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2023-2024 Annual Corporate Research (Qualitative)

Final Report

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.

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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

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

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

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 one's 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.

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.

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.

Introduction

Background

In 2005, the CRA launched an annual survey that focuses on corporate-wide issues, with the aim to provide a public opinion context for strategic planning and reporting. An in-depth review of the methodology was conducted in 2010 and, in 2011, the Annual Corporate Research (ACR) was redesigned to include an updated examination of reputation, service delivery, and attitudes towards compliance. The fiscal year of 2011-2012 saw the first iteration of the ACR's new cycle.

In 2013, new questions were added to examine experiences with the CRA website. The 2013, 2016, 2018, and 2020 editions¹ repeated the service-focused module and the 2017 iteration was the first compliance module, repeated in 2019. In addition to collecting insights via an expanded suite of target audiences that added small and medium enterprises and tax intermediaries to the general population, the ACR also solicited feedback from these audiences in focus groups to help explain the phenomena and trends in the survey data.

In 2021, another in-depth review of the methodology was conducted, and the ACR was again updated to reflect changes in corporate priorities and tax-related themes as well as changes in technology. The redesigned format of the ACR now involves a change in design, where the focus group approach is a stand-alone project in order to be responsive to trends the CRA has noted in a broader suite of research and corporate priorities, as needed.

In this context, the CRA was interested in assessing perceptions of taxpayers, decision-makers of small businesses, and professionals involved in assisting individual and small business clients on tax-related or payroll matters (i.e., tax intermediaries). Understanding public perceptions and attitudes enables the CRA to identify target audiences for specific action and communication.

Research objectives

The specific objectives of this research were to explore the following:

- Views of the CRA's reputation
- Overall perceptions of the CRA
- Experience with income tax filing
- Perceptions of interactions with the CRA
- Attitudes about services and service expectations
- Attitudes about compliance, underground economy, and related activities

The results provide the CRA with better contextual information regarding public and business perceptions of the Agency at the strategic level where public reputation, delivery of services, and efforts to encourage compliance are concerned. With this information, the CRA may gauge factors such as trust in, and satisfaction with, the CRA, contextualize other study information, provide evidence-based information for strategic decision-making, and provide information for reporting on engagement and reputation management.

¹ The ACR was not conducted in 2012, 2014 and 2015.

Methodology

To meet the objectives, 26 in-person and online focus groups were conducted across the country. Twelve focus groups were conducted in person, and the remainder (14 focus groups) were conducted online. 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. The distribution of the groups was as follows:

Location	Method	Taxpayers	Small businesses	Tax intermediaries
Calgary	In person	2 groups	--	--
Halifax	In person	2 groups	--	--
North/rural areas	Online	2 groups	--	--
Toronto	In person	2 groups	2 groups	--
Ontario	Online	--	--	2 groups
Atlantic provinces	Online	--	1 group	1 group
Western provinces	Online	--	1 group	1 group
Montreal (French)	In person	2 groups	2 groups	--
Rural/small communities	Online	--	1 group	1 group
Quebec (French)	Online	--	--	2 groups
Rural/small communities (French)	Online	--	1 group	1 group

The sessions with each audience were segmented, with one session focused on service-related issues and the other on compliance-related issues. To ensure an appropriate mix of participants for each of the issue areas, participants were segmented according to their views on taxation and compliance. All participants received an honorarium. The fieldwork took place between June 4 and July 4, 2024.

Notes to readers

- Qualitative research is designed to reveal a rich range of opinions and generate directional insights. 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.
- The research instruments can be found in the [Appendix](#) along with more information about the technical specifications of research.

Detailed Findings

1. Overall impressions

This section reports on participants' overall impressions of the Government of Canada², the Canada Revenue Agency, and Canada's tax system. For the most part, these issues were explored with members of all three audiences. Where this was not the case, the specific audience with whom the issue was explored is identified in the narrative.

Overall impressions of Government of Canada tend to be critical

Overall impressions of the Government of Canada tended to be critical. Participants most often focused on three themes when explaining why they held this impression:

- disconnectedness of various departments/agencies
- time-consuming nature of interactions
- difficulty finding/getting information both from agents and on websites

Disconnectedness of various departments/agencies

This included impressions that the various departments and agencies of the Government of Canada are 'siloe off' from one another, are not coordinated, do not seem to communicate with each other and/or share information, and that interactions with various departments/agencies involve needless duplication (e.g., 'doesn't the Government of Canada already have this information?').

Time-consuming nature of interactions

This included impressions that service is slow and that interactions involve lengthy drawn-out processes (e.g., wait times obtaining a passport, processing documents, resolving an issue), that it takes a long time to get through to a service agent by phone, that it takes a long time to get a response to a query or request, and that many interactions still involve paperwork instead of being automated/digitized.

Difficulty finding/getting information both from agents and on websites

This impression manifested itself in a number of ways, including the following:

- it is difficult to know where to start when looking for information
- language and explanations on government websites are often complicated or unclear
- information is not proactively given/offered
- there can be a lack of transparency or opaqueness when trying to get information
- information from service agents can be contradictory
- it is difficult to get through to the right person
- the shift from in-person service to online services is problematic for people who are not comfortable or competent interacting online, e.g., older Canadians

Some participants attributed their critical overall impression of the Government of Canada to perceived poor management, ineptitude, or wastefulness. This included specific references to the

² Participants were explicitly asked to focus on the various departments and agencies under the responsibility of the federal government, not the elected government of the day, when thinking about the 'Government of Canada'.

Phoenix pay system, the ArriveCAN mobile app, and problems getting passports, as well as more general impressions that Canadians should be better served given the size of the federal government, that there is too much bureaucracy, and that the federal bureaucracy is too costly.

Some participants expressed mixed impressions of the Government of Canada. This included the impression that public servants are doing the best they can and that it can be difficult implementing government policies, that service varies or is uneven across departments (with some facing staffing shortages), that in-person service is better than electronic services, and that government programs themselves are good (e.g., benefits) but that there are problems at the service end of interactions.

Positive impressions of the Government of Canada were offered by a few participants and were informed by a variety of things which included the following:

- that it is transparent, reliable, stable
- that it is well organized in terms of service (e.g., hours of operation, locations, flexibility in terms of service delivery options)
- that it offers many resources and lots of information on its websites
- that employees work hard
- that service interactions have improved with automation/technology
- that departments and agencies are very good compared to other countries (e.g., they are impartial, there is no corruption)

Impressions of Canada's tax system tend to be critical

Focus group participants tended to be critical of Canada's tax system.³ Asked what words they would use to describe Canada's tax system, participants routinely used expressions conveying the following impressions: the complexity of the system, the high level of taxation, and a lack of fairness in the system.

