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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1545)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call the 53rd meeting of the Standing Committee on Finance to order.

Our orders today are to study Bill C-470, an act to amend the Income Tax Act, and we have clause-by-clause consideration today.

Colleagues, we have with us here today as witnesses officials from the Canada Revenue Agency and the Department of Finance, who have presented to us before on this bill. We want to thank them for being with us here today to answer any of our questions or inquiries.

Colleagues, you should have amendments. I believe that you have five Liberal amendments, and you have two government amendments.

Just before I get to Bill C-470, the clerk informs me that I need the committee's approval for the operational budget request for witnesses for this study of Bill C-470. The amount requested from the committee is \$13,850. You should all have that.

So moved by Mr. Szabo.

(Motion agreed to) [See *Minutes of Proceedings*]

The Chair: Thank you.

We will now move to Bill C-470 and clause-by-clause.

Colleagues, I'll take a few minutes and outline how I think we should approach this. This is just my suggestion.

I've been going through the amendments with the clerks and the legislative clerk to get some advice. My understanding, and if I err anywhere, I am going to ask the legislative clerk to speak on this, is that the government amendment covers amendment L-1.1 and amendment L-1.2. The government amendment covers the subject areas covered in amendments L-1.1 and L-1.2.

So if it's agreeable to the committee, my suggestion is that we start with the government amendment and see if we can approve that. There is a technical change there, which I will ask members to speak to.

Liberal amendment L-2 is distinct in the sense of proposed paragraph (b), which says "the Minister shall make available". So I would expect that Mr. Pacetti would move that amendment.

With respect to the title, "An Act to amend the Income Tax Act (disclosure of compensation)", we would move to that.

Then we'll move to amendment L-1, which deals with amendment G-2.

I'm suggesting that we do the two government amendments first. I'm hoping that will be the simplest way to deal with this.

D'accord?

Some hon. members: Agreed.

The Chair: I'll ask Mr. Menzies, from the government, to move amendment G-1.

• (1550)

Mr. Ted Menzies (MacLeod, CPC): Thank you, Mr. Chair.

Let me just get this sorted out. I'm sorry, I just got here. Do I actually have the wording of the amendment?

Mr. Mike Wallace (Burlington, CPC): It's this one.

Mr. Ted Menzies: I move that Bill C-470 in clause 1 be amended by (a) by deleting line 10 on page 1 to line 2 on page 2; (b) replacing line 3 on page 2 with the following.... This is paragraph 149.1....

(c) replacing lines 17 and 18 on page 2 with the following:

pensation of any executive or employee who is paid aggregate compensation in respect of a taxation year of the executive or employee exceeding \$100,000 (which amount of \$100,000 is to be indexed in respect of the 2012 and following taxation years as if it were referred to in subsection 117.1(1))

Basically, it's indexing.

We heard from two or three witnesses earlier this week, I believe, who felt that it was very important. Two or three witnesses said the same thing. Correct me if I'm wrong, Mr. Wallace.

We've worked with the sponsor on this. And I must commend the sponsor for her diligence and her support while we worked through this to try to make sure that it's right, that it's respectful, and that it has the outcome that both she and the government are interested in achieving.

Now, we have officials here if there are any concerns. I would invite them to comment if they have any concerns about this amendment, Mr. Chair.

The Chair: Are there any concerns from CRA or the Department of Finance on this amendment? None? Okay.

Mr. Ted Menzies: I might add that these are very complicated and technical in nature. We have another bill before Parliament, Bill C-47, the indexing of the working income tax benefit, and these are very technical, but if we need an explanation I'm sure the officials could explain it much better than I would attempt to.

The Chair: My understanding is that (a) achieves the objective of removing the \$250,000 level, which, if I understand correctly, all four parties support. Then (c) accomplishes what Liberal amendment 1.1 would want, plus it adds the escalator. Then there is a paragraph (d), which accomplishes what Liberal 1.2(b) would want.

Ms. Guarnieri, do you have any comments?

Hon. Albina Guarnieri (Mississauga East—Cooksville, Lib.): I think you've summed it up pretty fully.

The Chair: Okay.

Monsieur Paillé.

