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Final Report

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Prepared for the Canada Revenue Agency by Sage Research Corporation

June 2019

The Canada Revenue Agency (CRA) commissioned Sage Research Corporation to conduct a qualitative public opinion research study on awareness and perceptions of the CRA's Leads Program and to test various communication materials related to reporting leads on suspected cases of domestic tax cheating to the CRA. The results were used to help the Leads Program continue to strategize toward improving the quality of the leads it receives and improving communications with taxpayers. Eight focus groups were conducted between February 12 and 21, 2019, with two groups in each of Moncton, Montreal, Toronto and Vancouver. The groups varied in household income, and the likelihood that they would report a person suspected of tax cheating. This publication reports on the findings of this public opinion research study.

Cette publication est aussi disponible en français sous le titre : Recherche qualitative 2018-2019 sur le Programme des indices de l'ARC

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Executive Summary

The Leads Program provides an opportunity for members of the public to come forward and anonymously report suspected cases of non-compliance with federal tax laws. It coordinates and reviews all domestic leads received to assist the Canada Revenue Agency (CRA) in identifying taxpayers who are not complying with their tax obligations. A lead is information provided to the CRA by the public that indicates suspected tax cheating.

The Program relies on the public to provide the CRA with meaningful, actionable leads. As such, the quality of the leads received is linked to program success. The Leads Program is taking steps to improve the quality of the leads it receives. Communications activities have been undertaken to provide greater clarity to Canadians on the type of information needed when submitting a lead. Furthermore, as recommended by the Minister's Underground Economy Advisory Committee, the CRA has made improvements to the Leads Program external web page.

The purpose of this research was to obtain information from the general public that will help the Leads Program continue to strategize toward improving the quality of the leads it receives and improving communications with taxpayers.

The research objectives included:

- Assess current public awareness and perceptions of the CRA Leads Program (particularly its brand), its role and value;
- Explore the public's understanding and expectations around the Leads submission process and what the CRA does with submissions;
- Identify drivers of and barriers to reporting tax evasion;
- Test some existing and newly developed communications materials.

In support of the above objectives, the communication effectiveness of the following materials was explored in the focus groups:

- Five different messaging concepts to encourage reporting a lead;
- The CRA website that gives information about reporting a lead;
- Examples of complete and incomplete leads.

Eight focus groups were conducted between February 12 and 21, 2019, with two groups in each of Moncton, Montreal, Toronto and Vancouver. The groups varied in household income, and the likelihood that they would report a person suspected of tax cheating. Two focus groups were conducted with each of the following target groups: low/medium income – less likely to report, higher income – less likely to report, low/medium income – more likely to report, and higher income – more likely to report.

This research was qualitative in nature, not quantitative. As such, the results provide an indication of participants' views about the topics explored, but cannot be statistically generalized to the full population. Qualitative research does, however, produce a richness and depth of response not

readily available through other methods of research. It is the insight and direction provided by qualitative research that makes it an appropriate tool for exploring participants' opinions and their reactions to the communication materials.

Impressions of the CRA's Efforts to Address Domestic Tax Cheating

The majority of participants across all target groups said they had little or no awareness of the CRA's efforts to address domestic tax cheating. Of the minority of participants with an impression of the CRA's efforts with respect to domestic tax cheating, the most common impression was that the CRA focusses more on "the little guy" than on wealthy individuals and large businesses.

Awareness that the CRA accepts leads from the public: The majority of participants in all target groups said they were not specifically aware that the CRA provides a way for members of the public to report a case of suspected domestic tax cheating to the CRA. Among the minority who said they were aware the CRA accepts leads, this mostly consisted of a vague level of awareness, with no specific knowledge of the program or how one might report a lead.

Awareness of the Leads Program by name: None of the participants were aware of the name "Leads Program" ("Programme des indices", in French) on either an unaided or aided basis.

Perceived Factors Affecting Likelihood of Reporting Tax Cheating

Participants were asked reasons why a person might be more likely to report a case of suspected domestic tax cheating, and why a person might be less likely to report this. The results were similar across all target groups.

More likely to report: Most of the reasons participants mentioned why a person might be more likely to report a case of suspected tax cheating fell into two categories: a personal connection to the tax cheater, or a principled objection to the tax cheating. Both categories of reasons were widely mentioned.

- Personal connection to the suspected tax cheater: In this category, the two most widely mentioned reasons for being more likely to report were personal dislike for the suspected tax cheater, or jealousy of the tax cheater's lifestyle.
- Principled objections to the tax cheating: The two most widely mentioned principled reasons that could motivate someone to report suspected tax cheating were fairness in the sense of "I pay my fair share in taxes and so should everyone else", and taxes pay for important programs and services so tax cheating means less money to fund these.

Less likely to report: The low level of awareness that the CRA accepts leads from the public about suspected domestic cheating is one important reason why a person might be less likely to report a tip. Beyond this, the four most commonly mentioned reasons why a person might be less likely to report a case of suspected domestic tax cheating were:

- Concern about anonymity – i.e. if the suspected tax cheater finds out who informed on them, there could be reprisals
- Protect a family member or friend

- Small dollar magnitude: The reasons given for being less likely to report when the dollar magnitude is perceived to be “small” included:
 - The suspected tax cheating is not perceived to be serious.
 - It is not worth the time and effort to report it.
 - The CRA may spend much more on the investigation than is recovered.
- Compassion for the person or business: A person may be reluctant to report tax cheating by what they perceive as an honest person or small business just struggling to get by.

Other reasons mentioned by some participants for being less likely to report suspected domestic tax cheating included:

- A general value that “people should mind their own business.”
- Not sufficiently sure there was tax cheating – i.e. do not want to get someone in trouble who is not actually a tax cheat.
- The CRA might also focus on the tax compliance of the person submitting a lead.
- Some unreported cash income is perceived to be culturally acceptable – “everyone does it.”
- A suspicion that the CRA may not actually do anything with the lead – an attitude that might at least in part be driven by the relatively low awareness of what the CRA does to address domestic tax cheating, and low awareness that the CRA accepts and acts upon leads from the public.

Reactions to Messages

Participants were shown five messages in the context of the statement, “Here are some different concepts for messages to encourage someone who knows of a suspected case of tax cheating by a person or business to report it to the CRA.” For ease of reference, the concepts were assigned letter names. The results were similar across the different target groups.

Strongest concept: Concept S

S: Tax cheating takes away from funding for crucial services like hospitals, schools and programs that we all rely on. It may not always be easy, but by reporting tax cheating to the CRA, you’re helping to make sure the tax system is fair to everyone.

Concept S was strongest of the five concepts, with almost all categorizing it as “meaningful and motivating”, and with a large majority ranking it as first or second on this dimension. The key perceived element of Concept S that drove the widespread positive reaction was the reference to “*crucial services like hospitals, schools and programs that we all rely on.*” This presents a concrete and relatable benefit associated with reporting tax cheating. It was often commented that referring to schools and hospitals also adds a positive emotional dimension to the concept, because of the importance of these institutions in most people’s lives.

Other positive elements included the reference to fairness, and the apparent empathy in acknowledging that “*it may not always be easy*” to report a lead to the CRA. There were no notable negative reactions to the concept.

Next strongest concept: Concept F

F: The Government of Canada is committed to making the tax system fair for all. All taxpayers have to pay their fair share of taxes and abide by Canadian law. Do you suspect someone or a business of tax cheating? Report them to the Canada Revenue Agency (CRA). Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.

Concept F was the next strongest concept after Concept S. About three-quarters categorized it as “meaningful and motivating”, and about half ranked it first or second. The single most important perceived positive element of F was the last sentence, “*Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.*” This directly addresses a barrier to reporting a tip that was important to many participants. This led some participants to suggest adding this to Concept S, to make that concept even stronger.

The main issue quite a few participants had with Concept F was the language: it was seen as written in a dry, “government” style that was neither interesting or emotionally engaging – particularly in comparison to Concept S.

Intermediate concepts: Concepts K and R

K: A few dollars of unreported income may not seem like a big deal, but collectively they amount to billions of dollars lost that are needed to fund public services in your community. Be part of the solution! Report suspected tax cheating.

R: Someone who uses government services but doesn’t pay taxes is putting their hands in your pocketbook and helping themselves. That just isn’t right. Report suspected tax cheating to us.

For each of these two concepts, a bit over half categorized each as “meaningful and motivating”, a bit less than one-third ranked each as first or second.

Concept K: Among those who liked Concept K, the main positive elements were:

- “...billions of dollars lost that are needed to fund public services in your community”: The reference to “billions of dollars” concretely conveys that a lot of money is not collected due to tax cheating.
- “Be part of the solution”: Some liked this softer phrasing of the call to action more than the phrase used in Concept B in particular (“Do your part and report it!”), which some perceived to be too “bossy.”

The main issue that some participants had with Concept K was the reference to “a few dollars of unreported income.” As noted earlier, many participants said they would not report suspected tax fraud to the CRA if the dollar magnitude was perceived to be small. This also led some to perceive Concept K as the CRA focusing investigation of tax cheating on “the little guy.”

Concept R: Participants were basically divided over the tone of the concept, as conveyed by the phrase, “putting their hands in your pocketbook and helping themselves.” Some found this strong statement of personal impact to be motivating. Some other participants perceived the tone of Concept R to be too dramatic, or “over the top” as one participant put it.

Weakest concept: Concept B

B: Some people think that if they don't declare a small amount of income, if they operate in cash, or if they don't keep records, the CRA won't find out. That's false. The CRA has many tools and partners to detect tax cheating. Do your part and report it!

Concept B was perceived negatively by most participants. There were several aspects of Concept B that many participants did not like:

- Perceived to focus on suspected tax cheating by “the little guy”
- “*The CRA has many tools and partners to detect tax cheating.*”: There were two different types of negative reactions to this sentence:
 - It seems to negate the need for people to report leads to the CRA, because it says the CRA already has the capabilities needed to detect tax cheating.
 - Some perceived the concept as implying extensive surveillance of Canadians by the government, and did not like that image.
- Tone is perceived to be too bossy/aggressive

CRA Website Page - Overview

Participants reviewed the first three pages from the CRA website, *Report a lead on suspected tax cheating in Canada: Overview, What you need to know, and Information to include.*

A general observation is that overall participants perceived the material on the three web pages to be clearly written and easy to understand. There were issues with particular elements on some of the pages, but these were usually more about whether or not they agreed with the content.

Perceived impact of no feedback

The *Overview* page states:

However, you will not receive feedback or updates after you submit a lead. This is because the CRA cannot disclose information about other taxpayers.

Most participants agreed that for privacy reasons the CRA should not disclose personal information about the target of the lead. That said, some said that this lack of “*feedback or updates*” would cause some people to be less likely to report a suspected case of tax cheating.

Participants made various suggestions about what the CRA could do to help offset the discouraging impact of “no feedback.” A suggestion that many supported was to give aggregate statistical information on the value of the Leads Program. General information of this sort would not violate anybody's privacy. The idea is that it would help motivate people to report, and to feel good about having gone through the effort to report, to know that the Leads Program is effective. It was further suggested that this information be not only in an acknowledgement to a lead submission, but also on the *Overview* web page. Putting it on the web page could help offset the potential negative impact of the “no feedback or updates” text on likelihood of going ahead and submitting a lead.

Reactions to no monetary rewards

The Overview web page states, “Furthermore, the CRA does not give monetary rewards for information about suspected tax cheating under this program.” While some participants said a monetary reward should be given in order to motivate people to submit leads, a large majority agreed with the current CRA policy of not giving monetary rewards for cases of domestic tax cheating. Participants who said there should be no monetary rewards agreed that offering a monetary rewards would increase the number of leads submitted to the CRA. However, they voiced two types of objections to offering rewards:

- There would be a large number of poor quality leads.
- Offering a reward would violate the CRA’s privacy commitment: Some participants said if the monetary reward is tied in some way to money being collected from the target, this gives the person submitting a lead some personal information about the target.

CRA Website Page – *What you need to know*

Privacy section

Many participants said it is very important that the person submitting a lead be anonymous in the sense that the target never learn the identity of the person. The *Privacy* section of this web page addresses that topic in the subsection titled *You will remain anonymous*. This subsection can be divided into a part that participants liked because it is perceived to promise anonymity, and a part that many participants did not like because they interpreted it as undermining the promise of anonymity:

Participants liked this part	You will remain anonymous When you report suspected tax cheating (by submitting a lead), you will not be asked to disclose personal information about yourself. The protection of personal information is important, and the CRA is committed to protecting your identity.
Participants did not like this part	This means that the CRA will do all it can, under the law, to protect your identity along with any information that suggests you submitted a lead. Accordingly, if asked to disclose that information under a formal Access to Information Act request or Privacy Act request, the CRA will claim an exemption from such disclosure under subparagraphs 16(1)(c)(ii) of the Access to Information Act and 22(1)(b)(ii) of the Privacy Act.

There were two perceived problems with the latter part that undermined the perceived simple and straightforward promise of anonymity in the first part:

- “the CRA will do all it can”: This was widely interpreted as meaning there are circumstances in which the CRA will release the identity of the person submitting a lead.
- Reference to various legal statutes: Some participants said the extended reference to various legal statutes was confusing and did not really mean anything to them. Because of this, it did not provide reassurance that they would remain anonymous.

