



Canada Revenue  
Agency

Agence du revenu  
du Canada

## **2023-2024 Annual Corporate Research (Qualitative) Executive Summary**

### **Prepared for the Canada Revenue Agency**

Supplier Name: Phoenix SPI

Contract Number: CW2350465

Award Date: 2024-02-22

Contract Value: \$169,196.22 (including applicable taxes)

Delivery Date: October 2024

Registration Number: POR # 134-23

For more information, please contact: [cra-arc.media@cra-arc.gc.ca](mailto:cra-arc.media@cra-arc.gc.ca).

Ce rapport est aussi disponible en français.

# 2023-2024 Annual Corporate Research (Qualitative)

## Executive Summary

Prepared for the Canada Revenue Agency  
Supplier name: Phoenix Strategic Perspectives Inc.  
October 2024

This public opinion research report presents the findings from qualitative research conducted to assess the perceptions and experiences of taxpayers, decision-makers of small businesses, and professionals involved in assisting individual and small business clients on tax-related or payroll matters in the following areas: views of the CRA; income tax filing and interactions with the CRA; service expectations of the CRA; and compliance related activities. To meet the objectives, 26 in-person and virtual focus groups were conducted across the country. The fieldwork took place between June 4 and July 4, 2024.

Cette publication est aussi disponible en français sous le titre :

*Recherche d'entreprise annuelle de l'Agence du revenu du Canada de 2023-2024 – Constatations qualitatives*

### Permission to Reproduce

This publication may be reproduced for non-commercial purposes only. Prior written permission must be obtained from the Canada Revenue Agency. For more information on this report, please contact the Canada Revenue Agency at: [media.relations@cra-arc.gc.ca](mailto:media.relations@cra-arc.gc.ca).

**Catalogue number:** Rv4-126/1-2024E-1-PDF

**International Standard Book Number (ISBN):** 978-0-660-73784-3

### Related Publication (Registration Number):

Catalogue number: Rv4-126/1-2024F-1-PDF (Final report, French)  
ISBN: 978-0-660-73785-0

## Executive Summary

The Canada Revenue Agency (CRA) commissioned Phoenix Strategic Perspectives (Phoenix SPI) to conduct qualitative public opinion research (POR) as part of the Agency's annual corporate-wide issues public opinion research.

### 1. Research purpose and objectives

The purpose of the research was to assess the perceptions and experiences of taxpayers, decision-makers of small businesses, and professionals involved in assisting individual and small business clients on tax-related or payroll matters in the following areas: views of the Agency; income tax filing and interactions with the CRA; service expectations of the CRA; and compliance-related activities.

### 2. Methodology

To meet the objectives, 26 focus groups were conducted across the country. Twelve focus groups were conducted in person, and the remainder (14 focus groups) were conducted online. In-person sessions were held in Calgary (taxpayers), Toronto (taxpayers and small businesses), Montreal (taxpayers and small businesses), and Halifax (taxpayers). Online sessions were conducted with:

- taxpayers residing in the Territories and rural communities across Canada
- tax intermediaries working in Atlantic Canada, Quebec, Ontario, western Canada, and rural communities
- small business decision-makers working in Atlantic Canada, western Canada, and rural communities

In total, 187 individuals participated in the research: 80 taxpayers, 55 decision-makers of small businesses, and 48 tax intermediaries. Six sessions were conducted in French, and the rest in English. All participants received an honorarium. The fieldwork took place between June 4 and July 4, 2024.

### 3. Highlights

#### Overall impressions

*Overall impressions of the Government of Canada and the Canadian tax system were mostly critical, while impressions of the CRA ranged from mixed to positive.*

Participants' impressions of the Government of Canada focused on what was described as a disconnectedness between departments and agencies, the length of time needed to conduct interactions, and difficulty finding information. Impressions of Canada's tax system focused on its complexity, lack of fairness, and rates of taxation, which were characterized as high. Top-of-mind impressions of the CRA tended to focus on taxes, with taxpayers routinely describing the Agency as a 'tax collector', and on service-related shortcomings attributed to difficulty finding as well as understanding information, the time it takes to reach an agent on the telephone, inconsistency in the competence of agents, and the time it takes to resolve issues.