Complexity

In addition to the word 'complex', expressions used to describe the perceived complexity of the tax system included 'complicated', 'confusing', 'not simple', 'cumbersome', 'overwhelming', and 'frustrating'. A few members of the general public specified that the system is particularly difficult for new Canadians.

High level of taxation

While focus group participants from all three audiences described taxes as high or too high, this impression was more widespread among taxpayers than among representatives of small businesses and intermediaries. This impression was conveyed through the use of expressions such as 'heavy', 'heavily taxed', 'taxed too much', 'pay too much', 'overtaxed', 'greedy', 'gouged', 'brutal', 'outrageous', and 'trying to get as much as possible'. It was also suggested by a few participants that Canadians do not receive services commensurate with the tax rates they pay, that taxes are too high in relation to what most Canadians earn, and that what Canadians pay in taxes is 'annoying' given how tax dollars are spent.

³ Taxpayers were asked how they would describe Canada's tax system, but among representatives of small businesses and tax intermediaries this question was asked only in groups where the focus was on compliance-related issues.

Lack of fairness:

While the impression that taxes are too high was more widespread among taxpayers than among representatives of small businesses and intermediaries, the impression that the tax system is unfair was more widespread among representatives of small businesses and intermediaries. In addition to the term 'unfair', this impression was conveyed through expressions like 'unjust', 'inequitable', 'unequally distributed', and 'loopholes'.

A few participants criticized the Canadian tax system based on the impression that it needs to be revised/updated. While not articulated frequently, this impression was nonetheless identified by members of all three audiences and conveyed by expressions that included 'outdated', 'archaic', 'not automated enough', 'overdue for revisions', 'about 20-30 years behind', and 'trending in the wrong direction in terms of helping businesses', as well as the impression that Canadians should not have to file a return because the Government of Canada has all the information it needs to collect taxes.

Other impressions of Canada's tax system were identified infrequently, i.e., by no more than a small number of participants. These impressions were positive and included the perception that Canada's tax system is ...

- a well-oiled machine
- progressive
- equitable
- fair
- modern and getting better
- used support services/fund safety net
- good in allowing for tax free savings accounts (TFSAs)

Top-of-mind impressions of the CRA focused on taxes and service-related issues

Asked about the first thing that comes to mind when they think about the CRA, participants most often identified two things: taxes/tax collection and issues related to interactions with the Agency. The most frequently identified top-of-mind issues related to interactions with the Agency included the following:

- Difficulty finding information on the Agency website and/or through its search engine
- Difficulty understanding information due to a lack of clarity, the use bureaucratic language, and/or the complexity of rules/regulations
- Frustrations related to interactions with agents, including:
 - the amount of time spent on hold waiting to speak to an agent
 - inconsistent service from agents
 - varied degrees of competence among agents
 - receiving conflicting information, i.e., different answers to same question
 - being transferred from one agent to another
 - difficulty reaching right person
 - inability to resolve issues in one transaction
- Length of time needed to resolve issues

- Problems related to CRA's digital services⁴ including security issues, password problems, and difficulty changing information

Other top-of-mind impressions of the CRA identified with any frequency related to positive experiences with the Agency included references to positive experiences in general, as well as the impression that the Agency has strong security measures in place, a website that contains lots of information and resources, a phone service that is delivered with professionalism, and that it is efficient when it comes to payments/refunds, is prompt at making adjustments/helping resolve issues, and distributes benefits to Canadians.

A small number of participants said being outdated is what comes to mind when they think of the CRA. This included references to the Agency's use of dated modes of communication, such as its continued reliance on fax and mail, as well as references to tax codes and regulations that are not evolving with current business practices and technological developments.

Other top-of-mind impressions were identified by no more than a few participants and varied by audience. For a few participants (primarily taxpayers), thinking of the CRA brought to mind feelings of apprehension, intimidation, fear, stress, or anxiety related to the following:

- meeting deadlines
- making mistakes when filing a tax return
- associating the Agency with 'big brother'
- a sense that the Agency can be intransigent in its dealings
- a sense that when there is a problem with the Agency one is guilty until proven innocent
- the impression that the Agency tends to go after the 'small fish'
- the impression that it is very stressful if the Agency goes after you
- the impression that the Agency can go back years to investigate your dealings with them

For a few representatives of small businesses, thinking about the CRA brought to mind the impression that the Agency is not proactive when it comes to providing information to small business owners, and does not seem to understand the situation of small business owners.

For a few tax intermediaries, thinking about the CRA brought to mind the impression that Agency staff seem overwhelmed/overworked, that there is a high turnover rate in personnel, and that the relationship with the Agency is not reciprocal, i.e., when the Agency wants something from you, they want it immediately, but it can be very slow in responding to requests.

Taxpayers see the CRA as tax collector

Taxpayers were asked to explain in their own words what it is that the CRA does. Perceptions of what the Agency does most often focused on collecting taxes. The only other thing identified with any frequency was distributing benefits and refunds. Other things associated with the CRA that were identified by no more than a few participants included providing tax-related information, dealing with financial fraud/fraud investigations, ensuring compliance/enforcement of tax code/laws, interpreting tax-related legislation/administering the tax act, introducing new tax-related programs, and collecting tax-related data/statistics.

⁴ My Account, My Business Account and Represent a Client.

Overall impressions of the CRA tend to range from mixed to positive

Participants were asked for their overall impression of the CRA, specifically whether it is positive, negative, or somewhere in between, and why⁵. Assessments spanned the full range from positive, to mixed, to negative. That being said, most assessments were either mixed or positive, though they were more likely to be the former than the latter. In addition, while assessments varied within the three audiences, positive impressions were more likely to be expressed by taxpayers, while tax intermediaries and representatives of small businesses were more likely to provide mixed assessments. Negative overall assessments were also more likely to be expressed by tax intermediaries and representatives of small businesses.

Reasons informing participants' overall impressions of the CRA are provided below, with differences by audience identified whenever pertinent.

Positive impressions of the CRA

Focus group participants based positive impressions of the CRA on the following: the absence (or absence for the most part) of issues or problems in their interactions with the Agency, good experiences with agents, and the quality and amount of information available on the CRA website. Among taxpayers, positive impressions of the CRA also tended to focus on the following: ease of filing with an emphasis on efficient, user-friendly technology and services (e.g., My Account), timely and efficient processing of tax returns, and the ability to track/monitor the receipt of benefits.

Among representatives of small businesses and tax intermediaries, positive impressions of the CRA tended to focus on the following: getting answers to questions/information needed and the ability to resolve issues (even if this can take time), the improvement of technological/online/digital services, the Agency's dedication to data privacy/security, the professionalism of staff, the impression that CRA staff are trying hard/doing their best in terms of providing service, and the impression that service in general is improving.

