



Future Directions for the Canada Customs and Revenue Agency – Large Businesses

More Ways to Serve You!


Pour vous servir encore mieux !



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Canada



The mission of the Canada Customs and Revenue Agency (CCRA) is to promote compliance with tax, trade, and border legislation and regulations through effective communication, quality service, and responsible enforcement, thereby contributing to the economic and social well-being of Canadians.

Future Directions was launched in April 2001 to help identify the essential elements that must be in place to ensure good performance in the future and thereby allow us to remain a recognized leader in responsible and fair customs and revenue administration.

It is a fundamental stocktaking of our relationship with key client groups to ensure that we provide effective programs and services, both now and in the foreseeable future, in order to promote compliance, achieve client satisfaction, and secure public confidence in the integrity of customs and revenue administration in Canada.

We deliberately set out, through Future Directions, to look at our services and activities through the eyes of our clients. To do this, we organized our efforts around client groups rather than our traditional functions such as audit, customs, and collections.

Our approach

Large businesses are a distinct community encompassing a variety of entities, with wide-ranging business needs in relation to the CCRA. Defined as those corporations with gross annual revenue of \$15 million and over, this community comprises some 12,000 corporations, and accounts for about two-thirds of all federal corporate income tax revenue. Large businesses make a valuable contribution to the growth of the Canadian economy. Many operate on a global scale and play an important role in creating wealth, enhancing competition, promoting innovation, and spreading best practices across national boundaries.

To gain the views of large businesses about our relationship with them, we spoke to many of the national and regional associations in Canada that represent large businesses, and we conducted more than 400 one-on-one interviews with senior corporate officers. We also held many focus group sessions with our employees.

Throughout the Future Directions consultation process, large businesses gave us a number of direct messages:

- ◆ They want to be compliant with tax and customs laws, but they want their relationship with the CCRA to be founded on mutual trust and dialogue.
- ◆ They want the CCRA to be sensitive to their needs and operating environment, and they want our employees to have a good understanding of their business and what drives their decision-making.
- ◆ Large businesses stressed their need to obtain certainty on the treatment of customs and tax transactions as quickly as possible.

- ◆ As much as possible, they want electronic, real-time services and communications from the CCRA, keeping pace with the information technology environment in which they operate.
- ◆ They want us to be proactive in ensuring that the burden of dealing with multiple authorities, including provincial tax administrations and customs authorities of other countries, is reduced as much as possible.
- ◆ Most importantly, they want their interactions with the CCRA to be co-ordinated and consistent.

Our commitments

Based on our consultations, we will focus on **establishing account managers, designating large business hubs, increasing transparency, clarity, and simplification, expanding electronic services, improving timeliness, and fostering co-operation and partnerships.**

Account managers

For each large business in Canada, starting with the largest, we will establish an **account manager** position in the tax services office where the business files its tax returns. The account manager will:

- ◆ have the responsibility and authority to manage the overall relationship across all CCRA functions;
- ◆ tailor the relationship, bringing into play the right mix of CCRA services and actions, based on compliance record, risk management, and business needs. This would include customs-related matters at the request of the large business;
- ◆ develop service agreements with each large business to set out roles and responsibilities and service expectations;

- ◆ pay particular attention to the early resolution of outstanding issues so that filing years can be closed; and
- ◆ use a variety of approaches to provide better service and achieve compliance, including greater use of third-party information. The clear emphasis will be on assuring compliance but using less burdensome approaches where appropriate.

Large business hubs

- ◆ The CCRA will **designate six CCRA offices** in Vancouver, Calgary, Toronto, Ottawa, Montréal, and Halifax as large business hubs to provide a better focus on large business needs.
- ◆ These hubs will create areas of **greater expertise**, work with other CCRA offices in the region to ensure more consistency in the treatment of large business issues, and provide a dedicated point for consultation with large businesses.

Clarity and transparency

Large businesses need to know the CCRA's position on how the law applies to transactions undertaken or being undertaken. To advance clarity and certainty and increase transparency as much as possible, the CCRA will introduce a number of new services:

- ◆ As a supplement to the formal rulings process that currently exists, the CCRA will introduce a mechanism to provide, at the request of a large business, a **preliminary interpretation** of contentious or complex issues as they are contemplated by the business or prior to filing an annual tax return.

- ◆ The CCRA will establish an **alert system** to notify large businesses and practitioners about questionable schemes that it intends to scrutinize.
- ◆ The CCRA will clarify and simplify the rules related to **interest deductibility** with a view to ensuring that interest charges related to borrowings to raise capital are deductible to the full limit permitted by the law.
- ◆ The CCRA will also develop a procedure for businesses to declare **novel tax plans or arrangements** that have tax consequences in order to strengthen our risk management and permit early clarification of our position.

Electronic services

- ◆ The CCRA will develop and implement a suite of **electronic services** that provide the capacity for dynamic, real-time interactions (e.g., allow for status inquiries, transfer of credits, online appeals, etc.). Large businesses will be involved in determining the priority list.
- ◆ We will also create a **Large Business portal** on the CCRA Web site to provide large businesses with an easy and direct mechanism to get the information they require.

Timeliness

The CCRA will improve the timeliness of activities and transactions with respect to the full range of CCRA services:

- ◆ We will provide **regular updates** to large businesses on processes under way and outstanding decisions to keep them better informed of the status of their file.


- ◆ We will introduce a **mandatory review** of major actions that exceed a performance standard that is either published or noted in a service agreement.

Co-operation and partnerships

- ◆ We will work with **interested provinces** to reduce administrative burden in areas such as capital tax and to determine areas where we can co-ordinate service delivery and carry out joint outreach and education.
- ◆ We will also work with **foreign administrations** to reduce this burden. An example is our work with other countries to develop model documentation for transfer pricing.
- ◆ We will put in place **new national and local consultation fora**. These will include, when required, the participation of the departments of Finance and Justice and will deal with many issues including policy and interpretation, training needs of employees, and technology priorities, to name but a few.

The past year of consultation with large businesses has greatly contributed to the overall relationship that the CCRA has with the large business community. These actions are our commitment to enhancing our services to achieve compliance. To continue to advance this working relationship we want to work collaboratively with them on the issues of importance to large businesses.

Mr. William Baker, Assistant Commissioner, Compliance Programs Branch, has been designated as the CCRA champion responsible for this ambitious change agenda. He will have overall responsibility for the successful implementation of this new way of doing business.



Successfully implementing Future Directions means continuing to work together. We would like to hear what you think about our vision and our future directions, and what they mean to you. Your comments and suggestions are important to us.

You may reach us at

NAT-OrientationFutures.NAT-

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or by writing to the Future Directions Secretariat, Canada Customs and Revenue Agency, 410 Laurier Avenue West, Ottawa, ON K1A 0L5.