When the focus shifted to overall impressions of the CRA, assessments were more likely to be mixed, with an emphasis on what the Agency does well and does not do well. Impressions of what the Agency does well focused on digital services and efficient processing (both most often identified

## 2023-2024 Annual Corporate Research

as things that have improved in recent years), as well as respectful and polite telephone agents. Impressions of what the Agency does not do well focused on the time it takes to reach an agent using the phone system and inconsistency in the competence of agents (both most often identified as things the Agency needs to improve).

### Consistency and fairness, openness and transparency, and trust

*Many participants do not think the CRA administers the tax system consistently and fairly and felt that the Agency should be more open and transparent about the way it collects income tax and delivers benefits and tax credits. That said, the CRA is viewed as trustworthy, in part because there is no reason not to trust the Agency.*

Impressions differed as to whether the CRA and its employees administer the tax system consistently and fairly. There was a widespread impression that the Agency does not, because it tends to focus on ‘small players’ instead of wealthy individuals and large companies when it comes to enforcement efforts. The focus of criticism regarding employees’ administration of the tax system was on consistency—specifically, participants often pointed to their perceptions that the competence and knowledge of agents varies considerably, which results in inconsistencies in service.

Most participants think that the CRA can improve its openness and transparency about the way it collects income tax and delivers benefits and tax credits to Canadians, mainly by focusing on the following: having better outreach, using plain language as often as possible, directing people more effectively to online information and resources, providing a full list of benefits/credits in one place for Canadians, and making eligibility requirements for benefits/credits as simple and clear as possible.

There was general agreement that the CRA is trustworthy, mainly because there is no reason not to trust it. Participants routinely added that their experiences with the Agency have been good overall or that they have not experienced any problems or issues that would lead them to lack trust in it. Trust in information from the CRA is also widespread among taxpayers (although not unconditional), and most participants said their trust of the Agency has not changed over the last few years. Looking beyond the Agency, participants consistently identified competence, accountability, consistency, transparency and openness as things that make a public institution trustworthy.

### Service-related issues

*Client-focused service and digital services were key features of a modern tax organization routinely mentioned by participants and artificial intelligence (AI) was viewed as something that can be used to modernize the CRA and its operations.*

Participants’ descriptions of what constitutes a modern tax organization most often focused on a client-focused approach, with an emphasis on two things: efficient and effective service delivery and digital/online/automated services. In the minds of many participants, these two features are inseparable in the sense that digital services are viewed as a prerequisite for delivering efficient and effective service. Characteristics often associated with efficient and effective service included consistency, ease of access, responsiveness, speed and promptness, proactivity, simplicity, and connectedness to other areas of government. Examples of ‘modern’ digital services included

## 2023-2024 Annual Corporate Research

interactive assistance, such as live chat options and the use of chatbots, as well as the use of video-conferencing platforms like Zoom for service calls.

Participants had no difficulty identifying ways in which AI could be used by the CRA to modernize its operations. Improving service delivery was by far the most frequently identified way in which AI could be used, with a focus on improving the speed of service and helping clients more easily access information and resources. In addition to helping improve service delivery, a few participants suggested that AI could be used in relation to compliance-related issues. This included using AI to verify returns and forms for mistakes and to assist in fraud detection by searching for patterns and/or discrepancies in tax returns.

Not only could participants envision ways the CRA could use AI to modernize, but they also agreed that the Agency *should* leverage AI to improve the speed of service and help clients more easily access/find information and resources. While widespread, support for AI was usually conditional: it should be used as a support mechanism, subject to human oversight, not used to reduce CRA personnel, implemented gradually and transparently, and implemented with an eye on ensuring security and protecting personal information.