Mixed impressions of the CRA

Mixed assessments of the CRA most often focused on two things:

- uneven or inconsistent service from CRA agents
- receipt of answers/information, but not in a timely fashion

Participants routinely noted that the service they received was sometimes good and sometimes not good or not as good, or they noted that the service received depended on the agent. In addition, a number of participants noted that while they usually get the information or answers they need from the Agency, this typically requires that they spend a lengthy amount of time on hold waiting to speak with a CRA agent. A few representatives of small businesses added that this is time they do not have to spare as businesspeople.

⁵ The question posed to representatives of small businesses and tax intermediaries asked for their 'overall impression of the CRA'. The question posed to members of the general public asked for their 'overall impression of the CRA', with the added specification 'either from personal experience or based on what you've read or heard'.

Some participants also based mixed assessments on the following:

- the length of time it can take to resolve certain issues, e.g., an audit, correcting a mistake
- the lengthy timelines and cumbersome requirements associated with certain processes (identified mainly by tax intermediaries)
- the impression that the Agency is good at providing general information but not good or as good at providing specific information/details

Regarding the latter bullet, among a few tax intermediaries, this included the impression that the more nuanced or complicated an issue is, the more difficulties they encounter dealing with the Agency.

Other reasons informing mixed assessments tended to vary by audience. The following reasons were provided exclusively by taxpayers: encountering issues related to benefits/eligibility for benefits, e.g., the Canada Emergency Response Benefit (CERB), the Canada Child Benefit (CCB), and occasional technical problems with My Account, mainly related to access codes.

The following reasons were provided exclusively by representatives of small businesses:

- stress associated with the apprehension that one might make mistakes when filing returns
- financial costs/repercussions resulting from errors made by the CRA
- the impression that the CRA lacks an understanding of small businesses/does not have empathy vis-à-vis small businesses
- the impression that the CRA is good at providing information requested but not at volunteering information proactively

The following reasons were provided exclusively by tax intermediaries:

- the experience of having to stand one's ground when the Agency is unwilling/reluctant to recognize the validity of one's position/argument
- the impression that the CRA website has a lot of information and resources but a poor search function
- the impression that certain processes are outdated, i.e. paper-based communication, communication by fax
- the impression that when the Agency wants something they want it immediately but can take its time responding to your requests

Negative impressions of the CRA

Negative impressions of the CRA were relatively limited, and as mentioned above, were more likely to be provided by tax intermediaries and representatives of small businesses (though the reasons informing negative impressions tended to be similar across audiences). The most commonly given reason for holding a negative view of the CRA related to interactions by phone. This included experiencing one or more of the following:

- being on hold for a lengthy period of time before being connected to an agent
- being transferred from one agent to another
- agents unable to answer questions/provide information (associated by a few tax intermediaries with a general lack of competence/training)
- receiving different answers/information from different agents

- inability to resolve an issue in one transaction
- dealing with agents who are not proficient in either official language or difficult to understand

Other reasons informing negative overall impressions of the Agency included the following:

- the impression that the CRA tends to target/focus on 'small fish'
- perceived unfairness regarding certain actions taken by the CRA/tax-related decisions
- the impression that the CRA is reluctant or unwilling to admit its mistakes/errors
- actions/omissions/errors/delays on the part of the Agency that have had adverse effects (identified by a few representatives of small businesses and tax intermediaries)
- the impression that the CRA does not devote enough personnel and resources to customer service (identified by a few tax intermediaries)
- unresolved/lingering issues

A few participants expressed indifference or neutrality when asked about their overall impression of the CRA. This included describing experiences as neither good nor bad and observing that dealing with the CRA is a necessity/unavoidable.

CRA perceived mainly as having reputation for shortcomings in the area of service delivery

As a follow-up to being asked for their overall impressions of the CRA, representatives of small businesses and intermediaries were asked how they would complete the following sentence: *The CRA has a reputation for being ...*⁶

These participants most often completed the sentence with a focus on shortcomings related to service delivery. This included references to the CRA having a reputation as being ...

- 'disorganized'/'inefficient'/'incompetent'/'frustrating'/'exasperating', because of the time it takes to reach an agent by phone, being bounced around/not directed to the right person, and the need for one to contact the Agency numerous times to resolve an issue
- 'difficult to navigate', because it is not clear where to start looking for information
- 'inaccessible', because the Agency is difficult to reach
- 'inconsistent'/'untrustworthy', because service varies depending on the service agent
- 'complex'/'complicated', because it can be difficult to understand language on the website and/or information provided by the Agency
- 'antiquated'/'outdated', because the Agency still requires that some interactions be paper-based and it continues to communicate by mail and fax
- 'passive'/'unresponsive', because it does not offer information/assistance proactively, does not help business owners in terms of growing their business, and does not seem to understand the issues that confront small businesses
- 'overworked'/'overwhelmed'/'adrift', because of the Agency's apparent difficulty servicing clients in a timely manner and with consistent quality

⁶ As a preface to the question participants were asked to leave aside consideration as to whether or not the reputation is deserved.

Some completed the sentence with a focus on the Agency's rules and regulations. This included references to the CRA having a reputation as being ...

- 'demanding'
- 'rigid'
- 'bureaucratic'
- 'cumbersome'
- 'slow'
- 'tedious'
- 'challenging'

A few participants focused on fairness and impartiality. This included references to the CRA having a reputation as being 'unfair'/'not interested in going after big companies' or 'fair'/'neutral' because it seems to interpret the tax code and apply rules impartially.

A few focused on the power/potential power of the Agency. This included references to the CRA having a reputation as being 'punitive'/'merciless', because it makes sure people pay what they owe and 'scary', because its decisions (including its mistakes/errors) can seriously impact a business.

CRA strengths include digital services, efficient processing, and respectful/polite agents

There was widespread agreement among focus group participants that the CRA does a good job in the three areas.

Digital services

Participants frequently mentioned CRA's online or digital services, with specific references to e-filing, My Account (for individuals), My Business Account and Represent a Client. Less frequent references were made to the range of digital services offered, the ability to upload and download documents through the digital services, the speed of notifications, express Notice of Assessment (NOA), and the CRA website.⁷

Efficient processing

The efficient processing of tax returns was also routinely mentioned, with a focus on quick receipt of refunds by some taxpayers.

Respectful/polite agents

As noted above, participants often drew attention to inconsistent or uneven service from CRA agents. That being said, there was widespread agreement that agents are respectful and polite in their interactions with clients. A few added that agents do their best to be helpful, which includes transferring you when they do not have the information needed.

Other things the CRA was perceived as being good at were identified infrequently and included the following:

⁷ Participants sometimes used the expression website, but probing revealed that they actually meant digital services, i.e., My Account or My Business Account/Represent a Client.

