

CRA WRITES OFF BILLIONS

There is a good chance the Canada Revenue Agency has never written off a tax debt you owed but write offs appear to be ever more generous for many large corporations and wealthy individuals.

Forgiven Taxes Growing

In May, I received an answer to my inquiry to Hon. Marie-Claude Bibeau, then Minister of National Revenue, about corporate and individual tax write offs.

To my astonishment, the Minister reported that since this government took office in 2015, and up until the end of tax year 2022-2023, CRA wrote off almost \$23 billion in taxes.

There's an alarming trend underway here. The amount in aggregate that you disclosed is unprecedented. According to media reports, you have 11 tax filers combining for over one billion in writeoffs, suggesting a series of exceptionally large write offs...

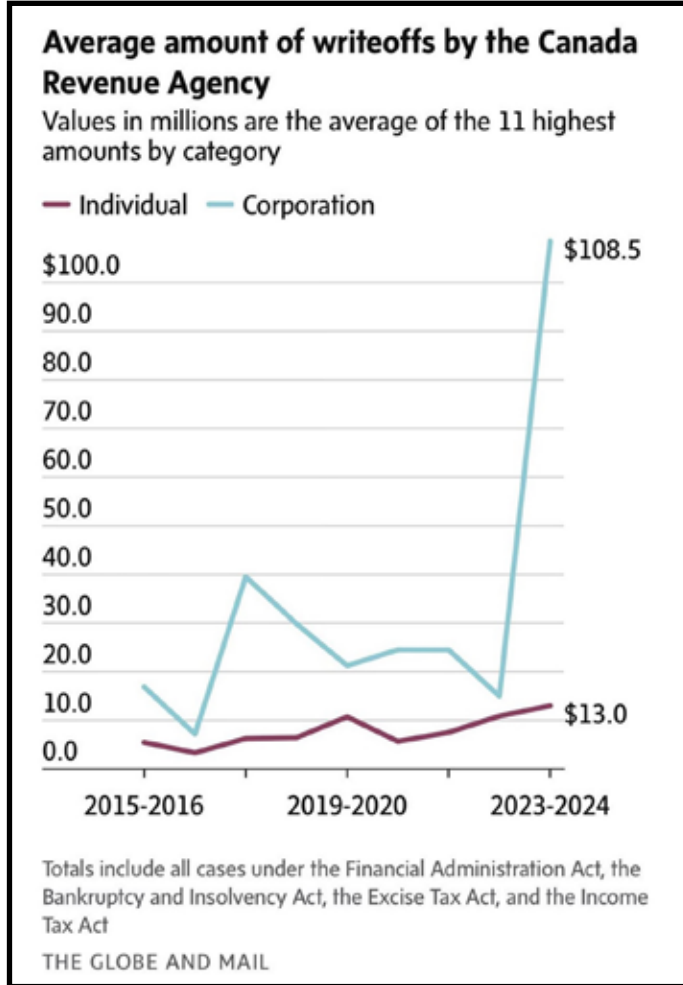
An army of 58,000 tax collectors? The Canadian Army has only 33,899 active full-time personnel. Your army of tax collectors is enormous, Minister, and we are seeing an alarming trend of write downs and failure to collect taxes.

This is troubling for Canadians who pay their taxes. Your average filer doesn't have the ability to fight and to resist your tax collectors. It is the larger players who seem to be having their taxes forgiven."

Pat Kelly, MP

Finance Committee, December 12, 2024
Questioning Minister Marie-Claude Bibeau

For the 2023-24 tax year alone, ending March 31, 2024, the write off was \$4.9 billion, the highest single year of all the years reported.



Nearly a million-and-a-half tax filers benefitted from write-offs. Nearly a quarter of the amount forgiven was for just 11 taxpayers (which the CRA won't name). In fact, just five tax filers accounted for almost a billion in abandoned tax obligations, an average of \$200 million per taxpayer.

CRA Staffing up 40%

This is at a time when the CRA staff has grown significantly. December's Fall Economic Statement envisions even more CRA staffing growth. They currently have over 58,000 employees, up almost 50% from 40,000 in 2015.

Every dollar owing that is not collected, and is instead written off, puts a greater burden on ordinary taxpayers who pay their fair share, their share of a tax pot that is steadily growing more burdensome. 🍁

House to House
Report from Parliament
January 2025

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GOVERNMENT IN CHAOS

In 2025 Justin Trudeau will finally step down as Prime Minister. This comes on the heels of a fall Parliamentary session featuring virtually no government legislation, Liberal scandals like the "Green Slush Fund", gimmicky government announcements, a circus-like tabling of the Fall Economic Statement, and the resignation or firing of nine Liberal Cabinet Ministers.

