

Canada Revenue Agency

Performance Report

For the period ending
March 31, 2008

The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of National Revenue

The content of this performance report is taken from the *Canada Revenue Agency's Annual Report to Parliament 2007-2008*. The Minister of National Revenue tables the CRA's Annual Report in Parliament pursuant to the requirements of the *Canada Revenue Agency Act*. The Performance Report and the CRA's Annual Report contain comprehensive performance information and the opinion of the Auditor General of Canada on the CRA's financial statements. For more information on the CRA's Annual Report, visit the CRA's Web site at: www.cra.gc.ca, or write to: Director, Planning and Annual Reporting Division, Corporate Planning, Governance and Measurement Directorate, Corporate Strategies and Business Development Branch, Canada Revenue Agency, Connaught Building 555 MacKenzie Avenue, Ottawa ON K1A 0L5, Canada.

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Section I: Agency Overview

1.1 Message from the Minister



The Canada Revenue Agency (CRA) touches the lives of every Canadian, not only by collecting taxes, but by administering benefit programs on behalf of federal, provincial, and territorial governments. We are the single largest funding source for government programs and services. Our performance as an organization is key to maintaining the high levels of confidence in the government, its programs and services, and ensures that individuals and businesses are able to meet their obligations.

As a demonstration of our commitment to service and accountability, in 2007-2008 the CRA introduced the Taxpayer Bill of Rights, a service complaints process, and Canada's first Taxpayers' Ombudsman has been appointed to respond to service concerns from the public.

These steps will help maintain the high level of confidence that Canadians have in the CRA.

We made progress in actioning commitments to reduce the compliance burden for small and medium sized business, as identified in the *Report of the Canada Revenue Agency's Task Force on Small Business Issues*, published in April 2007. The CRA is committed to implementing all of the initiatives identified in this report and sustaining the focus on burden reduction in the years to come.

As Minister of National Revenue, I am proud of what we have accomplished over the past year to improve the social and economic well-being of Canadians, and I am confident that we will continue with our high level of service, accountability, and compliance in order to protect Canada's revenue base.

It is my privilege and honour to table the Departmental Performance Report 2007-2008 for the Canada Revenue Agency.

The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of National Revenue

1.2 Message from the Commissioner



The Canada Revenue Agency (CRA) is a national organization that has extensive contact with Canadian citizens and businesses. In 2007-2008, we continued to take full advantage of our legislative flexibility in order to deliver efficient programs and services and pursue partnership opportunities that result in overall savings to the public purse.

As Commissioner and Chief Executive Officer, I am accountable to the Minister of National Revenue for all program matters, and to our Board of Management for administrative matters. I am proud to report that we have once again demonstrated our capacity to achieve meaningful and measurable results for Canadians.

We finalized implementation of the Corporate Tax Administration for Ontario initiative, which will lead to a simpler and more efficient corporate tax system for businesses. We also continued to make progress in actioning commitments to reduce the compliance burden for small and medium sized business, as identified in the *Report of the Canada Revenue Agency's Task Force on Small Business Issues*, published in April 2007.

We maintained our focus on areas that have high rates of non-compliance, such as the underground economy, aggressive tax planning, and Goods and Services Tax/Harmonized Sales Tax (GST/HST). We have increased our audit work to counter aggressive tax planning and we conducted several specific pilot projects aimed at uncovering GST/HST fraud. In addition to the steps we are taking in the area of compliance, we are also improving service to make it simpler and easier for individuals and businesses to meet their tax obligations. In 2007-2008, we improved our electronic service offerings that allow us to more effectively deliver services, increase overall accessibility of tax information and provide more options for Canadians to interact with us.

In May of 2007, we introduced our new formalized service complaints resolution process that will provide individuals, businesses and benefit recipients an additional level of confidence in the way we handle service-related complaints. Concurrently, our Minister announced the new Taxpayer Bill of Rights and the creation of the Taxpayers' Ombudsman. We remain committed to providing taxpayers the means by which they can be heard and have their issues resolved. Our new service complaints resolution process will strengthen our ability to respond to service-related issues.

Our reputation as a world class tax administration is well earned and we are proud of our accomplishments over the past year. As we move forward, I remain confident in the dedication, knowledge and professionalism of our employees to deliver quality results that matter to Canadians.

William V. Baker
Commissioner and Chief Executive Officer
Canada Revenue Agency

1.3 Management's Representation Statement

I submit for tabling in Parliament, the 2007–2008 Departmental Performance Report for the Canada Revenue Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Agency's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

William V. Baker
Commissioner and Chief Executive Officer
Canada Revenue Agency

December 1, 2008

1.4 Rating our Results

The CRA's mission is mirrored in its two tax strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected; and
- Eligible families and individuals receive timely and correct benefit payments.

This Performance Report assesses the extent to which we achieved these outcomes during the 2007-2008 fiscal year. On balance, our results show that we met both our strategic outcomes.

As the principal tax administrator for the Government of Canada, our primary responsibility is to protect Canada's revenue base. In 2007-2008, we collected almost \$372 billion on behalf of the Government of Canada, the provinces (except Quebec), the territories, and certain First Nations governments.

Our Tax Services strategic outcome measures gauge taxpayers' behaviour in meeting their tax obligations. In 2007-2008, the majority of Canadian individuals, businesses, and employers continued to meet their filing obligations. The percentage of taxable incorporated businesses that filed on time, however, continued its slight downward decline from 86.4% to 85.8%. We cannot provide filing compliance information on GST/HST returns at this time as comprehensive data from our GST/HST systems is not available.

Our remittance compliance measures reflect the degree to which taxpayers paid all taxes owed on or prior to their payment deadline. Remittance compliance by individuals continued to be high, while the number of employers who forwarded at-source deductions improved by over a percentage point from last year to 89.2%, reversing the slight downward trend of the past few years in this segment. Timely remittance compliance by corporations, however, continues to need improvement.

Macro-indicators related to reporting compliance indicate that, on the whole, income reported to the CRA tracks favourably against external and internal benchmarks, contributing to our assessment that the majority of taxpayers report complete and accurate information on their tax returns.

Our Tax Services strategic outcome measures, along with our overall positive performance against our expected results, lend support to our assessment that we promoted compliance with taxpayer obligations and that Canada's revenue base was protected.

In addition to our role as tax administrator, we are the delivery agent for various income-based benefits, credits, and other services that contribute directly to the economic and social well-being of Canadians. In 2007-2008, we issued 99.99% of these payments on time. We also leveraged our infrastructure to administer additional benefits, one-time

payment programs, and other services on behalf of provinces, territories, and other federal departments. The results we achieved in 2007-2008 allow us to conclude that we met our benefit strategic outcome – namely, that eligible families and individuals receive timely and correct benefit payments.

The CRA is empowered with a unique governance regime that designates distinct responsibilities and accountabilities to our Minister, Board of Management, and Commissioner. In 2007-2008, the Treasury Board of Canada Secretariat’s (TBS) assessment of the CRA’s management performance (by means of their Management Accountability Framework) produced positive results. To complement the TBS framework and to support the Board in its oversight responsibilities, the Board of Management Oversight Framework was developed in 2007-2008 and the results were positive. The results of these two assessments provide Canadians with the assurance that management excellence is being achieved in the CRA.

Our rating approach

We use qualitative and quantitative indicators to determine the results we achieved in terms of our strategic outcomes and expected results. Survey results, statistical sampling, and operational data support our assessments.

We also rate our strategic results and those of our program activities in terms of whether the targets identified in our *Corporate Business Plan 2007-2008 to 2009-2010* were met, mostly met, or not met. The “Results Rating” table below defines these terms.

Results Ratings

Rating	Results
Met	Our results met or exceeded our expectations.
Mostly met	While the results met most of our expectations, some gaps exist.
Not met	Significant gaps exist in results and most or key expectations were not met .

In conjunction with the performance results ratings, we also assign each indicator a data quality rating. For additional information on our Data Quality Ratings, see Section IV: Other Items of Interest.

1.4.1 Our Program Activity Architecture

The Program Activity Architecture depicted below, identifies our program activities (PAs) and demonstrates how they link to our strategic outcomes. This framework is based on the Management, Resources and Results Structure established by the Treasury Board of Canada Secretariat on April 1, 2005.

Program activities are groups of related activities that are designed and managed to meet a specific public need, and that are often treated as a budgetary unit. Each program activity is articulated to reflect how we allocate and manage our resources in order to achieve intended results.



1.5 Summary Information

1.5.1 Agency Mandate

The Canada Revenue Agency (CRA) has the mandate to administer tax, benefit and other programs on behalf of the Government of Canada and provincial, territorial and First Nations governments.

Parliament created the CRA so we could meet the mandate by:

- providing better service to Canadians;
- offering more efficient and more effective delivery of government programs; and
- fostering closer relationships with provinces and other levels of government for which the CRA delivers programs, and providing better accountability.

The CRA's mandate reflects the broad role that the Agency plays in the lives of Canadians. The CRA contributes to two of the Government of Canada's Strategic Outcomes: *Federal organizations that support all Government of Canada outcomes* and *Income Security and Employment for Canadians*.

1.5.2 Financial Resources

	2007-2008		
	(thousands of dollars)		
	Planned Spending	Total Authorities	Actual Spending
Strategic Outcome: Taxpayers meet their obligations and Canada's revenue base is protected			
Client Assistance (PA1)	296,711	1,007,143	985,885
Assessment of Returns and Payment Processing (PA2)	839,892	911,122	871,315
Filing and Remittance Compliance (PA3)	662,292	713,143	695,321
Reporting Compliance (PA4)	1,195,958	1,380,228	1,333,748
Appeals (PA5)	149,545	163,387	156,127
Strategic Outcome: Eligible families and individuals receive timely and correct benefit payments			
Benefit Programs (PA6)	335,779	385,140	380,563
Total Spending¹	3,480,177	4,560,163	4,422,959

¹ Corporate Services planned spending, total authorities, and actual spending have been attributed to the six program activities under the two strategic outcomes.

1.5.3 Human Resources

Full Time Equivalents (FTE)	2007-2008		
	Planned	Actual ¹	Difference
	38,756	38,356	400

¹ Full-time equivalent (FTE) totals by program activity can be found at the end of the performance discussion for each PA section.

The “Agency Priorities” table identifies the strategic objectives of the CRA. These objectives are discussed in the section 1.5.6 on page 17 entitled “Summary of Agency Performance”. Additional details concerning sub-activity achievements related to these strategic objectives are provided in Section II: Analysis of Program Activities by Strategic Outcome, beginning on page 35.

1.5.4 Agency Priorities

Name	Type	Performance Status
1. Enhance service delivery for Canadians	Ongoing	Successfully Met
2. Address specific compliance challenges	Ongoing	Successfully Met
3. Enhance trust in Canada’s tax administration by formalizing the process for resolving service-related complaints	Previously committed to	Successfully Met
4. Ensure timely benefit payments	Ongoing	Successfully Met
5. Ensure accurate benefit payments and strengthening compliance	Ongoing	Successfully Met
6. Ensure that the CRA is a key service provider	Ongoing	Successfully Met

1.5.5 Program Activities by Strategic Outcome

Program Activities	Expected Results	Performance Status	2007-2008		Contributes to the following priority
			Planned Spending	Actual Spending	
Strategic Outcome: Taxpayers meet their obligations and Canada's revenue base is protected					
PA1 (Taxpayer and business assistance)	Taxpayers, businesses, and registrants receive timely, accurate, and accessible information	Successfully Met	296,711	989,885	Enhance service delivery for Canadians
PA2 (Assessment of Returns and Payment Processing)	Assessment and payment processing are timely and accurate	Successfully Met	839,892	871,315	Enhance service delivery for Canadians
	Reporting non-compliance is detected and addressed	Successfully Met			Enhance service delivery for Canadians
PA3 (Accounts Receivables and Returns Compliance)	Tax and non-tax debt are resolved on a timely basis and are within targeted levels	Successfully Met	662,292	695,321	Address specific compliance challenges
PA4 (Reporting Compliance)	Reporting non-compliance is detected and addressed	Successfully Met	1,195,958	1,333,748	Address specific compliance challenges
PA 5 (Appeals)	Taxpayers receive an impartial and timely review of contested decisions	Successfully Met	149,545	156,127	Enhance trust in Canada's tax administration by formalizing the process for resolving service-related complaints
Strategic Outcome: Eligible Families and Individuals receive timely and correct benefit payments					
PA6 (Benefit Programs)	Benefit recipients receive timely, accurate, and accessible information	Successfully Met	335,779	380,563	Ensure timely benefit payments
PA6 (Benefit Programs)	Eligibility determination and payment processing are timely and accurate	Successfully Met			Ensure accurate benefit payments and strengthening compliance
PA6 (Benefit Programs)	Provinces, territories, and other government departments rely on the CRA as a key service provider	Successfully Met			Ensure that the CRA is a key service provider

1.5.6 Summary of Agency Performance

Overall Performance: Tax Services Strategic Outcome

Taxpayers meet their obligations and Canada's revenue base is protected

Virtually all public goods and services that enhance the quality of life of Canadians are funded by taxes. As Canada's principal tax administrator, the CRA plays a pivotal role in ensuring that Canada's revenue base is protected.

Canada's tax system is based on voluntary compliance and self-assessment, which, we believe, is the most cost-effective way to administer taxes. Taxpayers are expected to determine their own liability under the law and then pay the correct amount of tax, without our intervention. This means that taxpayers are required to do the following:

- register as required under the law (for example, for the GST);
- file returns on time;
- report complete and accurate information to determine tax liability; and
- pay all amounts when due.

Non-compliance is the failure, for whatever reason, to meet any of these requirements.

People find it easier to participate in Canada's tax regime when the system is accessible, service is timely, and tax information is accurate. In turn, this promotes voluntary compliance and helps prevent compliant taxpayers from slipping into unintentional non-compliance. Our service improvement initiatives are intended to enable Canadians to self-assess and file their tax returns easily.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Enhance service delivery for Canadians.

