

# The attack on the collaborative relationship between tax professionals and tax administrators

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For those of you who know me, you'll know that I'm not shy about expressing my views. While some may not agree with them, I'm okay with that. I enjoy healthy, respectful debate on issues of tax administration and tax policy. However, the media, particularly the CBC, has recently been taking aim at the tax profession with "investigative reports" suggesting "inappropriate planning" is being done by certain professionals. While the "investigations" might make for good media for the average viewer, such "investigations" are, in many cases, simply wrong or misleading and sweep in organizations and individuals that have nothing to do with the particular case. These reports further exaggerate the situation with provocative language to embellish the reporter's story. Let's be clear, the practice of taxation is complex. As Albert Einstein said, "*The hardest thing in the world to understand is the income tax.*" After practicing tax for over 20 years, I agree with old Albert. I'm constantly learning. Frankly, if you don't have a thirst for knowledge and the drive to continuously learn, then you should not be a tax practitioner.

One of the most effective ways to study taxation and to keep current on legislative and administrative changes is to attend professional tax conferences. There are a number of organizations that put on top quality tax conferences, such as [CPA Canada](#) and the [Canadian Tax Foundation](#) (CTF). And to be clear, my comments below do not represent the views of CPA Canada nor CTF. I speak solely as a private practitioner.

CPA Canada, the national professional body for CPAs, plays an important role as an intermediary between Canada Revenue Agency (CRA), CPAs, and the broader tax community. CPA Canada is not a lobby group (notwithstanding it is registered with the [Office of the Commissioner of Lobbying of Canada](#)). Its members are individuals, not firms, and membership is mandatory for all professional accountants in Canada. CPA Canada's mission is to act in the public interest. Its role is to ensure that conflicts of interest do not arise between a member's personal interests and the interests of the public when it conducts its initiatives. As further discussed below, in a self-assessment tax system, a collaborative relationship between the CRA and stakeholders is critical to a well-functioning tax system. CPA Canada engages with the CRA for the benefit of the tax system and ultimately the public. In doing so, it tries to ensure representation of all its stakeholders; large firms, small firms, members in industry, academics, and others.

The CTF was founded in 1945 as an independent tax research organization under the joint sponsorship of the Canadian Institute of Chartered Accountants (which is now CPA Canada) and the Canadian Bar Association. The CTF provides a unique neutral forum for lawyers, accountants, government officials, academics, and other tax professionals to work together for the betterment of the Canadian tax system and the tax profession in general. After more than 70 years, the CTF is venerated as the leading organization through which to study, publish, and share tax information.

The CTF puts on excellent events throughout the year where academics, practitioners, and civil servants from the CRA, Department of Finance, and Department of Justice attend and share information. When

the CRA or Department of Finance officials attend such conferences, it is an amazing platform for them to share their current views on technical and administrative matters to academics, so they can take such knowledge back to their learned institutions, and to practitioners so they can take such views into account when advising their clients.

These conferences are well-attended. For example, the CTF's annual conference typically has over a thousand attendees. There are numerous social events scheduled at break times and at the end of the day to provide an opportunity to wind down after a long day of learning. Usually appetizers and drinks are available. The events are mostly sponsored by various law and accounting firms, who are always seeking new clients from industry attendees as well as referrals from other firms. Such tax conferences are not dissimilar to other industry or professional conferences such as technology, medical, or engineering conferences. The personal cases of participants are never discussed simply because it is not appropriate vis-a-vis professional code of conducts of the constituent bodies that the member participants must adhere to.

While the CBC is not known for intelligent reporting on taxation, a recent "[news article](#)" attacks CPA Canada and CTF conferences by implying that, since CRA officials attended and consumed drinks and food with the tax community, something nefarious was going on. The article suggests government officials need to avoid even the "appearance of a conflict of interest" and implies attendance by the CRA at social events involving appetizers and drinks crosses the conflict line. In my view, that is simply wrong and plain nonsense.

I have attended many tax conferences over my career. The information exchanged is terrific. For example, the CRA Roundtable – which provides a forum where practitioners pose technical questions in advance and receive responses from the CRA – is extremely valuable to the tax community as a whole. Trust me, the CRA's responses are not always palatable to tax practitioners. It should go without saying that the CRA also benefits from such participation by getting up to speed on practitioners' planning ideas and to evaluate trends and compliance.

Ultimately, the CBC article is an example of [yellow journalism](#) and is irresponsible. It creates "news" out of nothing and incites a mob mentality against tax professionals and tax administrators that are very misdirected (the comments posted on the story's web page by lay readers show clearly how the public has totally misunderstood the situation).

The administration of tax is a very complex and difficult job. It is one of the most important government functions. A healthy and well-functioning tax system is critical to ensure that the collection of funds from taxpayers is done on a timely basis so as to pay for government expenditures. To suggest that anything inappropriate is being done by the CRA by having a friendly collaboration and exchange of views with a professional body or at tax conferences, simply because appetizers and drinks are offered to all present, is simple nonsense.

Would the CBC and others prefer that the clock resets back to the early 1980s where the relationship between tax practitioners and the tax administrators was very unhealthy and adversarial? (Does anyone remember Perrin Beatty's campaign against this situation? It began to change when he was appointed Minister of National Revenue.) Who wins with that type of relationship? Absolutely no one. Does the administration of tax work better if the system is designed as a "boxing match" where both boxers beat each other up and ultimately there is a "winner"? Nope. A better system is where practitioners work together with the tax administrators (with obvious boundaries).

The Department of Finance plays a difficult but important role in the implementation of legislation to

achieve certain policy objectives. The practitioner community plays an important role to provide feedback to the Department when such legislation is being developed and implemented. Similarly, and as discussed, the CRA plays a difficult but vital role in the administration of tax laws. The practitioner community is critical to ensure that taxpayer obligations are being met legally. Again, a healthy interchange of ideas between the CRA and the practitioner community is necessary to ensure the system works well and efficiently. If the administration of tax reverts back to a boxing match, Canada as a country loses because the exchange of information and debate will be reduced.

Sigh...