subject...

[English]

The Chair: Excuse me, MP Ste-Marie, but that is the time. You can submit a question, and I'm sure you'll get an answer to it.

Thank you, Mr. Leblanc.

Now we will go to MP Blaikie for two and a half minutes, please.

Mr. Daniel Blaikie: Thank you very much.

My question goes back to the OECD reporting requirements for online platforms.

Another debate that's outside of tax policy is around the classification of employees in the gig economy. I think California is an example of a jurisdiction that has tried to have some law about so-called “gig workers” or independent contractors who, effectively, work for the same company for a regular amount of hours, performing similar work, and are effectively employees.

I'm curious if you could break down some of the reporting categories for us within the OECD framework. I don't expect you to be able to say yes or no, but I'm curious what they are and to see

whether some of that reporting data might be useful if the government chooses to pursue employee classification legislation.

I'm curious to see if they're reporting out on the number of hours worked or the type of work, if it's a more limited set of data that has to do with tax collection, or if there's be a broader subset of data that might be used for other purposes, like employee classification.

Mr. Kevin Shoom: The reporting regime would not cover employees. Your question is on point for that. If there were a reclassification of some of the gig economy workers to be employees, then they would be direct reporting by the employers' tax administration and they would fall out of this reporting regime.

The types of information that would be reported would be identifying information about the individual. It would also provide information on their jurisdiction of tax residence, how much consideration they received for each quarter of the year, the number of relevant activities they had undertaken, any fees or commissions that have been withheld or charged by the platform in their dealings with the platform seller. Additional information would be provided with respect to people renting properties, but I don't think that's relevant to your question.

There would be information about aggregate employment or aggregate income received, which could potentially be helpful in that respect, although not necessarily definitive.

The Chair: Thank you very much, MP Blaikie. Thank you, Mr. Shoom.

Now we will go to MP Lawrence for five minutes.

Mr. Philip Lawrence: Perfect.

When I first got some of the highlights of the budget coming through—some of the copious leaks seemed to get to the media before they got to us—one of the things that seemed beneficial to the government getting out there was the grocery rebate. I was thinking it maybe would be something to reduce the carbon tax or to give individuals a benefit.

I'm really troubled. I can't see the difference between this and the GST rebate increase that was done the previous year.

Can anyone tell me what's different about this grocery rebate and a GST rebate?

Mr. Pierre Leblanc: If we look at the legislation, it's essentially the same.

Mr. Philip Lawrence: Why would you call it a grocery rebate when it's just a GST rebate? That seems odd to me.

Mr. Pierre Leblanc: That's a decision for the government. I think when we go to grocery stores, we all find that prices are pretty high. However, in terms of the mechanics, you're right....

• (1255)

Mr. Philip Lawrence: For clarity, there are no restrictions on these rebates—they are HST or GST rebates—with respect to food or groceries.

I've had numerous constituents call my office asking me how this grocery rebate works. To clarify, there are absolutely no restrictions on how this money is spent. It really has no connection to food whatsoever.

Mr. Pierre Leblanc: It will be a payment that people receive.

Mr. Philip Lawrence: There are no qualifications or conditions on this money. People can use this for whatever they want.

Mr. Pierre Leblanc: That's correct.

Mr. Philip Lawrence: This was simply some cheap marketing that the Liberal government put out there to help them maybe push back some of the trouble that people are feeling. Food, in some cases, has doubled in cost over the last couple of years. Food inflation, consistently near or above 10%, continues to be a challenge. This Liberal government's response is cheap marketing. I think we know where that goes.

I want to spend some time on the technical side. Everyone here values the tremendous work our veterans have done in being willing to pay the ultimate sacrifice so that we can maintain a peaceful, free country.

I want to spend a little time on the taxation of veterans and active benefits. This is simply for clarity, so that our veterans are aware. Maybe I could hand the floor over to someone who is comfortable giving an explanation of what this budget implementation act seeks to do with respect to the taxation of benefits going to our veterans.

Mr. Mark Maxson: Thank you for the question.

Effectively, this is a legislative change that confirms and clarifies the existing and long-standing non-taxability of a number of benefits being offered by the Department of Veteran Affairs and/or the Department of National Defence. Individual members or veterans do not need to do anything. Amounts that they have received have been non-taxable in the past. They have not been reporting these amounts. They have not been receiving tax slips, and they will not receive those slips going forward. They don't need to amend any returns. It simply says that the treatment that has been administrative-ly taken historically is confirmed in law retroactively.

Mr. Philip Lawrence: Thank you very much, Mr. Maxson.