Process section

Process

When the CRA receives a lead (it must be in English or French), it will take these steps:

- verify the identity of the suspected tax cheat
- review the lead to determine if tax cheating occurred
- take the appropriate action to address the specific type of tax cheating

Many participants commented that this section is clearly written and provides good information. A key perceived positive take-away is the impression that the CRA will take action – which can help to motivate someone to proceed to submit their lead.

Participants were asked specifically about the third bullet point, which refers to “*take the appropriate action.*” Most were comfortable with the language, and some commented that they interpreted “appropriate action” to mean that the CRA could take actions of varying severity depending on the specifics of the case. This was perceived to be a good thing, and can help someone feel better about submitting a lead. They do not need to feel worried or guilty that the person they are informing on will be punished more severely than is warranted.

Participants were also shown the following text that might be added to the third bullet point:

These compliance actions range from mild to severe and may include education letters, reassessments, audits, and, when warranted, fines, penalties, or criminal prosecution. Depending on the type of intervention, it may take us some time to process the file. The ultimate goal is to bring the taxpayer back into long-term tax compliance.

Participants were divided on whether or not to add this text to the third bullet point. Some liked spelling out the idea that there is a range of actions the CRA might take – even if they had already inferred that from “appropriate action”, while others felt it was unnecessary.

A suggestion made in some focus groups was to leave the text of the third bullet as is, but make “appropriate action” a hyperlink to the above explanation. Many participants agreed with this suggestion, because it clearly indicates that more information is available on the meaning of “appropriate action” for those who want it, but does not force it on those who do not feel a need to read more.

CRA Website Page – *Information to include*

The *Information to include* web page contains four sections: *Key identifiers*, *Facts*, *Supporting documents*, and *Examples of complete and incomplete leads*. The focus group discussion concentrated on the last section.

Most participants liked the concept of providing an example of an incomplete versus a more complete lead. This was perceived to make what the CRA is expecting more concrete, and to illustrate what would not be adequate. Participants felt it would help reduce the number of inadequate leads submitted. Some participants understood from text on the website that a person can submit a somewhat less than complete lead even if they do not have all the information required for a complete lead.

Although the concept of providing an example of incomplete and a complete lead was viewed as helpful, quite a few participants said the complete lead could discourage people from proceeding to submit their lead. The issue is that the complete lead examples contain a lot of detail that participants felt would often not be available to a person submitting a lead. A person focusing on the complete lead, and comparing its level of detail to the level of detail in their lead may conclude that they do not have enough information to satisfy the CRA or to justify submitting the lead.

Participants were directed to look at the first two sentences on the *Information to Include* page (so, prior to the *Key identifiers, Facts and Supporting documents* sections). These sentences state: “You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians.” This text was perceived as clearly indicating that it is acceptable and useful to the CRA for a person to submit a less than complete lead. The problem is some said they forgot about this by the time they reached the section with the incomplete and complete leads. Some suggested this needs to be restated in this section.

Some participants suggested that to reduce the potentially discouraging impact of the complete lead, there should also be an example of some sort of intermediate lead that would not be complete, yet would contain enough information to be useful to the CRA. This would concretely communicate that leads do not need to be complete. Several participants suggested a variation on this, which would be a lead with “the minimum information the CRA needs.”

Impact

The research identified various communication themes that have potential to increase willingness to report suspected domestic tax cheating.

A basic and necessary communication objective is to create awareness that the CRA accepts leads from the public about suspected domestic tax cheating. Awareness of this fact is relatively low.

Beyond this, the more important communication themes would be:

- Fairness in the sense of “I pay my fair share in taxes and so should everyone else”
- Taxes pay for important programs and services so tax cheating means less money to fund these; it is better to mention specific programs and services that are widely used in order to make the point in a more concrete and relatable way.
- The person submitting a lead will be anonymous.
- The CRA is not just targeting “the little guy” or small dollar amounts.
- Provide comparative examples of incomplete and complete leads to help encourage leads that have more information. However, because the amount and types of information in a complete lead may discourage reporting a lead, also convey there is value to submitting a lead even if it’s not quite complete.
- Demonstrate the value and effectiveness of the Leads Program through some statistical measures of impact; this is important (a) to offset the fact the CRA cannot give feedback on individual cases, (b) to show that the CRA does act on leads submitted by the public, and perhaps (c) to show that the amount collected is significant.

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Political Neutrality Certification

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Rick Robson
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Impressions of the CRA's Efforts to Address Domestic Tax Cheating

Awareness of Efforts to Address Domestic Tax Cheating

The majority of participants across all target groups said they had little or no awareness of the CRA's efforts to address domestic tax cheating.

Some commented that they would not expect people they know to volunteer that they had been caught for tax cheating by the CRA, so their knowledge of what the CRA might be doing would be based on stories in the news. The impression was that such stories are not common.

"Potentially there's lots happening and we're just not hearing about it. So it could be just lack of visibility to what they're actually doing."

Of the minority of participants with an impression of the CRA's efforts with respect to domestic tax cheating, the most common impression was that the CRA focusses more on "the little guy" than on wealthy individuals and large businesses. Less wealthy individuals and small business are perceived not to have the resources of wealthier individuals or larger businesses to engage in sophisticated tax planning or to deal with the CRA in a dispute.

Awareness of the Leads Program

Awareness that the CRA accepts leads from the public: The majority of participants in all target groups said they were not specifically aware that the CRA provides a way for members of the public to report a case of suspected domestic tax cheating to the CRA. Several commented they assumed this would be possible, but had not actually heard of a specific program. Awareness appeared to be lower in Montreal than in the other cities: in Montreal none of the participants were specifically aware the CRA accepts leads, while in the other cities somewhat over half were not aware.

Among the minority who said they were aware the CRA accepts leads, this mostly consisted of a vague level of awareness, with no specific knowledge of the program or how one might report a tip.

In two of the focus groups, participants were asked what search terms they might use if they were interested in reporting a suspected case of tax cheating to the CRA. The types of phrases mentioned in the context of the CRA included:

- Snitch line
- Reporting tax cheats/How to report a tax cheat
- Reporting tax evasion
- Reporting tax fraud

Awareness of the Leads Program by name

Unaided awareness: None of the participants had unaided awareness of the name of the program.

Aided awareness: When told that the name of the CRA program is the Leads Program (Programme des indices, in French), none of the participants said they had heard of the program.

Impressions of the Name: “Leads Program”, “Programme des indices”

Participants were asked whether the name of the program in the context of the CRA sounded like it would be a way for people to report suspected tax cheating. Most said this interpretation is not what would easily come to mind.

A small number of participants said they think of “leads” as the term is used, for example, in police investigations, and in this context they said the “Leads Program” name suggested it is a program for reporting tips on tax cheating.

However, most said the name either did not suggest anything in particular, or it suggested something more “positive.” Types of positive associations mentioned included:

- Opportunities
- Sales leads
- Job leads
- Leadership

Several suggested “leads” is too open to diverse interpretations to be a good, recognizable name for the program.

For Montreal participants, the French program name, Programme des indices, did not evoke associations to tax cheating. Some said that instead the word “indice” makes them think of an index of some sort – e.g. a statistical index or stock market index.

Participants were briefly asked what might be more descriptive than “leads” in a name for the program. Suggestion included:

- Use “tips” instead of “leads”, although a few participants commented this could risk being interpreted as tips about doing one’s taxes.
- Incorporate the phrase “tax cheats” or “tax cheating”
- Use the word “fraud” – e.g. “Fraud Busters”, “Fraud Stoppers”, “Fraud Prevention”
- Incorporate the word “report”
- Incorporate the word “hotline”

Perceived Factors Affecting Likelihood of Reporting Tax Cheating

Participants were asked to discuss the following pair of questions:

Among people who know that you can report suspected cases of domestic tax cheating to the CRA, some are likely to report suspected tax cheating, while some are not likely to do this.

- *What do you think are reasons why some people are more likely to report a case of suspected tax cheating to the CRA?*
- *What do you think are reasons why some people are less likely to report a case of suspected tax cheating to the CRA?*

To inform this discussion, participants were also shown a list of some examples of different types of tax cheating to help convey the meaning of “tax cheating.” The examples listed included (participants were told this is not a complete list):

- not declaring all income
- taking cash “under the table”
- creating false expenses or tax deductions
- setting up a fake business to claim losses and reduce taxes
- businesses not remitting proper source deductions
- falsely claiming tax benefits or credits

Note that the above question posed in the focus groups deliberately stated as a premise a person who knows one can report suspected cases of tax cheating to the CRA. This was done because it was assumed this could be a barrier, and the goal was to focus the discussion on other factors that might come into play. Indeed, as described earlier, awareness that one can report leads to the CRA was relatively low, and none of the participants were aware of the Leads Program specifically. So, lack of awareness is certainly an important factor that contributes to lower likelihood of reporting leads about suspected tax cheating to the CRA: relatively low awareness that the CRA accepts leads from the public, low awareness of how one would report a tip, and low awareness of the Leads Program.

Overall, the results were similar across the different target groups, so the discussion below does not make any distinctions by target group.

Reasons for More Likely to Report a Case of Suspected Tax Cheating

Most of the reasons participants mentioned why a person might be more likely to report a case of suspected tax cheating fell into two categories, with both categories being widely mentioned:

- There is a personal connection of some sort to the tax cheater.
- There is a principled objection to the tax cheating.

Personal Connection

There were three main types of negative personal connections that could motivate a person to report a case of suspected tax cheating, with the first two being quite widely mentioned:

- *Dislike for the suspected tax cheater:* In addition to “dislike”, participants used words such as “revenge”, “vengeance” or “retribution.” The idea is that for some reason, not necessarily directly related to the act of tax cheating, a person may have a grudge against a person or business. Reporting suspected tax cheating was suggested to be a way a person might “get back” at the other party.
- *Jealousy:* A person might see another person who is seemingly living above their means, and essentially be motivated by jealousy to report suspected tax cheating. This motivation incorporates a principle of fairness, as described in the next section, but participants citing this factor went beyond the idea of fairness by also tying it to personal jealousy as a motivator.

It's not fair because, you know, one person might be making more money but they're not claiming their taxes. It's just not fair. You might not be making as much money but you still owe taxes and then you know, you might feel bitter and you report it.

When you work hard and you pay your taxes and you see somebody else that's not paying their taxes and living an easy life because of it, it makes you upset because that's not fair, especially if they're really flaunting it.

- *Direct negative personal impact of the tax cheating:* Some participants said that if the tax cheating directly and negatively impacts a person in some way, that person would be more likely to report it to the CRA.

Principled Objections to Tax Cheating

A widely mentioned principled objection to tax cheating that might motivate someone to report suspected tax cheating to the CRA was the idea of “fairness.” The basic idea is that “I pay my fair share in taxes and so should everyone else.”

I think for a lot of people it's probably like, rules are rules for a reason and fairness is a thing, so if I'm reporting everything honestly and paying all of my taxes then everybody else should too. So I think it's a question of fairness.

It's about general fairness. I am paying my taxes; everybody else should pay their fair share of taxes, right?

I just want people to pay their fair share of taxes. Like if I have to pay my fair share, I just want them to pay their fair share also.

Another principle quite widely mentioned was the idea that taxes pay for important programs and services, and tax cheating means less money to fund these program and services. Several participants also tied this to a more local impact, in the sense of less money for programs and services in their community.

In the next section, *Reactions to Messages*, it will be seen that both of the above two principles – fairness, and taxes pay for programs/services – were important elements contributing to more positive reactions to messages.

Some participants said that a person who in general believes strongly that laws should be obeyed (not just tax laws) would be more likely to report a case of suspected tax cheating to the CRA.

Other Factors

Dollar magnitude is large: The impact of the perceived magnitude of the tax cheating mostly came up in discussion of reasons for being less likely to report a case of suspected tax cheating: quite a few participants said they would be less likely to report the cheating if the dollar amount was small. The implication is that likelihood of reporting is greater when large dollar amounts are involved.

Belief that the CRA will act on the lead: Again, this mostly came up in the discussion of reasons for being less likely to report a lead: if a person does not believe the CRA will follow up on a tip, they will be less likely to report it. The implication is that a belief that the CRA acts on leads is a precondition to someone being willing to report a lead.

Monetary incentive: Several participants said a person would be more likely to report a lead if they received a monetary reward for doing so. The issue of a monetary incentive was discussed in a later section of focus groups, and the results are summarized in the section, *CRA Website Page - Overview*. It will be seen in that section that most participants did not feel that the Leads Program should offer a monetary incentive or reward, which is probably why only several participants mentioned it in the discussion of factors that would increase likelihood of reporting a lead.

Legal obligation to report: A few participants said a person may be in a position where they have a “legal” obligation to report suspected tax cheating. These participants cited accountants as an example of someone they believed has a “legal” obligation. We don’t know if in this instance there is actually a legal obligation, or if it is more a matter of professional ethics.

Reasons for Less Likely to Report a Case of Suspected Tax Cheating

The four most commonly mentioned reasons across all target groups for being less likely to report a suspected case of domestic tax cheating were:

- Concern about anonymity
- Protecting a family member or friend
- Small dollar magnitude
- Compassion for the person or business

Concern about Anonymity

Many participants said they would be less likely to report a tax cheater if that person was able to find out who gave the lead to the CRA. The concern is that there could be some sort of reprisal or negative repercussions.