### Service experiences

*Interactions with the CRA are conducted mostly by telephone, which is also the preferred mode of contacting the Agency and most participants described their overall service experience with the CRA as meeting their expectations.*

Over the last few years, most participants have interacted with the CRA almost entirely by telephone. In addition to being the most commonly used way to contact the CRA, the telephone was also identified most often as the preferred way to interact with the Agency, with a few tax intermediaries and representatives of small businesses adding that this would be their preferred vehicle if there were dedicated CRA phone lines for them. The most frequently given reasons for preferring interaction by phone included the ability to engage in dialogue and the ability to explore specific issues more effectively.

Most participants said their experience interacting with the CRA over the last few years has met their expectations primarily because they obtained what they needed. Assessments of CRA staff, however, were usually mixed—that is, both positive and negative. Positive impressions focused on the helpfulness, empathy, respect, and politeness of agents, while negative impressions focused on the lack of consistency in the competence of agents. There was a relatively widespread impression that knowledge varies from agent to agent.

While telephone is the preferred service channel, use of the CRA's digital services (My Account, My Business Account, and Represent a Client) is widespread. Frequency of use varies widely, though tax intermediaries were most likely to use these services daily and weekly. Overall impressions of the CRA's digital services ranged from positive to very positive, with focus groups participants routinely pointing to their convenience/speed, user-friendliness, and security features.

### Protection of personal information

*Participants felt that their personal and/or business information is safe with the CRA and that CRA is as secure as financial institutions. That said, there were differences of opinion as to whether the*

**2023-2024 Annual Corporate Research**

*CRA is open and transparent with Canadians about its data handling and security processes when it comes to protecting information.*

There was general agreement that information is safe with the CRA (and as secure with the Agency as with a financial institution), but there were differences of opinion as to whether the CRA is open and transparent about its data handling and security processes. Some felt the Agency is open and transparent, some felt it is not, some did not know, and some felt the CRA should not be too open and transparent about its processes because this might compromise security.

Most participants said they do not know whether the CRA does enough to detect and prevent identity theft and fraud in the tax system. Among the rest, a few felt that the CRA does enough or assumed that it does, while a few others felt the CRA does not do enough in this regard. Those who felt the CRA could do more pointed to incidents of CRA employees fraudulently claiming the Canada Emergency Response Benefit (CERB), remote or work-from-home policies that could put confidential information at risk, and never hearing or seeing anything from the CRA about what they are doing in this regard.

**Compliance-related issues**

*There was a general consensus that most people (but not all) pay their fair share of taxes and that tax evasion is a more serious problem than tax avoidance. In addition, the CRA is viewed as having a role in educating Canadians about tax compliance, and in helping businesses learn about their tax obligations.*

There was a widespread impression that most people pay their fair share of taxes, and among representatives of small businesses and intermediaries, there was general agreement that it is sound for the CRA to proceed on the assumption that most people will meet their tax obligations. Although this perception of fairness was widespread, attention was also drawn to the fact that there are those who do not pay their fair share or meet their tax obligations. This included the view that the middle class carries the main burden when it comes to paying taxes and that some wealthy individuals take advantage of loopholes to avoid fully complying with their tax obligations.

When it comes to non-compliance, taxpayers were virtually unanimous that tax evasion and tax avoidance are not the same thing, and that what distinguishes them is that tax evasion is illegal whereas tax avoidance is not. Nearly everyone identified tax evasion as more serious or a bigger problem, primarily because it represents a deliberate disregard of the law whereas tax avoidance is not illegal. There was a virtual consensus that taxpayers should have options when it comes to paying the taxes they owe to the CRA, including taking into account the amount owed and a person's financial situation.

Asked what role the CRA should play in educating Canadians about tax compliance, taxpayers said the Agency should focus on fostering tax literacy, providing information in simple, easy to understand language, and providing information on the importance of doing ones' taxes. For businesses, representatives of small businesses and intermediaries said the CRA should focus on providing information and reducing the burden associated with meeting tax obligations.

