

Election Proposal Costing

Increasing spending for tax compliance and enforcement

April 19, 2025

Increasing program funding at Canada Revenue Agency (CRA) by \$200 million annually to support tax compliance and general enforcement efforts effective starting in fiscal year 2025-2026.

Cost of Proposed Measure (\$ millions)

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Cost	200	200	200	200	200	1,000
Additional federal revenues	-107	-431	-645	-634	-623	-2,440
Total cost	93	-231	-445	-434	-423	-1,440

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending).
A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

Additional full-time equivalents (FTEs) were used as a unit of measurement to calculate additional revenues. Costs per FTE for compliance and enforcement activities at CRA were projected to approximate an increase in total FTEs. Net increases in revenues from additional assessments, including interest and penalties, were calculated using a projection per FTE.

Sources of Uncertainty

The historical relationship between expenses on compliance and revenues may start to erode as more resources are devoted to compliance and enforcement. While our projection accounts for diminishing returns, our approach may underestimate the increasing costs associated with the collection of additional tax revenues from compliance activities.

Data Sources

Cost per FTE for compliance and enforcement activities

Canada Revenue Agency

Total value of additional assessments including penalties and interests

International Survey on Revenue Administration (ISORA)

Dollar amount of reassessments involving objections or appeals (2011–2019)

Canada Revenue Agency

Percentage of disputed tax amounts decided in favour of the taxpayer for audited returns (2011–2016)

Report 2 of the 2016 Fall Reports of the Auditor General of Canada

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