

Minister  
of National Revenue



Ministre  
du Revenu national

Ottawa, Canada K1A 0A6

**DEC 10 2009**

Ms. Carolyn Dare Wilfred  
Post Office Box 17684  
Sumner Christchurch 8840  
NEW ZEALAND

Dear Ms. Dare Wilfred:

The office of the Right Honourable Stephen Harper, Prime Minister of Canada, forwarded to me a copy of your correspondence concerning your income tax affairs. Please accept my apology for this delayed response.

Canada's tax system is based on self-assessment. While there is a high degree of public compliance with the law, the system can be maintained only by continually examining tax returns. To ensure that taxpayers comply with the legislation, the Canada Revenue Agency (CRA) establishes various review and enforcement programs in which all categories of tax returns are examined and selected for review or audit, based on impartial and objective criteria using risk-assessment techniques.

In carrying out any audit or enforcement activity, CRA officials strive to be fair, considerate, and responsive to taxpayers' needs. They must respect taxpayers' rights and demonstrate integrity and impartiality while performing their duties. Carrying out a quality audit and applying the law and its administrative policies fairly and consistently are primary objectives of the CRA.

The senior CRA officials who reviewed your file inform me that a letter requesting documents and information regarding the Carolyn Dare Wilfred Reversionary Trust was sent to you on January 29, 2004. Following a review of the information submitted, correspondence was sent to you on December 2, 2004, proposing to adjust your 2001 return and explaining our reasons for the adjustment. Your return was subsequently reassessed on June 22, 2005, to include a net taxable capital gain of \$19,879,930.00 on the disposition of shares of Serad Holdings Limited.

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**Canada**

You filed an objection to the reassessment of your 2001 income tax return. I am satisfied that the circumstances surrounding your case were given a complete review and that all relevant facts were considered before a final decision was reached. The Appeals Division, which has a mandate to impartially examine the decision made by the officials who issued the reassessment, conducted the review. The Appeals Division of the Vancouver Tax Services Office informed you of the decision in a notice of confirmation dated June 12, 2009. A copy of the notice of confirmation was also sent to your representative, Mr. Michael McMahon, on June 12, 2009.

I am aware that you filed an appeal with the Tax Court of Canada with respect to the reassessment of your 2001 income tax return. Your file is now under the responsibility of the Department of Justice Canada and a legal counsel will be contacting you in the near future.

The CRA recognizes that an individual may, on occasion, be unable to immediately pay his or her taxes in full. In such instances, arrangements can be made to allow the individual to pay the tax debt over the shortest period of time, without causing financial hardship. These arrangements are negotiated based on the taxpayer's ability to pay, as determined by reviewing factors such as income, non-discretionary expenses, and the capacity to borrow, all of which must be supported by documentation. In essence, those who are capable of borrowing or otherwise arranging their financial affairs to pay their tax debts are expected to do so.

I understand your concerns regarding the legal action taken to collect your tax account. Although the CRA prefers to obtain voluntary payment of a tax debt, the system must be fair to those who pay their taxes promptly. For this reason, legal action must be considered if a debt remains outstanding without apparent justification. Section 224 of the *Income Tax Act* allows the CRA to garnishee income, bank deposits, pensions, or payments due from third parties.

I can confirm that on February 12, 2009, a *Writ of Seizure and Sale* was registered in the Personal Property Security registration system in Ontario against 960777 Alberta Limited and was delivered to the sheriff in Kitchener with instructions to seize your 105 shares of Serad Holdings Limited. That seizure took place on February 18, 2009. As well, requirements to pay in the name of 960777 Alberta Limited were issued on February 13, 2009, and have yielded \$352,353.59 to date.

As a balance remains unpaid, the CRA has a statutory obligation to collect this amount. On December 4, 2009, your personal income tax account indicated a balance of \$16,733,541.65 owing for the 2001 tax year. Even though legal action to collect this amount has been taken, you can still negotiate a payment arrangement, based on your documented ability to pay. I would like to point out that at this time, your personal accounts and assets have not been seized. If you have any further questions about your account or wish to discuss payment, I invite you to contact Mr. Terry Harder, Assistant Director of Debt Management at the Calgary Tax Services Office, by writing to 220 4 Avenue Southeast, Calgary AB T2G 0L1, or by calling 403-691-6873. Mr. Harder is aware of our correspondence and will be pleased to provide assistance.

The CRA usually cannot take action to collect an amount against which an objection has been filed. Please note, however, that interest continues to accrue on any balance outstanding. When an account is under appeal, the CRA will, on occasion, provide the taxpayer with an updated statement of the account, and he or she has the option, at all times, of paying the debt in full to avoid further interest charges. If the objection is successful, the CRA will issue a refund with interest.

I assure you that you are free to visit Canada without fear of the CRA having you arrested or your passport confiscated. The CRA's obligation to collect your balance owing is a civil not political matter, and no criminal charges for tax evasion have been filed against you.

I regret that you feel that the CRA has shown a lack of integrity in its actions. The CRA remains committed to providing all Canadians with a fair and impartial tax system, based on its core values of professionalism, integrity, respect, and co-operation.

I trust that the information I have provided is helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean-Pierre Blackburn". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jean-Pierre Blackburn, P.C., M.P.