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2012-10-19

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Delivery Details

Date: January 8, 2019 at 3:15 p.m.

Delivered By: VERN KRISHNA

Client File: GAAR

Vern Krishna says that tax collectors are necessary to the functioning of governments and implementation of social policies. Why then are they so unpopular? As history teaches us, they have overreached and used heavy-handed methods against the vulnerable of society.

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Date: October 19, 2012

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Vern Krishna

Tax collectors are necessary to the functioning of governments and implementation of social policies. Why then are they so unpopular? As history teaches us, they have overreached and used heavy-handed methods against the vulnerable of society.

We see the antipathy toward tax collectors in the Bible, in Luke 18:9–14, which recounts the parable of the Pharisee and a tax collector who went into the temple to pray: “The Pharisee, standing by himself, prayed thus: ‘God, I thank you that I am not like other men, extortioners, unjust, adulterers, or even like this tax collector. I fast twice a week; I give tithes of all that I get.’ But the tax collector, standing far off, would not even lift up his eyes to heaven, but beat his breast, saying, ‘God, be merciful to me, a sinner!’”

In England, King John’s penchant for increasing feudal taxation without consulting his noblemen precipitated the creation of the greatest constitutional document—the *Magna Carta*—in 1215. The Charter propagated a form of “tax farming,” whereby the king extracted from his nobles promises of soldiers for battle in exchange for feudal lands.

A century and a half later, the grievances of a poll tax on all males and females over the age of 15 caused the Peasant’s Revolt in 1381. David Hume’s *The History of England* captures the drama: “The first disorder was raised by a blacksmith in a village of Essex. The tax-gatherers came to this man’s shop while he was at work; and they demanded payment for his daughter, who he asserted to be below the age assigned by the statute. One of these fellows offered to produce a very indecent proof to the contrary, and at the same time laid hold of the maid: which the father resenting, immediately knocked out the ruffian’s brains with his hammer.”

Taxation has long been the instrument of persecution. In England, for example, Jews were forbidden from joining any of the artisan guilds and could not own land. Thus, confined to money lending and finance, they were taxed on their goods, chattels, debts, gifts. The penalties for non-compliance were severe: imprisonment, property confiscation, seizing of women and children, gouging out eyes, extracting teeth and other cruelties.

France introduced an income tax in 1355 to finance the Hundred Years’ War. The rate was set at 4 per cent on the rich, 5 per cent on the middle class, and 10 per cent on the poor. By 1789, taxation was one of the leading causes of the French Revolution.

The British, equally creative and shortsighted, imposed a tax on salt in India claiming a monopoly on all of its production and distribution. Tax collection was subcontracted to oppressive salt agents. On March 12, 1930, Mahatma Gandhi began his famous 241-mile march to Dandi on the west coast of India to protest the tax on an essential ingredient of food. Thousands of his followers on the march were beaten, arrested and thrown in jail. A year later, the tax was reduced.

To be sure, the techniques of the modern tax collector are more dignified—but not necessarily more sensitive.

Fast forward to Canada in 1984; The Conservatives, in opposition at the time, created a task force to study the behaviour of the Canada Revenue Agency. It documented tax collectors' proclivity toward oppressive and insensitive conduct. "What we heard disturbed us deeply. We were distressed by the fear with which ordinary Canadians greet a call from the tax department, a fear that is sometimes cultivated by [the CRA]."

The report didn't stop there. "Another impression that was deeply instilled in us during our tour was that the tax burden is falling disproportionately on Canadians of modest means ... The complexity of the many provisions affecting lower-income Canadians often causes serious resentment ... These taxpayers can least afford the costly professional assistance needed to defend their rights. Another factor that undermines the rights of ordinary Canadians is the sweeping powers given to the [CRA]. In some cases, they are even greater than the powers of the police."

Upon attaining power, the Conservative government issued an impressively titled "Declaration of Taxpayer Rights," but failed to turn it into a taxpayer bill of rights.

Thus, Canadian taxpayers do not have the same degree of legal protection as American taxpayers, who have a bill of rights codified in the *Internal Revenue Code*.

Canadians, with characteristic politeness, suffer from the costs of complying with the ever-increasing complexity of a badly drafted tax statute, escalating legal and accounting fees, long delays in the resolution of disputes, oppressive procedural rules, draconian interest charges, and heavy-handed collection procedures.

The *Income Tax Act* deems an assessment to be valid and binding on the taxpayer even it contains an error or defect or has been incorrectly calculated or improperly issued. The burden is on the taxpayer to show that the assessment is wrong. Unlike the two-year limitation rule in civil litigation, the taxpayer has only 90 days from the mailing of the notice of assessment to file an objection or lose the right of appeal. The rule places an intolerable burden on taxpayers who cannot afford high professional fees in prolonged litigation. The rule effectively denies middle-income taxpayers—who pay the most in taxes—access to justice in tax law.

To be sure, tax collectors must perform their duties to ensure a fair system of social policy and the smooth functioning of governments. That does not mean, however, that the system should be heavy handed on vulnerable individuals, who feed the public treasury the revenues that pay the collectors.

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