[Translation]

Mr. Daniel Paillé (Hochelaga, BQ): I would like to ask Mr. Menzies, since according to amendment G-1 we accept indexation for the 2012 and following taxation years — and we have always supported the principle of indexation — if he would take this opportunity to index other tax laws and the personal income tax. Just a suggestion.

• (1555)

Mr. Robert Carrier (Alfred-Pellan, BQ): Income tax brackets?
[English]

Mr. Ted Menzies: I would love to take that under advisement. I'm always interested in any good suggestions that you have, Mr. Paillé.

Mr. Mike Wallace: He just wants to index everything because his salary is indexed.

[Translation]

Mr. Daniel Paillé: It might be a good idea. The Minister of Finance did not get any suggestions from this committee, but here is at least one.

[English]

Mr. Mike Wallace: Not our fault, my friend, not our fault.

The Chair: Order, order.

I'll just caution members that we are in public, and we should not be revealing anything that was in camera.

I will call the question, then, on G-1.

(Amendment agreed to) [See *Minutes of Proceedings*]

The legislative clerk advises me I should wait to deal with G-2, so we should deal with.... If we go to Liberal 2, paragraph (b), I will ask Mr. Pacetti to speak to this. This is “the Minister shall make available to...”.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair.

I think the bill as it reads now says “the Minister may make available”, so I'm proposing that we change it to “the Minister shall make available”. I can't find the French side. The idea here is that we eliminate all discretion the minister may have, so under any type of pressure that he may feel can exempt certain charities from having to disclose their executives who receive \$100,000 or more, he will not be tempted to do so.

I can't really think of any argument where the minister may want to have discretion in this type of scenario, so I'm open to hearing what the officials have to say.

The Chair: Thank you, Mr. Pacetti.

Are there any comments from the officials on this, on Liberal 2, part (b)?

Ms. Hawara.

Ms. Cathy Hawara (Director General, Charities Directorate, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency): Thank you, Mr. Chair.

I would say this is a provision that currently exists in the Income Tax Act, and that we currently do rely on it to some extent in terms of determining which information potentially should not be disclosed publicly. You did hear from some members in the sector on Monday, and we referred to this last week as well in terms of the public policy issues that may exist that would speak in favour of protecting the discretion of the minister in this case. The one example that comes to mind at the moment is the women's shelter, where we're asked not to reveal the location of shelters—and we do not. The minister may. That little *chapeau* applies to more than just the compensation. It applies to the location of charities as well.

We do exercise the discretion, not very often, but we do. That would be my only caution to the committee on that point.

The Chair: Thank you for that comment.

Mr. Pacetti.

Mr. Massimo Pacetti: I understand what the official just said, but I'm wondering if there will be any pressure for other organizations to put on the minister because they happen to be from his riding or they happened to do some volunteer work or contributed to his campaign or anything like that. Would you see the minister being influenced for any reason other than that kind of reason? It's just to take out the discretionary part.

That would be my first question, if you could answer that, and then I have a second question.

Ms. Cathy Hawara: I would say that actually the officials within CRA do quite a bit of this on behalf of the minister, and we do expect the charities that come forward and request the use of that discretion to justify to us why this is necessary and why there are safety or security reasons that the discretion should be used. So I'm not as concerned, from my perspective, of course, with the scenario that has just been presented.

The Chair: Do you have more questions?

Mr. Massimo Pacetti: Yes.

My second question is would you just want the minister perhaps to have discretion on releasing information as to name, location, registration number, and not have discretion for revealing the people who are receiving the \$100,000 or more of compensation?

•(1600)

Ms. Cathy Hawara: The difficulty is that normally in these kinds of circumstances we do an assessment of the impacts from a privacy perspective, and that would include the risk to security in terms of revealing names and/or salaries. It is hard for me to say that there would be no instances when we wouldn't prefer to protect the name of an individual, let's say, as being someone who worked in a women's shelter or in another type of organization. I am ill-prepared at this point, without having done the full analysis, to categorically say that we would be okay with a "shall" just for the compensation.

Mr. Massimo Pacetti: Okay, I appreciate your comments. I'm hoping that when the decision is made it is based on consultation and it's not done on a one-off and that we can go about respecting the CRA's decision, but I understand it sometimes becomes a political matter.

I don't know if there are any other speakers, Mr. Chair.

