



**The Certified General Accountants Association of Canada
Statement delivered before the Senate Standing Committee on
Banking, Trade and Commerce**

**Bill C-25, An Act to amend the Proceeds of Crime (Money Laundering)
and Terrorist Financing Act and the Income Tax Act and to make a
consequential amendment to another Act**

December 13, 2006

Introduction

Mr. Chair, Honourable Senators:

On behalf of the Certified General Accountants Association of Canada (CGA-Canada) and our 68,000 members, I would like to thank you for the opportunity to appear today to provide our views on Bill C-25.

My name is Everett Colby, FCGA. I am the Chair of the CGA-Canada's Tax and Fiscal Policy Committee. I am also a public practitioner. My client base is principally small and medium size businesses as well as individuals.

Mr. Chair, given the time is short; I will keep my opening remarks brief to allow time for the Committee's questions.

As an association of professional accountants, CGA-Canada recognizes that we have an important role to play in assisting Canada's law enforcement agencies in their efforts to combat illicit activities such as money laundering and terrorist financing. Indeed, since the enactment of Canada's *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, CGA-Canada has invested significant time and effort to develop professional and educational materials, seminars, as well as other initiatives to ensure that our members comply with all aspects of the legislation.

Attempted Suspicious Transactions

As you may recall, CGA-Canada appeared before you in June during the Committee's 5 year review of Canada's anti-money laundering and anti-terrorist financing regime. We spoke at length about the proposed requirement for accountants to report suspicious attempted financial transactions. CGA-Canada would like to reiterate some of its concerns especially as it relates to the extra burden placed on professional accountants.

Currently, professional accountants are called upon to exercise considerable judgment in recognizing whether a transaction is in fact money laundering or terrorist financing. Now, with the addition of suspicious attempted transactions, professional accountants will be required to be even more vigilant.

Accountants should not be expected to become detectives as they attempt to establish the rationalization or intentions of their clients' actions and/or questions. CGA-Canada would contend that the addition of the attempted suspicious transactions reporting requirement goes beyond the necessary professional good judgment required of our members.

Likewise, this increased requirement on accountants will have a significant impact on client - accountant relationships and the transparency with which information is shared and collected. We would ask the Committee to be mindful of the professional

relationship between practitioners and their clients and not introduce unnecessary skepticism or suspicion.

The Committee acknowledged and sympathized with these concerns in its interim report released in October 2006. In fact, the Committee recommended that the government develop clear guidelines about the identification of suspicious attempted transactions. Without the benefit of these guidelines and regulations, it is difficult for CGA-Canada to comment further. However, we are mindful of the potential burden as well as the subjective tests professional accountants will have to apply.

Coming into Force

This new proposal along with other significant changes proposed in this Bill will require professional associations like ours to take an active role in educating our members. CGA-Canada will be required to advise our members of the new requirements, update sections in our *Public Practice Manual*, revamp seminars as well as other professional development materials. We would therefore ask the Committee to take this into consideration and recommend that the coming into force provision allow sufficient time to accommodate the revisions and respective communications as we act on this responsibility to our memberships.

Conclusion

In conclusion, Mr. Chair, we all want to do our part and help governments diminish funds from going to terrorist groups and organized crime. We also recognize, as a global partner, Canada must meet its international responsibilities and should have a sound and effective regime to detect and deter money laundering. We would nevertheless suggest the Committee and the government find a balanced approach to protect Canadians from terrorists and also protect Canadian businesses from excessive requirements.

Mr. Chair, I welcome members' questions. Thank you.