

August 1<sup>st</sup>, 2024

The Hon. Marie-Claude Bibeau, P.C., M.P.  
Minister of National Revenue  
House of Commons  
Ottawa, ON K1A 0A6

Dear Minister Bibeau,

On behalf of the 8,500 members of the Canadian Home Builders' Association (CHBA), I am writing to you to express our position on reporting fees for service (RFS) requirements and ways Canada Revenue Agency (CRA) can improve the process. As businesses in the residential construction industry are already required to file T5018 Statement of Contract Payments, our industry's concerns need to be considered with respect to any changes to RFS requirements.

CHBA recommends that improved guidance, use of examples, and the introduction of reporting requirements for certain industries could be used to promote RFS compliance. These options need to be explored, implemented, and evaluated for effectiveness before any consideration of lifting the moratorium on assessing penalties.

Both CHBA and its members have already been burdened and frustrated with hastily implemented Underused Housing Tax (UHT) and Beneficial Ownership of Trusts reporting. The experience of CHBA members was that these were costly to comply with, lacked clear guidance for accounting professionals to follow, and lacked rationale on how the information would be used to improve tax fairness. Both these initiatives were then delayed near or on their filing deadline—adding to frustration.

CRA must ensure any changes to promote wider RFS compliance are implemented in a streamlined and clear manner. The executive summary of CRA's "Reporting Fees for Services (RFS) initiative: Final report (2020 public opinion research)" stated that the focus group findings will be used to address knowledge gaps, improve the RFS process/burden, and develop outreach/education strategies. CRA should publicly outline the progress made towards those three objectives in the four years since the release of the 2020 public opinion report, to avoid similar frustration experienced with the two aforementioned CRA filing requirements. This includes detailed guidance on determining what CRA constitutes as a service.

The most effective way CRA can support businesses in meeting their RFS obligations, without lifting the moratorium on assessing penalties, is to provide real world examples of how RFS filings are used to reduce activity in the underground economy. CHBA members have questioned how exactly CRA can use the data collected in information returns to combat tax evasion, the underground economy, and financial crimes. Even if certain information within the examples needs redacting, providing examples of the benefits of information returns will be a key step in supporting businesses with compliance. Until CRA can provide examples of how this information

has been used to limit activity in the underground economy in the past, promotion of informational returns will continue to be met with frustration.

CHBA shares the view with other associations and businesses that the \$500 dollar threshold needs to be increased significantly. The volume of T4A filings generated by this low dollar value threshold creates a mismatch between the time and cost incurred by a business's compliance, relative to the benefit it provides the CRA. The \$30,000 threshold proposed in CRA's questionnaire is far more appropriate. The threshold should be reviewed, on occasion, to account for rising business costs over time.

It is understood that the Canadian Trucking Alliance is pushing for the lifting of the moratorium on assessing penalties for RFS non-compliance. The CRA RFS webpage states that the moratorium "was intended as a temporary measure." While the webpage does not state that CRA is actively considering the lifting of the moratorium, it could be interpreted that this is being considered. CHBA is against lifting this moratorium. Like how the T5018 filings are designed to address specific concerns about the construction industry, a targeted solution for the trucking industry should instead be used. Lifting the moratorium on all industries, without progressing on the commitments to improve the RFS process, based on the complaints of one industry is not judicious.

It is also important to emphasize that government regulatory compliance is a significant and avoidable source of the cost of constructing new homes. It is agreed that Canada is experiencing a housing affordability crisis, where the principal solution is to sustainably increase the number of new homes constructed each year. Canada Housing and Mortgage Corporation remains steadfast that Canada needs 5.8 million additional dwellings to make housing affordable by 2030. To achieve this, policy at all levels of government must look to reduce the hard and soft costs of construction. The time and cost spent by home builders complying with regulations is paid by the home buyer.

We look forward to any opportunity to further inform the ongoing RFS consultation process. Please contact Evan Andrade, Economist, at [evan.andrade@chba.ca](mailto:evan.andrade@chba.ca) or 613-230-3060 (ext. 223). Furthermore, CHBA asks that this letter be forwarded to the relevant CRA division responsible for promoting RFS compliance.

Sincerely,



Kevin Lee, P.ENG., M.ARCH.  
CEO, CHBA