



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

# Cost Estimate of Election Campaign Proposal

Publication Date:	September 2021						
Short Title:	Enhancing Tax Compliance						
Description:	Increase the amount of money provided to the Canada Revenue Agency to augment compliance and enforcement efforts for the Goods and Services Tax, taxation of multinational firms, taxation of large corporations and international taxation.						
Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
	Total cost	-	-467	-1,218	-2,407	-3,578	-7,672
Supplementary Information:		2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
	Cost	-	100	250	500	750	1,600
	Cost recovery	-	-567	-1,468	-2,907	-4,328	-9,272
Notes:	<ul style="list-style-type: none"> <li>· Estimates are presented on an accrual basis as would appear in the budget and public accounts.</li> <li>· A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).</li> <li>· "-" = PBO does not expect a financial cost.</li> </ul>						
Estimation and projection method:	The requesting party identified a set spending envelope for additional tax compliance and enforcement.						
	The corresponding revenue increase was estimated based on the PBO's October 2020 publication regarding business tax compliance.						
Source of Uncertainty:	There are several sources of uncertainty regarding this estimate. First, PBO notes that the Canada Revenue Agency has received significant increases in resources over the past decade to increase tax compliance. As such, it is unclear that it can continue to absorb new cash inflows in a timely manner. The historical relationships of expenses and revenues may start to erode as more resources are devoted to compliance and enforcement. The estimate is sensitive to the PBO's baseline, as economic growth will directly influence the base of taxable income. A behavioural response is expected and reflected through our revenue attrition assumption.						
Data Sources:	Variable					Source	
	Planned additional spending on tax compliance and enforcement					Provided by the requestor	
	Rates of return for additional spending on tax compliance and enforcement					Canada Revenue Agency	

---

Attrition rates for revenues realised from new PBO  
tax compliance and enforcement measures

© Office of the Parliamentary Budget Officer, Ottawa, Canada, 2021