Achievement: In 2007-2008, we delivered the following:

- additional electronic self-service options, plus new services on our Web channel; and
- a measurement framework to assess our progress toward the reduction in the compliance burden for small businesses.

Over the past fiscal year, the CRA continued its focus on non-compliance that threatens to erode Canada's revenue base. This included areas in which our 2004 Compliance Review identified as key priority risk areas. As indicated in our *Corporate Business Plan 2007-2008 to 2009-2010*, these areas are aggressive tax planning, the underground economy (UE), GST/HST high-risk compliance, non-filers/non-registrants, and remittance non-compliance (collections).

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Address specific compliance challenges.

Achievement: In 2007-2008, we:

- identified a nearly 30% decline in participation in gifting tax shelters, the focus of aggressive tax planning work this past year;
- shared best practices on the UE with our international partners;
- undertook several pilot projects related to GST/HST high risk compliance;
- initiated a study to better understand the non-filer population; and
- undertook key debt management studies related to the individual taxpayer population.

The CRA is committed to administering a tax system that is fair and just. Consequently, when taxpayers disagree with us, we provide them with the opportunity for redress. The availability of such a dispute resolution process is central in safeguarding taxpayers' trust and confidence in the integrity of Canada's tax regime. We provide taxpayers with avenues for resolution when differences arise regarding tax liability or if there are complaints regarding our services.

In addition, legislated taxpayer relief provisions have permitted the CRA, in certain situations, to be more flexible and responsive to taxpayers' circumstances when it would be unreasonable or unfair to penalize them. Our aim is to ensure that all taxpayers have access to timely and impartial redress, as discussed in our section on Appeals (see PA5 on page 51).

On May 28, 2007, the Minister of National Revenue announced two new redress initiatives, a Taxpayer Bill of Rights and a Taxpayers' Ombudsman. We take every opportunity possible to inform taxpayers of their rights and we are committed to responding promptly to enquiries from the office of the Taxpayers' Ombudsman.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Enhance trust in Canada's tax administration by formalizing the process for resolving service-related complaints.

Achievement: In 2007-2008, we implemented the CRA Service Complaints program, employing a new horizontal process for tracking and managing service-related complaints.

Our Service Complaints program has begun to help us identify problems and propose solutions, while upholding the eight service rights outlined in the Taxpayer Bill of Rights.

We believe that such improvements to Canada's tax redress regime increases taxpayers' confidence in the CRA's tax administration and enhances our capacity to protect Canada's revenue base, which is a benefit to all Canadians.

Our strategic outcome measures

We use our strategic outcome measures to gauge the compliance behaviour of Canadian taxpayers. Using data from internal and external sources as a baseline of compliance information, we group these indicators into the following four broad categories of taxpayer obligations to help us measure and assess our results against our Tax Services strategic outcome.

- Registration Compliance estimates the proportion of Canadian businesses that have registered as required by law to collect the GST/HST.
- Filing Compliance indicators estimate the proportion of the Canadian population who file their returns on time.
- Reporting Compliance indicators contribute to our assessment of the degree to which taxpayers report complete and accurate information.
- Remittance Compliance indicators estimate the proportion of taxpayers who owed taxes and paid the full amount on time.

To facilitate further analysis of compliance behaviour, we partition the Canadian taxpayer population into the following types: individuals, self-employed individuals, corporations, GST/HST registrants, and employers. Also included are macro-indicators, which we use to evaluate reporting compliance trends.

Our strategic outcome measures are currently undergoing a review in order to enhance our ability to report against our strategic outcome.

Our Tax Services Strategic Outcome Measures

Our Measure: Registration compliance – Rates of registration for the GST/HST

				Performance Rating		Data Quality	
		2007-2008		N/A		N/A	
		2006-2007		Met		Good	
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Canadian businesses that were registered for the GST/HST	90%	86.6%	88.8%	89.5%	93.0%	n/a	N/A

Our Measure: Filing compliance – Rates of filing on time without direct intervention by the CRA

				Performance Rating		Data Quality	
		2007-2008		Met		Good	
		2006-2007		Met		Good	
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Individuals who filed a timely return	90%	92.6%	92.6%	92.8%	93.0%	92.5%	✓
Corporations – taxable incorporated businesses that filed their returns on time	90%	87.1%	86.0%	86.4% ¹	86.4%	85.8%	☑
Businesses that filed their GST/HST returns on time	90%	92.0%	92.6%	91.8%	91.4%	n/a	N/A
Employers who filed their T4 returns on time	90%	96.5%	94.5%	94.5%	96.0%	95.5%	✓

¹ This filing rate has been restated.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Our Measure: Reporting compliance

		Performance Rating		Data Quality		
		2007-2008	2006-2007	2007-2008		
		Met	Met	Good		
				Good		
Our Indicators ¹	Current Target	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Trend in growth in personal income reported to the CRA compared with personal income estimated by Statistics Canada	Tracks favourably	Yes	Yes	Yes	Yes	✓
Trend in growth in net GST collected compared with retail sales and personal expenditures	Tracks favourably	Yes	Yes	Yes	Yes	✓
Trend in corporate income tax assessed by the CRA relative to corporate profits before tax estimated by Statistics Canada	Tracks favourably	Yes	Yes	Yes	Yes	✓
Trend in net income of unincorporated businesses reported to the CRA relative to net income of unincorporated businesses per Statistics Canada National Accounts estimates	Tracks favourably	Yes	Yes	Yes	Yes	✓
Non-Compliance Rate Estimates						
Key tax credits and deductions not subject to third-party reporting – individuals	Downward trend	13.9%	15.5%	14.7%	14.8%	✗
Random Audits – Small and Medium Unincorporated Business Filers ²	Downward trend	N/A	N/A	N/A	14.6%	N/A

¹ Our assessments against some indicators are based on the latest available data.

² Our Core Audit Program selects, in multi-year intervals, random samples of tax files from different segments of the SME population. The years in which these results are reported are presented. The rates in the present table are for non-compliance greater than \$5,000 in net federal tax. Unincorporated business filers include the following: farming, professional, business, fishing, and large rentals (> \$125,000).

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Our Measure: Remittance compliance – Rate of timely payments without direct intervention by the CRA

Our Indicators	Current Target	Performance Rating					Data Quality
		2007-2008	Not Met				Good
		2006-2007	Not Met				Good
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Individuals who paid their reported taxes on time	90%	94.3%	93.2%	93.1%	94.3%	93.2%	✓
Taxable corporations that paid their reported taxes on time	90%	91.0%	90.7%	88.7%	85.4%	84.9%	✗
Businesses that collected GST/HST ¹	N/A	2.6 million collected \$44 billion	2.7 million collected \$47 billion	2.8 million collected \$52 billion	3 million collected \$50 billion	n/a	N/A
Employers who forwarded at-source deductions on behalf of their employees on time	90%	90.5%	89.2%	88.7%	87.7%	89.2%	☑
Trend in ratio of outstanding tax debt to gross cash receipts	N/A	5.54%	5.43%	5.62%	5.79%	6.23%	N/A

¹ Businesses based in Quebec register with the Ministère du Revenu du Québec, which administers GST on behalf of the CRA and remits the net amount due to the CRA.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Conclusion

Our measure of taxpayers' filing compliance indicates that filing compliance with Canada's tax laws continued to be high in 2007-2008. While we do not have a registration compliance rate for 2007-2008, trend data for registration compliance over the past number of years, coupled with the results from our Non-Registrant area, provides us with a sufficient level of confidence that there remains a high level of registration compliance by Canadian businesses. Our estimates of non-compliance in reporting for 2007-2008, which provide the foundation for our overall assessment, indicate that, for the majority of Canadians, the incidence and magnitude of this non-compliance is relatively low, though financially significant. Although we recognize that improvements continue to be needed in the area of remittance compliance, we believe that our debt management research will help to inform our future strategies implemented through our IRC project, to manage our tax debt inventory, and to promote remittance compliance.

Given these results, it is our assessment that, overall, taxpayers meet their obligations and Canada's revenue base is protected.

Overall Performance: Benefit Programs Strategic Outcome

Eligible families and individuals receive timely and correct benefit payments

Each year we provide benefits, credits, and other related services that assist families and children, low-and moderate-income households, and persons with disabilities. The flexibility of our core systems allows us to administer and deliver programs on behalf of federal, provincial, and territorial governments.

We ensure that benefit recipients have access to timely and accurate information products and responses to their telephone enquiries.

We also provide data exchange and data transfer services to an increasing number of government clients. These services support other federal government departments as well as Canada's provinces and territories to simplify the administration of their income-tested benefit and payment programs.

We believe, when individuals fully understand what they need to do to meet eligibility requirements, that they will comply with benefit obligations. Consequently, we provide benefit recipients with information, tools, and services that are accessible through a variety of channels: our telephone service, proactive outreach efforts, and Web sites that provide information and allow benefit recipients to do transactions online.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Enhance electronic services.

Achievement: In 2007-2008, we successfully added new features to My Account and implemented an online child benefits application facility.

During 2007-2008, the number of visits to our Web site pages increased, as it has in past years. The positive reception of our new online service—Apply for child benefits—as evidenced by the high take-up rate, supports our assertion that the use of electronic services aids in the efficient and effective delivery of our programs and services.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Ensure timely benefit payments.

Achievement: In 2007-2008, we issued more than 88.5 million payments, 99.99% of which were on-time.

To ensure a high compliance rate among benefit recipients, we are systematically implementing elements of a long-term benefits-specific compliance strategy, which is based on education, facilitated compliance, and the maintenance of a credible enforcement presence.

Our activities in validation and controls are wide ranging in scope. We validate marital status, children in care, addresses, and income information to maintain the integrity of benefit and credit programs. The information provided to recipients during validation reviews helps to inform and educate individuals about their eligibility and entitlement requirements. Although overall compliance is high, we continue to identify and address areas of concern.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Ensure accurate benefit payments and strengthening compliance.

Achievement: In 2007-2008, we began developing benchmarks for GST/HST credit recipients, enabling future assessment of compliance trends.

To enable future assessment of compliance trends, benchmarks are established through specific validation projects. The consistent review and comparison with the base data allows timely recognition of changes and the prompt introduction of strategies, as required, to address them.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Maximize the capacity of CRA to deliver services.

Achievement: In 2007-2008, we successfully increased the number of programs and services that we delivered on behalf of other government clients from 72 to 77, which increased our contribution to government economic efficiency.

Strategic outcome measures

We measure our progress toward accomplishing our strategic outcome with three major indicators: payment timeliness, payment accuracy, and the number of services delivered on behalf of federal, provincial, and territorial governments.

Our Benefit Programs Strategic Outcome Measures

		Performance Rating		Data Quality			
	2007-2008	Met	Good				
	2006-2007	Met	Good				
Payment Timeliness							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Benefit recipients receive payments on time	99%	99.9%	99.8%	99.9%	99.99%	99.99%	✓
Benefit Payments are Correct							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Canada Child Tax Benefit recipients provide complete and accurate information and receive the proper entitlement	95%	95.5%	93.2%	95.1%	95.5%	95.5%	✓
Provinces, Territories and Other Government Departments Rely on the CRA as a Key Service Provider							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Number of programs and services administered	Upward trend	51	58	67	72	77	✓

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Conclusion

Our administration and delivery of timely and accurate benefit programs and services provides a key service to Canadians each year. Our work as a national agency benefits both our government clients and the citizens they serve: governments enjoy lower administration costs and more effective compliance; citizens receive more comprehensive and better-integrated benefits and services that are simpler for them to use.

For supplementary information on the Agency's performance, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

1.5.7 Management Results

To ensure that the CRA's tax and benefit services have the guidance, infrastructure, and resources needed for successful delivery, our interrelated human resources, information technology, and other management strategies must be fully integrated. During 2007-2008, we made key investments in our infrastructure to enhance our effectiveness. We were also active in modernizing our service delivery to take advantage of emerging technology while continuing to develop a knowledgeable, professional, and values-driven workforce.

Management oversight

The CRA is empowered with a unique governance regime that designates distinct responsibilities and accountabilities to our Minister, Board of Management, and Commissioner/Chief Executive Officer. In 2007-2008, our management performance was assessed through two means: the Management Accountability Framework (MAF) assessment conducted by the Treasury Board of Canada Secretariat (TBS), and the Board of Management Oversight Framework (BoMOF) assessment conducted by the Board. These two separate assessments ensured that several indicators falling under the legislated authorities of the Board, and not assessed by TBS, were addressed.

The 2007-2008 TBS MAF assessment contained positive results. Of the eleven indicators against which the CRA was assessed, we received three "strong" ratings and eight "acceptable" ratings. Although the CRA was found to be at or above the federal public sector norm for all of the indicators against which we were assessed, TBS identified two areas in which we could strengthen management practices: our corporate performance framework, and financial management and control. We are committed to addressing these areas in the coming year.

To complement the TBS framework and to support the Board in the exercise of its oversight responsibilities, the Board and our senior management developed, during 2007-2008, a BoMOF.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Pilot the Board of Management Oversight Framework.

Achievement: In 2007-2008, the CRA Board of Management undertook its first assessment using the BoMOF.

Results from the first BoMOF assessment were very positive. Of the 19 indicators against which we were assessed, the CRA received 15 "strong" ratings and four "acceptable" ratings.

The results of these assessments provide Canadians with assurance that management excellence is being promoted in the CRA.

The management of risk

The effective management of risk provides many benefits to an organization, including:

- more rigorous support of strategic planning and performance management;
- better outcomes in effectiveness and efficiency;
- greater openness and transparency in decision making and in the conducting of business; and
- better preparedness for initiatives such as reviews, evaluations, and audits.

As an important element in both the MAF and BoMOF assessments, TBS and the Board each consider risk management to be key to the sound overall administration of the CRA. In March 2006, our Enterprise Risk Management Policy was established to ensure risk management is applied in a consistent and systematic manner at the corporate, operational, and project levels.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: To complete an integrated agency-wide corporate risk inventory.

