"I'm from the government and I'm here to serve you"

Bowal, Peter
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One federal government department that most of us reluctantly deal with on a regular basis is the income tax department. Some may have noticed that the name changed about a year ago. It started with an announcement in the Speech from the Throne in 1996. Bill C-43, the legislation creating the Canada Customs and Revenue Agency (CCRA), received royal assent on April 29, 1999. On November 1, 1999, Revenue Canada became the CCRA. What most Canadians would not know is how this new agency has been slowly re-inventing itself behind the scenes.

Federal Income Tax Department: the Largest

The need for significant tax revenue for federal spending remains high. Leakage from e-commerce, the underground economy, and smuggling presents a threat to taxpayer fairness and presents great challenges to the enforcement of all legal taxes at a time when the domestic economy is buoyant, trade is freer, and Canadians are increasingly active in a rapidly expanding global marketplace. There is a desire to make government work better which, generally, means less expensively, more efficiently, and more transparently.

The federal tax department is the largest in the federal government. It has 46,000 full-time and seasonal employees. Its work directly affects millions of Canadians, travellers, and businesses annually. The tax department administers more than 185 statutes, regulations, incentives, credits, surtaxes, and international tax treaties. Each year it deals with approximately

* 21.5 million individual taxpayers

* 1.2 million corporate taxpayers

* 1.9 million GST registrants

* 9 million GST credit recipients

* 1.3 million employers

* 155,000 commercial importers

* 3.3 million Canada Child Tax Benefit recipients

* 105 million travellers

* 28,000 registered pension and deferred profit-sharing plan holders

* 78,000 charities

Reform: From Department to Agency

The idea was to update the structure and profile of the tax collecting department and create an image of also serving Canadians. The CCRA runs programs free from the traction of the massive federal bureaucracy. A Board of Management provides a business-oriented management framework. Overlap in the different layers of government is to be reduced. Taxpayers, recipients of government benefits, businesses, importers, exporters, and international travellers have a one-window agency that now promises less complex, less time consuming, and more convenient dealings. The CCRA promises to reduce costs: both compliance costs for taxpayers and administrative costs for governments. Our overall economic and social well-being is supposed to improve.

The new Board of Management, consists of 15 members, most of whom are nominated from the private sector by the provinces. This Board guides the CCRA's priorities and concerns. As a policy-making body, it has produced the CCRA Corporate Business Plan, and manages policies related to resources, services, property, personnel, and contracts. It will explore partnerships with the provinces to streamline tax and premium collection. Unlike Crown corporations, the Board is not involved in all the business activities of the CCRA. In particular, it has no authority to enforce the legislation. Board members will not have access to confidential taxpayer information.

A Revenue Canada Deputy Minister is the CCRA's Commissioner. As the CCRA's equivalent of chief executive officer, he is responsible for day-to-day operations and is designated by the Minister to administer and enforce the legislation. The Commissioner is accountable to the Minister and the Board of Management for the daily management and direction of the CCRA, supervision of employees, and implementation of policies and budgets. He also reports annually to provincial/territorial ministers.

The CCRA'S enforcement powers are not being enlarged by this transition to agency. These powers are limited by the existing program legislation. All rules about confidentiality of information, access to information and privacy, fairness, and taxpayer rights continue to apply to the CCRA.

Four Main Business Domains

The CCRA is responsible for the operation and administration of four key business activities -- revenue collection, benefit programs, customs border services, and trade administration.

As for revenue collection, the CCRA assesses and collects taxes, duties, and levies. These include federal income tax; personal income tax for all provinces (except Quebec); corporate income tax (for all provinces except Alberta, Ontario, and Quebec); harmonized sales tax (HST) in three provinces and goods and services tax (GST) in all other provinces (except Quebec); commodity taxes, excise duties and import duties; provincial sales, alcohol, and tobacco taxes at the border for some provinces; various customs fees; employee and employer Canada Pension Plan contributions and Employment Insurance premiums. One can file income tax returns electronically and they should be processed within 14 days.

The CCRA delivers some social and economic benefits through the tax system, including GST credits, the Canada Child Tax Benefit, and scientific research and experimental development tax credits. It also administers rebates and credits for provinces and territories, such as the British Columbia Family Bonus, the Alberta Family Employment Tax Credit, and the New Brunswick Child Tax Benefit.

The full range of customs international border work performed by the CCRA includes processing commercial goods and travellers; preventing the entry of prohibited materials and inadmissible persons; inspecting for federal and provincial agencies, goods and conveyances entering Canada; and verifying compliance with international trade agreements. The CANPASS program allows frequent travellers to cross the Canada-US border with greater ease. Clearing customs is easier for families. Up to five family members can now make declarations on a single card if they all reside at the same address.

In the trade administration domain, the CCRA enforces multilateral and bilateral international agreements such as the North American Free Trade Agreement and conventions of the World Trade Organization, domestic trade agreements, and duties relief programs.

Conclusion

The CCRA is found in six regions, each under the direction of an Assistant Commissioner, responsible for program delivery in those regions. Six branch heads provide corporate and common services. There are five Headquarters program branches, each managed by an Assistant Commissioner. They implement policies and programs, and give technical support. The telephone numbers and office locations remain the same.

The role of the CCRA is still the same as the old Revenue Canada, but now it is structured to operate as an agency. It claims that it can do more to improve services to us (this, coming from the tax department, will fall on skeptical ears). The CCRA wants to render better service and to streamline tax, customs, and trade administration in Canada. Agencies, we are told, are more flexible to develop new ways of doing business and to serve clients. The CCRA's structure blends the strengths of the public and the private sectors, yet is fully accountable to Parliament and the people of Canada.

The CCRA will continue to operate under the Minister of National Revenue who ensures that the CCRA acts within the overall government policy framework, deals fairly with its clients, and administers and enforces all legislation. The CCRA and the Minister continue to be accountable to Parliament. CCRA employees remain members of the Public Service of Canada.

Thus CCRA is a unique federal institution. It remains close to the government as part of the Public Service of Canada, and serves both the federal and provincial/territorial governments by collecting their taxes and other payments, for which it passes on its costs and fees. It is fitting that the new CCRA would be a federal initiative because the federal government has superior and comprehensive taxing powers. CCRA is staking much of its future success on interest and buy in from the provinces.

It remains to be seen whether the change from a department to an agency is valuable or merely a cosmetic makeover. Like the new badges on customs officers' uniforms and the new Web site, the CCRA may prove to be little more than a change of name.

While its primary purpose is to collect taxes, it deserves a chance to prove itself an improvement on Revenue Canada. Its greatest challenge will be, despite all declarations of fairness and rights, to effectively reconcile tax collection with a private sector attitude of service and efficiency under one roof.

One can develop a warmer relationship with the tax collector and obtain more riveting details from the Canada Customs and Revenue Agency's website at www.ccra-adrc.gc.ca.