



Department of Justice Canada

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Via Email

February 23, 2021



Dear [REDACTED]:

Re: PSAC-Phoenix Settlement Damages-CRA

Thank you for your letters to Drew Heavens dated February 18 and 19, 2021. Our understanding of the February 3rd meeting is different from what you have outlined in your letter. It is the employer's understanding that at that meeting, the CRA indicated it would review its interpretation if and only if the parties agreed that there are new facts to be considered.

In 2020, the Treasury Board Secretariat sought an interpretation from the Canada Revenue Agency (CRA), who administers Canada's tax laws for all Canadians. Indeed, as was done after signature of the 2019 MOA, the employer provided the CRA with the 2020 MOA between the PSAC and the Treasury Board respecting Phoenix damages signed on October 23, 2020 and in December 2020, received the CRA's assessment of the taxability of amounts payable under that agreement. It is the employer's position that there are no additional relevant documents to be submitted to the CRA by the employer.

The Employer confirms that it has not received a policy grievance, but there are many individual grievances as well as two unfair labour practice complaints related to late collective agreement implementation in the system to which the MOA applies.

All future correspondence on the issue of taxability of sums under the MOA should be addressed to the CRA who is responsible for the administration of the *Income Tax Act*.

Yours Truly,

Paula Hanna, Senior Counsel

c.c.: Geoff Trueman, CRA
Sandra Hassan, TBS
Drew Heavens, TBS