Achievement: In 2007-2008, we created the *CRA Corporate Risk Inventory 2007*, which includes the identification, analysis, and evaluation of our top risks.

Our Corporate Risk Inventory 2007, which is a snapshot of the CRA's risk status, was one of the sources used in establishing our 2007-2010 Corporate Audit and Evaluation Plan. The CRA Corporate Risk Inventory 2007 was also a key tool used by senior management during its 2007-2008 strategic planning deliberations and related decision-making.

To address the risks identified in this inventory, our senior executives developed the CRA Risk Action Plan – Agency Top Risks, which identified strategies for addressing our top risks.

Two of these top risks—non-compliance with tax legislation and growth in debt—are discussed in the CRA Annual Report to Parliament: <http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>. Results achieved in 2007-2008 related to our top information technology risks are discussed below.

Information technology responsiveness and sustainability

The CRA collects and processes large amounts of data. Our information technology infrastructure must support the achievement of our strategic outcomes, the confidentiality of taxpayer information, and meet Canadians' expectations for electronic services.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: To make strategic investments in technology systems.

Achievement: In 2007-2008, we made the following key technology investments:

- Security Modernization Program initiatives;
- Data Centre upgrades;
- Network Services Enhancement Project;
- Server Consolidation Project; and
- Business Intelligence Decision Support/Agency Data Warehouse project.

Our information technology infrastructure is currently housed in data centres, where we maintain all critical tax and benefits data, applications, and electronic services delivered by the CRA to Canadians. Our national network and distributed technology infrastructure connects all sites and supports our workforce. During 2007-2008, the following steps were taken to ensure our primary service channels are secure and reflect the high standards of the Government of Canada:

- we partnered with Public Works and Government Services Canada on plans for a new shared data centre facility;
- our Data Centre Recoverability project was completed, thereby positioning us to meet our established goals of resuming critical business operations within 72 hours (Recovery Time Objective) and only losing up to 24 hours of data (Recovery Point Objective) in the event of the physical loss of a data centre;
- we completed upgrades to the electrical power system at one of our data centres to ensure a loss of power would not disrupt our ongoing business; and
- we also contributed to the greening of IT by adding filters to our generator exhaust systems at one data centre, significantly reducing carbon monoxide emissions.

In addition, to enable us to maintain our capacity to meet the expectations of Canadians, we put in place a strategy to assess our software and to identify those applications that are not sustainable for the long-term. Steps such as these are critical to ensuring that we meet our current and future compliance and service delivery needs in a timely and effective manner.

Maintaining trust

The confidence Canadians have in the CRA's integrity is fundamental to our success in administering tax and benefit programs. Since 2000, we have conducted an annual survey to assess Canadians views towards the CRA and their satisfaction with specific program aspects. Our 2007 Annual Corporate Survey reveals that we have been successful over the past year in maintaining a positive public image. The number of Canadians that rate our overall performance as "excellent" or "good" has increased three percentage points

over 2006. Canadians' satisfaction with their most recent service experience, however, has marginally decreased. As in past years, negative attitudes continue to be linked to general perceptions about the CRA, about the federal government as a whole, and about taxation in general, rather than to any specific service-related difficulties encountered.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: To build and implement a branding strategy aligned with CRA's future direction.

Achievement: In 2007-2008, we promoted our brand promise: Contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective and trusted.

We began to implement our branding strategy along a number of fronts: raising employee awareness; introducing a consistent visual identity for the organization; and developing an internal governance structure to further implementation efforts.

The Federal Accountability Action Plan brought forward thirteen specific measures to help strengthen accountability and increase transparency and oversight in government operations. Consequently, we developed a three-year Chief Executive Officer (CEO)/ Chief Financial Officer (CFO) certification process during 2007-2008 that involves the identification, documentation, and testing of internal controls. The information generated will allow our CEO or CFO to answer specific Parliamentary questions related to the management of the CRA, such as the effectiveness of our internal controls.

We also continued to build our capacity for assessing and reporting on internal controls over financial reporting. In this regard, we released the first Report on the CRA's Controls relating to the Corporation Income Tax Program. This report provides assurance to provincial and territorial governments of the reliability of CRA's financial reporting.

Pursuant to our 2006 Project Management Policy, we took steps to demonstrate to the Board and to TBS that all CRA projects are consistently managed according to basic principles.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Improve oversight framework.

Achievement: In 2007-2008, we developed a reporting framework for the Board of Management, entitled the Capital Investment Project Portfolio.

Our Capital Investment Project Management reporting process was created to provide the Board with quarterly reports on major project delivery performance, including scheduling, cost, and scope. This provides assurance that risks have been identified and appropriate mitigation strategies have been applied to safeguard the CRA's assets and reputation.

Keeping taxpayer information secure is also key to maintaining the trust of taxpayers. All negotiations of new information exchange agreements with partners include a review of the recipient organization's security policies and processes. In addition, the recipient organization must agree to perform a regular internal audit review of the use, communication, retention, and disposition of the taxpayer information in question, and to report its findings to the CRA.

We constantly remind our employees of their responsibilities to protect such information; in 2007-2008, we provided 457 security awareness sessions to a total of 10,048 employees. In addition, we undertook the following initiatives this past year to prevent our employees from inappropriate access to protected information.

- We completed a compliance assurance and monitoring framework for our System Access Profile Program to ensure that we appropriately manage employees' access rights to CRA systems.
- We also launched a project to establish a National Audit Trail Monitoring Program to allow the CRA to maintain consistent and accessible audit trail records and enable proactive and automated detection of possible unauthorized use and suspicious activity.

As with all federal departments and agencies, the CRA is subject to the provisions of the *Access to Information Act* and the *Privacy Act*. These Acts give Canadians the right to access information that is under the control of a government institution within legislated timeframes.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Enhance Canadians' trust in the integrity of the CRA.

Achievement: In 2007-2008, we responded to *Access to Information Act* and *Privacy Act* requests within legislated timeframes, 86.6% and 92.2% of the time respectively.

In October 2006, a significant step was taken by the federal and Ontario governments to increase the harmonization of the tax systems in Canada, reduce compliance costs for businesses, and reduce administration costs for governments with the signing of the agreement to transfer the administration of Ontario corporate tax to the CRA. This agreement will save Ontario businesses up to \$100 million annually in reduced compliance costs.

Priority in our *Corporate Business Plan 2007-2008 to 2009-2010*: Plan and implement a single administration of the Ontario corporate tax.

Achievement: In 2007-2008, we worked with the Ontario Ministry of Revenue to achieve important milestones for the implementation of a single corporate tax administration in the province of Ontario.

This year, we undertook the following in preparation for the phased transfer of Ontario's corporate tax functions, under the CTAO initiative.

- Over 300 Ontario Ministry of Revenue employees accepted employment at the CRA to help ensure the successful delivery of the province's corporate tax program.
- As of February 2008, Ontario corporations began making a single instalment payment for the 2009 taxation year, thereby reducing their administrative costs.
- A communication strategy was implemented to ensure that Ontario-based corporations and tax advisors understand the way in which a single tax administration will impact them and whom they should contact for answers.

These accomplishments illustrate our commitment to maintaining the trust of Canadians. We believe that maintaining this trust is fundamental to our success in administering tax and benefit programs.

Human resources capacity and capability

To deliver our tax and benefits programs, we require a diverse and adaptable workforce with strong leadership and superior technical expertise. In June 2007, the Clerk of the Privy Council introduced his 2007-2008 *Public Service Renewal Action Plan (PSRAP)*, which identified key priorities for ensuring the federal Public Service meets future challenges. Our human resources agenda is well positioned to respond to the needs of our business while being aligned with the *PSRAP*.

This past year, we developed the first annual Canada Revenue Agency Workforce Plan (AWP), which integrates workforce and business planning through such steps as increasing the mobility of work to benefit from employees' knowledge and experience and meet our business needs, promoting employee movement across various business lines, and building an effective and strategic recruitment approach.

Attracting new and excellent talent will help ensure that we can continue to respond to the evolving needs of Canadians. In 2007-2008, we set a target of recruiting 165 indeterminate post-secondary graduates. We surpassed this goal by appointing 249 post-secondary graduates to indeterminate positions, through initiatives such as our Auditor and Aboriginal Tax Officer Apprenticeship programs.

We must continue to invest in our employees to ensure that they have the necessary skills and competencies. We achieved our 90% target for putting in place learning plans for our indeterminate employees. This result is a significant increase from 67% achieved in 2006-2007.

Leadership development is essential for the effective management of the CRA. In 2007-2008, approximately 150 employees participated in our corporate management

development programs. We also expanded delivery of our Management and Leadership Program courses and, as a result, over 2,600 participants attended learning events.

For any organization, relationships between the employer and its employees must remain positive for business goals to be met. On December 3, 2007, an historic milestone was achieved when the CRA signed a new collective agreement with the Public Service Alliance of Canada that was negotiated before the expiration of the former collective agreement. A key component of this agreement was the pay negotiation for our Services and Programs (SP) group, which replaced 16 former occupational groups for approximately 25,000 employees.

Our staffing-related Pre-Qualification Process (PQP), which involves standardized assessments, is a critical part of building our organizational capacity. In 2007-2008, we made PQP mandatory for our internal selections process, resulting in an increase of 8% in the cumulative average time to staff (compared to 2006-2007). Our intention is to reduce the average staffing time.

Conclusion

During the past year, we delivered on our management priorities through our strong performance, timely and responsive decision-making, a fully accountable senior management culture, and improved planning and reporting, thereby contributing to the effective governance of the CRA. Based on our achievements this past year related to our priorities, as well as the steps we took to strengthen our management infrastructure, we believe that we effectively responded to the CRA's strategic outcomes for both the administration of Canada's tax laws and the delivery of benefits.

Section II: Analysis of Program Activities by Strategic Outcome

Program Activity:

2.1 Taxpayer and Business Assistance (PA1)

Supports CRA strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected

Spending Profile (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$1,007,143	\$985,885	\$21,258

Overview

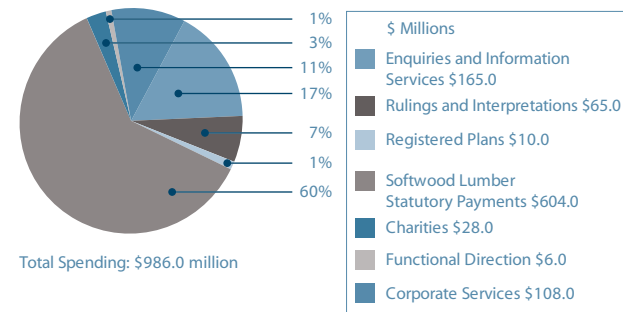
The Taxpayer and Business Assistance program activity assists taxpayers, businesses, and registrants in meeting their obligations under Canada's self-assessment system, by providing accurate and timely responses to their enquiries. Taxpayers have access to the information they need through a variety of channels (e.g. our Web site, telephones, paper publications, appointments, and outreach). In addition, we provide rulings and interpretations to clarify and interpret tax laws and to administer federal tax legislation governing registered plans and charities.

We carry out this program activity to achieve the following expected result:

- Taxpayers, businesses, and registrants receive timely, accurate, and accessible information

A Snapshot of Taxpayer and Business Assistance (PA1)

Figure 1 Resource Spending



In 2007-2008, spending for this program activity totalled \$986 million (4,599 FTEs) or 22.3% of the CRA's overall expenditures (Figure 1).¹ Of this \$986 million, \$878 million was for net program expenditures and \$108 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **Enquiries and Information Services** – We handled more than 16 million public enquiries and over 14.7 million visits to tax-related information for individuals and businesses.
- **Excise and GST/HST Rulings and Interpretations** – We processed 4,170 written enquiries for rulings and interpretations, and handled almost 106,000 GST/HST-related technical telephone enquiries.
- **CPP/EI Rulings** – We processed 61,971 requests for rulings.
- **Registered Plans** – We administered approximately 32,000 plans, and conducted 461 audits.
- **Charities** – We administered more than 83,000 registered charities, processed 82,074 returns, and conducted 790 audits.

¹ Spending and FTE figures for sub-activities may not add up to this total due to rounding.

Contribution to Agency Priority

Enhance Service Delivery for Canadians

In support of this priority, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Implement channel convergence	<p>We expanded our Smartlinks initiative to include both individual and business call centres.</p> <p>Our Smartlinks service aligns telephone and Internet service delivery channels by linking users of our Web site tax information for individuals and businesses to our telephone service. Real-time user feedback helps us identify problems and improve Web content. In 2007-2008, in response to enquiries we received, we expanded our Smartlinks service by adding new links to selected Web pages for individuals. This program encourages the use of the CRA Web site as a self-service information resource for taxpayers.</p>
Enhance taxpayer service on the Internet	<p>Enhancements to the Web site were implemented, based on taxpayers feedback.</p> <p>The number of visits to the pages of our Web site regarding tax information for individuals and businesses continues to climb, with more than 14.7 million visits in 2007-2008. We believe that the increased traffic is the result of the enhancements made to our Web site.</p>
Enhance targeting and customization of outreach programs and expand taxpayer consultation efforts	<p>Our outreach activities increase our visibility in the community. We undertook the following:</p> <ul style="list-style-type: none"> • we conducted 1,287 outreach events, involving more than 58,000 participants, to provide information on benefits and entitlements to individuals such as current and potential child benefit recipients, students, and newcomers to Canada; and • we presented approximately 1,200 outreach events for businesses—involving close to 30,000 participants—to support the business community by facilitating compliance for such groups as small businesses, GST/HST/PST registrants, and potential business e-service users.
Strengthen the charities program; continue the implementation of a risk-based approach to registering plans; and fully implement the <i>Softwood Lumber Products Export Charge Act, 2006</i>	<ul style="list-style-type: none"> • Improved our Charities Web site; • Delivered 85 charity information sessions; • Completed our review of the registration and amendment processes for all types of registered plans, using a risk-based approach; • Issued to the provinces the first two quarterly payments of softwood lumber export charge revenues in January and March 2008; and • Made 578 visits to provide information sessions to exporters of softwood lumber products.