- security features/maintaining security and confidentiality of information
- understanding/flexibility/accommodation when trying to resolve tax-related issues, including a willingness to treat cases individually, with a sensitivity to context
- communications/notifications
- the call-back service
- impartiality/neutrality
- providing the information needed/correct information (though with the proviso that this can take time)

Processing speed and online/digital services head the list of recent improvements made by CRA

In addition to being frequently identified as things the CRA does well, the Agency's online and digital service offerings and its speed of processing were most often identified as things it has improved in recent years. A number of other perceived improvements were identified, but none was mentioned by more than a few participants. These perceived improvements included the following:

- the agency's call back service
- security
- hours of operation
- access to forms
- information/resources for indigenous peoples
- customer service/support from agents
- communications, including timeliness of updates and notifications
- cracking down on fraudulent tax schemes/scams

Reducing wait times and agent training - most frequently identified things the CRA needs to improve

Focus group participants most often identified two things that the Agency needs to improve: reduction of wait times when contacting the CRA by phone, and training for its agents to improve their knowledge and ensure consistently good service. Two other areas of improvement identified frequently were making the website more user-friendly (with an emphasis on narrowing down search options and directing users more effectively) and being more proactive in terms of outreach, with an emphasis on providing and publicizing services, benefits, and assistance for specific audiences. Although the latter was identified across audiences, it was most likely to be identified by representatives of small businesses.

Other perceived areas for improvement included the following:

- using chatbots, with a focus on helping stream clients more effectively to meet their needs
- addressing tax fraud/making sure everyone pays their fair share of taxes
- simplifying language and explanations in forms
- making forms easier to access
- providing more in-person service, with a focus on more effectively serving elderly people, those with limited computer skills, and those who prefer face-to-face interactions
- including notes on files to help track and resolve issues, i.e., in order to prevent having to start over from the beginning when dealing with a different service agent
- offering completely paperless filing/the ability to complete all transactions electronically
- making it faster/easier to get new access codes to reactivate My Account

Other perceived areas for improvement were identified by specific audiences. They included the following, none of which was identified by more than a small number of participants.

Suggested improvements made by taxpayers included ...

- communicating how information is safeguard when CRA agents work from home
- processing times for the disability tax credit
- simplifying rules related to self-employment
- the ability to view all documents submitted electronically

Suggested improvements made by representatives of small businesses included ...

- improving the Agency's understanding of small businesses in general
- more leniency in terms of repayment schedules
- being more open to forgiving penalties
- a less adversarial process when dealing with businesses
- providing estimates of wait times for various transactions/procedures
- providing dedicated agents for representatives of business
- providing estimated wait times/letting you know where you are in the queue when on hold

Suggested improvements made by tax intermediaries included ...

- communications regarding changes, e.g., bare trust reporting requirements
- easier filing of T4s and T5s
- filing of Underused Housing Tax Return and Election form
- processing times for trust returns
- capacity to upload and send additional information/documents to the Agency
- dedicated phone line for tax intermediaries
- call back service if a call is dropped/disconnected while on hold

Different opinions as to whether CRA and its employees administer tax system consistently and fairly

Impressions differed regarding whether or not the CRA and its employees administer the tax system consistently and fairly. The largest proportion of participants (but not a majority) said they believe that the CRA and its employees administer the tax system consistently and fairly. On the other hand, almost as many participants said they do not believe this or have their doubts, with some saying that they do not know. In addition, a few suggested that the current system is not fair but that the Agency administers that system fairly and consistently.

Perceptions of unfairness/inconsistency at the level of Agency

The main reason given for questioning the Agency's fair and consistent administration of the tax system was a widespread impression that, when it comes to enforcement, i.e., collecting taxes, the Agency tends to focus its attention on 'small players', e.g., middle- and lower-class individuals and small companies, instead of wealthy individuals and large companies. With this impression in mind, some participants (primarily representatives of SMEs) distinguished between fairness and consistency. Specifically, they suggested that the Agency is consistent because it focuses on 'the

little guy', 'small players', 'low-hanging fruit', but unfair, because large companies and wealthy individuals are treated more leniently.

The only other reason identified with any frequency for questioning the Agency's fair and consistent administration of the tax system concerned issues related to the roll-out of CERB and repayment of these benefits by recipients later found by the CRA to be ineligible. This included impressions that it was rolled out too quickly/leniently (allowing people to unfairly access funds), that some received benefits more quickly than others, and that some claw backs have been unfair.

Other reasons underlying impressions that the Agency is not fair and/or consistent in administering the tax system were identified by no more than a small number of participants, primarily tax intermediaries and representatives of small businesses. These reasons included the following impressions:

- when it comes to filing, self-employed individuals are left to themselves, with no clear information and guidance/orientation when it comes to the rules and regulations that apply to them
- when it comes to interest accruals, the Agency does not factor in that late or insufficient payments can be the result of delays/tardiness on the part of the CRA
- when it comes to administering the tax system, the Agency relies too much on technicalities and strict rule following instead of considering specific contexts and circumstances
- when the Agency requests something from you they want it immediately, but it can take its time responding to requests and queries from clients
- certain deadlines/timelines are too strict
- changes are sometimes made too suddenly without enough advance notice, e.g., recent changes to bare trust reporting requirements
- one must file a tax return to qualify for benefits

[Perceptions of unfairness/inconsistency at the employee level](#)

When it came to CRA employees, the main reason for questioning their fair and consistent administration of the tax system related to their level of competence/knowledge. Specifically, there was a widespread impression that service provided by employees varies depending on the competence/knowledge of the agent. With this impression in mind, some participants once again distinguished between fairness and consistency, suggesting that employees are fair but not consistent. What they meant was that the employees are trying to be fair (or not trying to be unfair), but given that knowledge and competence levels vary, the end result is inconsistency when administering the tax system. By way of underscoring this impression, a few participants said they know or have heard of cases in which the same circumstances resulted in different outcomes.

Beyond this, only two other reasons were given for perceived unfairness and/or inconsistency in the administration of the tax system by employees, both identified by no more than a few participants. One was the impression that employees working from home cannot carry out their responsibilities as effectively as they can from the office (particularly safeguarding the confidentiality of information). The other was suspicion over the integrity of CRA employees as result of some CRA employees taking advantage of the CERB when they were not entitled to do so.

