

July 27, 2017

Mr. Wayne Easter, Chair
Standing Committee on Finance
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House of Commons
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Re: Pre-Budget Recommendation

Most submissions you will read will ask for new or redirected spending. This is an exception. I would like the Finance Committee to consider an issue that my personal CFO (spouse) might have been expected to muzzle me from writing as the tax measure I am proposing could disadvantage us. However, we believe everyone should pay their fair amount of taxes and contribute to the Canadian economy for the benefits of being a Canadian.

Background

People living *outside* of Canada for extended periods, but for *less* than a certain number of days, have access to 100% of the benefits of Canadian health care and other things.

Those who live permanently, or almost permanently, outside Canada, do not pay taxes or have access to health care and certain other things, but do have the benefit of a Canadian passport that offers protections that can be costly to provide.

The U.S. has an interesting approach to taxes, unique or almost unique in the world, which is taxation on world-wide income (called FATCA or the Foreign Account Tax Compliance Act, as many Finance Committee members will know). In theory, there is not to be double taxation, or there are measures to prevent, minimize, or allow recovery of double taxes.

Proposal

Most reasonable Canadians would agree that there are explicit and implicit benefits for them as Canadians when living and travelling outside Canada as Canadian citizens. Most are willing to pay for these benefits, although many engage in the time-honoured Canadian tradition of grumbling about taxes or what they are spent on or the CRA as the tax system's more public face.

What many Canadians may not fully appreciate is that as part of the economic cycle, Canadians living in Canada buy goods and services in Canada and are creating/maintaining/paying for what amounts to jobs for other Canadians. These 'stay-at-home' Canadians are generating the collection of taxes from these workers – the GST/HST and remaining provincial sales taxes, income taxes, and so on.

If Canadians spend nearly six months of the year *outside* Canada, much of their spending outside the country creates jobs in other countries, for example, in the U.S. A highly-respected former senior securities lawyer, who no doubt worked hard over many years, announced in a public forum some years

ago that he was shortly to retire. To the assembled crowd of pasty-faced wage-earners who had many years of labour ahead of them he said he looked forward to spending half a year or so of his future years in the sunny clime and healthy air of Arizona. It was, indeed, this – coupled with recent calls for NAFTA revision from the leader of the U.S. – that made me think more holistically about the issue.

- **Proposal part 1:** Levy a reasonable tax or toll on individuals who choose to live over a month or two months of the year elsewhere, but remain resident in Canada. While they are causing less wear-and-tear on Canadian infrastructure while away, a tax on them would be fair to help maintain the overall infrastructure when they are there. Such a tax arguably would be progressive (one might reasonably conclude that the above-mentioned lawyer was well-remunerated and this type would be more likely than others to have the capacity to live abroad for extended periods). And it would be administrable in a way that was not in the past due to the ever-increasing automation and capture of data regarding Canadians crossing borders in the name of homeland security. Those lower-income individuals with health reasons requiring them to live elsewhere (or having to care for family members for a period) would be able to pay a minimum amount up until a certain income level or, with an appropriate note from an honest doctor, have it waived. The main issue would be at what level to levy the tax.
- **Proposal part 2:** The case of those who move outside Canada permanently, semi-permanently or for periods of more than six months is more difficult to manage, because Canada has a reputation – deserved and that should continue – of providing help and shelter to those worse off. However, there have been concerns voiced about people using citizenships as passports of convenience. In a recent move occasioned by the tragic death of a young American arrested in North Korea for what might be seen as a trivial offence, the U.S. has banned Americans travelling to North Korea. While Canada has warned about travel to certain countries, I believe it has stopped short of banning such travel, although many may question the cost, risk and other implications of extracting people who chose to travel, for other than humanitarian reasons, to countries known to be dangerous. It would be hard to levy and collect any tax on all of these, however, some study might be conducted about a form of Canadian government insurance that I, for one, would willingly have paid had I worked or lived abroad for longer than I did. If nothing else, I think that my payment – and again it could be based on income – would indicate to the Canadian government officials (and emergency workers/soldiers if it ever got to be this serious) that I valued Canada, my citizenship, and what they were doing on my behalf. Canadian aid workers associated with relevant groups would be exempt because they are some of Canada's, and Canadians', best ambassadors.

I would be pleased to discuss all the reasons why this proposal isn't fair ☺ and why it won't work with anyone – also with anyone on the Finance Committee who sees some merit in it.

Yours truly,

Barb Amsden

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