The Chair: I have Mr. Wallace, Monsieur Paillé, and Madame Guarnieri.

Mr. Mike Wallace: Are you withdrawing?

Mr. Massimo Pacetti: I am already withdrawn. You can speak to it.

The Chair: Mr. Wallace.

Mr. Mike Wallace: I appreciate it.

Based on the testimony we had, I was on the same page as Mr. Pacetti, in that I thought some of the risks people were telling us about were, to put it mildly, a stretch. But based on the information you've provided us today, which I really appreciate, at this moment I'm not prepared to support the amendment. If we leave some discretion for the minister, whether it's a male or a female, it sounds like there is a process that is involved, and it is only used on occasion, when it would be very specific to their safety.

You made a very good point. I'm a volunteer at a Halton women's shelter, and we do not let people know who is there and who works there. You made a good point, so I'm not prepared to support the amendment at this time.

The Chair: Thank you.

[Translation]

Mr. Paillé, please.

Mr. Daniel Paillé: I both support Mr. Pacetti's amendment and am sensitive to the lady's argument. I believe there are similar tax rules in Quebec. These rules make the release compulsory, except under special and real circumstances, as you said. The minister is obligated to release the information. Otherwise, he must justify the decision not to do so. I often heard this suggestion being made in Quebec. It limits the exception. However, I do not know what this would do here nor what language we could use to achieve this.

[English]

The Chair: Okay, thank you.

I have a list now.

I have Ms. Guarnieri, please.

Hon. Albina Guarnieri: Thank you for indulging me, since I'm not a member of this committee.

I just have a quick question. If the word "shall" was limited strictly to compensation, would that certainly satisfy the members who have concerns about some of the names?

The Chair: That would be up to the members. The only issue, and the legislative clerk may want to comment, is if it changes "the Minister may make" in paragraph (b), then it applies to everything under it. So "annual compensation" in subparagraph (b)(ii) would have to be taken out and then separately accorded the "shall". You'd need a separate amendment. You'd have to actually amend this. You'd have to amend that and then amend the....

I don't know if that answers your question or not.

Hon. Albina Guarnieri: It does.

The Chair: It would be a little bit involved, I guess is the answer.

I have Mr. Brison.

•(1605)

Hon. Scott Brison (Kings—Hants, Lib.): If a charitable organization wanted to protect the information around its physical address, couldn't it use a mailing address of a post office box, as an example? For instance, in the example of a shelter or some other potentially vulnerable issue around physical address, would that not satisfy of course Revenue Canada in terms of the address but also protect the shelter in terms of its privacy of its physical location?

The Chair: Ms. Hawara.

Ms. Cathy Hawara: It could potentially, and I believe some do that already, but it's a bit of a mix at the moment. I know that there are some for whom we do not publish the actual address.

Hon. Scott Brison: I prefer the "shall" wording, because the moment you say "may", you subject the minister to potentially a lot of pressure from a range of groups with reasons why they feel their disclosure ought not occur. I think "shall" makes more sense. In terms of physical location, we've just determined that a charitable organization can in fact protect the privacy around its physical location simply by using a mailing address. So I think that ought not cause anyone concern.

The Chair: Okay, thank you.

Monsieur Carrier.

[Translation]

Mr. Robert Carrier: I support the principle of this amendment. It says in French: "(b) le ministre met à la disposition du", and in English the word "shall" is used. Actually, we discuss this here because we are dealing with charities and because public funds are involved. We are discussing this bill for reasons of transparency.

I think it would be too easy to make claims in order to get an exemption of one sort or another, for example regarding the location, the name or the salary of people. I believe that above all else a government must be as transparent as possible. This would avoid temptation to grant exceptions for which it might be chastised later on. My preference is to use "shall". This is the whole reasoning behind this bill. I do not like the idea of leaving it to the minister's discretion.

Ms. Cathy Hawara: I would just like to note that this does not happen very often. Actually, the vast majority of the information we have on charities and that can be released are available on our website. Very seldom does my office receive requests to withhold information.

[English]

The Chair: Okay.

Mr. Szabo, please.

Mr. Paul Szabo (Mississauga South, Lib.): I have a couple of questions for the officials.

Is it true the U.S. requires disclosures even for shelters?

