

Quebec Shares Taxation Expertise

As in Canada, so too in Ukraine one of the inevitable certainties of life is taxation. In their ongoing efforts to develop a modern and efficient taxation system, Ukrainians have asked Canada to assist by enabling them to study a Canadian model. Responding to this request, the Institute of Public Administration of Canada (IPAC) arranged such a visit in cooperation with the Quebec Ministry of Revenue. Earlier this year, a four-member Ukrainian delegation representing various levels of government arrived for an intense three-week study program in Quebec.

Overview of Taxation in Quebec

The visit was divided into three comprehensive stages. To start things off, the Quebec Ministry of Revenue began the visit with a presentation by the Legislation Branch on the tax and constitutional situation in Quebec. An explanation of Quebec's status within Canada was essential to an understanding by the Ukrainian delegation of the parameters governing Quebec's ability to legislate and to implement its own tax policies. The structure of the Quebec government and the roles of various agencies were described, including its Ministry of Finance, the Controller of Finances, the Treasury Board, and the Quebec Ministry of Revenue. The legislative process was explained, from the budget speech given by the Minister of Finance to the passing of a bill or adoption of a regulation. The delegation had an opportunity to visit the Quebec Parliament, where the opening of a Parliamentary Committee on the accountability of the Deputy Minister of Revenue before the National Assembly proved to be a highlight.

Special presentations detailed individual and corporate taxes, as well as various consumption taxes, such as the Quebec sales tax (QST), fuel tax, tobacco tax and alcoholic beverages tax. The unique situation of the Federal Government Goods and Services Tax (GST), which is actually administered by the Quebec Ministry of Revenue in that province, was also addressed.

To complete the presentation on tax law, the hosts addressed the issues of delegation of authority, confidentiality of information, and interest and penalties imposed under various laws. The Ukrainian delegates were particularly struck by the balance between the protection of confidential information held by the Ministry of Revenue and the right of access to information by Quebec taxpayers.

The legal aspects of tax collection were also examined, including the review of decisions made by the Ministry of Revenue, as well as the role of the Legal Department, whose lawyers represent the interests of the Ministry from both the defence and prosecution points of view.

Visits to Ministry Branches

The Ukrainian delegation toured several operational and support branches, giving them insight into the way tax law is applied on a day-to-day basis. These visits included the Processing Branch (bulk processing of the various tax returns sent to the Ministry of Revenue), the Taxpayers Branch, whose clientele consists of individuals and corporations in matters relating to taxes on income and capital, and the Agents Branch which deals with source deductions and consumption taxes. Finally, the Audit and Investigations Branch made a presentation on the various auditing techniques it uses to ensure the accuracy of the tax returns sent to the Ministry by taxpayers and agents, and to combat tax fraud.

The Information Technologies Branch has the task of developing, upgrading and maintaining the data processing systems which are essential to all ministerial activities. Their presentation was followed by a visit to various facilities, the most impressive of which was the mainframe with a processing capacity of more than 300 million operations per second.

The delegation's meeting with representatives of the Revenue Studies and Control Branch struck chords close to home. Given the growth of Ukraine's underground economy, the discussions regarding the sharing of information between government agencies, and the measures taken by the Ministry to combat moonlighting and tax evasion were particularly interesting to the visitors.

The visit to the Quebec Ministry of Revenue ended at the Tax Collection Centre whose mandate it is to collect the monies due the Ministry of Revenue. Management techniques and case selection methods caught the delegates' attention, particularly because of their focus on maximizing revenue.

Meetings with Agencies

In Montreal, the Ukrainian visitors met with the regional/ local Director of Revenue Canada to learn about the management

methods used by the Ministry throughout the country. As well, representatives of the City of Montreal provided a detailed presentation of the property tax system used by Quebec, focusing on the tools required to collect taxes efficiently in cities with a large population. This intense work session saw an exchange of large amounts of information, with more than 70 people from the Quebec Ministry of Revenue participating.

Many aspects of the visit to Quebec were extremely demanding, and the Ukrainian delegation had to absorb high volumes of information while thinking of how it could apply to their own situation in Ukraine. It was extremely rewarding to the Canadian host to see that some of the discussions had an immediate impact. For example, following one of the presentations, the delegation electronically sent suggestions to their colleagues in Kyiv, where they were addressing a similar issue in the Ukrainian Parliament.

During their three-week stay, the Ukrainian delegation attended special dinners in their honour hosted by the managers of the Legislation Branch, the Agents Branch, as well as being received by the Associate Revenue Minister, Roger Bertrand. Naturally, time was also reserved to allow the visitors to relax and enjoy the local atmosphere, visiting Old Quebec and Place Royale, and eating maple taffy in front of the Château Frontenac, a little sweetener to glaze over the harsh realities of taxes.

Based on a French-language article by Daniel Bourassa, Delegation Escort, Legislation Branch; available on the Monitor INTERNET home page: <http://home.istar.ca/~monitor>



Seated (l-r): Nicole Malo, Deputy Minister at the Quebec Ministry of Revenue; Yevhen Zhovliak, MP and Pres. Tax Policy Subcommittee of the Verkhovna Rada; Roger Bertrand, Associate Revenue Minister. Standing: Y. Hanoushchak, Interpreter; Ihor Shpak, MP Assistant and Intergovernmental Advisor; Mykola Fedkevych, Pres. Tax Administration, Dept. of Kyiv-Svyatoshyn; Mykola Paschynksy, Policy Advisor, City of Boyarka.