Performance Report Card

Expected Result	Year	Performance Rating	Data Quality
	Taxpayers, businesses, and registrants receive timely, accurate, and accessible information	2007-2008	Met
2006-2007		Met	Good

Timely Information							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
General calls answered within two minutes of entering the queue	80%	77%	81%	80%	82%	83%	✓
Business calls answered within two minutes of entering the queue	80%	74%	81%	85%	81%	82%	✓
Charities calls answered within two minutes of entering the queue	80%	77%	90%	86%	89%	93%	✓
Legislative changes reflected in information to the public in a timely manner	N/A	✓	✓	✓	✓	✓	N/A
Respond to written requests for GST/HST rulings and interpretations within 45 working days of receipt of request	75% ¹	76%	86%	88%	87% ²	89%	✓
Average number of days to issue an income tax technical interpretation to taxpayers	90 days (avg)	82 days	75 days	87 days	105 days	89 days	✓
Average number of days to issue an advance income tax ruling to taxpayers	60 days (avg)	57 days	62 days	84 days	94 days	101 days	✗
Percentage of CPP/EI rulings issued within targeted time frames	85%	86%	91%	92%	86%	93%	✓

¹ This service standard is being increased to 80% for 2008-2009.

² This became a service standard in 2006-2007. Prior year results reflect performance against an internal performance target.

✓ Met	☑ Mostly Met	✗ Not Met
n/a	Not Available	N/A Not Applicable

Accurate Information							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Level of agent accuracy relative to the 1996-1997 baseline year	N/A	✓	✓	✓	✓	✓	N/A

Accessible Information							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
General callers that reach our telephone service	80%	91%	83%	83%	83%	84%	✓
Business callers that reach our telephone service	80%	86%	83%	91%	86%	79%	☑
Charities callers that reach our telephone service	80%	96%	94%	93%	96%	93%	✓
Enhancement of our alternative information sources to expand the range and accuracy of communications products	N/A	✓	✓	✓	✓	✓	N/A

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:

2.2 Assessment of Returns and Payment Processing (PA2)

Supports CRA strategic outcome: Taxpayers meet their obligations and Canada’s revenue base is protected

Spending Profile: (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$911,122	\$871,315	\$39,807

Overview

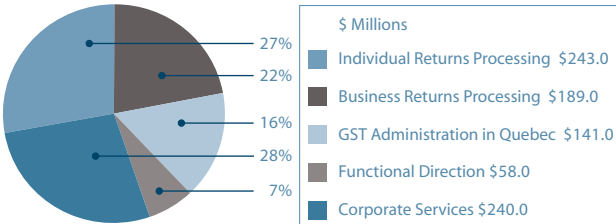
We undertake a wide range of activities to process individual and business tax returns and payments, including the use of risk assessment, third-party data matching, and information validation to detect and address non-compliance. Our programs contribute to individuals and businesses meeting their filing and payment obligations.

We carry out our Assessment of Returns and Payment Processing program activity to achieve two expected results:

- assessment and payment processing are timely and accurate; and
- reporting non-compliance is detected and addressed.

A Snapshot of Assessment of Returns and Payment Processing (PA2)

Figure 2 Resource Spending



Total Spending: \$871.0 million

In 2007-2008, spending for this program activity totalled \$871 million (8,638 FTEs) or 19.7% of the CRA’s overall expenditures (Figure 2).¹ Of this \$871 million, \$631 million was for net program expenditures, and \$240 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **Individual Returns Processing** – We processed more than 25 million individual returns; refunded \$21.8 billion to nearly 16 million individual taxpayers; and processed over 194,000 T3 trust returns. There were almost 314,000 additional individuals enrolled and almost 3.3 million visits to My Account.
- **Business Returns Processing** – We processed almost 1.6 million information returns, almost 1.8 million corporate returns, and over 58,000 Excise and Other Levies returns. We processed more than 36.4 million payments, totalling almost \$372 billion.

¹ Spending and FTE figures for sub-activities may not add up to this total due to rounding.

Contribution to Agency Priority

Enhance Service Delivery for Canadians

In support of this priority, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Implement the redeveloped GST/HST system	<p>We implemented the new GST/HST system.</p> <p>The GST/HST redesign system release, which involved the implementation of a number of new systems and major revisions to existing systems, is designed to simplify tax compliance for businesses by harmonizing various accounting, penalty and interest system processes.</p>
Provide enhanced Internet services	<ul style="list-style-type: none"> • We introduced Quick Access, a new complementary online service to My Account; • we enhanced My Account and our Represent a client service; and • we enhanced My Business Account to provide more flexibility to businesses in managing their affairs online. <p>In February 2008, we launched Quick Access, a new complementary online service to My Account that enables individuals to view basic tax related information. This service gives individuals certain personal tax and benefit account information currently available in My Account without having to register for a Government of Canada epass. This feature provides taxpayers with quicker access to more common queries such as tax return status, GST/HST credit payment status, Registered Retirement Savings Plan deduction limits, and the status of benefit payments.</p> <p>Since February 2006, our Represent a client service has provided tax representatives with access to online services. In October 2007, this service was expanded to provide representatives, including employees of a business, with more services and information. Represent a client gives representatives a secure, single point of access to multiple clients' information.</p> <p>We expanded our online services to meet the growing expectation of business owners for convenient and secure online services. In response to action items identified in the March 2007 <i>Report of the Canada Revenue Agency's Action Task Force on Small Business Issues</i>, we made enhancements to My Business Account to ensure that businesses have access to personalized tax account information to suit their needs. My Business Account now includes options for businesses to authorize, update, or delete a representative's authorization, which provides the representative with the tools to manage online their authorized taxpayer's business accounts.</p>
Focus on business opportunities	<p>We implemented Business Number agreements for the following three provincial programs:</p> <ul style="list-style-type: none"> • Occupational Health and Safety Nova Scotia; • Mining Tax and Tobacco Tax in Manitoba; and • Food Primary Liquor Licence in British Columbia. <p>In addition to the latest three agreements, we have established Business Number partnership agreements with four provinces, covering 48 provincial business programs. We are also working with Service Ontario to develop a joint Business Number process for some of the province's business programs.</p>

Performance Report Card

Expected Result	Performance		
	Year	Rating	Data Quality
Assessment and payment processing are timely and accurate	2007-2008	Met	Good
	2006-2007	Met	Good

Timely Processing							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
External Service Standards							
Processing T1 individual income tax returns (paper) within four to six weeks	100%	3.6 weeks	3.6 weeks	3.6 weeks	3.9 weeks	4.1 ¹ weeks	✓
Processing T1 individual income tax returns (electronic) within two weeks	100%	1.7 weeks	1.9 weeks	1.9 weeks	1.6 weeks	1.7 ² weeks	✓
Percentage of GST/HST returns processed within 21 days	95%	95.6%	96.5%	98.3%	98.5%	n/a ³	n/a
Processing T2 corporation income tax returns within 60 days	90%	N/A	N/A	N/A	N/A	92% ⁴	✓
Providing Statements of Interim Payments (SIP) to T2 Corporation Income Tax/GST/HST taxpayers on a monthly basis.	95%	N/A	N/A	N/A	N/A	80% ⁵	✗
Processing T3 trust returns within four months	95%	72%	97%	96%	96%	98%	✓
Responding to taxpayer-requested adjustments (T1) received via the Internet within two weeks	100%	N/A	N/A	N/A	N/A	2 ⁶ weeks	✓
Responding to taxpayer-requested adjustments (T1) within eight weeks	100%	5 weeks	5.6 weeks	5.6 weeks	7 weeks	7 weeks	✓
Internal Performance Standards							
Percentage of funds from non-electronic payments deposited within 24 hours of receipt	98%	94.5%	88.6%	99.4%	95.8%	93.9%	☑
Percentage of Business Number registrations processed within 10 working days	95%	n/a	n/a	n/a	98.2%	91%	☑
T1 returns received on time processed by mid-June	98%	n/a	n/a	99.7%	99.7%	99.8%	✓
Percentage of T4 information returns processed by April 30	90%	93.9%	100%	94.6%	86.6%	94.7%	✓
Percentage of T5 returns processed by May 31	90%	100%	100%	97%	46%	100%	✓

¹ Represents the average number of weeks to process T1 individual returns – paper.

² Represents the average number of weeks to process T1 individual returns – electronic.

³ Final results not available at time of printing due to problems with the GST/HST system reports.

⁴ Revised indicator and target for 2007-2008. Combined two previous indicators and targets for T2 processing workload.

⁵ Revised indicator definition for 2007-2008.

⁶ New service standard for 2007-2008.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Timely Processing							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Electronic Processing Take-up							
Percentage of individual filers who file electronically	Upward trend	48%	49.4%	49.4%	50.6%	54%	✓
Percentage of eligible corporations that file electronically	Upward trend	1.6%	5.9%	9.8%	15.5%	19.9%	✓
Electronic filing take-up rates of other types of returns (T4 and GST/HST)	Upward trend	n/a	n/a	✓	✓	✓	✓

Accurate Processing							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Percentage of T1 returns assessed accurately	98%	98.6%	99%	99%	98.9%	99.1%	✓
Taxpayer-requested adjustments are reassessed accurately	96%	n/a	n/a	n/a	97.4%	96.6%	✓

Expected Result	Year	Performance	Data Quality
		Rating	
Reporting non-compliance is detected and addressed	2007-2008	N/A	Good
	2006-2007	N/A	Good

Detecting Non-Compliance							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Ratio of average dollars recovered – targeted versus random reviews	N/A	4.1	3.4	2.7	3.2	3.6	N/A

Addressing Non-Compliance							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Additional tax assessed through pre-assessment reviews (millions)	N/A	\$98.4	\$86.3	\$91.7	\$107.4	\$126.4	N/A
Additional tax assessed through T1 Matching post-assessment reviews (millions)	N/A	\$184.9	\$423.4	\$465.9	\$448.8	\$573.2	N/A
Additional tax assessed through Processing Review post-assessment reviews (millions)	N/A	\$91.9	\$208.3	\$130.9	\$142.5	\$190	N/A

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:

2.3 Accounts Receivable and Returns Compliance (PA3)

Supports CRA strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected

Spending Profile: (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$713,143	\$695,321	\$17,822

Overview

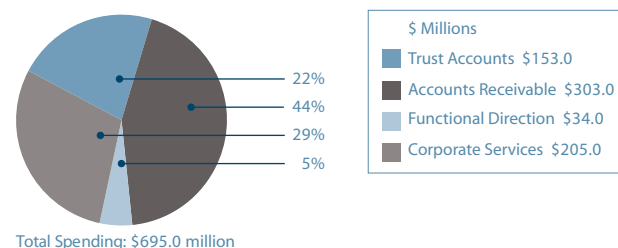
We manage the federal government's largest debt collection service, managing debts arising from income tax, GST/HST, the Canada Pension Plan, Employment Insurance, and defaulted Canada student loans. In working with Canadians both to resolve their debt issues and to promote compliance with tax legislation governing employers, payroll, and the GST/HST, we help protect Canada's revenue base.

We carry out our Accounts Receivable and Returns Compliance program activity to achieve two expected results:

- tax and non-tax debt are resolved on a timely basis and are within targeted levels; and
- reporting non-compliance is detected and addressed.

A Snapshot of Accounts Receivable and Returns Compliance (PA3)

Figure 3 Resource Spending



In 2007-2008, spending for this program activity totalled \$695 million (8,855 FTEs) or 15.7% of the CRA's overall expenditures (Figure 3).¹ Of this \$695 million, \$490 million was for net program expenditures, and \$205 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **Accounts Receivable** – TSO cash collections totalled \$11.9 billion. The National Collections Call Centre actions resulted in total payment arrangements of close to \$1.4 billion. National Pools actions resulted in cash collections of more than \$1.3 billion. Cash Collections from large accounts totalled over \$3.9 billion.
- **Trust Accounts** – More than 761,000 returns were obtained from individuals and corporate taxpayers who had not filed their returns, over 8,660 GST/HST non-registrants were identified, and 666,770 occurrences of payroll non-compliance were addressed. Our Contract Payment Reporting Initiative secured a total of 57,689 additional individual and corporate tax returns.

¹ Spending and FTE figures for sub-activities may not add up to this total, due to rounding.