I fear reprisals, especially if I know the person. Will they get back at me?

I would fear reporting because I fear to be identified. If I know 200% that I won't be identified, I will be more likely to report.

The concern was that anonymity might be compromised by how the CRA handles the investigation. Some also were concerned that it may be that the nature of the situation is such that only the informer or a small number of people could have known of the cheating, meaning that the cheater might be able to figure out on their own who reported them to the CRA.

Protecting a Family Member or Friend

Quite a few participants commented that they would not inform on a family member or a friend because they do not want to get them in trouble with the CRA.

I think a lot of people would be reluctant like if you knew a friend or neighbour that was cheating on their taxes, I think a lot of people would be reluctant to call, you know, unless they have a problem with that person or they've been ripped off by the person for some reason, or by a business.

Small Dollar Magnitude

Many participants said they would not report someone if the dollar magnitude was perceived to be small. We did not attempt in the focus groups to quantify what is meant by "small", but there were spontaneous mentions of values ranging from a "few dollars" to a few thousand dollars. There were several types of reasons mentioned for this attitude:

- The tax cheating, in this regard, is not perceived to be serious.

If you think, well, you know, it's just a few dollars then you don't really care but if you think it's significant then you may be more inclined to report.

- Related to that, it is not worth a person's effort/time to report it.

If the amount of money is small I would probably consider my time not worth getting involved.

- The CRA may spend much more than is recovered to investigate small dollar value tax cheating.

It's tax money that's paying for the CRA, right? If they're going back to get a couple of hundred dollars or a thousand dollars, they might spend you know, lots of salaries and resources to get to that point. It's just that the math doesn't work out.

Compassion for the Person or Business

Quite a few participants said that they would not report on a basically honest person or small business just struggling to get by. They don't want to cause additional problems for the person or business, and they do not begrudge them getting some extra money to help pay the bills. This perspective is also likely related to the "small dollar magnitude" factor, in that the individuals or businesses in this case are not perceived to be big time tax cheaters.

If they're really working hard to make their living, I'm not going to report that.

There are people that literally they have no roof over their head so if they're doing something for \$60 so they can eat for a month, that's the money they have to eat for a month. Like, you're going to report them to the CRA?

Other Factors

The following reasons for being less likely to report suspected tax cheating were each mentioned by some participants:

- *"People should mind their own business"/"Don't be a snitch":* A person may have a general attitude that they should not interfere in other people's business.

For me personally it would be because I just believe in minding my own business. I know sometimes it's not a best way but it's kind of been drilled into me my whole life and I think a lot of people are that way – like don't rat people out essentially.

You have the massive social taboo against tattle-telling. I would say most people would have that notion in their mind especially if it is against persons and relationships.

- *Not sufficiently sure there was tax cheating:* A person who suspects tax cheating but is unsure if they are right could be less likely to report it to the CRA. They do not want to cause trouble for someone if in fact the person is not a tax cheat.

It depends on what kind of actual information you had. You might just be like, yeah, maybe I don't know, maybe I was wrong, I don't know the full story, maybe it's complicated, I don't know what their tax situation is. So, you might just think, I don't know enough about it to make a claim.

- *The CRA might also focus on the the person submitting a lead:* The main sense in which this came up was that the CRA might also decide to take a look at the tax compliance of the person reporting the lead. Another concern was that the CRA might ask for additional information from the person reporting the lead, or even formally involve them in the proceedings against the tax cheat. The result could be greater involvement and effort than the person wanted.

Maybe the CRA will take a closer look at me, because I was reporting someone else.

Are you now personally involved in this witch hunt, for lack of a better name?

Might you need to go to court?

Related to this point, several participants said a person who is cheating on their own taxes would be less likely to report someone else.

Another related point made by a few participants was that a person may see someone getting away with a particular type of tax cheating and decide to do it as well since that person seems to be getting away with it.

- *Some unreported cash income is culturally acceptable/“Everyone does it”*: There may be an attitude that getting some unreported cash income is an accepted and common practice, and is not really “wrong.”

Related to this point, some participants said one would not report a suspected tax cheat if one is benefitting from the tax cheating. The type of example given was an arrangement to pay a vendor a lower amount in cash. The vendor may be the tax cheat if they charge a lower cash price due to not reporting the income, but the person paying the lower price – who is not cheating – nonetheless benefits.

- *The CRA may not do anything*: If a person is skeptical that the CRA will actually follow up on the lead, they will be less likely to report it to the CRA. This belief may be tied to the awareness results described earlier: there is relatively low awareness of what the CRA is doing to address domestic tax cheating, and low awareness that the CRA accepts leads from the public about suspected tax cheating.

They don’t bother to report because they don’t think anything is actually going to be done.

Small numbers of participants mentioned the following reasons why someone might be less likely to report suspected tax cheating:

- A person may not understand or appreciate the negative impact tax cheating can have on the community or on other taxpayers.
- The CRA may be too harsh on the tax cheat relative to the magnitude of the cheating. Note that this issue also came up in discussion of the CRA website – see *CRA Website Page – What you need to know*.

People less likely to report might not believe the CRA carries out due process, meaning you don’t want to report someone for \$5,000.00 and then find out they lost their job, they maybe lost their husband or wife because of this whole ordeal they caused.

- A person may not report suspected tax cheating to the CRA if in general they do not like the CRA.

Reactions to Messages

Participants were shown five messages in the context of the statement, “Here are some different concepts for messages to encourage someone who knows of a suspected case of tax cheating by a person or business to report it to the CRA.” Before discussing the concepts they were asked to complete a questionnaire with two questions:

- Assign each of the five message concepts to one or the other of the following two categories: *Meaningful and motivating for you to consider reporting a case of suspected tax cheating*, or *Not very meaningful or motivating for you to report a case of suspected tax cheating*.
- Rank order the five message concepts on being meaningful and motivating.

The Concepts

The following are the five message concepts. In the focus groups, each was assigned a letter for ease of reference, and the same letters are used in the report for this purpose.

S: Tax cheating takes away from funding for crucial services like hospitals, schools and programs that we all rely on. It may not always be easy, but by reporting tax cheating to the CRA, you’re helping to make sure the tax system is fair to everyone.

F: The Government of Canada is committed to making the tax system fair for all. All taxpayers have to pay their fair share of taxes and abide by Canadian law. Do you suspect someone or a business of tax cheating? Report them to the Canada Revenue Agency (CRA). Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.

K: A few dollars of unreported income may not seem like a big deal, but collectively they amount to billions of dollars lost that are needed to fund public services in your community. Be part of the solution! Report suspected tax cheating.

R: Someone who uses government services but doesn’t pay taxes is putting their hands in your pocketbook and helping themselves. That just isn’t right. Report suspected tax cheating to us.

B: Some people think that if they don’t declare a small amount of income, if they operate in cash, or if they don’t keep records, the CRA won’t find out. That’s false. The CRA has many tools and partners to detect tax cheating. Do your part and report it!

Concept Preferences

The following summarizes the ratings and rankings of the five concepts:

- Concept S was strongest, with almost all categorizing it as “meaning and motivating”, and a large majority ranking it as first or second.
- Concept F was the next strongest: about three-quarters categorized it as “meaningful and motivating”, and about half ranked it first or second.
- Concepts K and R were intermediate: a bit over half categorized each as “meaningful and motivating”, a bit less than one-third ranked each as first or second.
- Concept B was perceived negatively by most participants.

The results were similar for the different target groups.

Concept S

S: Tax cheating takes away from funding for crucial services like hospitals, schools and programs that we all rely on. It may not always be easy, but by reporting tax cheating to the CRA, you're helping to make sure the tax system is fair to everyone.

The key perceived element of Concept S that drove the widespread positive reaction was the reference to “*crucial services like hospitals, schools and programs that we all rely on.*” This presents a concrete and relatable benefit associated with reporting tax cheating. It was often commented that referring to schools and hospitals also adds a positive emotional dimension to the concept, because of the importance of these institutions in most people’s lives. It was credible to participants to describe these as “*crucial services.*”

S I think gets to the core of everybody because everybody wants good health care, everybody wants good schools for their kids, right? And then, yeah, of course taxes contribute a lot to that.

S was my number one. Hospitals, schools, care for the elderly, those things for me hit home and maybe because they are important to me. So that was for sure my number one by far.

It speaks to me directly because I know I use those programs. It's not programs that only a few people use, it's everybody uses those. And somebody has got to pay for it.

It's a benefit. Everybody has to go to the hospital some time in their life. School – everybody has been to school. And other programmes are funded by the government. We have to pay our taxes in order to have that.

The concept of “*fairness*” was mentioned by some as an important supporting element. It is important in the sense of everyone paying their fair share for these important services. In the earlier section, *Reasons for More Likely to Report a Case of Suspected Tax Cheating*, many participants said “*fairness*” might motivate someone to report suspected tax cheating to the CRA. The basic idea there was that “*I pay my fair share in taxes and so should everyone else.*” We suggest, however, that the reference to fairness in Concept S may not capture this notion of “*pay your fair share*” as directly as it might. Concept S refers to making sure “*the tax system is fair to everyone.*” The matter of whether the tax system is fair to all sectors of the population is arguably a somewhat different aspect of fairness.

Some participants said they also appreciated the phrase, “*it may not always be easy.*” They perceived this as acknowledging that the person reporting a lead is doing something that requires effort. One participant reacted negatively to the phrase, suggesting it might discourage someone from reporting.

We understand it may not be that easy, but you can do it because the tax system is for everyone.

I agree, because you know [doing this] is probably hard. I may not want to do it, it's not worth the time, and they actually get that in, “it's not easy.”

Negative reactions to Concept S were rare. For the record, one or a few participants mentioned:

- Would prefer a more hard-hitting tone in order to motivate taking action, as in Concept B
- Doubt that money collected through the Leads Program would actually materially impact funding of hospitals, schools, etc.
- Related to the previous point, generally view the government as inefficient/not doing a good job in spending tax dollars

Concept F

F: The Government of Canada is committed to making the tax system fair for all. All taxpayers have to pay their fair share of taxes and abide by Canadian law. Do you suspect someone or a business of tax cheating? Report them to the Canada Revenue Agency (CRA). Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.

Concept F was the next strongest concept after Concept S. About three-quarters categorized it as “meaningful and motivating”, and about half ranked it first or second.

The single most important perceived positive element of F was the last sentence, “*Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.*” In the earlier part of the focus group when participants talked about reasons why someone might be less likely to report suspected tax cheating, concerns over anonymity were mentioned by many. This sentence directly and clearly addresses that concern. Some suggested this idea should be added to Concept S.

Concept F was also viewed positively by some because of its focus on the concept of fairness.

Several liked the reference to “*abide by Canadian law.*” These participants liked this because the phrase conveys that there is a legal rationale for reporting a tax cheater, and it’s not just about “snitching” on someone.

The law is evoked a couple of times in this one piece, right, it seems like there's a legal framework to this rather than come and tell us what you know about your neighbour.

The main issue quite a few participants had with Concept F was the language: it was seen as written in a dry, “government” style that was neither interesting nor emotionally engaging – particularly in comparison to Concept S. Unlike S, it does not mention services such as hospitals and schools that many people use, and therefore has less of a personal impact.

It's the government approved version. I kind of wanted to roll my eyes when I read it. Government legal jargon.

Okay Government of Canada, Canadian law, I acknowledge it's important but the whole aspect of fairness didn't resonate quite as strongly because it was less personal to me. I think that's why I didn't love it.

F, if you read this is straight out of a book, it's like, yeah, it totally makes sense. But it doesn't do anything for the majority of people that are reading it. It's not motivating.

Concept K

K: *A few dollars of unreported income may not seem like a big deal, but collectively they amount to billions of dollars lost that are needed to fund public services in your community. Be part of the solution! Report suspected tax cheating.*

A bit over half of the participants categorized Concept K as “meaningful and motivating”, and a bit less than one-third ranked it as first or second

Among the participants who liked Concept K, perceived positive elements included:

- *“...billions of dollars lost that are needed to fund public services in your community”*: The reference to “billions of dollars” concretely conveys that a lot of money is not collected due to tax cheating. The phrase goes on to tie this large number to impact on “your community”, which adds to the personal relevance of the message.
- *“Be part of the solution”*: Some liked this softer phrasing of the call to action more than the phrase used in Concept B in particular (*“Do your part and report it!”*), which some perceived to be too “bossy.”
- The idea that small dollar amounts of tax cheating can add up to a large amount: Some participants reacted positively to this, although as noted below more often this triggered a negative reaction to the concept.

The main issue that some participants had with Concept K was the reference to *“a few dollars of unreported income.”* As noted in the earlier section, *Reasons for Less Likely to Report a Case of Suspected Tax Cheating*, many participants said they would not report suspected tax fraud to the CRA if the dollar magnitude was perceived to be small. Concept K was perceived as focusing on cases of tax cheating involving a small dollar magnitude.

Because of the perceived focus on small dollar magnitudes, some perceived Concept K as the CRA focusing investigation of tax cheating on “the little guy” rather than on wealthy individuals or large businesses. This was felt to be inappropriate and unfair.