Madam Speaker,

Canadians are struggling and will take whatever they can get in terms of making life more affordable, but what they really need is a serious government that is prepared to tackle the very serious problems that this country faces..."

Pat Kelly, MP

House of Commons, Nov 28, 2024



Trudeau also announced the prorogation of Parliament until March 24. This means that all bills in progress (except

Private Members' bills), are terminated, all Parliamentary committees cease to exist, and no meetings or votes in Parliament can occur – depriving MPs of the tools to hold the government to account.

The Parliament must pass new spending authorization before the end of March for the government to continue

operating. There must be a vote for this spending, and it must occur within days of the resumption of Parliament on March 24. Such votes are "confidence votes".

I will vote non-confidence in the government. The other opposition Parties have publicly committed to voting non-confidence. If they are true to their word, the government will be defeated, and an election will happen this spring. 🍁

Pat Kelly

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A CAP ON THE ECONOMY



THE FES: Higher Debt, Spending

The Liberal government has announced what they call an "emissions cap" on the oil and gas industry. The cap will enforce an upper limit of emissions that is 35% below 2019 levels, to be achieved by 2030. Estimates are this policy will shut in one million barrels of oil per day, and cost 150,000 jobs.

At a time when Canadians are experiencing the worst decline in our living standards in 40 years, the worst drop in per person income in the G7, and rising unemployment, the government has taken specific aim at Canada's highest single contributor to export earnings and GDP (\$177 billion in exports in 2023; \$209 billion in GDP) - not to mention almost one million workers directly employed, or employed in the thousands of spinoff industries and communities that supply and support oil and gas operations.

This is not a cap on emissions. It is a cap on responsible Canadian oil production, a cap on jobs, and a cap on revenues and royalties that belong to Canadians. The government's own analysis acknowledges it will cost billions of dollars and thousands of jobs - most here in Alberta where the unemployment rate is already well above the national rate.

In 2022, the oil and gas industry provided \$45 billion in revenues to governments - taxes and royalties that help pay for public services at every level.

No Environmental Benefit

This policy will not help the environment. Cutting Canadian oil and gas production will not cut one drop of global oil and gas consumption. Countries will simply buy the oil and gas they need from other producing countries - countries that typically have much lower environmental and labour standards than Canada.

This policy will continue to impoverish Canadians, while enriching dictators and corrupt regimes in places like

Russia, Libya, Iran, Algeria, and Venezuela.

A Better Way to Reach Goals

This government has yet to meet a single one of its climate targets, in spite of an array of punishing policies such as

the consumer carbon tax. It is time to employ a new, more collaborative approach.

Canada's energy sector is the country's single largest private sector investor in clean technologies. It has a clear record of reducing emissions and adhering to the highest standards of environmental protection, and is on the road to net-zero by 2050.



Cenovus' Christina Lake reclaimed oil sands borrow pit #8

Photo: AIM Land Services

- In 2023, the industry spent almost a billion dollars cleaning up inactive wells, pipelines and sites.
- The industry is spending billions developing carbon capture, utilization and storage technology, including two large projects already in operation. Since 2015, Alberta CCS injection facilities have permanently sequestered a cumulative total of 8.8 million tonnes of CO₂ [Alberta Energy Regulator].
- The Alberta Energy Regulator also reports that oil and gas producers reduced methane emissions by 45% in 2022 compared to 2014. This target was achieved three years ahead of the government deadline, and the reduction is now at 52%.
- An updated study by S&P Global in August found oil sands emissions did not increase in 2022 even though production grew.

This government should be working WITH the industry to invest in new technologies, implement them here at home, and even more importantly, export them to help other countries around the world reduce their emissions footprint. **That would be global leadership.**

Instead, their ideological blinders compel them to force a policy that will be both ineffective in meeting environmental goals, and harmful to the people and economy of Canada. 🍁

Deficit and Debt

Deficit for the 2023-24 budget year: \$61.9 billion. The self imposed absolute cap on the deficit was declared in April to be \$40.1 billion. That's a 50% overrun on what was already huge inflation-boosting overspending.