Contribution to Agency Priority

Address Specific Compliance Challenges

In support of this priority, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Maintain strong core business	<ul style="list-style-type: none"> • We enhanced and improved workload processes and technological innovation; • we implemented our insolvency strategy; and • we continued with our instalment campaign. <p>We built on the successes of our National Collections Call Centre, our GST/HST, T1 National workload initiatives, and our instalment campaign. Specifically, we implemented our national insolvency strategy and established collections centres of expertise to address debt arising from international tax planning and tax avoidance schemes.</p>
Implement business transformation	<p>We began the rollout of our Integrated Revenue Collections initiative. In March 2007, we completed the development of our Individual Tax Debtor Research Model, which will allow us to better understand the make-up of tax debt and establish profiles for individual debtors.</p>
Expand business opportunities	<p>We further integrated collection operations from HRSDC.</p> <p>Our non-tax collections work focuses on collecting EI overpayments, defaulted Canada Student Loans, CPP overpayments, and other debts on behalf of Human Resources and Social Development Canada. During 2007-2008, we exceeded established objectives, collecting \$614.7 million, or \$48.6 million more than our target.</p> <p>To maintain our success in delivering collections services for our government clients, we work closely with client collections areas to create a more efficient workplace. We are working toward an integrated taxpayer-centred approach, aimed at modernizing processes and facilitating the integration of tax and other government programs' debt workloads. This approach will allow for greater efficiency and flexibility in collecting debts that arise from various sources.</p>

Performance Report Card

Expected Result	Year		Performance Rating	Data Quality
	Tax and non-tax debt are resolved on a timely basis and are within targeted levels	2007-2008		Mostly Met
2006-2007			Mostly Met	Good

Timely Resolutions of Tax Debt							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Percentage of intake resolved in the year of intake	60%	N/A	N/A	62.0%	66.7%	60.4%	✓

Tax and Non-Tax Debt Are Within Targeted Levels							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Dollar value of TSO production as a percentage of dollar value of TSO intake of new accounts receivable	90%	92.4%	100%	99.8%	90%	83%	✗
Accounts receivable over five years old as a percentage of total	<16%	19%	17%	18%	20%	15.4%	✓
TSO cash collections (billions)	\$8.7	\$9.4	\$8.8	\$9.5	\$9.7	\$11.9	✓
Non-tax debt – Dollars collected (millions)	\$566.1	N/A	N/A	N/A	\$592.0	614.7	✓

Expected Result	Year		Performance Rating	Data Quality
	Reporting non-compliance is detected and addressed	2007-2008		Met
2006-2007			Met	Good

Dollar Value of Non-Compliance							
Our Indicators ¹	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Employer/payroll/GST/HST non-compliance (billions)	\$1.3	\$2.2	\$2.1	\$2.2	\$2.3	\$1.4	✓
T1/T2 Non-filers/GST/HST Non-registrant non-compliance (billions)	\$2.2	\$2.0	\$2.2	\$2.4	\$2.4	\$2.4	✓

¹ Current targets and results for 2007-2008 have been adjusted to remove GST/HST amounts.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:

2.4 Reporting Compliance (PA4)

Supports CRA strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected

Spending Profile: (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$1,380,228	\$1,333,748	\$46,480

Overview

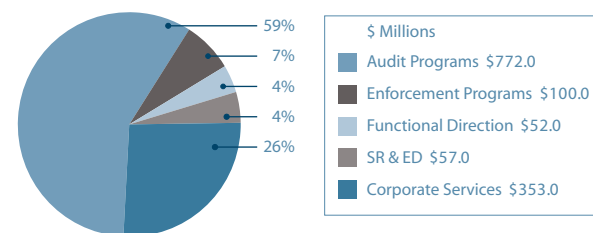
It is our strategy to detect non-compliance, take appropriate action, and deter future non-compliance through audit and enforcement activities, as well as through education. Our activities benefit all Canadians by contributing to the protection of Canada's tax base.

We carry out our Reporting Compliance activities to achieve the expected result stated below.

- reporting non-compliance is detected and addressed

A Snapshot of Reporting Compliance (PA4)

Figure 4 Resource Spending



Total Spending: \$1.3 billion

In 2007-2008, spending for this program activity totalled \$1.3 billion (12,831 FTE's) or 30.2% of the CRA's overall expenditures (Figure 4).¹ Of this \$1.3 billion, \$981 million was for net program expenditures, and \$353 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **International and large businesses** – We conducted about 27,400 audits, resulting in a fiscal impact of \$5.7 billion.
- **Small and medium-sized enterprises** – We conducted about 321,500 audits and examinations, resulting in a fiscal impact of about \$2.1 billion.
- **Enforcements and disclosures** – We conducted more than 1,100 audits under the Special Enforcement Program, identifying \$82.2 million in additional tax owing. We also conducted 180 income tax and GST/HST investigations under the Criminal Investigations Program.
- **Scientific Research and Experimental Development Program** – This program provides more than \$4 billion in tax credits to almost 18,000 claimants.

¹ Spending and FTE figures for sub-activities may not add up to this total due to rounding.

Contribution to Agency Priority

Address Specific Compliance Challenges

In support of this priority, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Assess risk and detect non-compliance	<p>Targeted reviews were more effective than random reviews.</p> <p>Our measure of success in the assessment of risk is the activity improvement ratio. Stated simply, this is a comparison of the rate of reporting non-compliance in targeted audits of industry sectors in the small and medium-sized enterprise population compared with random audits of this same population.</p>
Implement the action plan to counter aggressive tax planning	<p>The identification of unacceptable tax shelters and tax evasion schemes demonstrated our success in addressing aggressive tax planning.</p> <p>In addition, a number of charities' registrations were revoked for participating in these schemes. In August 2007, we issued a Tax Alert to remind Canadians that the CRA is reviewing all tax shelter-related donation arrangements (for example, schemes that typically promise donors tax receipts worth more than the actual amount of the donation). As a means to reduce the number of participants in these schemes, a copy of the Tax Alert was included in a mailing to over 65,000 individuals who had participated in these shelters in 2005 and 2006, and whose donations were currently being reviewed by the CRA. We believe that the nearly 30% reduction in 2007 in participation in tax shelter gifting arrangements demonstrates the success of our efforts to detect, address, and prevent non-compliance in this area.</p> <p>In November 2007, a Tax Alert was issued regarding tax schemes that promised "tax-free withdrawals" from RRSPs and RRIFs. The CRA warned that not only would investors risk a reassessment of their tax return for the value of the funds withdrawn, but also that investing in such schemes could result in the loss of retirement savings to unscrupulous promoters. Audits related to these schemes continue.</p> <p>The CRA's 11 Centres of Expertise continue to play a major role in identifying aggressive tax planning schemes and developing new sources of information that can be integrated into the CRA's risk assessment models. These Centres, located in local tax services offices, bring together audit professionals and specialists in international tax and tax avoidance. Working in teams, they define the scope and nature of abusive international transactions and other aggressive tax planning schemes. They also determine who participates in and promotes such schemes, and how to identify them. More than 50 projects are underway, with the potential for significant tax recoveries.</p>
Continue our efforts to address inter-provincial tax avoidance	<p>We worked with provincial and territorial governments as well as tax intermediaries in order to promote compliance and shut down abusive schemes.</p> <p>We made significant progress in combating aggressive provincial tax avoidance schemes. Working with provincial counterparts in Alberta, Ontario, and Quebec, we recovered over \$120 million in taxes from individuals in various unacceptable arrangements.</p> <p>The CRA continues to pursue abusive transactions using the General Anti-Avoidance Rule (GAAR). For example, schemes such as "artificial capital losses" are promoted throughout the country; since inception in 2003, the CRA has denied more than \$2 billion in cumulative losses claimed under these schemes.</p>

Address Specific Compliance Challenges

In support of this priority, in 2007-2008 we accomplished the following:

<i>As identified in our Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Implement the action plan to counter aggressive international tax planning schemes	<p>We increased audit and enforcement activities in the international tax segment.</p> <p>In 2007-2008, the CRA finalized its international compliance strategy. We committed to strengthening our relationships with international administrations and work to mitigate the risks of non-compliance arising from the growing number of financial transactions that cross borders.</p> <p>The CRA worked closely with a number of international partners in identifying Canadian residents that used tax havens to avoid their fiscal responsibilities. Reviews of the taxpayers involved are in progress. In February 2008, the CRA issued a Tax Alert reminding Canadians that those who use tax havens to hide assets or avoid taxes should know that the CRA is working with international partners to address tax avoidance and evasion to ensure that Canadians are accurately reporting their income and paying tax.</p>
Increase our understanding of the underground economy	<p>We evaluated the results of our pilot projects and teamed with provincial and territorial partners to increase our understanding of the underground economy (UE).</p> <p>This past year, over 1,000 CRA employees worked full time on identification, audit, or enforcement activities to address the underground economy. We also work on an ongoing basis with Canada's provinces, territories, and other federal agencies and departments to better identify those participating in the underground economy. The Federal/Provincial/Territorial UE Working Group continues to explore new opportunities to jointly address the UE through research studies, information sharing, and cooperative approaches.</p> <p>We initiated research to assess the trends of the UE and risk factors in the construction and hospitality industries. The objectives will be accomplished through a review of UE related literature, and the identification and evaluation of risk indicators as a determinant of UE in the construction and hospitality industries.</p>
Continue efforts to counter GST/HST fraud	<p>We evaluated the results of our pilot projects and re-engineered the GST/HST High Risk Analysis Team program.</p> <p>The results of these pilot projects enhanced our understanding of whether or not registrants filing credit returns in these sectors are engaged in a legitimate commercial activity and entitled to refunds.</p> <p>We researched the effectiveness of our GST/HST programs and learned that the built-in fairness of our programs must be accompanied with appropriate vigilance to effect valuable program refinements. In particular, with changes that were made, we were able to enhance our recoveries for non-resident accounts. We also improved our rate of recovery through field visits to new registrants and through the review of our prepayment audit selection criteria.</p>

Performance Report Card

Expected Result	Year	Performance Rating	Data Quality
	Reporting non-compliance is detected and addressed	2007-2008	Met
	2006-2007	Met	Good

Internal Performance Indicators							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Internal performance estimates							
Number of files audited as a percentage of estimate:							
• International and large businesses	100%	n/a	n/a	n/a	197%	124%	✓
• Small and medium-sized enterprises	100%	n/a	n/a	n/a	153%	127%	✓
Number of outreach activities completed	100%	n/a	n/a	n/a	128%	n/a ¹	N/A

¹ Due to the unique nature of outreach activities, the methodology for establishing targets was under revision in 2007-2008.

Effective Assessment of Risk and Detection of Reporting Non-Compliance							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Results of targeted vs. random reviews (CAP) ¹	Exceeds	n/a	n/a	3.8	4.0	3.4	✓
Percentage of risk-based reviews resulting in detection of reporting non-compliance	Upward trend	n/a	n/a	n/a	n/a	49.3	N/A ²

¹ While we do not review all audit sectors each year, results to date indicate that targeted audits are significantly better at detecting reporting non-compliance than are random audits in all sectors.

² This year, the Core Audit Program (CAP) sampled specific categories in the T1 population for the first time.

The VDP is administered in a consistent manner

In 2007-2008, VDP goals, objectives and performance measurements and indicators were developed. These performance measurements and indicators will be used in future reporting periods.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:
2.5 Appeals (PA5)

Supports CRA strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected

Spending Profile: (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$163,387	\$156,127	\$7,260

Overview

Our Appeals program activity administers one of the Government of Canada's largest dispute resolution services. We strive to provide taxpayers with a fair and timely dispute resolution process that respects Canadians' fundamental rights to redress in their dealings with Canada's tax system.

Taxpayers can dispute assessments and determinations pertaining to income tax and commodity taxes, as well as CPP/EI assessments and rulings. If taxpayers are not satisfied with the results of our review process, they can then appeal to the courts.

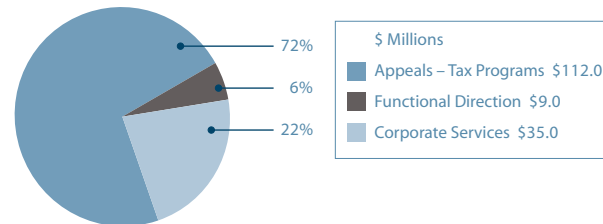
This program activity also manages the administration of the Taxpayer Relief Provisions, as well as our Taxpayer Service Complaints Program.

We carry out the Appeals program activity to achieve the following expected result:

- Taxpayers receive an impartial and timely review of contested decisions

A Snapshot of Appeals (PA5)

Figure 5 Resource Spending



Total Spending: \$156.0 million

In 2007-2008, spending for this program activity totalled \$156 million (1,490 FTE's) or 3.5% of the CRA's overall expenditures (Figure 5).¹ Of this \$156 million, \$121 million was for net program expenditures, and \$35 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **Appeals** – We resolved about 65,700 disputes, representing \$3.06 billion in taxes. About 80,500 disputes remain in workable and non-workable inventory, totalling more than \$10.2 billion in taxes.
- **Taxpayer Relief Provisions** – About 54,400 requests for relief from interest and penalties were processed by the CRA. Approximately 29,600 of these requests were allowed in full or in part, in favour of the taxpayer. The total value of all cancellations and waivers was more than \$617 million for over 341,000 taxpayers.
- **Service Complaints** – More than 1,400 service complaints were processed.

¹ Spending and FTE figures for sub-activities may not add up to this total, due to rounding.

Contribution to Agency Priority

Enhance trust in Canada's tax administration by formalizing the process for resolving service-related complaints

In support of this priority, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Improve consistency in the agency-wide administration of the Taxpayer Relief Provisions	<p>The implementation of our new Taxpayer Relief Provisions administrative system has been delayed until April 2009.</p> <p>Originally scheduled for implementation in 2007-2008, the release is now scheduled for April 2009. The new system will better track and manage requests for Taxpayer Relief Provisions throughout our organization to improve our reporting and analysis capabilities. This will ultimately provide Canadians with enhanced consistency in the management of Taxpayer Relief Provisions.</p>
Review and strengthen core business processes and operations	<ul style="list-style-type: none"> • We improved management of our CPP/EI dispute resolution activities; and • Enhanced dispute workload management. <p>The average time to resolve CPP/EI files decreased from 203 days in 2006-2007 to 123 days in 2007-2008. Our CPP/EI dispute resolution results benefited both from the 24% reduction in intake from 2006-2007 and from increased Government of Canada funding to address this work. The average age of the workable inventory was also reduced to 70 days from the 80 days in 2006-2007.</p>

Performance Report Card

Expected Result	Year	Performance Rating	Data Quality
	Taxpayers receive an impartial and timely review of contested decisions	2007-2008	Mostly Met
2006-2007		Mostly Met	Good

Impartiality							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Appeals activities that met internal standards for consistency							
Income tax	97%	n/a	98.5%	99.5%	99.6%	99.5%	✓
Commodity taxes	97%	n/a	94.8%	98.0%	97.0%	95.4%	☑
CPP/EI	95%	n/a	99.4%	99.6%	99.6%	99.4%	✓
Appeals activities that met internal standards for transparency							
Income tax	100%	n/a	95.7%	98.1%	99.3%	99.6%	☑
Commodity taxes	100%	n/a	98.1%	99.4%	98.8%	99.2%	☑

Timeliness							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Service standard for initial contact	85%	89%	90%	89%	89%	84%	☑
Workable days to complete a case¹							
Income tax	Various	135	130	120	107	141	☑
Commodity taxes	Various	155	173	170	171	169	✓
CPP/EI	Various	115	174	183	203	123	N/A
Average age of workable inventory							
Income tax	Neutral or downward trend	N/A	162 days	159 days	175 days	177 days	☑
Commodity taxes	Neutral or downward trend	N/A	176 days	175 days	181 days	204 days	✗
CPP/EI	Neutral or downward trend	N/A	148 days	178 days	80 days	70 days	✓

¹ The overall rating is based on whether or not results were achieved against established targets for the combined workloads.