*I'm looking at that and thinking, a few dollars unreported, and I'm thinking, well again you are going back to the little guy again, you are picking on the little guy again.
As someone listening to that message, I would be thinking, yes they could come after the little guy but there's bigger fish to fry.*

Several participants said they did not find credible the statement that *“a few dollars of unreported income”* could add up to *“billions of dollars.”*

I didn't feel like that even seems plausible. Like, to me, if you say a few dollars, I'm thinking, at least for me a few dollars is just like pocket change so how in Canada is that going to add up to billions? It's going to take a long time.

Concept R

R: *Someone who uses government services but doesn't pay taxes is putting their hands in your pocketbook and helping themselves. That just isn't right. Report suspected tax cheating to us.*

A bit over half of the participants categorized Concept R as “meaningful and motivating”, and a bit less than one-third ranked it as first or second.

Participants were basically divided over the tone of the concept, as conveyed by the phrase, “*putting their hands in your pocketbook and helping themselves.*” Some found this strong statement of personal impact to be motivating.

It makes me more want to report. I don't want people stealing from me, so it made it feel like, oh they are cheating the system, they are actually stealing money from me, that's tangible.

I personally liked it because it kind of brings you into the situation and kind of makes you feel like a victim – kind of makes you personally being attacked by someone else evading taxes.

Some other participants perceived the tone of Concept R to be too dramatic, or “over the top” as one participant put it. A few disliked it because they interpreted it as pitting people against each other.

With R they're trying to make you angry. They're trying to make you angry and bitter at your neighbour.

Another issue several participants had with Concept R is that the first sentence, with its reference to “*someone who uses government services*”, can be interpreted as focusing on lower income people, such as people receiving welfare. Interpreted this way, the concept was perceived to inappropriately focus on “the little guy.”

Concept B

B: *Some people think that if they don't declare a small amount of income, if they operate in cash, or if they don't keep records, the CRA won't find out. That's false. The CRA has many tools and partners to detect tax cheating. Do your part and report it!*

Concept B was perceived negatively by most participants. Only a small number perceived positive aspects to the concept.

The small number who liked it felt the sharp tone of the ad will be motivating. That said, it was also the case that it was seen more as directed at the person who is cheating, and trying to “scare” them into tax compliance. It was not really perceived as giving a good reason to report suspected tax cheating by someone else.

There were several aspects of Concept B that many participants did not like:

- *Perceived to focus on suspected tax cheating by “the little guy”:* This is driven by the reference to “*a small amount of income*”.

The type of people that this made me think of are people who do the odd job on the weekend. Like, mind your own business CRA. That's what I feel about B.

"Small amount of income" – you're being petty here.

- *"The CRA has many tools and partners to detect tax cheating."*: There were two different types of negative reactions to this sentence:
 - It seems to negate the need for people to report leads to the CRA, because it says the CRA already has the capabilities needed to detect tax cheating.

It says the CRA is good enough with the tools and partners to detect it, so why should we get involved?

It's very contradictory and it's very demotivating if the CRA has all these tools to detect these things.

- Some perceived the concept as implying extensive surveillance of Canadians by the government, and did not like that image.

Concept B had that real Big Brother sound to it. It's just like, wherever you are, we are watching you too. Well, good for you, you don't need the Tip Line!

- *Tone is perceived to be too bossy/aggressive*: This appeared to be driven by the closing command with an exclamation point, *"Do your part and report it!"*. This was perceived to go too far in portraying reporting suspected tax cheats almost as an obligation everyone has. Unlike Concept S, Concept B is not perceived to state a positive reason or benefit to motivate reporting suspected tax cheating.

CRA Website Page - Overview

Participants reviewed the first three pages from the CRA website, *Report a lead on suspected tax cheating in Canada*. The three pages were: *Overview*, *What you need to know*, and *Information to include*. After reviewing each page, participants were asked targeted questions about elements of the page of particular interest for this project, and, time permitting, were asked for comments on other elements. Full versions of each web page can be found in the Appendix.

A general observation is that overall participants perceived the material on the three Web pages to be clearly written and easy to understand. There were issues with particular elements on some of the pages, as discussed below, but these were usually more about the substance of what was said rather than the language used.

On the *Overview*, two elements of particular interest were in the section, *How you make a difference* – the reference to *"not receive feedback or updates"* and *"does not give monetary rewards"*:

How you make a difference

The CRA uses the information in your lead to make sure the tax system is fair for all Canadians. Your lead could also boost the actions the CRA is already taking to fight tax cheating. However, you will not receive feedback or updates after you submit a lead. This is because the CRA cannot disclose information about other taxpayers. Furthermore, the CRA does not give monetary rewards for information about suspected tax cheating under this program. When you submit a lead, you are supporting your community and the programs and services we all rely on to improve quality of life in Canada.

Perceived Impact of no feedback

Participants were asked for their reactions to the statement that no feedback is provided on a lead submission:

However, you will not receive feedback or updates after you submit a lead. This is because the CRA cannot disclose information about other taxpayers.

Most participants agreed that for privacy reasons the CRA should not disclose personal information about the target of the lead.

That said, some said that this lack of “*feedback or updates*” would cause some people to be less likely to report a suspected case of tax cheating.

I think it makes people less likely to take that action, to take that risk to stick their neck out.

I think that in the case of somebody doing it out of pettiness, a lot of people who do that want the instant gratification of knowing that they screwed you over. They're not going to get that there so I think that would deter that type of a person from going through the process.

I think when they read that they say well what's the point? If I'm not going to get any feedback on this, why should I bother? I'm not going to know the outcome anyway, so is it going to help or does it not help?

There were various suggestions from participants about what the CRA could do to provide at least some sort of feedback after a lead is submitted:

- *Say thank you:* Several participants interpreted the text to mean there would not be any acknowledgement at all from the CRA that a lead was submitted, and suggested that there should be an acknowledgement of the form, “Thank you for your information.”
- *Say the CRA is following up on the lead:* Several participants suggested there be an acknowledgement of feedback that the CRA will follow up on, or has followed up on, the lead.

I respect the privacy thing but maybe at least they will give feedback that says, ‘yes, your lead was followed up on’ or whatever, that kind of thing.

Say something like thank you very much for your tip. We have looked into this and this is being looked at immediately or in the near future or something. I've been acknowledged that my concern is being addressed.

Say “Thank you and we’re going to look at it.”

- *Say the CRA follows up on all leads:* Some participants suggested that instead of saying the CRA is following up specifically on a person’s lead, that it give a general statement of the form, “the CRA follows up on all leads.” This was motivated by a concern that the former might violate privacy. *Say the information received was useful, without giving details:* Some participants suggested the CRA provide feedback on whether or not the lead was helpful, but without giving any details.

At least say “the information was useful.”

Say “your tip helped or no it didn’t.”

They could tell us, it was very useful or relevant. Not tell us, we went and get so many millions. Was my intervention helpful?

Again, however, a few participants thought this might violate the CRA’s privacy commitment.

- *Give aggregate statistical information on the value of the Leads Program:* This suggestion was made by participants in some of the focus groups, and when it was made there was wide agreement in those groups to providing this sort of information. General information of this sort would not violate anybody’s privacy. The idea is that it would help motivate people to report, and to feel good about having gone through the effort to report, to know that the Leads Program is effective. It was further suggested that this information be not only in an acknowledgement to a lead submission, but also on the *Overview* web page. Putting it on the web page could help offset the potential negative impact of the “no feedback or updates” text on likelihood of going ahead and submitting a lead.

You want a follow-up at a general level saying that I’ve actually done something positive for the system.

I want to know I’m making a difference.

Show some stats or something – this program has recovered so much money, you know. Give people a sense that you get results or people won’t do it. And that line they put there [now] is just so bland – it doesn’t give you that sense that you get results.

With regard to the text in the *Overview*, “the CRA cannot disclose information about other taxpayers”, several participants suggested this should be augmented with a reference to the relevant law. The idea was to convey more strongly that this is not something CRA does arbitrarily but rather it does this because it is a legal requirement.

I think what should be in there is because the CRA cannot disclose information in accordance to Canadian Privacy Act. Not just, we just don’t do it. It’s not their policy, it’s Canada’s policy. Because it lets the CRA off the hook as to why they can’t give the information.

However, a few participants thought this would add too much text to the web page. We also note that most participants appeared comfortable with, and agreed with, the existing text as is.

Reactions to No Monetary Rewards

The *Overview* web page states, “Furthermore, the CRA does not give monetary rewards for information about suspected tax cheating under this program.”

While some participants said a monetary reward should be given in order to motivate people to submit leads, a large majority agreed with the current CRA policy of not giving monetary rewards for cases of domestic tax cheating.

Participants who said there should be no monetary rewards agreed that offering a monetary rewards would increase the number leads submitted to the CRA. However, they voiced two types of objections to offering rewards:

- *There would be a large number of poor quality leads:* The belief was that while the number of leads submitted would increase, many of these would be of poor or dubious quality.

I think it brings out the worst in people. You’d see people that would be reporting a lot more borderline cases just because of the money.

It's going to attract all kinds of erroneous claims.

There would be huge influx of reported cases because if you take enough stabs at it eventually you’ll get something.

- *Offering a reward would violate the CRA’s privacy commitment:* Some participants said if the monetary reward is tied in some way to money being collected from the target, this gives the person submitting the lead some personal information about the target. At minimum it would tell them that the target was found guilty of tax cheating, and probably some indication of the amount of money involved in the tax cheating. This sort of information was perceived to violate the CRA’s privacy commitment to not disclose information about other taxpayers.

If you only give it to ones that are successful, then if I give a tip and I get \$500, then that's giving private information about the guy that got busted to me. So that's contrary to privacy laws.

How anonymous is this if you’re giving out cash incentives? How can it be anonymous?

Some other results pertaining to not paying a monetary reward:

- Several participants made a distinction between individual tax cheaters and businesses that are tax cheaters. They said that individual tax cheaters are covered by privacy laws and so monetary rewards should not be given, but thought that it would be acceptable to give monetary rewards when a business is the target.
- Several participants suggested the statement of not paying monetary rewards be removed from the *Overview* page. They said stating this policy would discourage people from reporting a lead who otherwise might have assumed they were not going to get a reward – i.e. there is a negative impact of taking something away that someone wasn’t expecting in the first place.

I don't think there should be rewards but I'm disappointed now that there aren't.

Other Results

The introduction of the *Overview* makes a distinction between reporting domestic versus international tax cheating:

If you suspect a person, business or charity of tax cheating in Canada, report them to the Canada Revenue Agency (CRA) by submitting a lead to the Leads Program. If your information is related to Canadians cheating taxes internationally, you have to submit it under a different program, the [Offshore Tax Informant Program](#).

Some participants did not like this requirement for a person submitting a lead to make a choice about which path to follow to report a lead. They said that the person reporting a lead about domestic tax cheating may not know or be sure whether the tax cheating also has an international component. They said there should be just one portal to submit a lead, and that it should be up to the CRA to determine if the tax cheating is domestic, international, or both.

I may not know if it's international or not. I'm already on the fence about reporting it and now I'm confused, do I click this link or this link? And it's one more thing, so you know what, I'm just not going to bother.

If the objective is to just get people to report then you should probably just build something into the actual process that can then separate [the two types of tax cheating], rather than asking people to make that choice up front.

In a lot of cases it might be international, but how would I know, right? I see what's happening locally. It's up to you with the tools you have and the expertise to find out whether it extends beyond local.

There were two sentences on the *Overview* page that many participants flagged as good, because these reference two important reasons why people might submit leads: fairness, and supporting programs and services. The two statements are:

The CRA uses the information in your lead to make sure the tax system is fair for all Canadians. When you submit a lead, you are supporting your community and the programs and services we all rely on to improve quality of life in Canada.

CRA Website Page – What you need to know

Privacy Section

Many participants said it is very important that the person submitting a lead be anonymous in the sense that the target never learn their identity (see the report section, *Reasons for Less Likely to Report a Case of Suspected Tax Cheating*). The *Privacy* section of this web page addresses that topic

in the subsection titled *You will remain anonymous*. This subsection can be divided into a part that participants liked because it is perceived to promise anonymity, and a part that many participants did not like because they interpreted it as undermining the promise of anonymity:

<p><i>Participants liked this part</i></p>	<p>You will remain anonymous When you report suspected tax cheating (by submitting a lead), you will not be asked to disclose personal information about yourself. The protection of personal information is important, and the CRA is committed to protecting your identity.</p>
<p><i>Participants did not like this part</i></p>	<p>This means that the CRA will do all it can, under the law, to protect your identity along with any information that suggests you submitted a lead. Accordingly, if asked to disclose that information under a formal Access to Information Act request or Privacy Act request, the CRA will claim an exemption from such disclosure under subparagraphs 16(1)(c)(ii) of the Access to Information Act and 22(1)(b)(ii) of the Privacy Act.</p>

There were two perceived problems with the latter part that undermined the perceived simple and straightforward promise of anonymity in the first part:

- *“the CRA will do all it can”*: This was widely interpreted as meaning there are circumstances in which the CRA will release the identity of the person submitting a lead. It is not what participants would want, which is something such as a simple declarative statement, “The CRA will not release your identify.”

It’s a huge red flag. They “will do all they can” – seriously?

That means that there is a possibility that this information is going to be disclosed.

“We will do all we can”, right. That doesn’t give me a sense of guarantee there.

I liked the first part up until they said the CRA will do all it can to protect your identity, because then it seems like there’s conditions in which they won’t protect your identity.

