

**Service Management Framework
Agreement**

between

The Department of Finance of Yukon

and

The Canada Revenue Agency

Effective date:

February 24, 2010

I. Introduction

The Department of Finance of Yukon (Yukon Finance) and the Canada Revenue Agency (CRA) have a longstanding and productive working relationship. The relationship consists of two main parts. The CRA delivers tax and benefit programs on behalf of Yukon. In addition, the CRA and Yukon Finance cooperate in delivering their respective programs to common taxpayers and benefit recipients.

II. Purpose of the Agreement

This Service Management Framework Agreement (SMFA) sets out the goals, operating principles and mechanisms that govern and support the working arrangements between Yukon Finance and the CRA that have been established to:

- administer the Tax Collection Agreement between Canada and Yukon; and
- facilitate cooperation between Yukon Finance and the CRA in areas of parallel administration.

III. Goals

Yukon Finance and the CRA are entering into this SMFA with the objective of providing quality service and improving compliance with tax legislation and regulations as contemplated in the Tax Collection Agreement.

IV. Operating Principles

Yukon Finance and the CRA will actively assist and support one another within their respective responsibilities and their obligations under the laws of Canada and Yukon.

Given the changing nature of tax and benefit administration, Yukon Finance and the CRA will manage their relationship and related agreements to respond effectively to new needs and opportunities.

V. Service Delivery Principles

1. Yukon Finance and the CRA will each be responsible to each other for the success of the agreements between them and the service provided to taxpayers and benefit recipients.

The CRA will be responsible for:

- the administration and management of tax and benefit programs governed by the Tax Collection Agreement;

- the results it achieves in administering Yukon programs and for the timeliness, relevance and accuracy of its reporting to Yukon Finance on program delivery activities and results; and
- timely consultation with Yukon Finance on matters that could significantly affect the CRA's delivery of Yukon's programs and for informing Yukon Finance of impending decisions that could materially affect Yukon revenue forecasts.

Yukon Finance will be responsible for:

- Yukon tax and benefit legislation and for consulting the CRA promptly on program changes under consideration that would affect the CRA's delivery of the related programs; and
- facilitating the CRA's administration of Yukon programs by providing timely and accurate information about its programs and by assisting the CRA in gaining access to relevant information held by other Yukon organizations.

The CRA and Yukon Finance will be jointly responsible for:

- considering the strategic direction of the administration of Yukon tax and benefit programs, which include identifying key program objectives, priorities and risks.
2. The CRA and Yukon Finance will actively collaborate to maximize the effectiveness and efficiency of the administration of tax and benefit programs.

This will be achieved through:

- regular and timely discussion of Yukon program issues, developments and results; and
 - ongoing identification and implementation of measures to streamline tax and benefit administration, minimize the compliance burden on taxpayers and enhance compliance with Yukon program requirements.
3. The CRA will protect the integrity of the Yukon tax and benefit programs it administers.

To achieve this, the CRA will employ validation, verification and program monitoring and evaluation procedures that reflect the CRA's assessment of the related compliance risks. At the request of Yukon Finance, the CRA will augment services on a cost recovery basis.

4. The CRA and Yukon Finance will, in a timely fashion, release or facilitate the release of information to meet their respective needs related to the CRA's administration of Yukon programs.
 - Yukon Finance needs information relevant to economic and fiscal policy assessment and development, revenue forecasting, financial reporting, and the CRA's administration of Yukon programs and related agreements.

- The CRA needs information held by territorial government bodies relevant to the delivery of Yukon programs, and details from Yukon Finance regarding the tax data needed to evaluate Yukon programs, to formulate related policies, and to forecast and account for the associated revenues and costs.
- The CRA and Yukon Finance will, where policy or legislative provisions impede release of information held by the CRA or territorial government bodies that is relevant to these purposes, collaborate to resolve such impediments, while respecting each other's roles, responsibilities and related legal obligations and principles.

VI. Cooperation Principles

1. Yukon Finance and the CRA will seek out opportunities to share information, knowledge and expertise, and to assist one another in compliance research, audits, investigations, appeals and collections.
2. Yukon Finance and the CRA will seek out opportunities to provide joint information and education programs for common audiences.
3. Yukon Finance and the CRA will explore opportunities to streamline public access to their respective programs and services in order to improve service to citizens.
4. Yukon Finance and the CRA will cooperate in the sharing of information to assist one another with the administration of their respective tax program responsibilities.

VII. Relationship Management

Yukon Finance and the CRA discuss and plan service delivery arrangements and cooperation activities through several avenues, formal and informal. Without restricting the use of existing communication channels and others that may be created, the two organizations will manage their relationship through regular consultation and reporting mechanisms as set out below.

Consultation

1. The Commissioner of Revenue will offer to meet annually with the Yukon Deputy Minister of Finance to discuss the CRA's performance and to explore areas where further cooperation and support could be of mutual benefit.
2. Yukon Finance and the CRA will establish a joint Senior Management Committee of officials to consider and discuss service delivery arrangements and cooperation activities.
3. Yukon Finance and the CRA will create, with other Canadian jurisdictions, appropriate multilateral structures to study and address questions and developments in tax and benefit administration that affect several or all provinces and territories.