Widespread impression that CRA can be more open and transparent

There was a widespread impression that the CRA can do a better job in terms of being open and transparent about the way it collects income tax and delivers benefits and tax credits to Canadians. Asked specifically where it could bring about improvements, participants routinely focused on the following:

- more/better outreach/marketing to publicize services/benefits/assistance for specific audiences, e.g., new Canadians, students, self-employed individuals, small business owners, the elderly⁸
- use of plain/simplified language to explain CRA procedures and processes
- direct/orient/stream people more effectively to online information/resources, instead of leaving it to them to search for it themselves
- provide full list of benefits/credits in one place
- make eligibility requirements for benefits/credits as simple and clear as possible (particularly in relation to the Disability Tax Credit (DTC))

Suggested improvements identified by no more than a few participants included the following:

- explain how audits and verifications are determined/decided, i.e., what determines why/how someone is selected
- advertise/communicate fraud investigation/compliance-related success stories
- explain where tax dollars go/how they are used
- provide information/shed more light on what happened with the rollout of the CERB

Most describe their level of trust in the Agency as unchanged over the last few years

Most participants indicated that nothing over the last few years has affected their trust in the CRA by either increasing or diminishing it. The small number who indicated that their level or degree of trust has either increased or decreased pointed to the following.

Reasons for increased trust included ...

- the Agency's emphasis on security and security features designed to protect confidentiality of information
- the quick roll-out of the CERB during the pandemic
- review of the CERB payments made to those who did not qualify for them
- CRA detecting a mistake that resulted in receiving additional money
- communication from the Agency about enforcement efforts
- consistently fair treatment/good service

Reasons for diminished trust included ...

- apprehensions that CRA employees working from home might result in compromising the confidentiality of information

⁸ This could include video capsules directed at specific audiences.

- stories/reporting about data breaches/hacking at the CRA
- issues related to the CERB, including dispensing it to people who did not qualify, CRA employees receiving it when not eligible, and stories of CRA employees helping people obtain it who did not qualify for it
- reporting a case of fraud to the CRA and finding out there was no follow-up
- mistakes made by the CRA that had financial implications for one's company
- CRA losing business documents
- fraud issues that led to shutting down/being frozen out of My Account
- continued existence of tax havens
- sudden change in requirements related to bare trusts
- calls being dropped while on hold to speak to an agent
- perceived unfairness of re-assessment
- inconsistent service from agents

Widespread trust among taxpayers in written information received from CRA

Trust in written information received from the CRA, such as their Notice of Assessment, was widespread among taxpayers. That being said, members of this audience routinely added that while they do not necessarily question the accuracy of such information, neither do they simply trust it unconditionally without reviewing it. Some participants specified that while they do not question its accuracy per se, they will review it (or have their accountant review it) to confirm that it is accurate, either as a precautionary measure or given some of their experiences with the CRA.

CRA perceived as trustworthy, primarily because there is no reason to think it is not

There was a widespread impression that the CRA is trustworthy, and those who did not express outright trust in the Agency were more likely to have mixed feelings about it than to express outright lack of trust. The most common reason for trusting the CRA was the absence of any reason not to, with participants routinely adding 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.

Additional reasons for trusting the Agency were identified infrequently and included the following:

- the impression that the Agency is neutral/non-partisan/impartial, with emphasis on the following:
 - it has no axe to grind
 - it is not looking to increase its power
 - its employees are civil servants trying to do their job/follow the rules
- the absence of security-related issues or concerns
- its online/digital services are efficient and effective
- the fact that the Agency is transparent, specifically that it will voluntarily draw attention to its mistakes/errors and correct them
- issues ultimately get resolved, even if it takes time
- lack of choice, since a certain amount of basic trust is requisite for the system to work

Some participants expressed mixed feelings about trustworthiness. Specifically, they identified things that have raised the issue of trust in their minds, but not to such an extent that they seriously question the trustworthiness of the Agency. These include the following:

- mixed experiences dealing with agents, with a focus on agents' lack of knowledge and competence⁹
- the impression that larger businesses seem to have an easier time dealing with the CRA, including the perception that the Agency does not seem interested in going after large businesses that do not pay their fair share of taxes
- data breaches/hacking that resulted in people being locked out of CRA accounts
- questions related to the roll-out and claw back of the CERB
- the fact that it can take years for the CRA to realize that it has made a mistake and correct it
- apprehensions that not everyone who receives benefits is entitled to them
- the impression that the Agency is not doing everything it can to make sure that small businesses take advantage of all the resources and benefits available to them

Very few participants indicated that they lack trust in the Agency. Reasons for lack of trust included the following:

- serious mistakes/errors made by the Agency that have had serious repercussions, e.g., loss of documents, errors with financial implications
- perceived mistreatment/unfairness related to applications/eligibility for benefits, including the impression that decisions regarding the latter cannot be effectively challenged
- that CRA employees applied for and received the CERB despite the fact that they were ineligible, which raises issues about the integrity of employees and the possibility of fraud within the Agency
- having to revisit the same issue/problem periodically
- the perception that because CRA employees are unionized, they have limited incentive to perform effectively

Four key factors make a public institution trustworthy

Participants across all audiences consistently identified four factors or attributes that in their minds make a public institution trustworthy: competence, accountability, consistency, transparency and openness. Another frequently identified factor was a customer or client-centered approach, with an emphasis on accessibility and being accessible, responsiveness, personalized and user-friendly service, speed/promptness/timeliness, a sense that the institution has one's best interest at heart, and proactivity.

A number of additional attributes were identified less frequently. They included the following: integrity, a sense of equity justice and fairness, good faith, proper oversight, rigour, clarity, accuracy, precision in the provision of information regarding policies and procedures, good internal and external communication, rigour, absence of scandal, and compassion/humanity.

⁹It was noted in this regard that competence is an important builder of trust, and that consistently poor service could potentially erode trust in the Agency.

2. Service-related issues

This section reports on service-related issues. These issues were explored in 13 focus groups. Topics included perceptions of what characterizes a modern tax organization, filing habits and use of online services, service experiences, and protection of personal information.

2.1 Perceptions of a modern tax organization

Client-focused service and digital services – key features of a modern tax organization

Participants' descriptions of what constitutes a modern tax organization focused on two things: a client-focused approach with an emphasis on 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/online/automated services are a prerequisite for delivering efficient and effective service.

In addition to routinely describing a modern tax organization as 'effective' and 'efficient', participants often identified features related to the latter by describing service that is ...

- consistent, with an emphasis on the competence and knowledgeability of agents
- easily accessible with, for example, extended call centre hours, and multiple service channels
- responsive, e.g., recontacting clients if incorrect information has been provided by the Agency or if a call is dropped
- fast/prompt
- proactive/communicative/supportive, with a focus on outreach and education, updates on what the Agency is doing, and seeking input/feedback from clients
- streamlined/simple, with a focus on reducing the time and effort required on the part of clients to comply with their tax obligations, e.g., eliminating the need to file a return, authorizing agents to carry out more transactions
- connected to other government departments/able to share information

Examples of 'modern' digital/online/automated services included interactive assistance, such as live chat options and the use of chatbots, as well as the use of platforms like Zoom for service calls. It was also suggested that a modern tax organization would provide free software to facilitate interactions with the Agency.

