

Canadian Bill C-377

By: Tyler Reining

The upper chamber of the Canadian Parliament has passed Bill C-377, which amends the Income Tax Act to require that labor organizations and labor trusts provide significant financial information for public disclosure. The new law's requirements, which will look familiar to labor organizations in the United States, will force public- and private-sector unions to disclose financial activity in far greater detail to the Canada Revenue Agency than has previously been required.

The law requires every labor organization and labor trust to electronically file the new information return within six months from the end of each fiscal period. Among the numerous disclosures required as part of the new law are the following:

- A full set of financial statements for the fiscal period.
- A set of statements for the fiscal period setting out the aggregate amount of all transactions and all disbursements. Amounts related to any particular payer or payee for the period greater than \$5,000 will be required to be shown as separate entries including the name, a description of the payee or payer, the transaction's purpose and the specific amount.
- A statement for the fiscal period detailing the purchases and sales of investments and fixed assets.
- A statement of disbursements to officers, directors, trustees, and employees with compensation over \$100,000. Accompanying this statement will be a required disclosure of the estimated time spent by these individuals on political, lobbying, and other non-labor related activities.
- Statements with the aggregate amounts of disbursements spent on labor relations, political, lobbying, contributions, general administration, overhead, organizing, collective bargaining, convention, education and training, and legal activities.
- A statement listing all transactions with non-arms length parties.

Additionally, [labor organizations](#) or labor trusts having their headquarters situated outside of Canada will be required to provide a statement disclosing amounts paid by or credited to the labor organization on behalf of taxpayers residing in Canada, and expenditures made by the labor organization either within or outside of Canada, directly related to its operations in Canada.

This information will be required to be filed in formats prescribed by the Canadian government and will be made available online. Every labor organization or labor trust failing to meet the requirements of Bill C-377 will be liable to a fine of \$1,000 for each day that it fails to comply, up to a maximum of \$25,000. This requirement will be effective for fiscal periods beginning January 1, 2016.