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:

2.6 Benefit Programs (PA6)

Supports CRA strategic outcome: Eligible families and individuals receive timely and correct benefit payments

Spending Profile: (thousands of dollars)	Total Authorities 2007-2008	Actual Spending 2007-2008	Variance
	\$385,140	\$380,563	\$4,577

Overview

Our Benefit Programs activity contributes directly to the economic and social well-being of Canadians. We accomplish this by delivering income-based and other benefits, credits, and services to eligible residents for federal, provincial, and territorial governments.

We administer three core federal programs that issue benefit payments:

- the Canada Child Tax Benefit (CCTB);
- the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit; and
- Children's Special Allowances (CSA).

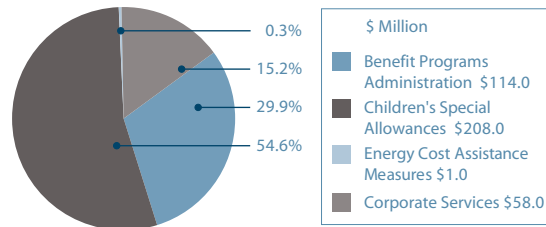
We also deliver the Universal Child Care Benefit (UCCB) on behalf of Human Resources and Social Development Canada, the Disability Tax Credit (DTC), as well as numerous ongoing and one-time benefit and credit programs and services on behalf of provincial, territorial, and other federal government clients. Our ability to deliver efficient, timely, and accurate programs and services makes us a valuable partner for government clients.

We carry out our Benefit Programs activity to achieve two expected results:

- benefit recipients receive timely, accurate, and accessible information; and
- eligibility determination and payment processing are timely and accurate.

A Snapshot of Benefit Programs (PA6)

Figure 6 Resource Spending



Total Spending: \$381.0 million

In 2007-2008, spending for this program activity totalled \$381 million (1,942 FTE's) or 8.6% of the CRA's overall expenditures (Figure 6).¹ Of this \$381 million, \$323 million was for net program expenditures, and \$58 million was allocated to this program activity for corporate services.

Notable Achievements by Sub-Activity

- **Benefit Programs Client Services** – We handled almost 6.3 million telephone enquiries.
- **Benefit Programs Administration** – We issued 88.5 million benefit payments, totalling \$16.0² billion to more than 11 million recipients. We determined \$667 million in Disability Tax Credit entitlements for almost 499,000 individuals. We processed over 702,000 applications and marital status change forms, over 688,000 account maintenance adjustments, and almost 1.2 million in-year GST/HST credit account redeterminations.
- **Direct transfer payments under statutory programs** – We issued more than \$208 million under the Children's Special Allowances (CSA) program and just under \$1 million under the Energy Cost Benefit program.

¹ Spending for FTE figures for sub-activities may not add up to this total due to rounding.

² Including the \$667 million in entitlements to the DTC program, which are delivered through the T1 assessing process, rather than as direct cash payments, the total amount of benefits and credits issued is almost \$16.7 billion.

Contribution to Agency Priorities

Ensure timely benefit payments
Ensure accurate benefit payments and strengthening compliance
Ensure that CRA is a key service provider

In support of these priorities, in 2007-2008 we accomplished the following:

As identified in our <i>Corporate Business Plan 2007-2008 to 2009-2010</i>	Achievements
Ensure timely, accurate, and accessible information and services to benefit recipients	<ul style="list-style-type: none"> We implemented and met a new service standard for the timeliness of CCTB telephone enquiries; Enhanced My Account and promoted usage; Implemented Disability Tax Measures Initiative recommendations; and Launched the facility for online child benefit applications. <p>Internal resource reallocations were made, which allowed us to meet our accessibility targets for CCTB enquiries, and improve our accessibility performance on GST/HST credit telephone enquiries. As a result, during 2007-2008, 87% of CCTB callers were successful in reaching our telephone service, as were 83% of GST/HST credit callers. As noted for other enquiry lines, there were concerns that the accessibility target (80%) for our telephone services was not high enough to satisfy the needs of CCTB recipients. Our caller accessibility targets have been increased to 90% for 2008-2009 to better meet the needs of Canadians.</p> <p>The number of visits to My Account Benefits pages increased from 6.2 million in 2006-2007 to 7.6 million in 2007-2008. We enhanced our Web site to give recipients additional electronic access to information and services. One of these enhancements was the addition of new features to My Account, particularly for the DTC. In addition, we implemented an online child benefit application facility in July 2007. It was well received, as evidenced by the more than 15,000 applications submitted through this service.</p>
Ensure timely and accurate processing of benefit payments, applications, and other transactions	<ul style="list-style-type: none"> We enhanced and modernized critical automated systems; and Introduced and met new service standards for accuracy of processing applications, marital status change forms, and account maintenance adjustments.
Ensure benefits compliance	<ul style="list-style-type: none"> We implemented recommendations from the Compliance Strategy; Enhanced compliance awareness; and Developed a measurement sample for the GST/HST credit program. <p>During 2007-2008, we worked to strengthen our benefits compliance rate by implementing elements of our long-term compliance strategy. For example, to enhance front-end detection of non-compliance, our staff at each Tax Centre received training on fraud detection and awareness. As a deterrent to non-compliance, we published compliance-oriented fact sheets and distributed news releases.</p>

Performance Report Card

Expected Result	Year	Performance Rating	Data Quality
	Benefit recipients receive timely, accurate, and accessible information	2007-2008	Met
2006-2007		Met	Good

Timely Information							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
CCTB calls answered within two minutes of entering the queue	75%	74%	79%	76%	75%	78%	✓
GST/HST credit calls answered within two minutes of entering the queue	N/A	74%	74%	76%	73%	78%	N/A

Accurate Information							
Our Indicator	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Range and accuracy of communications products	N/A	N/A	N/A	N/A	✓	✓	✓

Accessible Information							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
CCTB callers that reach our telephone service	80%	88%	84%	77%	80%	87%	✓
GST/HST credit callers that reach our telephone service	N/A	67%	75%	74%	77%	83%	N/A
Take-up of Change My Address service (thousands of users)	Upward trend	94	107	61	89	138	✓
Take-up of Child and Family Benefits Web page (millions of views)	Upward trend	1.6	1.94	2.43	3.67	3.67	✓
Take-up of CSA on the Web service (use by agencies)	Upward trend	22.5%	25.9%	27.8%	31.5%	33.5%	✓

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

Expected Result	Year	Performance rating	Data quality
	2007-2008	Met	Good
Eligibility determination and payment processing are timely and accurate	2006-2007	Met	Good

Timely Eligibility Determination and Payment Processing							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Percentage of benefit applications and marital status change forms processed on time	98%	99.1%	99.3%	99.4%	99%	99.1%	✓
Level of satisfaction with application processing time	75%	76%	77%	77%	81%	79%	✓
Percentage of account maintenance adjustments processed on time	98%	98.0%	98.9%	97.2%	97.8%	99.0%	✓

Accurate Eligibility Determination and Payment Processing							
Our Indicators	Current Target	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	Rating
Percentage of accurate payments when processing benefit applications and marital status change forms	98%	99.9%	99.8%	99.5%	99.7%	98.9%	✓
Percentage of accurate payments when processing account maintenance adjustments	98%	98.1%	99.5%	99.7%	98.5%	98.4%	✓
CCTB overpayment debt as a percentage of payments issued	<0.4%	0.28%	0.09%	0.27%	0.2%	0.32%	✓
Percentage of CCTB accounts reviewed	5%	4.79%	4.88%	5.42%	5.77%	4.49%	☑
Percentage of CCTB accounts reviewed that were adjusted	50%	51.4%	57.2%	62.2%	61.4%	65.6%	✓
Dollar value of validation adjustments (identified overpayments)	N/A	N/A	N/A	\$184M	\$186M	\$195M	N/A
Dollar value of validation adjustments (identified underpayments)	N/A	N/A	N/A	\$72M	\$76M	\$81M	N/A

✓ Met	☑ Mostly Met	✗ Not Met
n/a Not Available	N/A Not Applicable	

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Program Activity:

2.7 Corporate Services (PA7)

Overview

To ensure that the CRA's tax and benefit services have the guidance, infrastructure, and resources needed for successful delivery, our interrelated human resources, information technology, and other management strategies must be fully integrated. During 2007-2008, we made key investments in our infrastructure to enhance our effectiveness. We were also active in modernizing our service delivery to take advantage of emerging technology while continuing to develop a knowledgeable, professional, and values-driven workforce.

For supplementary information on this Program Activity, please visit:
<http://www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html>

Statement of Management Responsibility

We have prepared the accompanying financial statements of the Canada Revenue Agency according to the accounting principles consistent with those applied in preparing the financial statements of the Government of Canada. Significant accounting policies are set out in Note 2 to the financial statements. Some of the information included in the financial statements, such as accruals, and the allowance for doubtful accounts, is based on management's best estimates and judgments with due consideration to materiality. The Agency's management is responsible for the integrity and objectivity of data in these financial statements. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's Annual Report is consistent with these financial statements.

To fulfill its accounting and reporting responsibilities, management maintains sets of accounts, which provide a record of the Agency's financial transactions. Management also maintains financial management and internal control systems that take into account costs, benefits, and risks. They are designed to provide reasonable assurance that transactions are within the authorities provided by Parliament and by others such as the provinces and territories, and are executed in accordance with prescribed regulations and the *Financial Administration Act* and properly recorded to maintain the accountability of funds and safeguarding of assets. Financial management and internal control systems are reinforced by the maintenance of internal audit programs. The Agency also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training, and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards, and managerial authorities are understood throughout the organization.

The Board of Management is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee of the Board of Management. To assure objectivity and freedom from bias, these financial statements have been reviewed by the Audit Committee and approved by the Board of Management. The Audit Committee is independent of management and meets with management, the internal auditors, and the Auditor General of Canada on a regular basis. The auditors have full and free access to the Audit Committee.

The Auditor General of Canada conducts an independent audit and expresses opinions on the accompanying financial statements.

Approved by:

William V. Baker
Commissioner and Chief Executive Officer

James Ralston
Chief Financial Officer and
Assistant Commissioner,
Finance and Administration

Ottawa, Ontario
September 16, 2008

Section III: Supplementary Information

3.1 Agency Link to the Government of Canada Outcomes

Program Activity	2007-2008 (thousands of dollars)					Total Actuals
	Operating	Grants/ Other	Contributions	Gross Expenditures	Revenues Credited to Vote 1	
Government of Canada Outcome – Federal organizations that support all departments and agencies:						
Taxpayer and Business Assistance (PA1)	427,981	603,602	929	1,032,512	(46,627)	985,885
Assessment of Returns and Payment Processing (PA2)	917,571	-	-	917,571	(46,256)	871,315
Accounts Receivable and Returns Compliance (PA3)	817,428	-	-	817,428	(122,107)	695,321
Reporting Compliance (PA4)	1,361,443	-	-	1,361,443	(27,695)	1,333,748
Appeals (PA5)	171,164	-	-	171,164	(15,037)	156,127
Government of Canada Outcome – Income security and employment for Canadians:						
Benefit Programs (PA6)	176,257	209,155	-	385,412	(4,849)	380,563
Total	3,871,844	812,757	929	4,685,530	(262,571)	4,422,959

3.2 Unaudited Supplementary Financial Information

Financial Performance Information – Parliamentary Appropriations

Introduction

This section of the *CRA Departmental Performance Report 2007-2008* provides the details of the Agency's Resource Management performance for the purpose of reporting to Parliament on the use of appropriations in 2007-2008. This complements the information provided in the spending profile sections under each Program Activity and satisfies the reporting requirements set for departmental performance reports.

Financial reporting methodologies

The CRA's funding is provided by Parliament through annual appropriations (modified cash accounting basis) and the CRA reports its expenditures and performance to Parliament, together with details on the management of Parliamentary appropriations on the same basis. In addition to the above reporting requirements, the CRA is also required to prepare its annual financial statements in accordance with the accounting principles applied in preparing the financial statements of the Government of Canada (full accrual accounting basis). Accordingly, the audited Statement of Operations – Agency Activities includes certain items such as services received without charge from other government departments and federal agencies. A reconciliation can be found in Table 3, page 71.

CRA financial information

Activities of the Agency

	2007-2008 (in thousands of dollars)
Canada Revenue Agency	
Main Estimates	\$3,379,924
Planned Spending	\$3,480,177
Total Authorities	\$4,560,163
Actual Spending	\$4,422,959

The Financial Statements – Agency Activities reports \$3,609.1 million as total Parliamentary appropriations used (Note 3 b on page 123 of the *Canada Revenue Agency Annual Report to Parliament 2007-2008* www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html shows the reconciliation to the net cost of operations). The difference from the \$4,423.0 million reported in this section is explained by four items reported in the Financial Statements – Administered Activities: the payments to provinces under the *Softwood Lumber Products Export Charge Act, 2006* \$603.6 million; the Children’s Special Allowance, \$208.2 million; the payments under the *Energy Costs Assistance Measures Act*, \$1.0 million, and the Relief For Heating Expenses, \$1.1 million (part of Vote 1, Program Expenditures).

Overview

For 2007-2008, Parliament approved \$3,379.9 million through the Main Estimates, as shown in CRA’s *2007-2008 to 2009-2010 Corporate Business Plan*.

