

September 12, 2016

Vancouver Real Estate

Like all Canadians, I am very concerned over allegations that some wealthy Canadians are not paying their fair share of taxes. That is unacceptable and I've since asked Canada Revenue Agency (CRA) officials to look into the specifics of the case that was reported by the Globe and Mail recently. Canadians expect and deserve a fair tax system and that is what we are committed to delivering.

Transactions in the Greater Toronto Area have been the subject of greater scrutiny for a number of years. More recently, the CRA has significantly stepped up its monitoring and auditing of real estate transactions in British Columbia and regularly monitors risk for non-compliance, including tax evasion and tax avoidance.

I want to make it clear that the CRA considers those who claim to be non-resident, but are in fact Canadian residents to be one of the five top risk areas. Canadian residents must pay taxes on their worldwide income, whereas non-residents only pay tax on their Canadian-source income.

Last year CRA auditors found \$12 billion in unpaid taxes mostly from large companies and wealthy individuals. This was done through better access to data and automated analysis. This is a 30 percent increase over recent years. Budget 2016 investments of \$444M are expected to further increase this yield.

The Agency is heightening its level of effort focused on British Columbia's real estate sector. From April 2015 to June 2016, the CRA completed close to 2,500 audits related to real estate in Ontario and British Columbia. These audits resulted in penalties amounting to \$11.6M to be levied against those that demonstrated gross negligence in failing to report their tax obligations correctly. We will continue to make these results open and transparent for all Canadians to see and they can be access on the CRA's [Web page](#). If members of the public have information they would like to share that may be relevant, I encourage Canadians to come forward using the CRA's Informant Leads.

The CRA has raised the focus of its criminal investigations program to investigate the activities of those who enable real estate transactions such as those reported in the recent article. Currently there are several real estate files under review to determine whether a criminal investigation should be conducted.

Our government understands that the investment middle-class Canadians make in their home is the most important investment they will make in their lifetime. While challenges exist in the housing market, our government is working hard alongside its provincial and municipal partners

to address these issues and make sure that all Canadians have access to a safe, adequate and affordable home.

The topics surrounding home ownership are a shared responsibility and we recognize the need to adopt a collaborative approach. My colleague, Minister Duclos, is engaged on the issue of housing affordability including developing a new National Housing Strategy to help address housing challenges across the country. Minister Morneau is also very engaged on all issues related to the housing market with his colleagues at the provincial and municipal levels.

Those trying to avoid paying their tax obligations now face an increasing likelihood of getting caught. Our government will continue to stand up for middle-class Canadians by cracking down on tax evasion and tax avoidance and create a tax system that is fair for all.

Chloé Luciani-Girouard

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