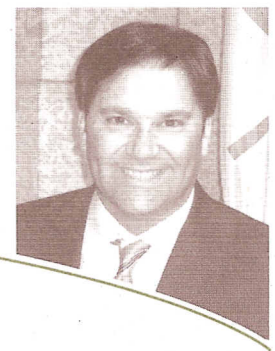




DON DAVIES, M.P.

VANCOUVER KINGSWAY



October 14, 2011

Honourable Jim Flaherty, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Honourable John Baird, P.C., M.P.
Minister of Foreign Affairs
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ministers:

Re: United States Internal Revenue Service; Enforcement Policy Against Dual Canadian-US Citizens

As you are aware, the United States Internal Revenue Service is pursuing a series of measures aimed at addressing tax evasion and the use of offshore accounts to shield assets from US taxation. As you are further aware, these measures have been directed at Canadian citizens who are residents of Canada holding US citizenship in a most punitive, unfair and unacceptable manner. These measures include the imposition of onerous filing and reporting requirements, unreasonable penalties (even in the absence of any taxes owed) and privacy-violating disclosure obligations.

Our riding offices have received calls and letters on almost a daily basis from constituents who are dual citizens. They are justifiably concerned with, and upset at, the prospect of disclosing their confidential banking information to an agency of a foreign government, particularly when they have no earnings there. In many cases these accounts are held jointly with Canadian-born spouses who are forced to disclose their information to the IRS. All are fearful of heavy penalties on their families' savings in Canada for non-compliance with US tax laws they did not know were relevant.

This problem is particularly disturbing when one considers that the vast majority of Canadians affected have lived in Canada, earned their incomes in Canada and paid taxes to Canada for most, if not all, of their lives. Almost all of these citizens had no idea that they had to file US tax returns, have no US income and do not owe any back taxes to the US. Yet, they are being asked to pay heavy penalties that amount to little more than a seizure of their assets.

Canadians are also being asked to file financial disclosure documents with the IRS for each and every financial account that they have with over \$10,000 in assets. This is an invasive and burdensome requirement. Moreover, we understand that the US intends to require Canadian financial institutions (via the proposed *Foreign Account Tax Compliance Act*) to report personal financial information respecting Canadian accounts to the IRS in 2014.

Over-arching all is the obvious point that Canada is most certainly not a tax haven, and almost every Canadian citizen affected has not in any manner whatsoever been engaged in tax evasion of any type.

We want to thank Minister Flaherty for taking a public stand in support of dual Canadian-American citizens against the Internal Revenue Service's cross-border tax enforcement initiatives. However, it is our collective opinion that further action is required.

We urge the Canadian government immediately to enter into discussions with its US counterparts with the following objectives:

1. Negotiate an exemption for Canadian citizens to file US tax returns in circumstances where those citizens have no US income or assets, or who have no real connection with the United States;
2. Negotiate a true amnesty that allows Canadian citizens to file US tax returns, with a reasonable retroactive component, free of any forfeiture or penalties save the taxes owed, if any, and reasonable interest;
3. Advise the US that Canada will not proceed with the stated desire of the United States to require Canadian financial institutions to disclose financial information of its Canadian clients to US authorities;
4. Push the US to refine their reporting criteria to differentiate between those US citizens they claim to target who deliberately engage in activity to evade US taxation and Canadians who annually report their income and financial accounts to Canada Revenue;
5. Advise US authorities that it is unacceptable for tens (perhaps hundreds) of thousands of law-abiding Canadian citizens to be threatened with onerous penalties and legal action by their newly-introduced financial disclosure enforcement policies.

The potential of forfeiture of Canadian assets to the US threatens many Canadians' income security and amounts to an unacceptable and unjustified transfer of wealth from Canada to the US. We hope that the government will work with MPs of all parties in the House of Commons to preserve Canadians' interests and protect Canadians from the US Internal Revenue Service. We urge you to take strong steps in this regard.

Sincerely,

NDP British Columbia Caucus



Don Davies, MP
Vancouver Kingsway




Alex Atamanenko, MP
BC Southern Interior



Jean Crowder, MP
Nanaimo-Cowichan



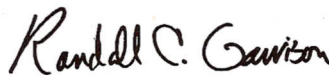
Nathan Cullen, MP
Skeena-Bulkley Valley



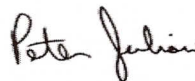
Libby Davies, MP
Vancouver East




Fin Donnelly, MP
New Westminster-Coquitlam
and Port Moody



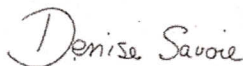
Randall Garrison, MP
Esquimalt – Juan de Fuca



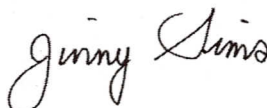
Peter Julian, MP
Burnaby-New Westminster



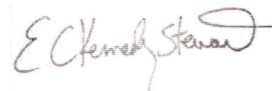
Jasbir Sandhu, MP
Surrey North



Denise Savoie, MP
Victoria



Jinny Sims, MP
Newton – North Delta



Kennedy Stewart, MP
Burnaby Douglas