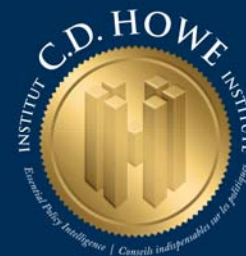


MANDATE LETTERS



As Canada forms its next government, the Prime Minister's Office will be preparing ministerial mandate letters. In this special Intelligence Memo series, policy experts highlight key challenges and priorities in each minister's portfolio.

From: Alexandre Laurin
To: The Incoming Minister of National Revenue
Date: October 28, 2019

As you embark on your term as Minister of National Revenue, your top policy priorities should include:

- The Canada Revenue Agency (CRA) should produce [audit metrics comparing audit reassessments to taxes ultimately paid, after appeals and court adjudication](#). CRA's focus on overall metrics such as "tax earned by audit" and the proportion of audits leading to reassessments can become an implicit incentive for individual auditors to over-assess. A recent [Auditor General's report](#) found that 65 percent of taxpayer audit objections were decided in favour of the taxpayers for either all or part of the disputed tax amounts. The Auditor General found that the additional revenue reported by the CRA as a result of its compliance activities was overstated because it did not [accurately reflect](#) the amount of tax it could not collect. This means that the impact of audits on the government's fiscal results was significantly less than the agency's [estimates](#).
- Work with the Minister of Finance to develop a reporting mechanism that would allow for donations of private company shares and real estate to receive the same favourable tax treatment that is granted for donations of publicly traded shares to registered charities. This would unblock major new support for Canada's charities. [Exempting donations of privately held securities from tax](#) will require an amendment to the *Income Tax Act*. To maintain the incentive to donate environmentally sensitive land to charities dedicated to its conservation, only a partial exemption should apply to donations of other real estate.
- Work with provinces to explore creating a federal-provincial "[Canadian Charities Council](#)." This new Council would assume from the CRA responsibility for registering charities. It would also advance the common law definition of charity, regulate the non-tax-related aspects of the charity system, adjudicate disputes regarding a charity's registration, and ensure compliance with the rules the council creates.

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