



Media Release

September 14, 2015 For Immediate Release:

Tax Schemes of Real Estate Giant Demand Immediate Review

VANCOUVER – The offshore tax haven practices of the owners of one of Canada’s largest real estate developers and landlord to several government agencies should be the subject of an immediate review, along with other corporations using similar tax havens, according to national tax watchdog, Canadians for Tax Fairness. The call follows the release of a report by labour union UNITE HERE Canada. The report details how the family that owns Larco Investments has moved hundreds of millions of dollars in revenues offshore through HSBC. Those revenues could include millions of dollars received from the federal government as part of a controversial sale-leaseback deal made in 2007.

“The Canada Revenue Agency needs to launch an investigation into its landlord,” says Dennis Howlett, executive director of Canadians for Tax Fairness. “Taxpayers’ money is being used to pay rent on a building that was previously a government asset. Now the government is giving it in rent to a corporation tied to a string of offshore vehicles commonly used to avoid taxes.”

Records show that an affiliate of HSBC’s Swiss private banking unit set up the offshore entities for Larco’s owners. The chain of offshore corporations ultimately leads to a foundation based in Liechtenstein. Canadians who have moved assets to Liechtenstein have come under scrutiny by the CRA and tax authorities in other countries. There is no indication that Larco or its owners were the subject of any of these investigations, nor any evidence that they have broken the law.

There is at least \$199 Billion in Canadian corporate money in offshore tax havens.

“The problem gets worse every year,” says Nick Worhaug, Director, UNITE HERE Canada. “The use of tax havens undermines our tax system and our economy. Companies like Larco benefit from Canada’s stability, infrastructure and our workforce. Why should wealthy individuals and corporations play by a different set of rules than the rest of us?”

On Monday, Howlett and Robert Demand, President, UNITE HERE Local 40, presented the report and a letter to National Revenue Minister Kerry-Lynne Findlay at her campaign office. They joined an information picket and expressed concerns about the use of offshore tax havens by a government partner and asked for assurance that Larco and its owners are paying their fair share of Canada's current corporate rate – the lowest in the G7.

Simultaneously, hospitality workers in Toronto, members of UNITE HERE Local 75, held an action at the Joseph Shepard Building – one of the federal buildings owned by Larco – to bring attention to the issue.

The new report urges the CRA to look into its federal landlord's use of offshore tax havens. It says that while there is no evidence of illegality, Larco's owners are tied to a string of corporations that facilitate aggressive tax practices. The report also asks what steps are being taken by the CRA to curb growing use of tax havens by wealthy individuals and corporations.

Read the report: [*Hide and Seek: How a Government Partner Uses Tax Havens to Avoid Canadian Taxes*](#)

For more information and to arrange interviews:

Gail Dugas

613-334-5658 gail.dugas@taxfairness.ca

Michelle Travis

778-960-9785 mtravis@unitehere.org

Canadians for Tax Fairness is a national organization promoting fair taxation to support quality public services.

UNITE HERE represents 270,000 workers across Canada and the United States who work in the hotel, gaming, food service, airport and other industries.