- *Reference to various legal statutes*: Some participants said the extended reference to various legal statutes was confusing and did not really mean anything to them. Because of this, it did not provide reassurance that they would remain anonymous. Several participants commented that this gives them the impression that they should consult a lawyer if they are thinking of submitting a lead. Several suggested that this material be made accessible via a hyperlink, rather than spelled out on this page.

Another issue that several participants had with the *Privacy* section was a perceived inconsistency: the first part says *“you will not be asked to disclose personal information”*, but the second part is perceived to imply that personal information is collected and that it might be disclosed.

The point that I don't understand is it says you will not be asked to disclose personal information about yourself. Well, if you're not going to give any personal information about yourself, then why am I worried about the Access to Information Act?

Process Section

The following is the *Process* section of the *What you need to know* web page:

Process

When the CRA receives a lead (it must be in English or French), it will take these steps:

- verify the identity of the suspected tax cheat
- review the lead to determine if tax cheating occurred
- take the appropriate action to address the specific type of tax cheating

Many participants commented that this section is clearly written and provides good information. A key perceived positive take-away is the impression that the CRA will take action – which can help to motivate someone to proceed to submit their lead.

I really like this section. I wish it was like up here in the overview. It would get me to actually say yes, somebody is going to actually look at this, they will take appropriate action.

It's reassuring that at least someone will look at it, because a lot of things you send end up in black holes.

Participants were asked specifically about the third bullet point, which refers to “*take the appropriate action.*” Most were comfortable with the language, and some commented that they interpreted “appropriate action” to mean that the CRA could take actions of varying severity depending on the specifics of the case. This was perceived to be a good thing, and can help someone feel better about submitting a lead. They do not need to feel worried or guilty that the person they are informing on will be punished more severely than is warranted.

I thought it laid it out nice and simple and it had that idea, oh they're going to review it first, check it out, and even if there is, take the appropriate action, not be draconian.

The second part of that sentence, right, so it's taking the appropriate action to address the specific type of tax cheating. So something minor, oh you didn't file it here's a letter, right? Rather than someone's knocking on your door with the handcuffs.

That tells me that there's different levels.

A relatively small number of participants felt that the meaning of “appropriate action” was vague and needed to be explained more.

After this discussion, participants were shown the following text that might be added to the third bullet point:

These compliance actions range from mild to severe and may include education letters, reassessments, audits, and, when warranted, fines, penalties, or criminal prosecution. Depending on

the type of intervention, it may take us some time to process the file. The ultimate goal is to bring the taxpayer back into long-term tax compliance.

Participants were divided on whether or not to add this text to the third bullet point:

- Some participants liked seeing that there is range of actions the CRA might take “ranging from mild to severe”, even if they had implicitly assumed this from the existing text of the third bullet. It was observed that for people who assume the CRA only takes “severe” action, it provides assurance that less severe action will be taken where appropriate.

For some people maybe that would be [important for deciding] whether or not they were going to submit a lead – just how severe the punishment would be, right? Maybe you just want them to have to pay back what they haven’t paid, and ensure that they’re continuing to pay in the future rather than being, you know, imprisoned.

What’s going to happen to them? Did I just completely change their life when they only did a simple little thing? Well this tells me, okay based on what they actually did, they will have different repercussions that are appropriate. Even though I already knew this, that they would be appropriate, it affirms it so it gives me peace of mind that, okay, I can sleep tonight, I have not ruined somebody’s life.

A lot of people do assume extreme so it probably would be helpful for the majority of the population to know it’s a range, not just zero or 100.

“Appropriate measures” is not clear at first. But here, we know what they will do.

- Some other participants felt the proposed additional text is unnecessary. It’s seen as just more to read without adding anything they didn’t already assume.

A few suggested a compromise that would still keep the third bullet short. It would revise the third bullet to something like, “take the appropriate action, ranging from mild to severe, to address the specific type of tax cheating.”

Another suggestion made in some focus groups was to leave the text of the third bullet as is, but make “appropriate action” a hyperlink. Many participants agreed with this suggestion, because it makes clear that more information is available on the meaning of “appropriate action” for those who want it, but does not force it on those who do not feel a need to read more.

Section – Different types of tax cheating you can report

This section consists of a bullet point list of nine different types of tax cheating.

This section was flagged by many as being useful, because it helps convey what the term “tax cheating” on the website can mean.

One of the items of the list is, “*not filing tax returns when required.*” Some participants flagged this because they did not think of this as being “tax cheating.” Their view was that someone who does

not file a tax return on the due date but does file it at a later date should not be labeled as a “tax cheat.” In this scenario, the person has taken the step of filing the return and paying any penalties or interest due, and it seems overly harsh to these participants to call this person a tax cheat.

CRA Website Page – *Information to include*

The *Information to include* web page contains four sections: *Key identifiers*, *Facts*, *Supporting documents*, and *Examples of complete and incomplete leads*. The focus group discussion concentrated on the last section giving an incomplete and complete lead.

Note the version of the *Examples of complete and incomplete leads* section tested in the focus groups was different from the version that is currently on the CRA website:

- The current website shows an example of a complete and incomplete lead for one tax scenario (a person collecting EI who is working full-time doing cash construction jobs). For purposes of the focus group research, the CRA developed four different tax scenarios for which to give examples. The web page given to participants had one scenario, with different groups reviewing different scenarios. The four tax scenarios were:
 - Not declaring gains from sale and rental of real estate properties
 - Claiming benefit/credit amounts not entitled to for the Canada Child Benefit and GST/HST credit
 - Unreported income by a business
 - A business not reporting/remitting payroll deductions

The full text of each scenario can be found in the Appendix.

- Compared to the scenario on the website, the rewritten scenarios (a) reverse the order of presentation, so that the example starts with the incomplete rather than the complete lead, and (b) reformatted the commentary on the incomplete and complete versions to use a bullet point format rather than a paragraph format.

Incomplete and Complete Lead Example

Most participants liked the concept of providing a comparative example of an incomplete versus a more complete lead as a way to reduce incomplete leads. This was perceived to make more concrete what the CRA is expecting, and to illustrate what would not be adequate. Participants felt it would help reduce the number of inadequate leads submitted. The preceding *Key Identifiers* and *Facts* sections of the web page give listings of the types of information the CRA would like to get, but this is more abstract, and an example makes the desired types of information more concrete.

Although the concept of providing an example of incomplete and a complete lead was viewed as helpful, quite a few participants said the complete lead could discourage people from proceeding to submit their lead. The issue is that the complete lead examples contain a lot of detail that participants felt would often not be available to a person submitting a lead. A person focusing on

the complete lead, and comparing its level of detail to the level of detail in their lead may conclude that they do not have enough information to satisfy the CRA and to justify submitting the lead.

It seems too overwhelming to give this much information on someone. So, that might dissuade some people.

I think it would stop a lot of people from reporting, if they can't come up with all this type of information.

We are not police officers, detectives. It's a little too much to ask.

I just want to go back to the fact that this is like a tip line. I feel like this kind of makes me feel like the onus is on me to make a full argument and I have to back it up with all the facts to make it a complete thing. Whereas okay, I'm giving you a tip. The onus is on the CRA to investigate whether it's a true case or not.

Some participants understood that a person can submit a somewhat less than complete lead. For example, a few participants commented that they were not discouraged by the complete lead because they viewed the incomplete and complete leads as opposite ends of a spectrum.

I looked at it as it's two ends of the spectrum and as long as you've got more than the incomplete lead you can report it. You don't have to have as much as the complete lead.

The introduction to the incomplete and complete leads section includes the sentence, “Give as much information as you can; the CRA will take it from there.” Some noticed this and said therefore the complete lead would not discourage them from reporting, but others apparently either missed it or forgot about it by the time they read the complete lead.

Participants were directed to look at the first two sentences on the *Information to Include* page (so, prior to the *Key identifiers, Facts and Supporting documents* sections). These sentences state: “You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians.” This text was perceived as clearly indicating that it is acceptable and useful to the CRA for a person to submit a less than complete lead. The problem is some said they forgot about this by the time they reached the section with the incomplete and complete leads. Some suggested this needs to be restated in that section.

Some participants suggested that to reduce the potentially discouraging impact of the complete lead, there should also be an example of some sort of intermediate lead that would not be complete, yet would contain enough information to be useful to the CRA. This would concretely communicate that leads do not need to be complete. Several participants suggested a variation on this, which would be a lead with “the minimum information the CRA needs.”

In one focus group, a participant suggested that it would be good to list, using hyperlinks, a variety of examples using different tax scenarios so that a person could find an example similar to their particular lead. This would make more concrete for their particular situation what types of information the CRA would be looking for. Others in the focus group agreed that this would be helpful.

Other Results

The *Key identifiers* section prefaces a bullet point list with the sentence, “*Include specific information about the subject of your lead (could be a person, business or charity), such as*”. Several participants suggested to also say something like “give as much as you can”, in order to convey that it is not necessary to provide all of the listed information.

The *Key identifiers* section includes references to information about people or entities other than the subject of the lead, such as the “spouse’s name”, “shareholders”, or “contractors.” A few participants said they would be uncomfortable providing information on these third parties because they would be concerned about causing difficulties with the CRA for what they perceive as innocent bystanders.

For the tax cheating scenario they read, participants were asked whether or not they considered this something that should be reported to the CRA:

- For two of the scenarios, all participants said this is something that should be reported:
 - Not declaring gains from sale and rental of real estate properties (note that several participants had difficulty understanding this scenario, and how the individual was cheating on their taxes)
 - A business not reporting/remitting payroll deductions
- For the other two scenarios, there was a split reaction, with some saying to report it, and others saying not to report it. The common thread was that those who perceived the scenario as one targeting “the little guy” were the ones who said this is not something they feel should be reported.
 - Claiming benefit/credit amounts not entitled to for the Canada Child Benefit and GST/HST credit: Some said this should not be reported because it is “small-time” and that the CRA should focus on bigger tax cheating, or that it would end up “taking money from kids, or that it is targeting lower-income people.
 - Unreported income by a business: This scenario describes a person who runs a house-cleaning agency. Some perceived this to be a large business in terms of revenue, and supported reporting this scenario. However, some others perceived it as picking on a small business and did not support reporting this scenario because they felt the CRA should be going after big business. For example, in one group the first reaction from the group was that it seems like a small company and so they did not support reporting the business. However, one participant made some calculations and concluded the business was making three million dollars per year. This large revenue number led some to change to support reporting this business. This illustrates how perception of the size of a business can affect willingness to report suspected tax cheating by a business.

Impact

As a brief wrap-up to the focus group, participants were asked if they had seen anything that affected how they think about reporting tax cheating. It should be kept in mind this was necessarily a brief discussion because the very full agenda did not leave much time for the wrap-up.

The clearest result was that participants said they now knew it was possible to report a lead, and how/where to do this. At the start of the groups, the majority of participants did not know the CRA accepts leads from the public and those who did claim to be aware admitted it was only a vague awareness. None of the participants had heard of the Leads Program specifically. Some said that the knowledge they gained from the materials shown in the focus groups at least created a potential for reporting a lead – although few admitted to changing their attitudes, and whether or not they would report a lead would depend on the particular circumstances of the case. In this regard, it should be kept in mind that from a communications perspective it is easier to change awareness and knowledge than to change attitudes – the latter is usually a longer term goal.

A basic and necessary communication objective is to create awareness that the CRA accepts leads from the public about suspected domestic tax cheating. Earlier sections in the report give some insight into communication themes that have some potential to encourage people to be more likely to report suspected tax cheating. To summarize, the more important themes are:

- Fairness in the sense of “I pay my fair share in taxes and so should everyone else”
- Taxes pay for important programs and services so tax cheating means less money to fund these; it is better to mention specific programs and services that are widely used in order to make the point in a more concrete and relatable way.
- The person submitting a lead will be anonymous.
- The CRA is not just targeting “the little guy” or small dollar amounts.
- Provide comparative examples of incomplete and complete leads to help encourage leads that have more information. However, because the amount and types of information in a complete lead may discourage reporting a lead, also convey there is value to submitting a lead even if it’s not quite complete.
- Demonstrate the value and effectiveness of the Leads Program through some statistical measures of impact; this is important (a) to offset the fact the CRA cannot give feedback on individual cases, (b) to show that the CRA does act on leads submitted by the public, and perhaps (c) to show that the amount collected is significant.

Methodology

Number and Location of Focus Groups

Eight two-hour focus groups were conducted between February 12 and 21, 2019, as follows:

	Total	Vancouver	Toronto	Montreal (Fr)	Moncton
High income – More likely to report	2	1		1	
High income – Less likely to report	2	1	1		
Low-middle income – More likely to report	2		1		1
Low-middle income – Less likely to report	2			1	1
Total	8	2	2	2	2

Twelve people were recruited for each focus group. There were 8 or 9 participants in each group for a total of 69 participants.

Qualified Participants

All participants met the Government of Canada (GC) Qualitative Standards for past participation in qualitative research: (a) not attended a qualitative research session within the past six months, and (b) not attended five or more qualitative research sessions in the past five years.

None of the participants were employed in the following industries: marketing research or marketing, media, advertising agency or web or graphic design firm, public relations, federal government, a provincial or local government department related to taxes or finance.

The following were additional qualifications for each of the four target groups.

