

Office of the President and
Chief Executive Officer

Cabinet du président
et chef de la direction

December 5, 2014

Hon. Kerry-Lynne Findlay P.C., M.P.
Minister of National Revenue
555 MacKenzie Avenue
Ottawa ON K1A 0L5

Dear Minister:

In September, the Canadian Chamber of Commerce concluded its 85th Annual General Meeting (AGM) in Charlottetown, PEI. A highlight of the Canadian Chamber's AGM is the Policy Session, where the resolutions submitted by local chambers of commerce and boards of trade from across Canada are debated and voted on by accredited delegates. Once approved, these resolutions become policy of the Canadian Chamber for the following three years.

In 2014, our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months. Our renewed national policy mandate includes the following issues which fall within your portfolio:

Enhancing the timely submission of electronic documents

The Canadian Chamber recommends that the Canada Revenue Agency (CRA) work to facilitate electronic submissions as the result of business queries and audit information requests. This would be a major improvement to the current process whereby CRA will not accept electronic transmissions from businesses when there is an audit or business query. The CRA requires that these businesses send documents by fax or mail to the appropriate office. Often these reports are in excess of 100 pages and, depending on the location of the business, the mail is slow and fax service unreliable, causing delays of weeks or months. This lack of certainty and slow response time can cause significant frustration on the part of businesses being audited or trying to respond to CRA queries.

Fines and Penalty Reform for Businesses

Filing with CRA for businesses can be a complicated process; many businesses are required to make over 30 payments a year with GST, payroll tax and income

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tax remittances. The Tax Code is 3000 pages long with hundreds of rules and regulations right down to the kind of form that can be used to file remittance vouchers. Not surprisingly, a significant portion of Canada's five million SMEs make mistakes every year when dealing with CRA.

CRA has little or no forgiveness if a payment is missed. Penalties and fines are steep even if deadlines are missed by one day. CRA does have an appeal process for penalties and charges for late payment, but it is a complicated, time-consuming and costly process for businesses. Regardless of the dollar value, type or frequency of incomplete or inaccurate tax returns, penalties and interest may be applied.

The Canadian Chamber of Commerce recommends that CRA in conjunction with the Department of Finance adopt a fair system for businesses that make unintentional errors or miss a tax payment deadline on rare occasions, i.e.,:

1. Charge small business a modest flat late remittance for missed payroll and/or GST payment deadlines. Interest then accrues if payment is not made within 7 days of the due date.
2. After the "Late Remittance Fee" is implemented then subject businesses that consistently and repeatedly miss payment dates to increasing fines and/or stiffer penalties with every missed payment.

Copies of the complete texts of these resolutions are attached and we would be pleased to discuss them with you or your staff.

Sincerely,

A handwritten signature in black ink, reading "Perrin Beatty". The signature is fluid and cursive, with the first name "Perrin" and last name "Beatty" clearly distinguishable.

Perrin Beatty
President and Chief Executive Officer

Attachments