

## MP's REPORT: Happy New Year

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As we look forward to the year ahead and get our economic house in order, increasingly the conversation turns to the failings of our current federal tax system. Overwhelmingly, the message is clear; Canadians feel our tax system is fundamentally unfair and broken.

### Tax Structure ? Modern & Competitive

Canada's tax structure hasn't been substantially reformed since the 1970s, but since then we have seen major changes in the foundations it was built on such as family income structures, the nature of work with almost one third of our working population precariously employed, and the erosion of defined benefit pensions or any pension at all.

Additionally, our tax structure affects our competitiveness as corporations use it as criteria when determining where to establish or expand their business. Canadian top combined personal income tax rates now exceed 50 per cent in seven provinces and Canadian provinces comprise nine of the 10 jurisdictions with the highest combined personal income tax rates in Canada and the U.S. Our tax structure must be modernized to reflect Canadian society today and to position us to be competitive internationally.

### Implementation of Taxes & Canada Revenue Agency (CRA)

Just how broken is our tax system? In the last two years, the Auditor General of Canada has produced highly critical reports of the CRA. The following are some of the finding in the two reports filed by the Auditor General of Canada in 2017 and 2018

CRA provided taxpayers with very limited access to its call centre services, including both the automated self-service system and call centre agents.

CRA blocked more than half of the calls it received (about 29 million out of 53.5 million) because it could not handle the volume. Blocked calls were those that did not reach either an agent or the automated self-service system. Instead, they were given either a busy signal or a message to go to the website or call back later.

Between March 2016 and March 2017, CRA answered only 36 percent of the calls it received?32 percent were answered by an agent, and 4 percent went to the automated self-service system and lasted at least a minute. On average, callers made three or four call attempts per week. However, even after several attempts, callers did not always reach either an agent or the automated self-service system.

When agents responded to tax questions as part of the report, they gave wrong information almost 30 percent of the time. This meant that the actual rate of agent errors was significantly higher than the CRA's own test results.

CRA did not consistently apply tax rules when it audited or reviewed taxpayers' files, even though the Taxpayer Bill of Rights includes the right to have the law applied consistently.

Taxpayers in one region waited an average of 7 months longer than those in another region for the Agency to complete an audit. In one region, it took the Agency more than 40 weeks to process taxpayers' requests for adjustments, while in another region, the Agency took 12 weeks.

Comprehensive Tax Reform is not for the faint of heart. It is more than just tinkering with one tax credit or lowering one tax bracket. It requires an in-depth restructuring that not only takes into account the changes in the nature of work and society since the 1970s, but also addresses the current state of the global economy and the necessary measures for Canada to be competitive.

To regain the confidence of Canadians reforming our tax structure and ensuring it is efficiently and consistently applied by CRA must be a priority of the federal government. Complex problems in a complex time require complex solutions.

If you haven't already, please complete my survey on Canada's Top 10 Federal Priorities for 2019 here:

[www.surveymonkey.com/r/85R5Y3Q](http://www.surveymonkey.com/r/85R5Y3Q). I want to hear from you what you think the Federal Government should focus its attention on. Please join me at my New Year's Levee Open House on Saturday January 19 from 12:00 noon to 2:00 pm.

My team and I are always here to help! Feel free to contact me by e-mail: [Leona.Alleslev@parl.gc.ca](mailto:Leona.Alleslev@parl.gc.ca), phone: (905) 773-8358, or drop by my office at 12820 Yonge St., suite 202 in Richmond Hill.