High income Canadians and residents of Canada

The key qualifications were:

- Household income of \$200,000 or more
- Occupation exclusions: In addition to the exclusions noted above, none of the participants were employed in accounting/bookkeeping, financial planning/advising, or tax return preparation.

Other participant qualifications included:

- 18 years of age or older
- Gender ratio of 70% male and 30% female – i.e. out of 12 recruits per groups, a target of eight men and four women

A higher proportion of men than women reflects the fact that men have a higher total average income than women. For example, based on 2015 income data, Statistics Canada reports that the average total income of men in Canada was \$56,740 and for women was \$38,632¹.

Low-middle income Canadians

The key qualifications were:

- Household income under \$200K

Minimum quota targets for each focus group were set as follows based on 12 recruits:

Household income	Minimum # of recruits/group
Less than \$40K	3
\$40K - \$99K	4
\$100K - \$199K	3

- Occupation exclusions: In addition to the exclusions noted above, none of the participants were employed in accounting/bookkeeping, financial planning/advising, or tax return preparation.

Other participant qualifications included:

- 18 years of age or older; approximate targets out of 12 recruits/group are: four recruits in each of the following age ranges: 18-34, 35-54, and 55 and older
- Approximately equal split between women and men

Assessment of likelihood of reporting tax cheating

CRA's 2017 Annual Corporate Research survey included a survey of the general public. The screener used the following question from the survey to assess likelihood of reporting tax cheating:

Q#CM5A: Thinking about a situation where someone you know may be cheating on his or her taxes. Using a scale of 0 to 10, where 0 means *not at all likely* and 10 means *very likely*, what is the likelihood you would report this person if you suspected he or she was cheating?

Based on the survey results, the following scale ranges were used to differentiate likelihood of reporting:

- More likely to report: rating of 6 to 10
- Less likely to report: rating of 0 to 5

Participant Honoraria

Participants were paid an honorarium of \$150.

¹ Statistics Canada. 2017. Census Profile. 2016 Census.

Appendix A - Screener

English Screener

Lead Program Screener -- High Income & Low/Middle Income --

Hello/Bonjour, I'm _____ of [name of recruiting company], a public opinion and marketing research company. First off, let me assure you that we are not trying to sell you anything. We are organizing a research project on behalf of the Government of Canada.

Would you prefer that I continue in English or in French? Préférez-vous continuer en français ou en anglais? **[If prefers French, either switch to the French screener and continue, or say the following and then hang up and arrange French-language call-back]** Nous vous rappellerons pour mener cette entrevue de recherche en français. Merci. Au revoir.

The research project is specifically for the Canada Revenue Agency. The purpose of the research is to get input on communication materials related to taxation. I'd like to ask you some questions to see if you would be interested in possibly taking part in this study. This will take about 7 minutes.

May I continue?

- Yes 1
- No 2 **Thank and end the interview**

In this project, an individual like yourself is chosen to sit down with several others and give ideas and opinions in a two-hour discussion session. People who are invited and take part in the group discussion will receive a cash payment honorarium as thanks for their time.

[If prefers to continue in English for the Montreal French-language focus group, ask:] The discussion will be held entirely in French, and participants will be asked to review and discuss written communication materials written only in French. Would you be comfortable with this?

- Yes 1
- No 2 **Thank and terminate**

[If prefers to continue in French for the Toronto, Vancouver or Moncton English-language focus groups, ask:] La discussion se déroulera entièrement en anglais et nous demanderons aux participants de passer en revue du matériel de communication en anglais seulement puis d'en discuter. Seriez-vous à l'aise avec cela?

- Oui 1
- Non 2 **Remerciez et terminez l'entrevue**

As I mentioned earlier, the purpose of the research is to test various communication materials related to taxation. In the discussion session, you would be asked your opinions about the CRA's performance in ensuring that individuals and businesses comply with tax laws, including the CRA's efforts to address tax cheating. You would also be asked to review various communication materials

addressing tax cheating. The results will be used to identify ways these communication materials could be improved and may influence the general direction of certain CRA programs.

Your participation is voluntary and confidential. All information collected, used and/or disclosed will be used for research purposes only and administered per the requirements of the *Privacy Act*. The names of participants will not be provided to the government. Your decision to take part will not affect any dealings you may have with the Government of Canada.

May I continue?

- Yes 1
- No 2 **Thank and terminate**

I need to ask you a few questions to see if you fit the profile of the type of people we are looking for in this research.

Note to recruiter: When terminating a call because of their profile say: *Thank you for your cooperation. We already have enough participants who have a similar profile to yours, so we are unable to invite you to participate at this time.*

1) First of all, do you, or does anyone in your household, work for . . . ? (Read list)

	<u>No</u>	<u>Yes</u>	
A marketing research firm	()	()	
An advertising agency, web or graphic design firm	()	()	
A magazine or newspaper	()	()	
The Government of Canada	()	()	
The provincial or local government (check which department; if a tax/revenue or finance ministry, record as “yes”)	()	()	
A marketing company	()	()	If “yes” to any, thank and terminate
An accounting or bookkeeping company or department	()	()	
A company that does tax returns for other people or businesses	()	()	
A law firm that specializes in tax	()	()	
A firm providing financial planning services	()	()	
A radio or television station	()	()	
A public relations company	()	()	

2) Have you ever participated in an in-depth research interview or a focus group involving a small group of people where people were asked to discuss different topics?

- Yes 1
- No 2 **Go to Q.4**

3a) What topics have you ever discussed?

(If related to taxation, thank and terminate)

3b) And when was the last time you attended an interview or discussion group?

6 months ago or less 1 **Thank and end the interview**

OR more than 6 months ago 2

3c) In the past 5 years, how many in-depth research interviews or discussion groups have you attended? Would you say less than 5 in total, or would you say 5 or more?

Less than 5 1

5 or more 2 **Thank and end the interview**

4a) We would like to talk to a cross-section of people with different income levels. For 2018, was your total annual household income from all sources before taxes...? (Read List)

Less than \$100,000	1	Ask Q.4b
\$100,000 or more	2	Ask Q.4c

4b) And was your total annual household income from all sources before taxes...? (Read List)

Less than \$20,000	1
\$20,000 to \$39,999	2
\$40,000 to \$99,999	3

4c) And was your total annual household income from all sources before taxes...? (Read List)

\$100,000 to \$149,999	4
\$150,000 to \$199,999	5
\$200,000 to \$299,999	6
\$300,000 or more	7

5) Record gender:

Male 1

Female 2

Low/Middle Income Quota: 6 male, 6 female

High Income Quota: 8 male, 4 female

6) We would like to talk to people in different age groups. Into which **one** of the following groups should I place you? (Read list)

Moncton:
 If codes 1-5 qualifies as *Low/Middle Income*
 Codes 1-2 = at least 3 recruits per group
 Code 3 = at least 4 recruits per group
 Codes 4-5 = at least 3 recruits per group
 If codes 6-7 – Thank and end interview

Toronto:
 If codes 1-5 qualifies as *Low/Middle Income*
 Codes 1-2 = at least 3 recruits
 Code 3 = at least 4 recruits
 Codes 4-5 = at least 3 recruits
 If codes 6-7 – qualifies as *High Income*

Montreal:
 If codes 1-5 qualifies as *Low/Middle Income*
 Codes 1-2 = at least 3 recruits
 Code 3 = at least 4 recruits
 Codes 4-5 = at least 3 recruits
 If codes 6-7 – qualifies as *High Income*

Vancouver
 If codes 1-5: Thank and end interview
 If codes 6-7 qualifies as *High Income*

Under 18	1	Thank and end interview
18 to 24	2	
25 to 34	3	
35 to 44	4	Low/Middle Income – 18-34 = 4; 35-54=4; 55 or over=4
45 to 54	5	High Income – No quotas
55 to 64	6	
65 or over	7	

- 7) Past research has shown there is a wide range of attitudes towards the tax system in Canada, and in this project we want to include people with different attitudes. The next several questions are about your opinions on the tax system, and in particular about how common tax cheating is, and the job the Canada Revenue Agency is doing to address tax cheating.

Tax cheating can include unreported income as well as a number of other behaviours, such as falsely claiming tax benefits or credits, or charities making profits from non-charitable activities. However, the next few questions will ask your thoughts about unreported income only.

Nothing in this section is about you personally, but we are interested in getting Canadians' opinions on this topic.

- 7a) On a scale of 0 to 10, where 0 means not at all common and 10 means very common, how common do you think income tax cheating is in Canada?

Scale rating #: _____

- 7b) Over the past couple of years, do you think income tax cheating has: *Increased, Decreased, Has remained the same?*

- | | |
|-----------------|---|
| Increased | 1 |
| Decreased | 2 |
| Stayed the same | 3 |

- 7c) Do you think the Canada Revenue Agency is currently putting too much, too little, or about the right amount of effort into reducing income tax cheating??

- | | |
|--------------|---|
| Too much | 1 |
| Too little | 2 |
| Right amount | 3 |

- 7d) On a scale of 0 to 10, where 0 means very unlikely and 10 means very likely, how likely do you think it is for Canadians who cheat on their income taxes to get caught?

Scale rating #: _____

7e) Thinking about a situation where someone you know may be cheating on his or her taxes. Using a scale of 0 to 10, where 0 means *not at all likely* and 10 means *very likely*, what is the likelihood you would report this person if you suspected he or she was cheating?

Scale rating #: _____

Moncton

- Scale rating of 0 to 5: Qualifies for *Low/Middle Income – Less likely to report*
- Scale rating of 6-10: Qualifies for *Low/Middle Income – More likely to report*

Toronto

If *Low/Middle Income* at Q.4a-c:

- Scale rating of 0 to 5: Thank and end interview
- Scale rating of 6-10: Qualifies for *Low/Middle Income – More likely to report*

If *High Income* at Q.4a-c:

- Scale rating of 0 to 5: Qualifies for *High Income – Less likely to report*
- Scale rating of 6-10: Thank and end interview

Montreal

If *Low/Middle Income* at Q.4a-c:

- Scale rating of 0 to 5: Qualifies for *Low/Middle Income – Less likely to report*
- Scale rating of 6-10: Thank and end interview

If *High Income* at Q.4a-c:

- Scale rating of 0 to 5: Thank and end interview
- Scale rating of 6-10: Qualifies for *High Income – More likely to report*

Vancouver

- Scale rating of 0 to 5: Qualifies as *High Income – Less likely to report*
- Scale rating of 6-10: Qualifies as *High Income – More likely to report*

Let me tell you some more about this study to see if you would like to take part.

8) As I mentioned earlier, the research involves taking part in a focus group discussion. In the group discussion, you will be asked to fill in some short questionnaires in English (French). Also, participants in focus groups are asked to express their thoughts and opinions freely in an informal setting with others. Do you feel comfortable doing this?

- Yes 1
- No 2 **Thank and end the interview**

Terminate if person gives a reason such as verbal ability, sight, hearing, or related to reading/writing ability, or if they think they may have difficulty expressing their thoughts.

If respondent wears glasses, remind them to bring them to the session.

Participants in the discussion group will be asked to turn off any electronic devices during the discussion. Would you be willing to do so?

- Yes 1

No 2 **Thank and end the interview**

There may be some people from the Government of Canada who have been involved in this project observing the session. However, they will not take part in the discussion in any way, and they will not be given your name. Is this acceptable to you?

Yes 1

No 2 **Thank and end the interview**

The session will be audio-recorded. These recordings are used to help with analyzing the findings and writing the report. Your name will not appear in the research report. Is this acceptable to you?

Yes 1

No 2 **Thank and end the interview**

Invitation

Thank you. We would like to invite you to participate in one of our group discussions. Refreshments will be provided, and you will be paid \$150 in cash immediately at the end of the group discussion to thank you for your participation. The discussion will last approximately 2 hours starting at _____, and will be held.....

As I mentioned earlier, this is a research project being done by the Government of Canada, and specifically by the Canada Revenue Agency. I want to reassure you that your name will not be given to them, nor will your decision about participating affect any dealings you have with the Canada Revenue Agency.

Would you be willing to attend?

Yes 1

No 2 **Thank and end the interview**

Moncton

Date:

Location:

6:00 pm – 8:00 pm: *Low/Middle Income – More likely to report*

8:00 pm – 10:00 pm: *Low/Middle Income – Less likely to report*

Toronto

Date:

Location:

6:00 pm – 8:00 pm: *High Income – Less likely to report*

8:00 pm – 10:00 pm: *Low/Middle Income – More likely to report*

Montreal

Date:

Location:

6:00 pm – 8:00 pm: *Low/Middle Income – Less likely to report*

8:00 pm – 10:00 pm: *High Income – More likely to report*

Vancouver

Date:

Location:

6:00 pm – 8:00 pm: *High Income – Less likely to report*

8:00 pm – 10:00 pm: *High Income – More likely to report*

As part of our quality control measures, we ask everyone who is participating in the focus group to bring along a piece of I.D., picture if possible. You may be asked to show your I.D.

As these are small groups and with even one person missing, the overall success of the group may be affected, I would ask that you make every effort to attend the group. But, in the event you are unable to attend, let us know as soon as possible so we can find a replacement. Please call us at *[Insert recruiting company phone #]* and ask for *[Insert recruiting company contact name]*. Also note that you may not send someone else in your place if you are unable to attend.

Please also arrive 15 minutes prior to the starting time. **The discussion begins promptly at [TIME].** People who arrive too late to participate in the focus group will not receive the honorarium.

