



Office of the President and  
Chief Executive Officer

Cabinet du président  
et chef de la direction

December 10, 2013

The Honourable Kerry-Lynne D. Findlay, P.C., Q.C., M.P.  
Minister of National Revenue  
The Canada Revenue Agency  
7<sup>th</sup> Floor  
555 MacKenzie Avenue  
Ottawa ON K1A 0L5

Dear Minister:

In September, the Canadian Chamber of Commerce concluded its 84<sup>th</sup> Annual General Meeting (AGM) in Kelowna, British Columbia. A major highlight of the Chamber's AGM is the Policy Session. It is during the Policy Session that 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.

Our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months. This mandate includes a number of issues that fall within your portfolio:

**Payroll Remittance Frequency Rules:** Small businesses with lower annual payroll withholding amounts are eligible to file payroll remittances on a quarterly basis. Due to an anomaly in how the CRA calculates average monthly withholdings, several payroll remitters are being converted to accelerated payroll remitters. This means that the frequency for filing remittances increases from four times per year to 24 times per year resulting in additional costs for many small business owners. Our members urge the government to change the method it utilizes in determining payroll remittance filing frequencies. Specifically, that remittance amounts be calculated based on the total annual payroll withholding collected by the employer divided by 12.

**Interest on Overpaid Taxes:** Our members have expressed concern regarding the gap between the taxable lower rate of interest paid by the CRA on refunds and the higher non-deductible rate of interest charged by the CRA on taxes

420 - 360, rue Albert St.  
Ottawa, Ontario  
K1R 7X7

 613.238.4000  
 613.238.7643

Chamber.ca  
info@chamber.ca

owing. Additionally, they consider subsection 225.1(7) of the *Income Tax Act* – which forces large corporations to immediately pay one-half of any tax that has been reassessed, even though they may be disputing the reassessment – an unfair impediment to conducting business in Canada. The practice of collecting 50 per cent of the taxes under dispute appears to be inconsistent with that of other major nations, including the U.S. and the U.K. Our members call on the federal government to exclude any refund issued as a consequence of an amount paid pursuant to a notice of reassessment from the reduced interest rate rule and to repeal subsection 225.1(7) of the *Income Tax Act*.

**Eliminate or Simplify Sales Tax Rebate Process to Motivate Non-Resident Tour Operators and Meeting Planners to Sell Canada:** The Canadian Chamber applauds the CRA for making administrative improvements to the Foreign Convention and Tour Incentive Program (FCTIP) in 2012. Despite these improvements, tour operators and meeting planners have indicated that the rebate process is time consuming, complicated and uncertain. Moreover, the average turnaround for the rebate is six to eight weeks and, in some cases, can take several months. Our members call on the government to create a much simpler GST/HST rebate process, with speedy processing and certainty in receiving the rebate. Our members also recommend that the government return to the point-of-sale GST/HST Visitor Rebate program for Tour Operators and Meeting Planners whereby they simply sign an exemption form annually declaring they are a non-resident of Canada, as are their clients/delegates.

**Extending Advice Privilege to Qualified Non-Lawyer Tax Professionals:** Solicitor-client privilege applies to communications between a lawyer and a client for the purpose of seeking or giving legal advice and which is intended to be confidential by the parties. In the case of accountants, it is generally accepted that the tax advice they provide is essentially the same as that provided by tax lawyers; however, CRA practices and the courts acceptance of them have created a disincentive for clients to be open in speaking with accountants. In the U.S., the U.K., Australia and New Zealand, communications with tax accountants are, to varying degrees, protected by an evidentiary privilege. The Canadian Chamber urges the CRA and Finance Canada to work with the legal and accounting community to come up with a reasonable legislative solution under which privilege would be extended to all qualified tax professionals.

**Innovation in Canada: Preserve and Strengthen the Scientific Research and Experimental Development (SR&ED) Investment Tax Credit (ITC) Program:** Our members believe that the measures implemented to streamline and improve the SR&ED ITC program will harm Canada's capacity to innovate and

our nation's overall competitiveness. Our members urge the government to reverse the SR&ED ITC to pre-2012 levels and index with inflation; identify the SR&ED program as vital to economic growth and not alter it without significant accountability to stakeholders and industry; consult with major industry representatives at least 12 months prior to legislative changes taking place; and introduce a more coordinated approach with the CRA and Industry Canada.

The full texts of these resolutions are attached.

Sincerely,

A handwritten signature in black ink that reads "Perrin Beatty". The signature is written in a cursive style with a large initial 'P' and a long, sweeping underline.

Perrin Beatty  
President and Chief Executive Officer

Attachments