Ms. Cathy Hawara: I'm sorry, Mr. Chairperson, I'm not quite sure I understand the question. Tax shelters?

Mr. Paul Szabo: In the United States—

Ms. Cathy Hawara: Oh, shelters. I apologize.

I don't know whether it's a requirement of the IRS.

Mr. Paul Szabo: All right. I'm advised that they do, and I'm pretty sure that it makes accommodations.

Can you tell me now how many shelters have any employees with over \$100,000 in compensation?

Ms. Cathy Hawara: I don't have access to that information. However, because we would be amending a portion of the provision that applies to more than just the compensation, it would have broader implications than just on compensation.

Mr. Paul Szabo: Mr. Chairman, I would prefer the “shall” wording, from the technical basis that a post office box.... I spent five years on the board of Interim Place, a shelter for battered women. I'm aware of the sensitivities. There are three locations now in our community, and I think they're all pretty well discreetly positioned and taken care of. But this is one situation. Since the U.S. has found ways, I'm pretty sure that, with the assurance here of the officials, a post office box.... I don't know what's on the registration of the charity, which is also public information, but I suspect that they've already handled it there, so that any disclosure of an address on that registration probably has already dealt with the same problem we're concerned with now. The shelters are not, in my view, a good example of why we should retain the discretion.

Other than shelters for battered women, are there any other groups or classes of organizations, charitable organizations, that would have any similar sensitivities?

• (1610)

Ms. Cathy Hawara: The one issue that has come to me since I've been in this position has been officials working abroad. Some organizations have charitable activities abroad. That is the one instance I'm also aware of that I can raise for the committee's consideration.

Mr. Paul Szabo: I would, as a consequence, support the amendment of Mr. Pacetti then.

The Chair: Thank you, Mr. Szabo.

Mr. Pacetti, and then Mr. Wallace.

Mr. Massimo Pacetti: I'm not sure if I can perhaps make a friendly amendment and make everybody happy, if that's possible.

Paragraph (b): “the Minister shall, unless justified, make available to the”, and so on and so forth, so it's more like an opting out.

[Translation]

In my view, the French version is better than the English one.

An hon. member: As always.

[English]

Mr. Mike Wallace: Could you read it in English for us again?

Mr. Massimo Pacetti: In English, it's easy: “the Minister shall, unless justified, make available to”. So he's just going to have to do it, unless somebody justifies that he....

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): “Unless otherwise justified”?

Mr. Massimo Pacetti: Yes, “unless otherwise justified” is fine.

The Chair: Okay.

Does everyone have what the proposal is?

Mr. Mike Wallace: It's “otherwise justified”, is that what you're saying?

The Chair: Do you want to just read it?

[Translation]

Could you read out the English and French versions?

[English]

Mr. Massimo Pacetti: Look, I can't write either French or English, so you guys are talking to the wrong guy.

Mr. Mike Wallace: Try it in Italian, and let's see how we do.

Mr. Massimo Pacetti: It's “the Minister shall”—

The Chair: Order.

Mr. Massimo Pacetti: I'm okay with “the Minister shall, unless otherwise justified”. But I don't know why the “otherwise” needs to be there—“the Minister shall, unless justified”, but somebody has to correct me here.

The Chair: Okay, *en français*.

[Translation]

Mr. Massimo Pacetti: That bill C-470, in Clause 1, be amended by replacing line 5 on page 2 with the following: (b) the minister shall make available to the

Mr. Daniel Paillé: As the legislative clerk just...

[English]

The Chair: Okay, I'm advised Mr. Pacetti requires unanimous consent to amend his own amendment.

Mr. Mike Wallace: So moved.

The Chair: Okay. *D'accord?*

An hon. member: No.

Mr. Mike Wallace: Oh, come on.

An hon. member: It's always your own family that are toughest on you.

The Chair: Are you saying no?

An hon. member: I'm saying no.

An hon. member: Are you joking?

An hon. member: No.

Mr. Paul Szabo: Do you want to leave it?

Hon. Albina Guarnieri: Yes.

Mr. Paul Szabo: There's no way I'm going to disagree with Mr. Pacetti.

Mr. Ted Menzies: Thank you, Albina. You talked—

The Chair: Order, please.

Do we have that?

Mr. Mike Wallace: Mr. Short has an issue, and I'm next to speak.