Someone from our office will be calling you back to confirm these arrangements. May I please have your contact information where we can reach you during the evening and during the day?

Name: _____

Evening phone: _____ **Day time phone:** _____

Email address: _____

Thank you very much!

Recruited by: _____

Confirmed by: _____

Note to recruiter: Should a participant require validation that this is a legitimate research project, please refer them to the following people at the Canada Revenue Agency:

Moncton, Toronto, Vancouver:

Lisel Douglas

Public Opinion Research and
Environmental Analyst

343-550-1911

Montreal:

Stefan Gieselmann

Assistant Director

613-952-9518

Appendix B – Discussion Guide

English Discussion Guide

Leads Program Discussion Guide

1) Introduction (10 minutes)

- a) **Introduce self** (Rick Robson/Sylvain Laroche of Sage Research, an independent market research company). This is a research project we're doing on behalf of the Government of Canada, and specifically for the Canada Revenue Agency (CRA). The purpose of the research is to test various communication materials related to taxation. We'll also talk about your impressions and opinions about the CRA's performance in its effort to make sure taxpayers follow Canada's tax laws, and in particular its efforts to address domestic tax cheating. I'll ask you to review and comment on various communication materials associated with addressing tax cheating. The results of the research will be used to identify ways these communication materials could be improved. The feedback received may also influence the general direction of certain CRA programs.
- b) **Review group discussion procedures:**
 - Role of moderator
 - Role of participants: there are no right or wrong answers; just want everyone to participate and offer your own views; not here to get a consensus but it is of great value to the research to know each of your candid views
 - Confidentiality: Participation is voluntary. Your name will not appear in the report; the report will be available through Library and Archives Canada
 - Recording: The session is being audio-recorded. The recording is for my use only to help in preparing the report on this research, and will not be provided to the CRA
 - Presence of observers from the CRA behind the one-way mirror – they are not given your name; they are here to observe the moderator and to increase their general understanding of the topics we are discussing tonight
 - Description of facilities (washrooms, front desk for incentives)
 - Please turn off cell phones and any other electronic devices
 - Discussion to last 2 hours
- c) **Any questions?**
- d) **Participant self-introductions:** First name only

2) Impressions of CRA and tax cheating (15 minutes)

- a) Just quickly, what overall impression or opinion, if any, do you have about the job the CRA is doing to address general domestic tax cheating and unreported income? You may not really have any overall impression or opinion, but if you do I'd like to hear it.
- b) One of the things the CRA does is they accept tips from the public about people or businesses a person thinks might be cheating on their taxes.
 - Had you heard that people can report tips about suspected domestic tax cheating to the CRA, or not really?
 - If yes, do you know the name of the CRA program that accepts these tips from the public?
 - If you wanted to report a tip about suspected tax cheating here in Canada to the CRA, what search terms would you enter into a search engine to try to find out how and where to report this tip?
- c) The name of the CRA program is the Leads Program. Has anyone heard of this specific program?
- d) **[Ask everyone, but particularly of those not familiar with the name of the Leads Program]** If you heard that the CRA has something called the Leads Program, what would you think it is? Does the name make it sound like a way for people to report suspected tax cheating, or not really?

3) Perceived pros and cons of reporting tax cheating (20 minutes)

As we've just been talking about, the CRA provides a way for members of the public to report a person or business suspected of tax cheating. In real life, some people will report a case of suspected tax cheating to the CRA, while others won't.

(Pass out Questionnaire 1 and review; give participants 4-5 minutes to complete)

- ◆ Don't worry about spelling or grammar, but please do make notes for yourself
- ◆ Don't talk with each other about what you're writing, so that each of you has time to formulate your own opinions before hearing what other people think

What do you think are reasons why some people are more likely to report a case of suspected tax cheating to the CRA?

What do you think are reasons why some people are less likely to report a case of suspected tax cheating to the CRA?

4) Reactions to messages (25 minutes)

The CRA has some ideas for what to say to encourage people who know about a case of suspected tax cheating to report this to the CRA. I want to show you their ideas and get your reactions.

Each idea is in the form of a couple of sentences. And each one is a concept for a message that could appear, for example, on a website, a social media site, or on something like Twitter.

I want to emphasize that these are just ideas at this point. If they use one of these ideas, the language might be a little bit different, or it might appear together with some sort of picture or graphic.

[Review Questionnaire #2]

- ◆ Don't talk with each other, so that each of you has time to formulate your own opinions before hearing what other people think

Do votes for each message:

- Q.1: Number classifying as *Meaningful and motivating for you to consider reporting a case of suspected tax cheating*
- Q.2: Number ranking as #1 or #2

Discuss each message (use votes to decide order of discussion; in general start with the less popular messages)

- [Ask of those more positive:] What are reasons why you find this relatively more meaningful and motivating? What do like about this message compared to some of the others?
- [Ask of those less positive:] What are reasons why you find this relatively less meaningful and motivating? What do you not like about this message compared to some of the others?

5) Reactions to web pages: *Report a lead on suspected tax cheating in Canada (40 minutes)*

The CRA website provides information on how to report a lead on a case of suspected tax cheating. They want to identify ways in which the information they provide could be made more clear or useful.

The website consists of four web pages. I'm going to show you three of the web pages, one at a time, and get your thoughts about each.

Pass out *Web Page: Overview*, and review:

- This is the first of the three web pages I'll show you, and it is the *Overview* page. The other two web pages, are *What you need to know*, and *Information to include*.
- We'll discuss each of the three pages one at time. So, we'll review and discuss the *Overview* page first. After we're done with that, we'll go on the next page, which is *What you need to know* and talk about that. And so on.
- Explain use of green and red pens (put in flip chart):
 - Green pen: underline or circle something you like or that is important to you in a positive way
 - Red pen: underline or circle something you don't like, or find unclear or incomplete
- If you want, you can write comments on the page as well, but that's up to you
- Don't talk with each other, so that each of you has time to formulate your own opinions before hearing what other people think

For each web page, ask these general probes after the specific probes, time permitting:

- Anything else in green: what, and reasons
- Anything else in red: what, and reasons

Specific probes for each web page

5a) Overview

- *However, you will not receive feedback or updates after you submit a lead. This is because the CRA cannot disclose information about other taxpayers.*

What is your reaction to this? Do you think it might make people less likely to submit a lead – why/why not?

- **[Ask in “less likely to report” focus groups; ask in “more likely to report” groups if time permitting]**
Furthermore, the CRA does not give monetary rewards for information about suspected tax cheating under this program.

What do you think of CRA’s policy of not giving monetary rewards for leads on suspected domestic tax cheats? What, if anything, do you think is good about this policy? What would be reasons in favour of the CRA offering monetary rewards?

5b) What you need to know

- *Different types of tax cheating you can report*

After reading this, do you have any questions or uncertainty about the types of domestic tax cheating you can report to the CRA, or do you feel it gives you a good idea of what can be reported?

Are there any that you think people would be less likely to report to the CRA?

- *Privacy section*

What is your reaction to the *Privacy* section. Does it affect how you think about possibly reporting a lead to the CRA? Do you find the scope of the protection clear?

- *Process section*

a) The *Process* section describes what happens when the CRA receives a lead. Is there anything more that you think a person would want to know if they were thinking about submitting a lead?

b) The third bullet point says the CRA will *take the appropriate action to address the specific type of tax cheating*.

- What do you think the CRA means by “appropriate action”?
- What would you think might be the typical length of time the CRA would take to go through this process?

c) The CRA is thinking of adding some information to the *Process* section. (Pass out handout). What do you think of them adding this information? Would it be helpful to know this for people thinking of submitting a lead? Do you think it would have any impact on a person’s likelihood of submitting a lead about a suspected case of tax cheating?

5c) Information to include

Explain prior to participants reviewing the page: The CRA website provides an online form for submitting a lead. There is a link to this online form on the next web page I’ll show you, that is, the one on *How to report*. I’m not going to show you the online form, but I just wanted to let you know that there is an easily accessible online form to provide the information described on this page on *Information to include*.

- What is your reaction to the example of a complete and incomplete lead? Is this helpful, or not really? Why/why not? Is there anything confusing about this approach?
- What is your impression – is it necessary to provide a complete lead, or is it OK to submit a less than complete lead?
Probe: What is your reaction to the first two sentences on this page? (*You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians.*) What is your understanding of what this means in a situation where you don't have complete information on a case of suspected tax cheating?
- What do you think of the amount and types of information the CRA would ideally like in a lead? Is this reasonable? Realistic?

6) Wrap-up (10 minutes)

You've now seen various communication materials, including messages that try to encourage people to report a case of suspected tax cheating, and the CRA's website on reporting leads.

Has anything you've seen tonight affected how you think about what you might do if you knew of a case of domestic tax cheating by a person or business? Has anything make you more likely to consider reporting it to the CRA? Less likely?

Thank you for coming this evening and giving us your opinions.

Please leave all the papers on the table.

On your way out, please don't forget to see the host to sign for and receive your incentive envelope.

Group 1: There is another group waiting out there to have this same discussion. So please don't talk about anything related to what we have done here to make sure they don't have any more information than you did before our discussion.

Questionnaire #1

Among people who know that you can report suspected cases of domestic tax cheating to the CRA, some are likely to report suspected tax cheating, while some are not likely to do this.

What do you think are reasons why some people are more likely to report a case of suspected tax cheating to the CRA?

What do you think are reasons why some people are less likely to report a case of suspected tax cheating to the CRA?

For your information, here are some examples of tax cheating (it's not a complete list):

- not declaring all income
- taking cash "under the table"
- creating false expenses or tax deductions
- setting up a fake business to claim losses and reduce taxes
- businesses not remitting proper source deductions
- falsely claiming tax benefits or credits

Questionnaire #2: Message Concepts

Here are some different concepts for messages to encourage someone who knows of a suspected case of tax cheating by a person or business to report it to the CRA

S: Tax cheating takes away from funding for crucial services like hospitals, schools and programs that we all rely on. It may not always be easy, but by reporting tax cheating to the CRA, you're helping to make sure the tax system is fair to everyone.

B: Some people think that if they don't declare a small amount of income, if they operate in cash, or if they don't keep records, the CRA won't find out. That's false. The CRA has many tools and partners to detect tax cheating. Do your part and report it!

K: A few dollars of unreported income may not seem like a big deal, but collectively they amount to billions of dollars lost that are needed to fund public services in your community. Be part of the solution! Report suspected tax cheating.

R: Someone who uses government services but doesn't pay taxes is putting their hands in your pocketbook and helping themselves. That just isn't right. Report suspected tax cheating to us.

F: The Government of Canada is committed to making the tax system fair for all. All taxpayers have to pay their fair share of taxes and abide by Canadian law. Do you suspect someone or a business of tax cheating? Report them to the Canada Revenue Agency (CRA). Your identity will be protected and the information you provide to the CRA will remain anonymous, by law.

1) Please sort all 5 messages into one or the other of the following two categories:

- Assume you are aware of a case of suspected tax cheating by a person or a business right here in Canada
- Each message must be put into one category or the other
- You can put as many or as few messages as you want into each category
- Use the letter to refer to each message

Meaningful and motivating for you to consider reporting a case of suspected tax cheating	Not very meaningful or motivating for you to report a case of suspected tax cheating
<p><i>Write in the message letters:</i></p>	<p><i>Write in the message letters:</i></p>

2) Now, please rank all 5 messages, assuming you are aware of a case of suspected tax cheating by a person or business (write in the message letter)

<u>More</u> meaningful and motivating for you to report it to the CRA	#1. _____
	#2. _____
	#3. _____
	#4. _____
<u>Less</u> meaningful and motivating for you to report it to the CRA	#5. _____

Web Page: Overview

Report a lead on suspected tax cheating in Canada – Overview

From: [Canada Revenue Agency](#)

1. Overview

[2. What you need to know](#)

[3. Information to include](#)

[4. How to report](#)

1. Overview

If you suspect a person, business or charity of tax cheating in Canada, report them to the Canada Revenue Agency (CRA) by submitting a lead to the Leads Program. If your information is related to Canadians cheating taxes internationally, you have to submit it under a different program, the [Offshore Tax Informant Program](#).

How you make a difference

The CRA uses the information in your lead to make sure the tax system is fair for all Canadians. Your lead could also boost the actions the CRA is already taking to fight tax cheating. However, you will not receive feedback or updates after you submit a lead. This is because the CRA cannot disclose information about other taxpayers. Furthermore, the CRA does not give monetary rewards for information about suspected tax cheating under this program. When you submit a lead, you are supporting your community and the programs and services we all rely on to improve quality of life in Canada.

Web Page: *What you need to know*

Report a lead on suspected tax cheating in Canada – What you need to know

From: [Canada Revenue Agency](#)

[1. Overview](#)

2. What you need to know

[3. Information to include](#)

[4. How to report](#)

2. What you need to know

Different types of tax cheating you can report:

- not declaring all income
- creating false expenses or tax deductions
- taking cash “under the table”
- not filing tax returns when required
- setting up a fake business to claim losses and reduce taxes
- businesses not remitting proper source deductions
- falsely claiming tax benefits or credits
- creating false or deceptive documents or records
- charities making profits from non-charitable activities

Privacy

You will remain anonymous

When you report suspected tax cheating (by submitting a lead), you will not be asked to disclose personal information about yourself. The protection of personal information is important, and the CRA is committed to protecting your identity. This means that the CRA will do all it can, under the law, to protect your identity along with any information that suggests you submitted a lead. Accordingly, if asked to disclose that information under a formal Access to Information Act request or Privacy Act request, the CRA will claim an exemption from such disclosure under subparagraphs 16(1)(c)(ii) of the Access to Information Act and 22(1)(b)(ii) of the Privacy Act.