**2023-2024 Annual Corporate Research****Transparency and enforcement**

*Opinions differed regarding the effectiveness of the CRA at finding and addressing issues of non-compliance and most participants did not think the CRA treats everyone equally in addressing non-compliance.*

Opinions on the effectiveness of the CRA finding and addressing issues involving people not paying their fair share of taxes varied. Some participants felt the CRA is at least somewhat effective in this regard, some felt it is not at all effective, and others said they did not know. Reasons for thinking the CRA is not effective most often focused on the existence of tax havens and the impression that the Agency tends to focus its compliance efforts on ‘small players’ as opposed to ‘big fish’.

Most participants felt that the Agency does not treat everyone equally when it comes to addressing non-compliance in meeting tax obligations—specifically, there was an assumption that the CRA tends to focus its enforcement activities on the middle and lower classes because compliance is more easily enforceable than it is when dealing with wealthy individuals and large corporations. The latter were seen as having ways and means to avoid compliance by taking advantage of loopholes in the tax code. In addition, there was an assumption that these individuals and corporations have the financial and legal resources to defend themselves in the event that they are pursued by the CRA.

Things it would take to make participants think the CRA is doing enough to make sure those who owe large amounts of income tax pay their fair share of income tax included publishing relevant statistics, such as the amount of money recovered and penalties imposed, publicly identifying those taking advantage of offshore tax havens, drawing attention to high profile success stories, and not allowing special deals for those convicted of non-compliance.

**Tax evasion and avoidance**

*People are aware of the underground economy, think it is unlikely that those who take part will get caught, and assume that reducing participation in underground economy is not a priority of the CRA.*

Focus group participants are aware of the underground economy and frequently pointed to paying cash for goods and services as an example. According to taxpayers, the main effect of the underground economy is an erosion of the tax base leading to loss of tax revenues. Among representatives of small businesses and tax intermediaries, there was agreement that certain industries or sectors are more likely to be contributors to the underground economy, and that these tend to be sectors conducive to cash-based transactions.

Most think that participating in the underground economy has become more socially acceptable over time, and there was a near consensus that it is unlikely people who participate will get caught by the CRA. Most representatives of small businesses and tax intermediaries, moreover, do not think that reducing participation in the underground economy is a priority for the CRA, sometimes adding that they also do not think it should be a priority. Reasons for thinking this is not a priority for the Agency included the impressions that tracking such activities is difficult, that the CRA lacks resources, that the Agency has other priorities, and that it is not worthwhile because the time and effort required outweigh the potential benefits.

**2023-2024 Annual Corporate Research**

*Few have heard anything about offshore tax havens or CRA efforts to stop use of them and there is general agreement that tax havens are a big problem.*

Participants' opinions about tax havens tended to be negative, and there was agreement that their use constitutes a big problem primarily because of the large amounts of money shielded from taxation. Asked if they believe the CRA is doing enough to stop offshore non-compliance, participants were mostly divided between those saying no and those saying that they do not know. Things participants would like to know about CRA efforts to stop individuals and companies from hiding their revenue abroad included the amount of money held in tax havens, the amount of taxes lost as a result of them, the measures in place to enforce compliance, data about enforcement and recovery efforts, information on the effects of tax havens on Canadians, and the names of companies and individuals involved in such activities.

**4. Limitations and use of the findings**

Qualitative research is designed to reveal a rich range of opinions and generate directional insights rather than to measure what percentage of the target population holds a given opinion. The results of these focus groups and in-depth interviews provide an indication of participants' views about the issues explored, but they cannot be quantified nor generalized to the full population of taxpayers, small businesses, and tax professionals. As such, the results may be used by the CRA for the following: to gauge trust in, and satisfaction with, the Agency; to provide evidence-based information for strategic decision-making; and to provide information for reporting on engagement and reputation management.

**5. Contract value**

The contract value was \$169,196.22 (including applicable taxes).

**6. Statement of political neutrality**

I hereby certify as a Senior Officer of Phoenix Strategic Perspectives that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the *Communications Policy* of the Government of Canada and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not contain any reference to electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leader.



---

Alethea Woods  
President  
Phoenix Strategic Perspectives Inc.