

Fact Sheet

Convention on Mutual Administrative Assistance in Tax Matters

Background

On April 28, 2004, Canada signed the *Convention on Mutual Administrative Assistance in Tax Matters* (Convention). The Convention provides for three forms of administrative cooperation between states in the assessment and collection of taxes, with a view to combating tax avoidance and evasion. This international agreement mainly applies to multinational businesses and may affect some individual taxpayers if they have business transactions, considerable wealth and/or assets in many countries. The Convention covers Canadian taxes that fall under the *Income Tax Act*, *Excise Tax Act*, which includes the goods and services tax (GST), and the *Excise Act, 2001*. It does not apply to custom duties.

The Convention, initiated by the Council of Europe (CoE) and the Organisation for Economic Co-operation and Development (OECD), provides for the exchange of tax information, assistance in collection, and delivery of documents. To date, the Convention has been signed and ratified by Belgium, Denmark, Finland, Iceland, the Netherlands, Norway, Poland, Sweden, and the United States.

Canada and the Convention

In signing the Convention, Canada agreed only to exchange tax information. The benefits to Canada in exchanging tax information under the Convention include:

- Increased international cooperation to combat tax avoidance and tax evasion;
- Enhanced ability for the CRA to verify that businesses and individuals have paid their fair share of taxes; and
- Improved administration of the Canadian tax system.

Canada will not deliver documents from other governments to Canadian recipients because treaty partners already have access to Canadian postal and courier services. As well, Canada will not collect taxes because we prefer to continue to negotiate assistance in collection on a bilateral basis.

Protecting the Privacy of Canadians

The Convention has explicit provisions governing the privacy of taxpayer information. In this regard, Canada will evaluate any information to be shared with other participating countries to ensure the protection of confidential Canadian taxpayer information. While the Convention helps to ensure that all Canadians will pay their fair share of federal taxes, it does not affect their rights under Canadian law.



For More Information

The full text of the Convention is available on the CRA Web site by clicking on "Other Conventions" at: <http://www.cra.gc.ca/treaties>.