The Chair: Thank you, Mr. Pacetti.

I have Mr. Wallace and then Monsieur Paillé.

Mr. Mike Wallace: I'm happy to support it, based on the new wording. Maybe Mr. Short has a comment.

There's only one other comment I'd like you to make before we move on. In the present system, is the justification or the decision-making done in writing, and is it accessible? That's the question I have.

Mr. Short, what were you going to say to the issue?

Mr. Edward Short (Senior Chief, Tax Legislation Division, Department of Finance): I'm not sure if I'm going to help in clarifying the issues—

•(1615)

Mr. Mike Wallace: Well, then, be quiet.

Mr. Edward Short: —or just raise more issues.

First, on the words “unless justified”, personally I'm not certain what that means. If I were somebody in the Canada Revenue Agency, for instance, trying to apply that rule, I would be asking myself what kind of precedent I have to tell me when I am justified in releasing that information, and I would ask myself what the difference is between that and saying that the minister “may” disclose.

Regarding the motion as it's presented, as I say, I'm not sure that this is going to answer anything, but I want to suggest that maybe using the word “shall” creates quite a serious onus on the minister. That is, it's essentially in all cases that the minister has an obligation to produce this information. The Income Tax Act is a bill that we use to require people to disclose to the government their personal information, and what we're talking about here is largely personal information. Certainly the salaries of individuals are personal information. Many people have a reasonable expectation that this kind of information is going to be kept private.

A question that I'm afraid I can't answer for you is whether or not it's appropriate to have a law that on the one hand requires somebody to provide information and on the other hand requires that information to be made available to the public—requires not just

that it be made available to the public, but requires the minister to disclose it.

If, on the other hand, the provision is discretionary—that is, it gives the minister discretion—it can more readily be argued that the minister is able to administratively put limits on the information that can be disclosed, and the minister can argue that those limits are reasonable. In this way the minister would be in a position, on a case-by-case basis, if it's discretionary, to say, “We have our principles. We have some guidelines we have developed internally, and under this particular set of circumstances, we think it is appropriate”—or not appropriate, in the circumstances—“to release the information.”

If you don't give the minister that kind of discretion, I do question whether it could be argued that this provision of the Income Tax Act would not give Canadians a reasonable expectation of privacy of that personal information.

Mr. Mike Wallace: Thank you for that. Are you a lawyer, Mr. Short?

Mr. Edward Short: No, I'm an accountant. I work in this area.

Mr. Mike Wallace: I appreciate your point. In the province of Ontario, for example, anyone making over \$100,000, not indexed, gets published in the paper, not just on the taxation website. It sounds like a great argument for court, but I don't think it has.... The public expectation is much more in terms of transparency than what that argument may have.

I do appreciate your comment on the definition of the discretion that's being added in here.

To my question about ATIP, do you have any answer?

Ms. Cathy Hawara: The answer is that we receive the requests in writing. My view at this point in time is that it would be protected information, confidential taxpayer information.

Mr. Mike Wallace: That's why I asked, because if it's not protected, then what's the use? Somebody can ATIP it and try to get the information. It would take longer—maybe too long, some people would say, but it does take longer.

Even with the input from staff, I'm still more satisfied with the additional wording that Mr. Pacetti has put forward. I'm happy to continue to support it. If this changes, if that additional wording does not stay, then I won't be supporting the change.

The Chair: Okay, thank you.

Monsieur Paillé is next.

[Translation]

Mr. Daniel Paillé: Mr. Chairman, I graciously cede my turn to my colleague because I have nothing more to say.

Mr. Robert Carrier: I will support Mr. Pacetti's amendment but I believe that we need to maintain the requirement to release the relevant information, except as permitted by the amendment. In this way, the minister will have to justify any decision to not release. The bill will state clearly, rather than in vague terms, that normally he is required to release this information. I prefer to make it compulsory for him to do so, except in special circumstances that he will need to justify.

•(1620)

[English]

The Chair: I have Mr. Pacetti on the list.

Mr. Massimo Pacetti: Thank you, Mr. Chair.

This is just a comment on what Mr. Short was saying. I understand that the information is private, but it no longer remains private once these charitable organizations benefit from public moneys. They benefit from public moneys, whether directly or indirectly, because the person who is contributing is getting a tax deduction or a tax credit and is therefore getting a reduction of his income taxes. I think there's a benefit there. I think he or she relinquishes his or her privacy when it comes to benefiting from government moneys.

