

The cost of giving and not giving

By Bill Kilpatrick

What do Rupert Grint, Amazon, and Churches have in common? None of them, it would seem, really like to pay taxes. Grint, who most people will know as Ron Weasley from the Harry Potter films, was recently found guilty during a legal fight with the United Kingdom tax agency, H.M. Revenue and Customs and has been ordered to pay 1.8 million pounds. According to a Global News article Grint put some money in the wrong line, that happened to have a lower tax rate than the one it was supposed to be in. Grint, whose net worth is close to \$30 million, also lost another court battle in 2019 over a million-pound tax refund. Now mistakes happen, but if there's one thing that we can agree on, it's that rich people and large corporations, do not like to pay taxes. This has been a growing trend, since, well, forever. As I interviewed a schoolteacher last week who told me about exactly how many chocolate bars that he had to sell to buy specific musical instruments, I thought that I would look into just how much taxes corporations and individuals don't pay and how much Canadians have been donating, in time and money, to make up the short fall. The International Monetary Fund estimates that offshore tax havens cost advanced economies from \$500 to \$600 billion in lost tax revenue each year. The 2019 article revealed some other disturbing statistics such as the fact that "American Fortune 500 companies alone held an estimated \$2.6 trillion offshore in 2017," and that individuals have squirreled away \$8.7 trillion in tax havens. Hmmm, I wonder why our infrastructure is crumbling, education is underfunded, and our hospitals are falling apart? It's such a mystery. This is not some left-wing, communist rant, this is about math, pure and simple. The more tax that corporations and individuals don't pay, the less money the government has for vital infrastructure projects, education, unemployment insurance, and health care. Which leaves a huge shortfall that the middle and lower classes have to make up, usually through overwork, donations, and volunteer time. The math and concept is simple, if we all pay a little, then none of us has to pay a lot and we all have access to quality healthcare, education, good roads, safe water, etcetera. But it would seem that there are those who do not want to play by those rules and they are coming to power in the United States. Many libertarians who voted for Donald Trump, the commander and thief of tax evasion, believe they should pay no taxes at all, that government planning is immoral, and that taxation is coercive and amounts to theft. A convenient ideology for corporations and people who really don't like to play nice in the social sand box. The cumulated short fall over the last 40 years amounts to trillions and trillions of dollars that could have prevented the current catastrophe that is occurring within our municipalities, hospitals and all public institutions as they are told to find more and more efficiencies as funding gets more and more scarce, and the rich pay less and less. Now, you don't have to be an economist to figure out that there is a point when finding efficiencies starts to result in a loss of effectiveness. We see it everywhere. Long wait times at hospitals, no family doctors, poor pay, an increasing number of people using foodbanks, roads that are in disrepair, schools whose math textbooks are 20 or 30 years old, kids who have no supports in classrooms, a lack of childcare and on and on. We see it in those who work in the above jobs. They are on edge, stressed, and burning out because they are being asked to do an impossible job, with little to no resources. The system is not working. Something has to give and something, or rather someone, is giving and others are not giving. While the middle and lower classes try and make up the shortfall left by the corporate class and wealthy individuals by donating time and money to causes that help those in need, the amount that is being donated has dropped substantially and continues to fall as the economic situation worsens. The CanadaHelps 2024 Giving Report points out that, "For the eleventh year running, the number of Canadians making charitable donations has declined." According to Statistics Canada the number of Canadian tax filers who make charitable donations has decreased from 23 per cent in 2011 to 17.1 per cent in 2022. People just don't have money to give. The Giving Report cited affordability as the number one issue that people are choosing to not give, an issue that is clearly not shared by those who are moving their excess funds offshore or to tax havens. My guess is that most people donate something to some cause they find important, whether in dollars or time, and many of those same people, myself included, complain about taxes being too high. After a conversation with an ardent Trump support on Facebook it became obvious that it's not the giving, per-se that is the problem, it's not having a choice in where that money goes. The person argued that they should be able to keep all their money and give it out to whom ever they choose and not be forced to give it through a third party, read the government, to some cause or person they do not find worthy of receiving it. We had a system like this previously and it was called feudalism, and we got rid of it for a reason. It was corrupt to the core and resulted in a massively uneven distribution of wealth, power, and resources. How does Canada fare when it comes to cracking down on tax cheats? According to the articles that I read, we suck, especially when it comes to going after the wealthy. It seems the CRA would prefer instead to go after the little guy. In 2019, three years after the Panama Papers came out, (for those who don't know, the Panama Papers were leaked documents showing the extent of tax cheats throughout the world) of

the 894 Canadian corporations, individuals, and trusts that were identified in those documents, Canada had recovered zero dollars from them. Zero. While Iceland, a country with the population of Victoria British Columbia, somehow managed to get back some \$25.5 million. The problem of course is complex, as these individuals and corporations hire people who are masters of deceit to find loopholes, technicalities, and safe havens for their money and according to one article, even when they are caught or documents are requested by the CRA, they just ignore them, sometimes indefinitely, and/or tie them up legally, which essentially amounts to the same thing. A recent CBC article spoke about new penalties, if you can call them that, that the federal government was putting into place in 2024 that would give the Canadian Revenue Agency more teeth to go after those who evade taxes and violate their social contract. One of the provisions could see tax cheats who refuse to give over requested documents slapped with a 'notice of non-compliance' that would see people and corporations fined \$50 a day up to \$50,000 until they comply. I'm sure the wealthy tax dodgers were shaking in their boots, probably from laughing so hard. Meanwhile the not-for-profit sector, who is holding our social bonds together, is falling apart at an astounding rate. Statistics Canada estimates that Canadians volunteer around 154 hours per year which equals two billion hours in total. In economic terms if we multiply that by just the minimum wage of \$17.20 per hour that equals \$34.4 billion in free labour every year, but it comes at a cost. Statistics Canada says that 26 per cent of non-profit organizations report high levels of burnout, 67 per cent have a shortage of volunteers, 51 per cent report challenges retaining volunteers, and 29 per cent lack resources to recruit volunteers. Canadians it would seem recognize the crisis and are trying their best to mitigate it at the expense of their physical and mental health. Canadian's gave \$11.4 billion in charitable donations in 2022 and when combined with volunteer hours Canadians donated some \$45 billion to the economy, while the wealthy hoarded their excesses of between \$500 and \$600 billion. What is to be done? I'm sorry to say, nothing. The wealthy hold all the cards and put people in power who look after their interests and those who don't look after their interests, don't ever get close to the levers of power. So, we will just keep paying our charity and volunteer tax, which means slugging along and hoping that things will get better, while it keeps getting worse as more of us burnout and our frustration and anger builds. Meanwhile the wealthy keep hoarding away their extra trillions of dollars as society crumbles. As billionaire investor Warren Buffet said in 2006, and I think it's more true now than ever, 'There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning.' Sorry folks, but there's no happy ending to this story, oh, and don't forget to give this holiday season.