



Tax

CRA to set up special snitch line for its own staff

By AdvocateDaily.com Staff



OTTAWA - The taxman wants to know if any of his own are up to no good.

That's why the Canada Revenue Agency is in the process of setting up a self-snitch line.

The so-called internal fraud and misuse reporting lines would give agency staff a way to confidentially report any concerns about their colleagues.

"Internal fraud and integrity lapses pose a serious threat to the organization's objectives and reputation and to the morale, productivity and well-being of its employees," the agency says in a new contract document.

"To mitigate the threat, it is vital that the CRA takes all reasonable measures to safeguard the assets, resources, information and reputation of the organization from fraudulent activity and inappropriate conduct by its employees."

Three Canada Revenue Agency employees were among seven people caught up in a sweep by the Mounties earlier this year.

Charges laid include bribery of public officers, conspiracy, fraud, breach of trust by a public officer and fraud against the government.

Since 2008, 15 people – including eight former Canada Revenue Agency officials – have been arrested as part of an investigation called Project Coche.



Back in 2010, The Canadian Press obtained internal reports showing the agency had trouble with employees who wasted their work days surfing the Internet, setting up sports pools, sending chain letters, promoting illegal substances, sharing offensive cartoons and running pyramid schemes.

But some staff may be wary about bringing their concerns to a supervisor, the agency says.

Others may fear their covers could be blown. There's no guarantee of anonymity under either the Access to Information Act or the Privacy Act. That means any information gathered over the course of an investigation into wrongdoing is accessible – although personal information would most likely be blanked out in any documents released under those laws.

"While the CRA holds its 40,000 employees in the highest regard, the agency must be prepared to address rare instances of misconduct so that we can preserve the integrity of the tax system and remain accountable to the ethics and values that form the heart of our mandate," agency spokesman Philippe Brideau wrote in an email.

Employees will have the option of calling a toll-free hotline, sending letters through the mail or lodging their concerns through a website, he added.

Tipsters won't get any special rewards for turning in their colleagues.

"This system is integrity-based rather than rewards-based, and is currently scheduled for implementation by March 2015," Brideau wrote.

Toronto tax litigator [Adrienne Woodyard](#) tells AdvocateDaily.com that the snitch line is a welcome development that is long overdue.

"There are numerous government agencies that members of the public may never interact with directly, but everyone, at one time or another, must deal with the CRA. CRA employees



deal with matters that have a direct and immediate impact on taxpayers' finances. And those employees have considerable leeway in deciding who will be audited, what issues will be examined, and whether penalties will apply. The potential for misconduct is obvious," says Woodyard, a lawyer with Davis LLP.

"The CRA collects and maintains vast amounts of confidential financial information about you, me and every other taxpayer in Canada. Its employees are responsible for administering the very revenue laws to which they themselves are subject. Those laws are complex and the manner in which the CRA interprets and applies them to individual taxpayers may lack transparency, largely because the CRA must maintain the confidentiality of taxpayers' information," she adds.

And, as the most high-profile government agency in Canada, the CRA cannot afford bad publicity, says Woodyard, as any scandals compromise its ability to carry out its mandate.

"The Canadian tax system is based largely on self-assessment. It's an honour system. Such a system obviously cannot function without a significant degree of co-operation and voluntary compliance on the part of Canadian taxpayers. The CRA therefore must be able to demonstrate that it maintains a high degree of internal accountability. If the public trust is undermined, so too is its ability to administer the tax system," she adds.

This isn't the first time the agency has set up a snitch line.

A hotline to try to catch people who may be hiding money offshore has been up and running since January.

The Offshore Tax Informant Program offers tipsters a cash reward of up to 15 per cent if the agency collects more than \$100,000 in taxes owed. The downside? The reward money must be claimed on the tipster's income tax.

There's also a third snitch line that's focused on domestic tax fraud and pays no rewards.