Two other features of a modern tax organization were identified with some frequency: security (sometimes identified in a general way and sometimes as a feature of digital services), and fairness/equity (including being impartial and trustworthy).

Improving service delivery - main way in which CRA could use AI to modernize its operations

Participants had no difficulty identifying ways in which artificial intelligence (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/find information and resources. In particular, participants routinely pointed to the use of AI to help direct clients more effectively, often focusing on the use of chatbots to help triage phone calls (in particular calls related to common issues/queries) and streamline

access to phone service. Other suggestions for how AI could be used to improve service delivery were identified by no more than a few participants and included the following:

- helping ensure consistent information/answers are provided to clients
- helping ensure the Agency's website information is up to date by removing outdated information and broken/orphaned links
- editing communications materials to ensure they use clear/simple language and simplify complex information
- helping distill information by zeroing-in on essentials
- facilitating access to forms, e.g., identifying the most commonly used/needed forms
- informing clients of benefits/credits they may be eligible for, based on information in CRA files
- pre-completing forms for clients based on existing information held by CRA
- training agents
- developing targeted communications materials, e.g., providing information to small business clients about programs they may not be aware of

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/discrepancies. Tax intermediaries were asked specifically if they felt AI would improve the timelines and accuracy of CRA services and products for business audiences. There was widespread agreement that this would or could be the case, though it was also noted that when it comes to accuracy the human element remains important.

Widespread, but qualified, support for leveraging AI

There was widespread agreement that the CRA should leverage AI, with participants routinely noting that it could or would be helpful or beneficial in improving service delivery and the efficiency of the CRA's operations. In explaining why, participants often re-iterated points they made previously when asked how the CRA could use AI to modernize its operations. Some participants emphasized that AI is a reality that is here to stay and/or that its use is inevitable. With that in mind, it was sometimes suggested that it should be used to maximize benefits.

But while support for leveraging AI was widespread, it was usually conditional or accompanied by specific concerns or apprehensions. These included the following:

- AI should be used as a support mechanism to help improve service delivery (e.g., providing information and assistance, not making decisions and determining complex issues)
- AI should be subject to human oversight
- AI should not be used as a strategy to reduce CRA personnel
- AI should be implemented gradually, with a few participants adding that the Government of Canada has encountered problems before when implementing certain systems, i.e., the Phoenix pay system, and the ArriveCAN mobile app.
- the Agency should be transparent about its use of AI
- security-related issues should be addressed before implementing a system that uses AI

The few participants who did not support the use of AI by the CRA expressed concerns or apprehensions related to the following: security and the confidentiality of information, that it might

not be controllable through human oversight, and that it would be used to make decisions and review tax returns for compliance (something they did not think should be done without human oversight). It was also suggested that it is too early to go down this road because we are still in the experimental stage when it comes to AI.

Concerns or apprehensions about the use of AI tended to be subject to the several conditions being met. These include the use of AI be transparent, have clear public benefits, include humans in the review decisions/results, and protect personal information. Indeed, prior to being probed about this, some participants had raised concerns about such issues or premised their support for the use of AI on meeting these conditions. Some participants emphasized that these conditions are in fact pre-requisites that should be obvious or go without saying when it comes to using AI.

2.2 Tax filing

Taxpayers

All have filed tax returns, on their own or with assistance, and nearly all do so electronically

All taxpayers said they have previously filed personal income tax returns, including for this past tax season (i.e., their 2023 taxes or taxes for a previous year). A majority of participants reported doing their taxes on their own, with some specifying that they use tax software to assist them. Those whose taxes are done by someone else or with assistance from someone else most often identified such individuals as an accountant or professional tax preparer. Others receive assistance from family members, such as a spouse/partner or parent.

Reasons for using an accountant or receiving assistance from someone else included the following:

- complexities/issues resulting from professional or personal circumstances
- a desire to avoid making mistakes
- to take advantage of all available benefits/credits/deductions
- to avoid stress/worries
- to save time and effort

Nearly everyone who does their own taxes said they usually complete and file their return electronically. Those who file their returns electronically typically explained that they do so for reasons of speed and simplicity. Other reasons for filing electronically were identified infrequently and included the impression that it is more secure, e.g., documents can get lost in the mail, and because it is sounder ecologically. The few who file their return by paper said they do so out of habit and/or because they have very simple returns.

Most describe the process of completing and filing their tax returns as easier in recent years

Most taxpayers characterized the process of completing and filing their tax returns as having become easier in recent years, with the main reasons being the availability of electronic filing and tax software. Other reasons included the use of an accountant/tax professional, the habit of saving information from previous years, tax-related circumstances having become simpler over time, and quicker turn-around time from the CRA. Those who did not describe the process as having become easier in recent years were more likely to describe the process as not having changed than as having

become more difficult. Reasons for characterizing the process as having become more difficult in recent years involved complexities or issues resulting from personal circumstances.

Relatively few challenges encountered when trying to complete tax return

Only a small number of taxpayers said they typically encounter challenges or difficulties when trying to complete their tax return, and the types of issues typically encountered were limited in number. These included uncertainty about eligibility for benefits or credits, problems completing T4A forms, procrastinating/putting off filing, collecting/keeping track of tax-related documents, and obtaining a letter confirming residence.

List of benefits/credits one might qualify for – main way CRA could improve filing experience

Providing a list of benefits and credits one might potentially be eligible to receive was the most frequently identified thing that CRA could do to improve taxpayers' experience filing. The only other measures identified with any frequency included facilitating access to agents and providing more training to agents. Measures identified by no more than a few participants included the following:

- providing pre-filled forms
- eliminating the need to file a tax return, i.e., the CRA would simply tell taxpayers if they own any taxes (the assumption being that the CRA has all the information it needs to do this)
- better coordination with Revenu Quebec (identified by a few participants in Montreal)
- proactively contacting someone when there is an issue with their return instead of identifying it in the NOA
- using simpler language in general in relation to tax/filing-related issues
- including concrete examples in the tax guide

Representatives of small businesses

Frequency of interactions between representatives of small business and CRA varies

The frequency of contact and/or interactions between representatives of small businesses and the CRA varied considerably, ranging from 'rarely' (e.g., during tax season), to 'sometimes' (e.g., monthly), to as needed, to 'often' (e.g., weekly).

Widespread use of accountant/tax professional to interact with CRA

Nearly all representatives of small businesses said they use someone outside their business to handle certain interactions or transactions with the CRA. Two reasons were routinely given to explain why they use an accountant or tax professional: the complexity of certain issues, and related to this, their own lack of expertise; and lack of time, with frequent references to the need to focus their attention on their business, and the length of time and effort it can take to get through to the CRA.

