



### **Advisory Panel on Canada's System of International Taxation**

Nick Pantaleo, FCA  
PricewaterhouseCoopers Toronto

Brian Mustard, CA  
KPMG Montreal

### **The Panel Members**

- Chair – Peter C. Godsoe, OC
- Vice-Chair – Kevin J. Dancey, FCA
- James Barton Love, QC
- Nick Pantaleo, FCA
- Finn Poschmann
- Guy Saint-Pierre, CC
- Cathy Williams

## Secretariat

- Brian Mustard – Executive Director
- David Messier (Dept. of Finance)
- Tim Kuss (CRA)
- Christine Kennedy (UBS)
- Heather Hemphill (Dept. of Justice)

3

## Panel's Mandate

- Improve the fairness, economic efficiency and competitiveness of Canada's system of international taxation.
- Minimize compliance costs for business and facilitate administration and enforcement by the Canada Revenue Agency.
- Develop practical and readily-applicable changes, taking into account existing rules and tax treaties as well as fiscal implications.

4

## Process

- Panel created by Finance Minister late November 2007
- Consultation paper issued April 2008
- Meetings, roundtables and discussions with interested parties May to July 2008
- Research program
- Final Report issued to Minister December 10, 2008

5

## Final Report – Current Environment

- Declining Canadian share of inbound and outbound FDI as greater competition from emerging economies in Canadian market
- Canada's combined federal-provincial corporate rate to drop from about 34% in 2007 to about 25% by 2012 (assuming 10% provincial rate)
- Average corporate rate of OECD member countries has dropped from 32% in 2000 to 26.9% in 2007
- Worst financial crisis in decades

6

## Final Report – Key Messages

- Current international tax system is a good one
- Six principles for guiding international tax policy development
- Maintain existing inbound and outbound systems
  - Broaden exemption system
  - Adopt targeted measures to ensure Canadian source income is properly measured and taxed

7

## Principles to Guide Canadian International Tax Policy

- Competitive tax system for Canadians investing abroad
- Level playing field for domestic business activity
- Protect Canadian tax base
- Straightforward tax rules
- Open consultation
- Regular benchmarking

8

## Principles to Guide Canadian International Tax Policy

- Implementing the principles requires effective self-assessment system
- Effective self-assessment requires businesses, advisors and the government to take responsibility:
  - Business and their advisors – Respect spirit and object of tax law and government's need to protect Canada's tax base
  - Government – Respect that most businesses seek to comply with the law and do not practise inappropriate tax avoidance