The 2007-2008 Main Estimates have been adjusted to include:

- \$603.6 million for the Statutory Payments related to the 2006 Canada/US Softwood Lumber Agreement and an additional \$15 million for its preparation, implementation and administration;
- \$257.1 million transferred from Public Works and Government Services Canada (PWGSC) for Accommodation Services;
- \$167.7 million for the Carry-forward from 2006-2007;
- \$61.3 million for Maternity and Severance payments;
- \$45.2 million for Budget measures arising from the 2007 Federal Budget;
- \$28.1 million increase for Respendable Revenue adjustment mainly for information technology services provided to Canada Border Services Agency (CBSA);
- \$21.5 million for the implementation of a single administration of corporate tax for the Province of Ontario;
- \$19.3 million for the National Initiative to address inter-provincial tax avoidance by corporations;
- \$12.6 million for Collective Agreements;

- \$10.5 million for Budget measures arising from the 2006 Federal Budget;
- \$4.6 million for Legal and Income Tax Debt Set-off Activities of the Collection Litigations Advisory Services;
- \$3.2 million for the Children's Special Allowance Statutory Payments;
- \$1.0 million for the administration of the one-time Energy Cost Benefit payments;
- \$0.8 million transferred from Justice Canada for Legal Costs;
- \$0.7 million for National Anti-Drug Strategy;
- \$0.6 million for Electronic Services for Business Advertising Campaign;
- \$0.5 million for Court Awards and Crown Assets Disposal;
- \$0.2 million for other minor adjustments.

Offsetting these increases, the CRA returned \$41.8 million related to Canada Pension Plan and Employment Insurance; \$22.1 million pending the approval of the Offshore Trusts Initiative legislation and some \$8.6 million in funding to the Treasury Board related to Payments to Private Collection Agencies. Agency Budgets were also adjusted by \$0.7 million for Employee Benefits Plans reductions. This resulted in total approved authorities of \$4,560.2 million for 2007-2008, representing an in-year increase of 35% over the Main Estimates.

Of the \$4,560.2 million total authority, CRA's actual spending totalled \$4,423.0 million resulting in \$137.2 million unexpended at year-end. After adjusting for unused resources related to the Residual Offshore Trusts and Charities Outreach Program, the remaining \$134.9 million is available for use by the Agency in 2008-2009. This amount is within 5% of the total authority.

The \$134.9 million carry forward to 2008-2009 will be directed primarily to selected strategic investments related to:

- Major project spending (Compliance Systems Redesign, Agency Classification Standards, Non-Tax Collections Systems Integration, GST Redesign);
- Special purpose funding (Softwood Lumber, Charities Outreach Program, Charities Public Security Anti-Terrorism Measures, Corporate Tax Administration for Ontario, Ministère du revenu du Québec for the Administration of the GST);
- Other operational and workload pressures.

Revenues administered by the Agency

Net revenues administered by the CRA totalled some \$292.9 billion, an increase of 5% from the \$279 billion administered in 2006-2007.

	2006-2007	2007-2008
	(in thousands of dollars)	
Federal Government	194,189,197	201,057,378
Provincial, Territorial Governments and First Nations	52,356,201	56,358,558
Canada Pension Plan	32,455,339	35,437,908
Total	279,000,737	292,853,844

Financial Performance Tables

Introduction

The following tables provide financial information about the performance of the Agency during the 2007-2008 fiscal year. The tables compare Main Estimates and Planned Spending, as shown in the 2007-2008 Report on Plans and Priorities, with total authorities at year-end and actual expenditures for the fiscal year.

The information is presented at the Agency level, the Program Activity level, as well as by authority and type of revenue and expense.

Financial Tables Index	Page
Table 1 Comparison of Planned to Actual Spending (including FTEs)	68
Table 2 Voted and Statutory Items	69
2.1 Authorities approved after tabled Main Estimates	70
Table 3 Reconciliation to the Statement of Operations	71

The following tables can be found on the TBS web site at:
<http://publiservice.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>.

Table 4 Sources of Respendable and Non-Respendable Non-Tax Revenue	
4.1 Respendable Non-Tax Revenue	
4.2 Non-Respendable Non-Tax Revenue	
Table 5 User Fees/External Fees	
5.1 a <i>User Fees Act (UFA)</i> – Advance Income Tax Ruling Fee	
5.1 b Policy on Service Standards for External Fees – Advance Income Tax Ruling Fee	
5.2 a <i>User Fees Act (UFA)</i> – Taxation Statistical Analyses and Data Processing Fee	
5.2 b Policy on Service Standards for External Fees – Taxation Statistical Analyses and Data Processing Fee	
5.3 a <i>User Fees Act (UFA)</i> – Access to Information Processing Fee	
5.3 b Policy on Service Standards for External Fees – Access to Information Processing Fee	
Table 6 Details on Project Spending	
Table 7 Details on Transfer Payment Programs (TPPs)	
7.1 Children’s Special Allowance Payments (CSA) (Statutory)	
7.2 Energy Cost Assistance Measures Expenses (Statutory)	
7.3 Payments to Provinces under the <i>Softwood Lumber Products Export Charge Act, 2006</i> (Statutory)	

Table 1 Comparison of Planned to Actual Spending (including FTEs)

(in thousands of dollars)	2005-2006 Actual ¹	2006-2007 Actual ¹	2007-2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Taxpayer and Business Assistance ²	331,972	319,608	281,264	296,711	1,007,143	985,885
Assessment of Returns and Payment Processing ³	811,333	801,844	806,202	839,892	911,122	871,315
Accounts Receivable and Returns Compliance ⁴	651,903	645,262	652,428	662,292	713,143	695,321
Reporting Compliance	1,120,846	1,165,717	1,159,454	1,195,958	1,380,228	1,333,748
Appeals	121,858	121,654	146,333	149,545	163,387	156,127
Benefit Programs ⁵	669,502	351,039	334,243	335,779	385,140	380,563
Total	3,707,414	3,405,124	3,379,924	3,480,177	4,560,163	4,422,959
Less:						
Non-Tax Revenues						
Respendable Revenue						
– Pursuant to CRA Act ⁶	129,357	134,446	143,637	143,637	171,763	171,763
Non-respendable Revenue ⁷	37,497	50,331	N/A	37,597	N/A	44,014
Plus:						
Cost of services received without charge	475,458	436,296	N/A	461,610	N/A	211,053
Net Cost of Agency	4,016,018	3,656,643	N/A	3,760,553	N/A	4,418,235
Full-Time Equivalents	37,577	38,179	N/A	38,756	N/A	38,356

¹ Excludes the payments made to Justice Canada during the fiscal year as directed by TBS (\$3.6 million in 2005-2006 and \$15.4 million in 2006-2007).

² Starting in 2007-2008, included in this Program Activity are the Softwood Lumber Statutory Payments (\$603.6 million in 2007-2008).

³ Includes payments to the Ministère du Revenu du Québec in respect of the joint administration costs of Federal and Provincial sales taxes (\$131.4 million in 2005-2006, \$157.4 million in 2006-2007 and \$140.7 million in 2007-2008).

⁴ Includes Payments to Private Collection Agencies (\$12.4 million in 2006-2007 and \$12.4 million in 2007-2008).

⁵ Includes a) Relief for Heating Expenses (a relief program announced in 2000) (\$2.9 million in 2005-2006, \$1.7 million in 2006-2007 and \$1.1 million in 2007-2008); b) Energy Costs Assistance Measures expenses (a relief program announced in the Fall of 2005) (\$357.7 million in 2005-2006; \$4.1 million in 2006-2007 and \$1.0 million in 2007-2008); and c) Children's Special Allowance payments (\$169.6 million in 2005-2006, \$197.8 million in 2006-2007 and \$208.2 million in 2007-2008).

⁶ The increase in Respendable Revenue is mainly related to Information Technology services provided to the Canada Border Services Agency (CBSA).

⁷ These figures reflect the approach taken in the Agency's Audited Financial Statements where a clear distinction is made between Agency activities and administered activities. Interest and penalties collected for personal, corporate and other taxes, which are part of the Agency's administered activities rather than Agency's activities, are excluded. For more details, see Table 4.2.

Table 2 Voted and Statutory Items

Vote	2007-2008 (in thousands of dollars)			
	Total Main Estimates	Total Planned Spending	Total Authorities ¹	Actual
Canada Revenue Agency				
1 Program expenditures and recoverable expenditures on behalf of the <i>Canada Pension Plan</i> and the <i>Employment Insurance Act</i>	2,607,505	2,696,011	3,160,637	3,023,433
(S) Minister of National Revenue – Salary and motor car allowance	75	75	71	71
(S) Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>Canada Revenue Agency Act</i>	143,637	143,637	171,763	171,763
(S) Contributions to employee benefits plans	402,675	414,422	402,012	402,012
(S) Children’s Special Allowance payments	205,000	205,000	208,163	208,163
(S) Payments to private collection agencies pursuant to section 17.1 of the <i>Financial Administration Act</i>	21,032	21,032	12,431	12,431
(S) Payments under the <i>Energy Costs Assistance Measures Act</i>			992	992
(S) Payments to provinces under the <i>Softwood Lumber Products Export Charge Act</i>			603,602	603,602
(S) Spending of proceeds from the disposal of Surplus Crown Assets			126	126
(S) Court Awards			366	366
Total Agency	3,379,924	3,480,177	4,560,163	4,422,959

¹ For more details on the authorities approved after the Main Estimates, see Table 2.1.

The following table details the authorities approved for the Agency after the Main Estimates and reconciles with the Total Authorities shown in Table 2.

Table 2.1 Authorities approved after tabled Main Estimates

	(in thousands of dollars)
2007-2008 Main Estimates	3,379,924
Single administration of corporate tax for the Province of Ontario	48,508
National initiative to address inter-provincial tax avoidance by corporations	22,550
Canada/US Softwood Lumber Agreement	16,994
Budget measures arising from the 2006 Federal Budget	12,201
Planned Spending (RPP)	3,480,177
Statutory Payments related to Canada/US Softwood Lumber Agreement	603,602
Transfer from PWGSC for accommodation services	257,146
Carry Forward from 2006-2007	167,724
Maternity and Severance Payments	61,323
Funding to address budget measures arising from the 2007 Federal Budget	45,228
Respendable Revenue Adjustment primarily for Information Technology services provided to CBSA	28,126
Collective Agreements	12,559
Legal and Income Tax Debt Set-off Activities of the Collection Litigations Advisory Services	4,606
Children's Special Allowance adjustment	3,163
Energy Cost Assistance Measures Statutory Payment	992
Transfer from Justice Canada for legal costs	773
National Anti-Drug Strategy (NADS)	660
Electronic Services for Business Advertising Campaign	550
Court Awards	366
Public Service Modernization Act (PSMA)	205
Crown Assets Disposal	126
Transfer from Western Economic and Diversification in support of Minister's Regional Office in Saskatchewan	100
Federal Accountability Act – Evaluation Resources	91
Cabinet Directive on Streamlining of Recommendations	59
Adjustment to Corporate Tax Administration for Ontario (CTAO) from Planned Spending	(23,371)
Adjustment to EI administration costs	(22,796)
Offshore Trusts Initiative	(22,081)
Adjustment to CPP administration costs	(19,039)
Reduction to rates – Employee Benefits Plans	(11,090)
Adjustment to Payments to Private Collection Agencies	(8,601)
Transfer to Foreign Affairs and International Trade in support of Missions Abroad	(231)
Transfer to Public Service Human Resources Management Agency of Canada to support National Managers' Community	(200)
Minister's Salary and Motor Car Allowance	(4)
Total Authorities at year-end	4,560,163

Table 3 Reconciliation to the Statement of Operations

(in thousands of dollars)	2007-2008 Total Agency
Total Actual Spending¹	4,422,959
Financial Statements Adjustments	
Agency Activities	
Services provided without charge (See Financial Statements – Note 11)	211,053
Non-Tax Revenue – Respendable (see Financial Statements – Note 10)	(173,068)
Non-Tax Revenue – Non-Respendable (See Financial Statements – Note 10)	(44,014)
Other adjustments to accrual from modified cash	(55,001)
Administered Activities	
Transfers to Provinces under the <i>Softwood Lumber Products Export Charge Act, 2006</i>	(603,602)
Children’s Special Allowance (CSA)	(208,163)
Energy Cost Assistance Measures	(992)
Relief for Heating Expenses	(1,064)
Total Net Cost of Operations (from Statement of Operations – Agency Activities)²	3,548,108

¹ Actual spending, on a modified cash basis, is net of revenues credited to the Vote 1.

² Net cost of Operations (Expenses less Non-Tax Revenue) from the Statement of Operations – Agency Activities is presented on the accrual basis of accounting.

Audited Financial Statements – Agency Activities

For supplementary information on the Agency’s Audited Financial Statements, please visit www.cra-arc.gc.ca/gncy/nnnl/menu-eng.html

3.3 Additional Supplementary Information Tables

Sustainable Development

Protecting our environment and pursuing efficient operations go hand in hand at the CRA. By using fewer resources, while optimizing our services, we reduce our operating costs and preserve valuable natural resources. One illustration of this principle is our use of office paper. The table below shows that, since the implementation of our paper reduction strategy in 2002-2003, the overall trend reveals a reduction in the amount of paper used per employee as well as lower office paper expenditures.

Annual Office Paper Consumption

Fiscal Year	Average Consumption per FTE in Sheets	Office Paper Expenditures
2002-2003	7,011	\$2.43 million
2003-2004	7,399	\$2.42 million
2004-2005	7,234	\$1.81 million
2005-2006	6,407	\$1.56 million
2006-2007	5,761	\$1.45 million
2007-2008	5,721	\$1.48 million

Our employees are essential and willing partners in our pursuit of environmental excellence. A 2007 survey indicated that 89% of employees were aware of the sustainable development efforts in our organization. Of those, 94% have reduced paper consumption, 92% have increased recycling, and 91% have reduced their energy consumption.

Our current efforts are guided by our 2007-2010 Sustainable Development Strategy. The strategy sets out our agenda for reducing the impact of our operations on the environment, delivering our programs in a more sustainable way, engaging our employees, and building essential support systems for sustainable development.

For more information on our Sustainable Development performance, please visit: <http://www.cra-arc.gc.ca/gncy/sstnbl/prfrmnc/menu-eng.html>.