CRA's use of information and documents

The information you provide is collected under the authority of federal tax laws, and it is protected under the confidentiality provisions of those laws, as well as by privacy laws that impose strict limits on what the CRA can disclose. The CRA may use the information you provide to make sure taxpayers meet their tax obligations.

Process

When the CRA receives a lead (it must be in English or French), it will take these steps:

- verify the identity of the suspected tax cheat
- review the lead to determine if tax cheating occurred
- take the appropriate action to address the specific type of tax cheating

Web Page: *What you need to know*

- Possible addition -

The CRA might add the following to supplement the last bullet of the *Process* section of this web page:

Process

When the CRA receives a lead (it must be in English or French), it will take these steps:

- verify the identity of the suspected tax cheat
- review the lead to determine if tax cheating occurred
- take the appropriate action to address the specific type of tax cheating

[← Previous](#)

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Possible additional text:

These compliance actions range from mild to severe and may include education letters, reassessments, audits, and, when warranted, fines, penalties, or criminal prosecution. Depending on the type of intervention, it may take us some time to process the file. The ultimate goal is to bring the taxpayer back into long-term tax compliance.

Web Page: *Information to include*

Report a lead on suspected tax cheating in Canada – Information to include

From: [Canada Revenue Agency](#)

[1. Overview](#)

[2. What you need to know](#)

3. Information to include

[4. How to report](#)

3. Information to include

You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians. Below is the type of information the CRA would like to receive to allow it to take the appropriate action. However, do not put yourself in danger or break the law to get it.

Key identifiers

Include specific **information** about the subject of your lead (could be a person, business or charity), such as:

- full name of the suspected tax cheat / spouse's name / address / birthdate / social insurance number / social media accounts
- business name / business address / business number
- any related businesses, shareholders, contractors, etc.
- description of the suspected tax cheat's properties, vehicles, loans, mortgages, banking information, or personal expenditures

Facts

Describe what you know about the subject of your lead, with as many details as possible, including:

- why you believe this person, business or charity is tax cheating
- dates or length of time the suspected tax cheating occurred
- whether anyone else was involved
- any lifestyle issues like lavish spending not in line with income level (include details of purchases such as where, when, how, how much)

Supporting documents

If you have supporting documents to complement the lead, send them by mail. Examples of supporting documents are:

- emails with details that help identify the suspected tax cheat
- invoices and/or receipts
- cheques
- financial statements
- contracts, leases
- bank account numbers

If you submit your lead online or by phone, you will be given a reference number. Write your reference number on your supporting documents and mail them to the National Leads Centre. The CRA will match your supporting documents to the lead you submitted. The documents will not be returned to you.

Examples of complete and incomplete leads

The following examples show the differences between a lead that is **complete** and one that is **incomplete**.

A **complete lead** has enough details to help the CRA conduct a review to figure out if someone is cheating on their taxes. An **incomplete lead** makes it more difficult to conduct a review and may not allow the CRA to address the suspected tax cheating. Give as much information as you can; the CRA will take it from there.

Incomplete lead

For six months, Linda Woo has been living with her boyfriend, Jim Johnson, at 123 Main St., Smallville, Saskatchewan. Linda is 38 years old and Jim is 39. Jim's car is always parked in Linda's driveway. I'm pretty sure she doesn't report that she's in a common-law marital relationship. Linda and Jim don't have children together, but Linda has a child from a previous marriage. However, since she divorced her ex-husband, I haven't seen the child. I want you to audit Linda, she is a dishonest person!

Conclusion:

- Although this lead contains some key identifiers, it is missing key facts.
- The lead contains a false statement and is based on opinion as there is no evidence provided to support the accusation.

Complete lead

Linda Woo has been living with her boyfriend, Jim Johnson, for two years. Linda is 38 years old and Jim is 39. They live at 123 Main St., Smallville, Saskatchewan, but Jim uses his mother's address at 456 Drury Lane, Smallville, Saskatchewan when communicating with the government to pretend that he and Linda live apart to get more benefit payments. They don't have children together, but Linda has a child from a previous marriage. The child's name is James Smith who lives half of the time with Linda and the other half with his father, as agreed in their child custody arrangement. Linda suggested that I do the same thing to get more Canada child benefit and GST credit payments. I'm sharing this information with the CRA because I believe that what she is doing is unfair and dishonest.

Conclusion:

- This lead includes sufficient facts and key identifiers (address, names and age) to warrant further review.

Web Page: *Information to include*

Report a lead on suspected tax cheating in Canada – Information to include

From: [Canada Revenue Agency](#)

[1. Overview](#)

[2. What you need to know](#)

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[4. How to report](#)

3. Information to include

You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians. Below is the type of information the CRA would like to receive to allow it to take the appropriate action. However, do not put yourself in danger or break the law to get it.

Key identifiers

Include specific **information** about the subject of your lead (could be a person, business or charity), such as:

- full name of the suspected tax cheat / spouse's name / address / birthdate / social insurance number / social media accounts
- business name / business address / business number
- any related businesses, shareholders, contractors, etc.
- description of the suspected tax cheat's properties, vehicles, loans, mortgages, banking information, or personal expenditures

Facts

Describe what you know about the subject of your lead, with as many details as possible, including:

- why you believe this person, business or charity is tax cheating
- dates or length of time the suspected tax cheating occurred
- whether anyone else was involved
- any lifestyle issues like lavish spending not in line with income level (include details of purchases such as where, when, how, how much)

Supporting documents

If you have supporting documents to complement the lead, send them by mail. Examples of supporting documents are:

- emails with details that help identify the suspected tax cheat
- invoices and/or receipts
- cheques
- financial statements
- contracts, leases
- bank account numbers

If you submit your lead online or by phone, you will be given a reference number. Write your reference number on your supporting documents and mail them to the National Leads Centre. The CRA will match your supporting documents to the lead you submitted. The documents will not be returned to you.

Examples of complete and incomplete leads

The following examples show the differences between a lead that is **complete** and one that is **incomplete**.

A **complete lead** has enough details to help the CRA conduct a review to figure out if someone is cheating on their taxes. An **incomplete lead** makes it more difficult to conduct a review and may not allow the CRA to address the suspected tax cheating. Give as much information as you can; the CRA will take it from there.

Incomplete lead

John Smith makes a lot of money by selling houses. He has had tenants in his properties for many years, but he doesn't declare any income he makes from renting his properties.

Conclusion:

- This lead doesn't have enough information (key identifier, facts, evidence).
- The taxpayer's address isn't provided.
- The addresses of houses sold and amount of sales are not provided.
- There is no supporting evidence for the claims that Mr. Smith hides income.
- There is no evidence of Mr. Smith having a higher standard of living than his reported income can support.

Complete lead

John Smith hasn't reported income from the sale and rental of his properties, which he owned for the past 10 years. Mr. Smith had several properties located on 45, 39, and 23 Easy St., Maintown, in Ontario. Each property had three rental units: the main floor which was rented for \$800/month, the basement rented for \$500/month and the upper floors rented for \$650/month. He has also owned an apartment building at 106 Nestle Drive, Maintown, Ontario, which had 8 two-bedroom units that he rented for \$1,000/month, plus utilities.

Last year, Mr. Smith sold all of his rental properties at a listed price of \$195,000 each for the small units and of \$600,000 for the building. All units were occupied until the day the properties were sold. He recently bought a 5,500 sq.-foot house located on a 1.5-acre lot at 649 Windfall Crescent, in Snowville, Ontario, for about \$1.2 million. In addition to his property assets, he owns 5 luxury vintage vehicles: a 1965 Shelby Mustang, a 1963 Austin Mini, a 1971 Chevrolet Camaro, a 1964 Chevrolet Impala, and a 1977 Jaguar. Overall, Mr. Smith lives a very expensive lifestyle, drives a Mercedes Benz and vacations in Cuba for 6 months of the year.

Conclusion:

- This lead includes sufficient facts and key identifiers to warrant further review.
- This lead provides many useful key elements that can allow the CRA to check Mr. Smith's reported income against income he earned from assets he sold, his lavish lifestyle and the value of assets he bought.

Web Page: *Information to include*

Report a lead on suspected tax cheating in Canada – Information to include

From: [Canada Revenue Agency](#)

[1. Overview](#)

[2. What you need to know](#)

3. Information to include

[4. How to report](#)

3. Information to include

You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians. Below is the type of information the CRA would like to receive to allow it to take the appropriate action. However, do not put yourself in danger or break the law to get it.

Key identifiers

Include specific **information** about the subject of your lead (could be a person, business or charity), such as:

- full name of the suspected tax cheat / spouse's name / address / birthdate / social insurance number / social media accounts
- business name / business address / business number
- any related businesses, shareholders, contractors, etc.
- description of the suspected tax cheat's properties, vehicles, loans, mortgages, banking information, or personal expenditures

Facts

Describe what you know about the subject of your lead, with as many details as possible, including:

- why you believe this person, business or charity is tax cheating
- dates or length of time the suspected tax cheating occurred
- whether anyone else was involved
- any lifestyle issues like lavish spending not in line with income level (include details of purchases such as where, when, how, how much)

Supporting documents

If you have supporting documents to complement the lead, send them by mail. Examples of supporting documents are:

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A **complete lead** has enough details to help the CRA conduct a review to figure out if someone is cheating on their taxes. An **incomplete lead** makes it more difficult to conduct a review and may not allow the CRA to address the suspected tax cheating. Give as much information as you can; the CRA will take it from there.

Incomplete lead

Jacqueline Bordeaux runs a house-cleaning agency. She earns all of her income as “cash under the table.” She has lots of employees working for her and has been doing this for years. She doesn’t accept any form of payment other than cash.

Conclusion:

- This lead does not provide enough information for the CRA to take action.
- No company name or employees’ names and addresses have been provided.
- There is no evidence or strong indication that Ms. Bordeaux is hiding income or not charging sales tax on her services.

Complete lead

Jacqueline Bordeaux has owned and operated a house-cleaning agency for over four years. Her company name is Dust Busters and she advertises all over the place in Toronto, Ontario. She charges approximately \$35/hour/house or \$125 per day/house. Her company cleans about 450 houses per week and clients are expected to pay either in cash or by cheque written out to her name. She also charges them GST/HST, but doesn’t actually remit those amounts to the CRA.

Ms. Bordeaux uses a phony business number to fool people into thinking that she owns a registered company. However, her GST number was verified with Business Enquiries and indicated as non-existent. She owns about 5 vans for her employees to use, all of which are registered under her employees’ names. She pays \$2,500/month for the vans and \$1,500 per month for her commercial space. Bordeaux lives in an expensive home and drives a luxury 2016 BMW SUV vehicle. She never gives out proper receipts; they are missing identification, phone number, business address information, etc. Her receipts show nothing more than the amount the clients pay.

Conclusion:

- This lead includes sufficient **facts** and **key identifiers** to warrant an investigation.
- This lead provides key facts on some of Ms. Bordeaux’s assets and what she pays every month for them.
- This lead identifies unreported income (cash under the table) activity, payroll issues and GST fraud.

Web Page: *Information to include*

Report a lead on suspected tax cheating in Canada – Information to include

From: [Canada Revenue Agency](#)

[1. Overview](#)

[2. What you need to know](#)

3. Information to include

[4. How to report](#)

3. Information to include

You may not have all the information suggested below. But the more details you give, the easier it is for the CRA to level the playing field for all Canadians. Below is the type of information the CRA would like to receive to allow it to take the appropriate action. However, do not put yourself in danger or break the law to get it.

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Incomplete lead

I heard that The Coffee Shop here in my town is not paying its employees and not filing taxes on behalf of the business.

Conclusion:

- Although the company name is provided, too many details are missing in this lead for the CRA to take further action.
- No names or addresses are provided for the business nor the owner.
- No timeline is given for how long taxes have been evaded.
- There is no indication of the size of the business or the number of employees.

Complete lead

I worked for The Coffee Shop, located at 987 Weldend Street, Norspray City, Newfoundland, for the past seven years and know that they have never filed taxes for the business. Since I've been there, the owner, Chuck Swan, and her managers, Floyd Beaner and Margaret Finkle, have always bragged about not paying taxes. The business has always been staffed with five to seven full-time employees and one or two part-time employees. Each employee is paid weekly, by cheque, at a rate of \$10/hour. But another business name is indicated on the cheques. Although benefits were taken off my pay every week (CPP, EI, etc.), I have never received a T4 earnings slip for tax purposes. The hours of operation are 7am to 8pm, Monday through Friday, and 8am to 6pm on weekends. The phone number is 123-456-7890.

Conclusion:

- This lead includes sufficient **facts** and **key identifiers** to warrant further review.
- The names of the owner and managers, and the business address, are provided.
- The number of employees, how much and how they're paid is also useful (paycheques issued under a different name and not providing employees with a T4 slip are indicators of tax non-compliance).