4. Yukon Finance and the CRA may enter into a general agreement on mutual cooperation and information exchange and other bilateral agreements to set out the terms of individual collaborations.
5. Yukon Finance and the CRA will designate officials in each organization to manage overall liaison and cooperation between the CRA and Yukon Finance, and will establish bilateral work groups as needed to manage such collaborations.

Reporting

1. The Commissioner of Revenue will, annually, provide a formal annual report to the Yukon Deputy Minister of Finance on the CRA's delivery of Yukon programs.
2. The CRA will:
 - provide program data reports as set out in the Basic Service Offering;
 - report annually on its findings with regard to public awareness of CRA services, opinions on tax cheating and satisfaction with the CRA's delivery of programs; and
 - collaborate with Yukon Finance to develop performance-reporting mechanisms for programs that the CRA delivers on behalf of Yukon and on work undertaken at the direction of the joint Senior Management Committee (the Committee).

VIII. The Joint Senior Management Committee

Membership

The CRA will designate as members of the Committee: the regional Assistant Commissioner; the Assistant Commissioner, Corporate Strategies and Business Development Branch, as represented by the Director General, Client Relations Directorate; and other CRA officials who are knowledgeable about the CRA's and Yukon's programs and who have authority to collaborate regarding areas of parallel administration.

Yukon Finance will designate as Committee members its senior officials for policy and operations and other ministry officials who can identify and explain Yukon performance and reporting needs, present Yukon views, provide guidance and expertise on the delivery of Yukon programs, and collaborate in joint activities in areas of parallel administration.

The Committee will:

- facilitate effective communication, information exchange, adoption of best practices and regular and timely reporting of results;
- promote openness, cooperation and mutual respect in all interactions between the CRA and Yukon Finance;
- assign responsibilities for action as appropriate;
- establish work plans to address bilateral interests and issues related to service delivery arrangements and cooperation activities, and amend them from time to time as appropriate;
- discuss amendments to the appendices of this SMFA as required.

For programs the CRA delivers on behalf of Yukon, the Committee will:

- support the effective and efficient delivery of Yukon programs through the Committee members' collective expertise and experience;
- identify strategic objectives, risks and priorities related to Yukon programs;
- review and discuss CRA activity and results in relation to the delivery of Yukon programs; and
- consider the program delivery and performance information Yukon requires and review existing reports for timeliness, accuracy and usefulness.

For areas of parallel administration, the Committee will:

- identify common issues and opportunities for mutual assistance; and
- review and assess the results of joint service and enforcement projects.

The Committee will meet semi-annually and as necessary.

IX. Level of Service

The CRA will provide levels of service set out in the Tax Collection Agreement and the Basic Service Offering.

At the request of the Territory, Yukon Finance and the CRA may negotiate and establish additional services, or enhanced service levels, for specific territorial measures in Service Level Agreements that will be appended to this document.

X. Amendments

This SMFA may be amended at any time by mutual agreement of the signatories. Amendments to the appendices to the SMFA and any Service Agreement may be authorized by the Assistant Commissioner, Corporate Strategies and Business Development Branch of the CRA and the Assistant Deputy Minister, Yukon Finance.

XI. Future Opportunities

Yukon Finance and the CRA will regularly review programs and services to identify opportunities to cooperate and to provide services to one another in order to improve program service delivery, efficiency and effectiveness.

XII. Ministers' Role

This SMFA supports the Minister of National Revenue and the Yukon Minister of Finance in fulfilling their legislative responsibilities, and reflects their commitment to work together to improve revenue administration in Canada.

XIII. Dispute Resolution

Disputes that arise in the operation of this SMFA that cannot be resolved at the officials' level will be referred to the Minister of National Revenue and the Yukon Minister of Finance. The Ministers will resolve the dispute or establish the means for arriving at a final resolution.

XIV. Coming Into Force and Duration

This SMFA will come into effect on the date of last signing. Once every six years this SMFA will be reviewed in its entirety to determine whether any amendments are necessary.

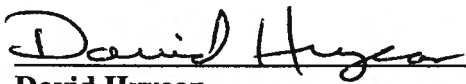
A copy of this SMFA will be provided, on request, to other provinces and territories that have entered into, or are considering, similar agreements with the CRA.

If the CRA enters into an SMFA with another province or territory on different terms than those of this document, the parties shall, at the option of Yukon Finance, enter into a revised SMFA on the different terms.

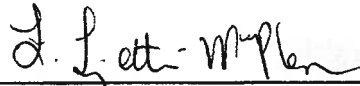
This agreement may be terminated by either signatory providing three months written notice to the other, or at any time upon mutual consent of the signatories.

XV. Signatures

This SMFA is signed in duplicate, each version being equally authentic.



David Hrycan
Deputy Minister of Finance
Province of Yukon



Linda Lizotte-MacPherson
Commissioner of Revenue
Canada Revenue Agency

February 24, 2010

Date

FEB - 2 2010

Date