Things that accountants or tax professionals do on behalf of small businesses include corporate tax returns (T2s), GST/HST returns, and payroll source deductions, as well as keeping up to date on changes in tax laws/rules/regulations that might affect their business clients, responding to CRA requests/notifications, and determining what can and cannot be deducted as a business expense.

Main challenge when dealing with CRA is the time it takes to reach an agent

The biggest challenge most frequently identified by small business representatives was the time it takes to get through to a CRA agent. This was described occasionally as ‘lost’ time, or ‘time they do not have’. Another challenge identified relatively frequently also involved time, specifically lengthy turn-around times involved in transactions with the Agency, e.g., the amount of time it takes to complete transactions, resolve issues and/or get responses to questions. Other challenges were identified less frequently and included the following:

- inability to submit all types of documents electronically to the CRA through My Business Account
- getting interest on balances owed to the CRA reduced/eliminated
- knowing whether you are taking advantage of all the credits, benefits, deductions and/or programs available for small businesses
- getting consistent information from CRA agents, and related to this, not being sure that one is getting correct information going forward
- the impression that the CRA does not understand small businesses and their needs

Tax intermediaries

TIs experience many challenges when dealing with small business clients

Intermediaries identified a variety of things as challenges they face when dealing with small business clients on tax-related matters. These most often included poor record keeping (i.e., incomplete and/or disorganized records/documents), general lack of knowledge/limited tax literacy, issues related to the GST/HST, and timeliness, including getting clients to provide documents in a timely manner and to pay taxes and source deductions on time.

Additional challenges were identified infrequently and included the following: explaining the difference between a corporation and a self-employed individual, client reluctance to use technology (including registering for Represent a Client) which makes it more difficult to service such clients, correcting mistakes made by clients during tax filing, issues related to payment allocations and account transfers, and dealing with apprehensions/fears/lack of trust in the CRA concerning audits and verifications.

Getting through to an agent – main challenge intermediaries face when dealing with CRA

As was the case with representatives of small businesses, the most frequently identified challenge intermediaries face when dealing with the CRA is the amount of time it takes to get through to an agent. Two other frequently identified challenges included inconsistency of service (specifically receiving different answers/information from different agents), and the amount of time it can take to resolve an issue or complete a transaction, including the challenge of tracking progress/getting updates on such issues. Challenges identified infrequently included getting the Agency to acknowledge its mistakes/errors, obtaining authority to act on behalf of a client, and getting the Agency to follow-up on a request/provide information in a timely manner.

Intermediaries identified several challenges small businesses face when dealing with CRA

Turning to their clients, intermediaries identified a variety of challenges their small business clients face when dealing with the CRA. These included lack of financial literacy/not knowing what to ask, limited understanding/awareness of benefits and credits available to them, getting through to an agent/the amount of time spent on hold when contacting the Agency, delays in processing documents, the Agency's lack of acknowledgment of submissions, and time constraints/being too busy with their businesses to devote time and effort to dealing with the Agency.

Various ways the CRA can improve relations with small businesses

Asked what the CRA can do to improve its relationship with small businesses, intermediaries identified the following:

- provide tutorials/workshops on basic issues of tax law and what the CRA does
- offer more outreach to small businesses, including communicating proactively about benefits, credits and/or programs available to them
- better train CRA agents to help in the provision of consistent information
- cultivate a less adversarial approach, with a focus on limiting/toning down negative feedback and addressing perceptions among small businesses that the CRA's focus is on attacking them

Representatives of small businesses and intermediaries

Perception that tax-filing has become easier

There was a widespread impression among representatives of small businesses and tax intermediaries that the process of filing business taxes has become easier in recent years, primarily as a result of technology/digital/online services (e.g., tax software, e-filing, software that facilitates record keeping). A few representatives of small businesses said that the fact that their business is now older/more established has facilitated filing because interactions with the CRA have become more routinized.

Most of those who did not describe the process as easier described it as having not changed in recent years. While no one described the filing process in general as having become more difficult in recent years, a few participants described aspects of filing as more difficult insofar as there are always new problems and issues that arise.

2.3 Online services

Taxpayers

Widespread awareness and use of My Account

Awareness of My Account for individuals is widespread and nearly all participants are registered users of the service. Frequency of use of the service varies widely, ranging from rarely (i.e., a few times a year, during tax season), to occasionally on an as-needed basis, to often (though frequent use was rare). Typical uses of the service included the following: receiving mail from CRA, tracking the status of one's return, checking payment dates/timelines on benefits and credits, getting

balance updates, viewing/reviewing documents (e.g., previous tax returns, tax information slips), checking contributions to RRSPs and TFSAs, viewing notices of assessment, correcting/amending returns, and changing one's address.

The small number of participants aware of My Account but not registered for it could not think of anything that would encourage them to sign up for the service (though it was noted that in the event that this were considered, the application process would have to be simple and user-friendly).

Overall positive impressions of My Account

Overall impressions of My Account tended to range from positive to very positive, and those who were not positive were more likely to be neutral than critical of the service. Issues or problems related to My Account were limited and included access issues/problems, intermittent technical problems, difficulty changing information, an impression that the service could be set up more intuitively/in a more user-friendly way, and the fact that the access code has to be sent by mail.

Feedback was limited in terms of things that cannot be done on My Account that participants would like to be able to do. These included a chat service, the ability to send T3 returns, the ability to apply for benefits and credits, the ability to view benefits and credits for which one might qualify, and the ability to report suspected tax fraud. Those participants who have accessed Government of Canada programs or services through other online accounts could not think of any useful features of such accounts that could be incorporated into My Account.

Many taxpayers have used chatbots

Reported use of chatbots to interact with an organization was widespread among taxpayers. Situations routinely identified as well suited to chatbots included searching for information (i.e., chatbots can ask questions to direct people to information, products, services) and accessing service (i.e., chatbots can direct people to appropriate service area of an organization). Situations or tasks for which a chatbot would be useful when contacting the CRA for information or service included the following:

- identifying limits of contributions to TFSAs and RRSPs
- being directed to the right agent
- finding/zeroing in on information on the website
- resetting passwords
- updating/changing information
- accessing information about benefits and credits, e.g., eligibility
- fixing problems (unspecified)
- tax filing (eventually)
- reducing/eliminating paper-based communication from the Agency

Representatives of small businesses and intermediaries

Widespread awareness and use of My Business Account/Represent a Client

Awareness of My Business Account/Represent a Client is widespread, as is registration for both services. The frequency of use of the services varies widely, with intermediaries more likely to say they use it frequently (e.g., weekly, daily) than representatives of small businesses. Typical ways of

using the service included viewing mail/correspondence, making payments, checking the status of returns, checking balances, and uploading/submitted documents.

Positive overall impressions of My Business Account/Represent a Client

Overall impressions of the service ranged from positive to very positive, with participants pointing to its convenience/speed, user-friendliness, and security features. Things participants would like to see added to this service included the ability to register for it without having to register for My Account, and the ability to upload and send all types of documents.

