

News Release

HUMAN RESOURCES AGREEMENT REACHED FOR HARMONIZATION OF ONTARIO CORPORATIONS TAX WITH FEDERAL REGIME

Streamlining will save Ontario businesses up to \$190 million a year

Ottawa, Ontario, July 31, 2007...The Canada Revenue Agency (CRA) and the Ontario Ministry of Revenue have signed a Human Resources Agreement that represents a significant step in the move to federal administration of Ontario's corporate taxes.

The agreement outlines employment opportunities at the CRA for Ontario staff currently involved in corporation tax audit, appeals and advisory roles, and describes how the two organizations will manage the movement of employees who accept job offers from the CRA. It provides for these employees to begin working at the Agency on April 3, 2008.

"In Budget 2007, the Government of Canada made a commitment to reduce the federal paper burden and tax compliance costs for small businesses," said the Honourable Carol Skelton, Minister of National Revenue. "Single administration of Ontario's corporate tax will reduce the compliance burden on the province's businesses by an estimated \$100 million a year in administrative costs alone."

"Ontario's business community will begin to experience the tangible benefits of CRA administration in February of 2008, when they start to remit single instalment payments to the Agency," added Minister Skelton. "The hiring of the Ontario employees at the CRA means that corporations will see integrated audit and objections processes in April of next year. The single return will follow in 2009 for tax years ending after December 31, 2008."

"This is a good deal for Ontario and it protects Ontario revenues," said Ontario Minister of Revenue Michael Chan. "This agreement recognizes that Ontario's corporate tax professionals are skilled and experienced and the CRA has recognized their value."

"This agreement also demonstrates the ongoing commitment to the partnership between our province and the federal government," added Minister Chan. "The streamlining of tax administration will improve efficiency and help businesses free up resources that can be invested in new jobs and help build a stronger, more productive economy for all Ontarians."

The single administration of Ontario's corporate tax by the CRA will lead to one set of rules, one form, one audit, one appeals process and one point of contact. For tax years ending after December 31, 2008, businesses will also save \$90 million a year in lower Ontario corporate income taxes as a result of harmonization with the federal corporate income tax base.

Additional information is available on the CRA Web site at www.cra.gc.ca/ctao and on the Ontario Ministry of Revenue Web site at <http://www.rev.gov.on.ca/english/index.html>.

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