The way I see the wording is more in reverse. If we say the minister "shall", then he has the discretion to only publish a few, whereas when we put in the words "unless otherwise justified", then he has to publish all of them except those that don't need to be published.

It's going to be an obligation for him or her to just go ahead and make public all the information, instead of just doing so when he feels that he should. I understood what was said at the beginning and I feel that with this slight amendment we're justified in asking that the minister justify the occasions when he should not disclose.

Thank you, Mr. Chair.

The Chair: Thank you.

Perhaps what I'll do is ask the clerk to read the amendment, if we can have it in English and French.

Mr. Wayne Cole (Procedural Clerk): It is that Bill C-470 in clause 1 be amended by replacing line 5 on page 2 with the following:

(b) the Minister shall, unless otherwise justified, make available to the

[Translation]

That Bill C-470, in Clause 1, be amended by replacing line 5 on page 2 with the following: (b) the minister shall, unless otherwise justified, make available to the

[English]

The Chair: I will call the question on that amendment.

(Amendment agreed to)

The Chair: The next item we need to deal with is Mr. Pacetti's amendment LIB-1.

Mr. Pacetti, I think you wanted to speak to this before moving it.

Mr. Massimo Pacetti: Yes.

Which one is it again?

The Chair: This is LIB-1. This deals with corporations related to registered or previously registered charities.

Mr. Massimo Pacetti: My understanding is that it's not entirely in order, so before I move it, when it might possibly be ruled out of order, I'd like to hear—

Hon. Albina Guarnieri: Yes, it is in order.

Mr. Massimo Pacetti: I'd like to hear from the officials. I asked this question of them on.... Or I think it was Mr. Chong who asked the question.

Basically, is there a definition of "related companies", two charities? Is it possible to do this in another manner?

What we're trying to do here is catch all related companies, incorporated or non-incorporated, that may be using charitable entities. They may be trying to avoid the disclosure amendments we just put forward, so they may use a profit or non-profit entity to get away with not having to disclose their executive remuneration.

Did I just make any sense?

•(1625)

Mr. Edward Short: Since you're talking about corporations, you would probably prefer to say something like "controlled directly or indirectly, in any manner whatever".

What you're talking about really, I think, is a situation in which it is a corporation of the charity. Relationship is defined in the Income Tax Act. It applies to individuals who are related by blood, for instance, or by marriage, and it also applies to corporations. If one person controls a corporation, then they are related, or if there are two corporations and they're both controlled by the same person, then that's fine.

If you're trying to get at something different from that—let's say, for instance—

Mr. Massimo Pacetti: I don't mean to interrupt, but I don't see how that's possible for a charity, because no one actually controls a charity, isn't that right?

Mr. Edward Short: No. Correct me if I'm wrong, but I think you're interested in corporations that are controlled by a charity. So you'd be—

Mr. Massimo Pacetti: Not necessarily; the corporation may be controlled by the directors who are getting compensation from the charity.

Mr. Edward Short: Yes. In such a case, using the word "related" is not necessarily going to pick that up.

Mr. Massimo Pacetti: I'm an accountant as well, but I'm not a tax expert. I couldn't find, and I didn't have the time, either.... I couldn't find the right words or the right terminology, because the corporation of the executive would be totally independent. I don't see how it could be related to the charity.

Mr. Edward Short: In other situations in which we've had to deal with this problem, we've usually made reference to persons dealing non-arm's-length. It could be, for instance, a corporation that's dealing non-arm's-length with a charity. Under definitions in the Income Tax Act, there could be something in the statute that tells you when they're dealing non-arm's-length, but failing that, if they're dealing non-arm's-length as a question of fact, then you've established that link.

I don't actually know whether or not that's what you want to get at here.

Mr. Massimo Pacetti: Basically I'm trying to avoid the next step. All any executive who is trying to get away from having his or her name disclosed has to do is have their salary or remuneration paid to a corporation, or even a non-profit.

I don't think this amendment does it and I'm willing to retract it, but if you can, at least mull it over. When the bill goes to the Senate, perhaps you can provide us with a better amendment.

