

News Release

Abusive tax schemes tackled by international tax administrations

Ottawa, Ontario, May 23, 2007... William V. Baker, Commissioner of the Canada Revenue Agency (CRA) and the Commissioners of Australia, the United Kingdom, and the United States welcome the Commissioner from Japan, Mr. Susumu Fukuda, to the Joint International Tax Shelter Information Centre (JITSIC).

The JITSIC was formed by the tax administrations of Australia, Canada, the United Kingdom, and the United States in 2004 to address a number of common challenges with respect to abusive tax activities.

The Commissioners are also pleased to announce the opening of a second JITSIC office in London, England, in the fall of 2007. The first JITSIC office opened in Washington, D.C., in 2004. These offices will operate as one JITSIC organization with several locations supported by the member countries.

The inclusion of Japan and the opening of the London Centre are both part of the JITSIC's plans for a measured expansion to cover North America, Europe and Asia.

"The addition of Japan to the JITSIC team is great news and is in line with our vision to expand and broaden the scope of our joint international compliance activities," said the Minister of National Revenue, Carol Skelton. "With our combined knowledge and expertise, abusive tax schemes and transactions will have fewer places to hide."

"Participation in the JITSIC is just one example of how the Canada Revenue Agency works to detect, prevent, and stop abusive tax schemes, including those that involve the abusive use of tax havens at home and abroad," said the Minister.

The objectives of the JITSIC are:

- To increase public awareness of the risks associated with abusive tax schemes;
- To recommend changes in tax administration practices for addressing abusive tax schemes;
- To enhance enforcement efforts through coordinated "real time" exchanges of tax information;
- To use Internet and other techniques to track and identify promoters/users of tax schemes;
- To identify emerging trends in anticipation of the evolution of abusive tax schemes; and
- To improve members' knowledge of techniques used to promote cross border abusive tax schemes.

Canada's participation in the JITSIC is producing real results. For example, in the summer of 2006, the exchange of information between the CRA and the Internal Revenue Service of the United States led to the unraveling of an abusive cross-border tax scheme involving hundreds of taxpayers and tens



of millions of dollars in improper deductions and unreported income. The number of information exchanges has been steadily increasing. While the confidentiality provisions of the Income Tax Act preclude the release of any taxpayer specific information, Canada has had some 280 exchanges of information with JITSIC countries, involving issues such as financial products, tax shelters and offshore trusts. As collaboration between member countries continues to grow, more cross-border schemes will be uncovered, shared and addressed.

For more information on how the CRA combats tax abuse and/or for more information on the JITSIC, please visit the CRA's Web site at www.cra.gc.ca.

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