Response to Parliamentary Committees and External Audits

For supplementary information on the Agency's Response to Parliamentary Committees and External Audits please visit: <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>.

Internal Audits and Evaluations

For supplementary information on the Agency's Internal Audits and Evaluations, please visit: <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>.

Travel Policies

For supplementary information on the Agency's Travel Policies, please visit:
<http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>.

Section IV: Other Items of Interest

4.1 The Agency Governance Structure

Board of Management

The Board is composed of 15 members of which, four members including the Chair, and the Commissioner and CEO are nominated by the federal government; one director is nominated by each province; and one director is nominated by the territories.

The following list shows the Board's membership as of March 31, 2008.

Connie I. Roveto, B.A., B. Ed., ICD.D

Chair, Board of Management
President
Cireny Management
Toronto, Ontario

Camille Belliveau, CFP, FCGA

Executive Director
Groupe EPR Canada Group Inc.
Shediac, New Brunswick

Myles Bourke, B. Comm., FCA

Corporate Director
Chartered Accountant
Lethbridge, Alberta

**Raymond Desrochers, B. Comm., CA,
CFE**

Partner
BDO Dunwoody LLP Chartered
Accountants
Winnipeg, Manitoba

Gordon Gillis, B.A., LL.B.

Lawyer/Consultant
Dartmouth, Nova Scotia

André Gingras

Founder and Director
André Gingras et Associés inc.
Montréal, Quebec

**Robert J. (Bob) Healey, B. Comm., CFP,
FCA**

Corporate Director
Chartered Accountant / Management
Consultant
St. John's, Newfoundland and Labrador

James J. Hewitt, FCMA

Corporate Director
Penticton, British Columbia

Howard A. Leeson, Ph.D.

Senior Policy Fellow
Saskatchewan Institute of Public Policy
Regina, Saskatchewan

Rod Malcolm, CA

Corporate Director
Iqaluit, Nunavut

Patricia J. Mella, B.A., B.Ed., M.A.

Corporate Director
Stratford, Prince Edward Island

**James R. Nininger, B. Comm., M.B.A.,
Ph.D.**

Corporate Director
Ottawa, Ontario

Stephen E. Rudin, MSPH, M. Ed., CHE

Health Care Consultant
Toronto, Ontario

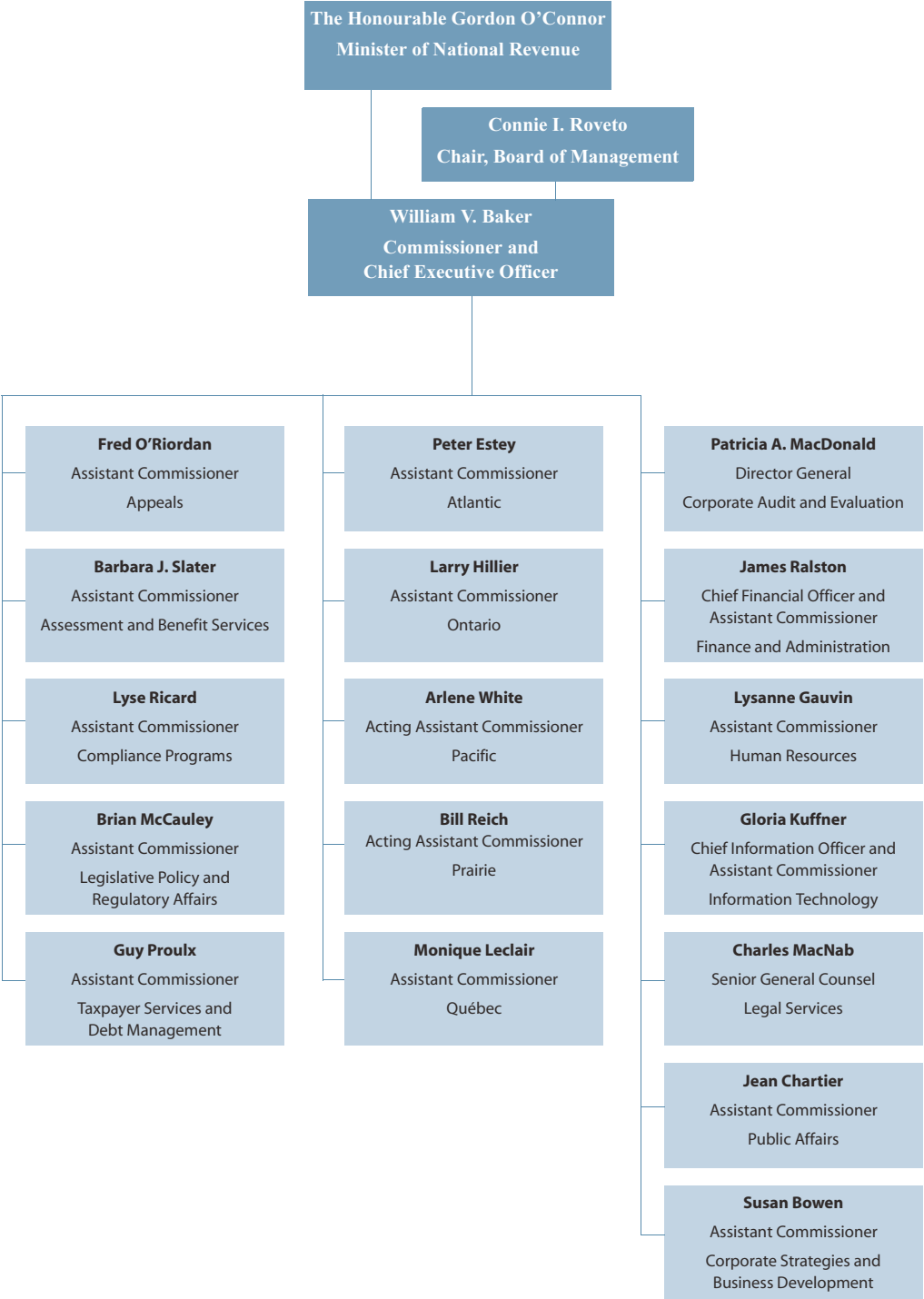
**Sylvie Tessier, B.Sc., M.B.A., P.Eng.,
ICD.D**

Consulting Director
Sierra Systems
Toronto, Ontario

William V. Baker, B.A., M.A., ICD.D

Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

Organizational Structure



As of March 31, 2008

4.2 External Service Standards in the Agency

We believe that providing high quality service facilitates compliance with Canada's tax system. To that end, we are committed to providing taxpayers and benefits recipients with service that is:

- accessible;
- prompt;
- accurate;
- fair; and
- professional.

Our service standards state the level of performance that Canadians can reasonably expect to encounter from the CRA under normal circumstances. Service standards that are reasonable and that the CRA meets contribute to our efforts to promote compliance. Service standards that are consistently met also contribute toward increasing the level of confidence that Canadians place in government.

How we set targets

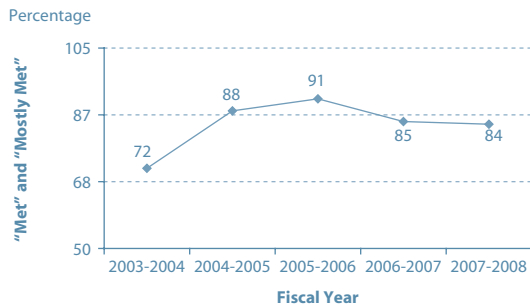
The CRA sets targets that represent the percentage or degree of expected attainment of an established standard. Targets are based on operational realities, historical performance, complexity of the work, and Canadians' expectations. For example, standards for front-end processing generally have shorter time frames and/or higher targets, while those requiring greater review and analysis have lengthier time standards and/or lower targets.

We review our standards and targets annually. This year, we introduced five new standards, two in the Tax Services and three in the Benefit Programs areas. Two existing standards were amended: the Charities telephone service was amended to be more consistent with other telephone services; and T2 processing targets were combined and the standard improved (historical results are therefore not available for this standard).

Overall results

Overall, we met or mostly met 37 of the targets measured in 2007-2008. Our performance dropped marginally this year due to difficulty in meeting Registered Plans' standards. This was a result of high staff turnover and subsequent training requirements.

Figure 7 Service Standards With Targets That Are Met and Mostly Met



Data quality: Good

Challenges

We did not meet our target for the processing of Statements of Interim Payments. The decline in performance was related to the challenges experienced with the redeveloped GST/HST system and the consolidation of the sites where we print these statements.

In addition, we experienced difficulty in meeting our target regarding processing requests to authorize or cancel a representative during non-peak periods. We will review workflow efficiencies and the appropriateness of the standard in the context of the workload.

The decreased performance with respect to the GST/HST Visitor Rebates Program was due to the combined effects of the elimination of the program effective April 1, 2007, and the introduction of the Foreign Convention and Tour Incentive Program at the same time.

4.3 Responses to the Public Accounts Committee and the Office of the Auditor General of Canada

Action Plans – Item Listing

Tracking of actions to address the recommendations of the Public Accounts Committee (PAC) and the Office of the Auditor General of Canada.

For supplementary information on the Agency’s Responses to the Public Accounts Committee and the Office of the Auditor General, please visit:

http://www.oag-bvg.gc.ca/internet/English/parl_lpf_e_932.html

Benefit Programs and Benefit-Related Services Delivered by the CRA

Five Federal Benefit Programs
<ul style="list-style-type: none"> • Canada Child Tax Benefit • Universal Child Care Benefit¹ • Goods and Services Tax / Harmonized Sales Tax Credit • Children’s Special Allowances • Disability Tax Credit

¹ On behalf of Human Resources and Social Development Canada.

18 Ongoing Benefit Programs for Provinces and Territories	1 st Year
• British Columbia – BC Family Bonus	1996
• British Columbia – BC Earned Income Benefit	1998
• Alberta Family Employment Tax Credit	1997
• Saskatchewan Child Benefit	1998
• Saskatchewan Sales Tax Credit	2000
• Yukon Child Benefit	1999
• Northwest Territories Child Benefit	1998
• Northwest Territories – Territorial Worker’s Supplement	1998
• Nunavut Child Benefit	1999
• Nunavut Territorial Worker’s Supplement	1999
• New Brunswick Child Tax Benefit	1997
• New Brunswick Working Income Supplement	1997
• Nova Scotia Child Benefit	1998
• Newfoundland and Labrador Child Benefit	1999
• Newfoundland and Labrador – Mother Baby Nutrition Supplement	2001
• Newfoundland Harmonized Sales Tax Credit	1997
• Newfoundland and Labrador Seniors’ Benefit	1999
• Ontario Child Tax Benefit	2007

Eight One-Time Payment Programs	Tax Year
• Ontario Home Electricity Relief	2006
• Energy Cost Benefit program (federal)	2005
• Alberta 2005 Resource Rebate	2005
• Nova Scotia Taxpayer Refund	2003
• British Columbia – BC Energy Rebate	2001
• Alberta Energy Tax Refund	2001
• Ontario Taxpayer Dividend	2001
• Relief for Heating Expenses program (federal)	2000

46 Data Exchange and Data Transfer Services
<ul style="list-style-type: none"> • Twenty-three income verification data exchanges with provinces to support programs • Eleven NCB Supplement data exchanges with provinces and territories to facilitate calculation of social assistance • Four data transfers with provinces to support top-ups for CRA-administered child benefit programs • Two data transfers of income and child information to support administration of the Ontario Child Care Supplement and Quebec Family Allowance programs • Two data exchanges and transfers to support the new Nova Scotia Pharmacare program and to assist the ministère du Revenu du Québec in the administration of the Quebec <i>Income Tax Act</i> • Four data exchanges and data transfers to support federal administration of EI Family Supplement, Canada Learning Bond, Additional Canada Education Savings Grant, and Guaranteed Income Supplement

4.4 Rating Our Data Quality

In conjunction with the performance results ratings, we also assign each indicator a data quality rating.

For each indicator we use consistent approaches in evaluating the information derived from our data collections systems and all other sources. We rely upon CRA managers to vouch for the completeness of the records for data integrity purposes (i.e., data belongs to the same category, is collected for the same period, and by the same method). We examine data for relevance, formulas for accuracy, and other factors that must be considered. We also use comparable information from prior years for the purpose of historical comparison, which often appears in the Annual Report. To ensure consistency, we perform the following tasks to verify that the information reported in our numerous reports is valid, reliable, and is accompanied by appropriate evidence:

- **Validation:** This is a process of verification to ensure that the data meets the requirements for its intended purposes. We review and evaluate data for completeness and plausibility (accuracy, timeliness, interpretability, coherence). We also identify contact information, check calculations, confirm system reliability (verifying the source of information), and note and address any errors.
- **Data quality assessment:** We apply a data quality checklist and review prior years' data to assess the quality of data for each indicator.

- Electronic filing system: We store data in a database for easy reference and further analysis for other purposes.
- Physical filing system: We maintain physical files of the evidence collected from all sources to provide validation and assurance that our data quality ratings are accurate and supported.

We always endeavour to use the most appropriate and reliable data when evaluating our results. There are mainly two data sources for the Annual Report: administrative data (normally communicated in aggregate or after some simple calculations are performed on them) and survey data. All data sources are validated for accuracy and a data quality rating of good, reasonable or weak as categorized below is applied to each indicator.

We believe that these three levels of data quality ratings provide a reasonable assessment of the reliability of the data. Generally, our data sources provide reliable information. In situations where the supporting data is too imprecise to draw firm conclusions, it is reflected in the data quality rating.

Data Quality Ratings

Data Quality Ratings	
Good	Results rating based on management judgment supported by an appropriate level of accurate information (including management estimates) obtained from reliable sources or methods.
Reasonable	Results rating based on management judgment supported, in most cases, by an appropriate level of accurate information (including management estimates) obtained from reliable sources or methods.
Weak	Significant gaps in robustness of results information ; results rating based on management judgment supported by entirely or predominantly qualitative information from informal sources or methods.