Just to clarify again, veterans don't have to take any action. There was just a potential disconnect between the legislation and the policies as they were administered. They have been administered as non-taxable, but I guess there was some ambiguity. Veterans don't have to take any actions and all of their benefits will continue to be tax-free.

I just want to make sure that veterans are perfectly clear about that.

Mr. Mark Maxson: That's right.

This pertains to a number or very specific benefits. There are certain benefits received by veterans and members of national defence that are taxable and have always been taxable, but for these particular benefits—certain payments for persons with disabilities or their families that might be for medical expenses or equipment—they do not take any action. There is no change from their perspective. It's just clarifying some questions that have been raised about these existing benefits.

The Chair: Thank you, MP Lawrence.

Now we will go to our final questioner for this round and this meeting.

We'll have MP Baker for five minutes, please.

Mr. Yvan Baker: Thanks very much, Mr. Chair.

I'd like to go back to what Mr. Lawrence was just saying to the committee. I thought it would be worthwhile for us to reflect on that for just one moment.

He referred to the grocery rebate as “cheap marketing”. The premise of his argument was that the mechanism to deliver relief for folks who are struggling with the cost of groceries is similar to the mechanisms used to provide the GST rebate. I think that is really disappointing.

When COVID-19 hit and we provided the CERB to folks who needed that support or supports to businesses, we used mechanisms, some of which were new and some of which were similar to mechanisms that had been used in the past. I don't remember Mr. Lawrence or the Conservatives calling that cheap marketing. People out there are struggling with the cost of groceries in my community and across this country. The government is responding to that by saying that it's going to deliver help to them as quickly as possible.

Obviously, we need to pass this bill, so hopefully the Conservatives will pass it quickly. At the end of the day, to suggest that help provided to the folks who are struggling to pay their bills—their grocery bills specifically—is cheap marketing is, I think, disappointing and shameful.

I think it's a reflection of where the Conservatives are right now. On the one hand, they talk about how folks are struggling with the cost of living, but when we propose measures to help them with the cost of living, they either vote against it or they try to pare it down and call it cheap marketing.

I just wanted to point out that contradiction and hypocrisy.

With that, I'd like to come back to our witness and the BIA.

Could someone speak a little bit about the way the Department of Finance undertook consultations on some of the measures listed in part 1 of the bill?

• (1300)

Ms. Lindsay Gwyer: I can speak to that.

The consultation process has been different for different measures. In general, all of the measures in part 1 of the BIA were previously released in draft form for public consultation. In some cases, additional consultation would have occurred earlier in the process. When we release draft legislation for public comment, we typically receive a number of written submissions. We also often hold meetings with stakeholders or people who reach out to us with different interests on the legislation, including technical points or policy concerns.

We hold a number of those meetings and we receive written submissions. We review all of those very carefully. We take that into consideration in determining whether to or how to revise draft legislation.

That occurred with respect to the vast majority of the measures here, which were released last year or earlier. A few of them were released more recently in budget 2023, but some of those would have had consultation before or would have been the reflection of ongoing feedback that we receive from stakeholders and interested Canadians.

Mr. Yvan Baker: Thank you for that.

I want to go back to the changes to income tax as they relate to veterans and active members of the Canadian Armed Forces.

For the folks at home, could someone clarify the changes and how the changes in the BIA will impact veterans? I just want to make sure that is clear.

Mr. Mark Maxson: Thank you for the question.

These amendments pertain to a specific list of benefits. Individual members who have been receiving these benefits should not notice anything changing. It confirms the treatment that has been there in the past, which is that they've been non-taxable. Individual recipients who have been receiving these amounts have not reported them on their tax returns. That's fine; that's great. That is the treatment that this amendment confirms. They don't need to do anything in respect of this.

Mr. Yvan Baker: Thank you very much.

Chair, those are all of my questions.

The Chair: Thank you, MP Baker.

On that note, let's take this opportunity to thank our hard-working officials at the Department of Finance.

Thank you for coming and for your testimony. Thanks for answering our many questions for this study. We really appreciate it. On behalf of the entire finance committee, thank you.

Members, perhaps I can quickly catch your attention. The budget for this meeting was distributed. I'm wondering if I can have approval.

Are we good? Are we thumbs-up on that?

(Motion agreed to [*See Minutes of Proceedings*])

A voice: Headsets cost lot less than flights sometimes.

The Chair: Yes. We have a lot of headsets here, so we have a lot of officials coming in. We thank them for the work they do and that they're going to be able to come to us virtually or in person—although we do like them to be here in person.

Thank you very much, everybody.

The meeting is adjourned.

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