



CANADA
TAX CODE

You could drive a
Mack truck through the
LOOPHOLES
in our tax system.

This makes the whole system **GROSSLY UNFAIR**. It also makes it all **COSTLY, COMPLEX** and **INEFFECTIVE**.

Unfair

Loopholes undermine tax fairness by providing benefits to some taxpayers and not to others. Many of the loopholes or tax breaks disproportionately benefit the wealthiest and increase income inequality.

Costly

Tax loopholes cost federal and provincial governments over \$20 billion annually. That's money that could be invested in quality public services and prevent cuts to programs that make Canada a safe and healthy place to live.

Complex

Tax loopholes also make the tax system difficult for ordinary taxpayers to navigate. You shouldn't have to pay for an accountant or tax software to file your taxes.

Ineffective

Many tax loopholes do not achieve their stated purpose. The Public Transit Tax Credit, for example, did not increase ridership. Our taxes are better invested in building public transit. This builds community, protects the environment and is an effective use of tax dollars.



We need Tax Fairness

Top income earners with taxable income of over \$135,000 are taxed at 29 per cent—about average for an industrialized country. But because they have a lot more tax loopholes they can take advantage of the average income tax rate paid by the richest 1%—only 19.7%. How is that fair?

What's worse is that when other taxes such as GST/HST and property taxes are taken into account, the richest 1% actually pay a smaller share of their income in taxes than anyone else—even the poorest 10%!

It is time we closed these tax loopholes!

Canada's most outrageous tax loopholes

1. The Stock Option Deduction costs the federal government and provincial governments a total of over \$1 billion annually. CEOs of Canadian banks, oil and mining companies are paid millions each year in stock options—and this loophole allows them to pay tax at half the rate the rest of us pay. This tax loophole isn't just costly and unfair: it's bad for the economy as it encourages short-term and risky speculation instead of productive long-term investments. Why should taxpayers subsidize the already obscene incomes of the super rich?

2. The Capital Gains Deduction is the costliest tax loophole. This tax measure costs the federal government over \$8 billion annually and provincial governments another \$4 billion on top of that, with the benefits going primarily to corporations and upper income individuals. You pay taxes on every dollar of income from wages but if you get income from selling investments, you pay taxes on only half the amount you earn

So someone working hard for a living pays taxes in full, while someone sitting on a yacht making money from selling stocks pays half the rate. Allowance could be made for inflation in calculating capital gains income. But a dollar is a dollar, regardless of how it is earned—and should be taxed the same.

3. The Business Entertainment Expense Deduction is the most abused tax loophole. Businesses can deduct half the cost of meals and entertainment expenses from their taxable profits. The tax law stipulates that to be eligible for this deduction actual business must be conducted at these events. But a recent survey found that this tax measure was widely abused. Corporate boxes at professional sports events are the most blatant example. Claiming meals while on business trips may be legitimate but closing the corporate entertainment part of this loophole can save us \$200 million a year.

\$10B
more for us!

Canadians for Tax Fairness has identified \$10 BILLION IN SAVINGS if some tax loopholes were closed.



"There is more tax fraud taking place at one Blue Jays baseball game than all the welfare fraud in Ontario in a whole year."

*• Neil Brooks
Osgoode Tax Law professor*



CONNECT WITH US TO HELP CLOSE TAX LOOPHOLES!

Sign on to support the campaign. Learn about actions. Get updates.

CLOSE TAX LOOPHOLES.CA

FACEBOOK.COM/CANADIANSFORTAXFAIRNESS

TWITTER.COM/CDNTAXFAIRNESS