Mr. Edward Short: You're still looking for somebody who's an employee of the charity, though. Factually they're an employee of the charity, but they're being paid by a corporation. Maybe they're trying to do that to try to avoid the rule. I don't know that they do, necessarily, because if legally they still have an employment relationship with the charity, then they should be caught by the rule as it is, without this.

Mr. Massimo Pacetti: Could it be "a specified investment business"? I don't know.

The Chair: I think at this point we're discussing the concept. It was introduced by Mr. Chong as a concept.

I have Mr. Wallace.

Mr. Mike Wallace: Are you withdrawing this?

The Chair: He didn't move it.

Mr. Mike Wallace: Here's my point, then. I'll be quick, Mr. Chair.

Are these eight clauses down to one? This is a very interesting and sophisticated issue that I would be happy to see the finance committee tackle, but I think we need much further discussion on this.

I'll give you the example that Mr. Chong likes to use. There is an organization that is a corporation, with a board of directors and people working there who are collecting salaries. They're claiming that all the profits they make go to this certain charity, but the sales that they make and the revenue that they generate have the exact same address as the charity, which has a charitable number. The charity does exist, and they're also on the board of that charity.

He has some issues, but we need to be able to call those people and talk to them. Other than this one-clause bill, there is a broader piece coming about charities and taxes and all that.

I can't support this amendment if it does get moved, but I'm happy to tackle the issue in a further consultation as a committee member.

The Chair: The proposal is to not move the amendment, but to tackle the issue in another form. Okay.

Go ahead, Mr. Mulcair.

• (1630)

[Translation]

Mr. Thomas Mulcair (Outremont, NDP): I agree with Mr. Wallace. I believe we are opening a window here to something. I heard testimony, especially that of the American witness the other day who told us to be very careful. However, we cannot draft this on a napkin. It is too complex. Let us start with the most important aspect. It is a good idea to go further into this, but it will require expertise. However, if we try slapping something together at the last minute... The phrase *Expressio unius est exclusio alterius* applies in some cases. It could be that we identify one or two possible

loopholes but leave open many others. We would then really risk opening up the field rather than closing it. We should stop here. This is what we think.

[English]

The Chair: Merci.

I sense there is consensus on that.

Is that okay, Mr. Pacetti?

Mr. Massimo Pacetti: Yes. I just want to put on the record that if the officials can work with us and look at this issue, I'm willing to withdraw my amendment.

The Chair: Thank you.

(Clause 1 as amended agreed to)

(On clause 2)

The Chair: Now we have amendment G-2.

I will call upon Mr. Menzies to move that.

Mr. Ted Menzies: This is adding in, after line 18.... We're simply adding in clause 2 that this applies to 2012.

We're concerned about its being misconstrued as 2011. We need time to basically get there. Government departments will need time to react.

Are there any concerns?

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 2 as amended agreed to)

The Chair: The final amendment we have is amendment LIB-0.1. We have an interesting numbering system. This is the Dewey decimal system for amendments.

This is to change the title of Bill C-470 by replacing the long title on page 1 with the following: "An Act to amend the Income Tax Act (disclosure of compensation—registered charities)".

I'm going to ask Mr. Pacetti to move this.

Mr. Massimo Pacetti: No problem. We are going to be changing the title to make it more pertinent, as the amendment notes. It is going to read:

An Act to amend the Income Tax Act (disclosure of compensation—registered charities)

(Amendment agreed to)

The Chair: Shall the title as amended carry?

Some hon. members: Agreed.

The Chair: Shall the bill as amended carry?

Some hon. members: Agreed.

The Chair: Shall the chair report the bill as amended to the House?

Some hon. members: Agreed.

The Chair: Shall the committee order a reprint of the bill as amended for the use of the House at report stage?

Some hon. members: Agreed.

Mr. Mike Wallace: Make sure it's all on one page.

The Chair: Okay, thank you, colleagues. That's it for this bill. Thank you.

We want to thank our officials for being here as well.

Mr. Paul Szabo: For next week, do you have an idea if we're doing—

The Chair: Can we talk off-line?

Mr. Paul Szabo: I haven't been in my office. Sorry.

The Chair: Yes. We have CRA and the Department of Finance.

The meeting stands adjourned.

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