



United Brotherhood of Carpenters and Joiners of America (UBC)

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Canadians Losing Billions Due to Construction Industry Tax Fraud – United Brotherhood of Carpenters – Tax Fraud Day of Action

Winnipeg, MB. – The tax fraud epidemic in the construction industry is costing provincial and federal taxpayers in Canada billions.

The underground economy activity in Canada totaled \$51.6 billion in 2016, or 2.5 percent of the gross domestic product, according to [Statistics Canada](#). The underground economy increased 3.5 percent from 2015 to 2016—higher than the 2.0 percent growth in total economy GDP. Residential construction is the top contributor to the underground economy, as it amounts to more than a quarter of the total (26.6 percent) or \$13.7 billion.

“Given the size of the underground construction economy, it is clear that the federal and provincial governments are losing billions in tax revenue each year,” said Frank Spencer, UBC General Vice President.

“The underground economy deprives Canadians of much needed funds for our communities and essential public infrastructure and services to maintain a vibrant and prosperous economy and country. It means less money for programs such as health care, education, childcare, employment services and pensions and undermines the competitiveness of honest contractors that follow the rules and create meaningful employment and benefits for workers,” said Rick Wagner, President, Maxwell Floors Ltd., British Columbia. “It also has an environmental impact, causing significant and costly wastage and redundancy due to inferior work being performed with minimal or no standards, that has to be redone,” added Wagner.

“I’m sure many of us would like to see better roads, bridges and schools,” said Spencer. “We’d like to see our veterans better cared for and our social safety net shored up, but rampant cheating in the construction industry makes that hard to do.”

Many construction employers on all types of projects, including taxpayer-funded work, are not properly withholding or paying income or employment taxes for their workers. In the process, workers have their wages stolen and job sites are less safe. Fraud happens when workers are paid off-the-books or are styled as independent operators. That allows the crooked contractors to underbid law-abiding businesses.

To bring more attention to the trouble tax fraud causes in our communities, UBC affiliates in the United States and Canada are planning Days of Action for April 15, in advance of April 30 when most Canadians’ income tax and benefit returns are due. Actions throughout Canada and the United States will include demonstrations, lobbying efforts, job site actions and more.

Please visit www.standinguptotaxfraud.net for more information on construction industry tax fraud and details on Days of Action events.

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