Projected future deficits (chart at right) are unrealistically small compared to this government's past performance in reaching projections - unless there is a new government with more respect for taxpayers' money. Deficits are projected at \$23 billion more over six years than what was promised in the April 2024 budget.

Debt to GDP ratio: 42.1%. This is within their cap, but the problem with this metric is that GDP includes government spending. As government spending rises by tens of billions annually, the GDP also rises, which gives them more room for more spending while claiming to stay within their target. Boosting GDP with public funds does not indicate a flourishing economy.

New Spending

New spending is projected at \$22.4 billion over six years - assuming no significant new spending programs in that time frame, which is a huge assumption.

The largest expenditure is \$17.4 billion to extend the Accelerated Investment Incentive to 2029-30 - a tax credit for business. The qualifying criteria are primarily targeted to climate initiatives, some of which might provide a return-on-investment to taxpayers if it enables new innovations.

However, this government's record in managing business incentives is abysmal. For example, *Sustainable Development Technology Canada* mishandled at least

Debt Clouds our Future

At some point, taxes will have to rise even more significantly to cover both payback and the ongoing, escalating annual cost of interest on a debt that will reach **\$1.4 trillion** in 2024-25.

Even before these new deficit projections are factored in, the annual cost of servicing Canada's debt is more than we spend on health care transfers and twice what we spend on defence.

Changes to the Fiscal Outlook Since Budget 2024

Table A1.2
Economic and Fiscal Developments, Policy Actions and Measures
billions of dollars

| | Projection | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 2027-2028 | 2028-2029 | 2029-2030 |
| Budgetary balance - Budget 2024 | -40.0 | -39.8 | -38.9 | -30.8 | -26.8 | -20.0 | |
| Economic and fiscal developments since Budget 2024 | -21.8 | -3.0 | 1.4 | 2.9 | -2.6 | -3.0 | |
| Budgetary balance before policy actions and measures | -61.9 | -42.8 | -37.4 | -27.9 | -29.4 | -23.0 | -18.7 |
| Policy actions since Budget 2024 | | -3.4 | -1.1 | -0.2 | 1.3 | 0.8 | 0.4 |
| 2024 Fall Economic Statement measures (by chapter) | | | | | | | |
| 1. Reducing Everyday Costs | | -1.7 | -0.6 | -0.3 | -0.2 | -0.2 | -0.2 |
| 2. Investing to Raise Wages | | -0.1 | -2.7 | -2.8 | -2.4 | -5.6 | -4.9 |
| 3. Safety, Security, and Fair Governance | | -0.3 | -0.4 | 0.3 | 0.3 | 0.3 | 0.4 |
| Subtotal - 2024 Fall Economic Statement Measures | | -2.1 | -3.7 | -2.8 | -2.3 | -5.5 | -4.7 |
| Total - Policy actions since Budget 2024 and 2024 Fall Economic Statement measures | | -5.5 | -4.7 | -3.1 | -1.0 | -4.7 | -4.3 |
| Budgetary balance | -61.9 | -48.3 | -42.2 | -31.0 | -30.4 | -27.8 | -23.0 |
| Budgetary balance (per cent of GDP) | -2.1 | -1.6 | -1.3 | -0.9 | -0.9 | -0.8 | -0.6 |
| Federal debt (per cent of GDP) | 42.1 | 41.9 | 41.7 | 41.0 | 40.2 | 39.5 | 38.6 |

source: <https://budget.canada.ca/update-miseajour/2024/home-accueil-en.html>

\$400 million in subsidies to projects that didn't meet the criteria, and in payments to companies owned by members of the Liberal-appointed Board.

There is **\$1.3 billion for border security** - a response to President Trump's threats of tariffs - but defence spending will languish at 1.3% of GDP, well below our agreed-upon NATO target of 2%.

Note that there is no provision for the promised **\$250 rebate cheque for working Canadians** in the spring. Do not factor that promise into your family budget. This was one of the gimmicks announced last fall. Canadians are struggling, but inflationary taxes and borrowing for a one time payment will not solve the affordability crisis. 🍁

It is our children and grandchildren who will bear the burden of those taxes. They will be paying far more in taxes than they receive in government services. That likely means constrained spending on health and education; on defence, border security and safety measures; for pensions and social supports; and other key services we expect from our government.

This government has emptied the pot. Future governments will have no reserves available to address emergencies such as a new pandemic, wars or unrest, or environmental disasters. It is irresponsible. 🍁

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