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**House Standing Committee on Finance
Canada Revenue Agency's Efforts to Combat Tax Avoidance and Evasion**

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Transparency International Canada

Opening Statement

Mister Chairman and members of the committee, thank you for inviting me back to speak to you today.

My name is James Cohen and I am the Executive Director of Transparency International Canada. TI Canada is a registered charity and is the Canadian chapter of Transparency International, the world's leading anti-corruption movement.

The release of the Panama Papers in 2016 was an explosive look into how the world's secrecy jurisdictions and an army of enablers hide illicit funds for crimes like tax evasion, corruption, and fraud. One revelation that came out of the trove of leaked documents is that Canada was happily being marketed as a secrecy jurisdiction by Mossack Fonseca, the firm at the heart of the Panama Papers.

Toronto Star and CBC journalists found that Mossack Fonseca was marketing Canada to clients as a desirable place to store dirty cash based on our generally positive reputation, but importantly also our weak disclosure laws and enforcement. The correspondences the media published showing this advice were from 2012. TI Canada is currently re-examining this phenomenon of overseas incorporation agencies marketing Canada's opacity and finding that nothing has changed. The term that came out of Panama Papers for money laundering and tax dodging in Canada, 'snow washing', is alive and well.

However, as of April 19th, Canada is in a better position. TI Canada and our civil society partners enthusiastically applaud the government's proposal to establish a publicly accessible registry of beneficial ownership in the 2021 Budget. Canada has been slammed by international organisations, civil society, and peers for years, and now we have taken a large step out of that shadow.

Of course, the federal government cannot establish corporate beneficial ownership transparency on its own and expect the problem to be resolved. The provinces and territories must come on board with this initiative. Thankfully there is already momentum as we see Quebec on the cusp of making corporate beneficial ownership information public via Bill 78. And the British Columbia Land Ownership Transparency Registry went online last week. We hope this will be followed by a public corporate beneficial ownership registry too.

The world is shrinking for tax dodgers, kleptocrats, and fraudsters to hide. In 2016, the United Kingdom was the first country to have a public beneficial ownership registry. The UK's Overseas Territories and Crown Dependencies, which include some of the most well known secrecy jurisdictions like the Isle of Man, have also agreed to establish publicly accessible registries of beneficial ownership. In a joint statement, the Crown Dependencies cited their need to cooperate by 2023 with European Union Anti-



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Money Laundering Directive 5, which requires all EU members to establish a public beneficial ownership registry.

From this trend, we see that after years of being regarded as a laggard, Canada has the chance to move up to the head of the class on beneficial ownership transparency. While I would never say any tool is a silver bullet for solving tax evasion and money laundering, a publicly accessible registry will be a powerful tool. It needs to be set up correctly though. We can learn from our peers in the UK and EU and make sure that our registry has verified data and harsh consequences for those trying to falsify information. Canada's registrar should also have a staff that can conduct proactive investigations and a tip line for people to provide information on suspected tax evaders so proper investigations can be conducted.

This will be a big year for international forums to address beneficial ownership transparency, corruption, money laundering, and tax evasion. There will be the G7 hosted by the UK, the UN General Assembly Special Session on corruption, the Open Government Partnership Summit in South Korea, and eventually the 'Summit of Democracies' hosted by US President Biden. This year, the Financial Action Task Force, the global standard setting body on anti-money laundering, will also review recommendation on beneficial ownership transparency, possibly making public registries a new standard. Canada now has a foot to stand on in these forums for calling for greater transparency from others in order to continue to close the space for tax evaders, kleptocrats and cooks to hide.

Thank you. I am happy to take any questions form the Committee.