The few participants who were aware of the service but not registered for it could not think of anything that might encourage them to sign up for it.

2.4 Service experiences

Interactions with CRA conducted mostly by telephone, which is also preferred mode of contact

Over the last few years, most taxpayers have interacted with the CRA for reasons other than just filing their tax returns, with contact taking place almost entirely by telephone. Other means of communication were used infrequently and included via My Account, and in-person/at an office. Asked how they typically contact the CRA¹⁰, representatives of small businesses and intermediaries also routinely identified the telephone, though a few also said they do so or also do so online.

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 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. Other reasons for preferring interaction by phone included the impression that issues can usually be resolved more quickly, and it being conducive to receiving information proactively, including being guided/directed towards additional resources.

Although participants were more likely to prefer the phone, a number identified online communication as their preferred mode of interaction with the CRA, with an emphasis on it being fast and efficient, suitable to multi-tasking, adaptable to one's own schedule, and trackable (i.e., one has access to a record of one's interactions). It was also noted that if a chat option were available, online interaction would acquire some of the benefits of interaction by phone. A few participants said that given the choice, their preference would be to interact with the CRA in-person. Reasons included preference for face-to-face interactions and a greater sense of security.

Various reasons for contacting the CRA

The most frequently identified reason for which representatives of small businesses and intermediaries commonly contact the CRA concerned a specific problem or issue. Examples included the following:

- audits/verifications

¹⁰ Taxpayers were asked about the various ways they have contacted the Agency over the last few years, whereas representatives of small businesses and intermediaries were asked how they *typically* contact the CRA.

- overcontributions to a TFSA
- filing objections/updates on appeals
- certificates of clearance
- mistakes or errors made by the CRA
- correct mistakes/errors or provide additional information
- inquiry about the status of processing a request
- an issue/problem with My Business Account/Represent a Client

Other reasons for contacting the CRA included responding to a request for information or communication from the Agency, seeking clarifications or specifications (e.g., exceptions, odd or exceptional situations), obtaining assistance locating information, and confirming that one is doing or interpreting something correctly.

For their part, taxpayers identified the following general reasons for contacting the CRA:

- to change or update information
- for information on programs, benefits and credits, e.g., the DTC, the Home Buyers' Plan
- to dispute a decision/request re-assessments regarding eligibility for benefits or credits
- My Account problems
- CERB
- NOAs
- a death/filing for a deceased person

Staff knowledge and prompt service identified as most important service attributes

Asked what service qualities are most important to them when they interact with the CRA, participants most often identified the competence and knowledge of CRA agents, followed by prompt and effective service, including the ability to complete transactions in one service interaction. Other service qualities perceived as important were identified less frequently, but routinely across most groups, and included the following:

- precision of information, occasionally associated with the knowledge and competence of agents
- professionalism
- empathy/understanding
- courtesy
- consistency in service delivery
- accountability
- ability to communicate clearly and effectively
- proficiency in Canada's official languages

As a follow-up, taxpayers were asked what the CRA could change to make for a smoother/seamless service experience when it comes to managing their taxes and benefits. In response, participants most often identified improved staff training, with a focus on improving their knowledge. A number of other things were identified infrequently:

- offer an online chat function
- use of AI to triage clients
- make the website more convivial/user-friendly

- hire more phone personnel
- have dedicated agents/specialized experts
- offer more access outside of regular hours
- include file notes/tracking of service interactions
- empower agents to do more things
- allow people to access a larger number of previously filed annual returns online

Most describe CRA service as meeting their expectations

Most participants described their overall experience with the CRA as meeting their expectations. The most common reason given to explain why was that they obtained what they needed. A few described the service as meeting their expectations because they experienced no problems or issues, while a few others said that while they have occasionally encountered issues, their experience has been good for the most part.

Only a small number of participants described their overall experience as either exceeding or falling short of their expectations (though more participants said that service fell short of their expectations).

Service exceeding expectations

Reasons for service exceeding expectations included resolving an issue more quickly than anticipated, dealing with agents who did everything they could to assist them, being contacted proactively by the CRA about a mistake the Agency made and what was done to correct it, digital services being more user-friendly than expected, and receiving regular follow-ups/updates in response to a request.

Service falling short of expectations

Participants who said service fell short of expectations pointed to poor or uneven service from agents, the inability to resolve issues promptly, a lingering issue/recurring problem, the requirement to conduct certain interactions using paper, and the impression that decisions regarding eligibility for benefits were unfair.

Impressions of CRA staff tend to be mixed

Overall impressions of CRA staff tended to be mixed. There was a widespread impression that agents are professional, polite, respectful, patient, and willing to help. On the other hand, there was an equally widespread impression that service is uneven and varies depending on who one is dealing with due to differences in agents' level of knowledge. While only mentioned by a few participants, it was noted that, at times, agents have been impatient, impolite, and lacking in empathy and understanding. A few participants also described encountering language barriers on occasion that made it very difficult to communicate with/understand the agent.

Most taxpayers felt that following their interactions they were more confident with what they had to do or with the information they were provided, though some qualified their responses, using expressions such as 'eventually' or 'ultimately' to convey that this took more time and effort than they expected. Some participants described their experience as mixed in this regard, pointing out that their confidence varied depending on the agent with whom they interacted.

Feedback from representatives of small businesses and intermediaries tended to be similar. Impressions of CRA staff were routinely positive when it came to such things as helpfulness, empathy, respect, and politeness (with a few exceptions), but there was a relatively widespread impression that knowledge varies from agent to agent.

Nearly all participants said they have the impression that CRA's client service focus has remained about the same, with few describing it either as improving or declining.

Widespread impression that CRA not doing enough to ensure its services are equally available

Many participants have the impression that the CRA is not doing enough to ensure that its services are equally available to all Canadians (or have doubts about this). The rest were more likely to say they do not know how to rate CRA's performance in this regard than to say that the CRA is doing enough to ensure its services are available to all Canadians.

Asked why they think the CRA is not doing enough in this regard, participants identified groups they felt are being underserved. They included the following:

- seniors
- low-income Canadians
- non-filers
- persons with disabilities and serious health issues
- those with limited/no Internet access or who have limited online skills
- those with limited financial literacy
- Indigenous communities
- new Canadians
- persons in remote/northern communities
- new small business owners

Things the Agency could do to address this included the following:

- open/re-open offices to offer more in-person service
- proactive outreach to those who are not Internet savvy/do not interact online
- tax filing resources and outreach for marginalized groups and those under-represented
- resources for people whose health condition makes it difficult to file annual returns
- better hours of operation in Western Canada
- more services and resources for new Canadians and first-time filers
- more services and resources for those who have difficulty in Canada's official languages
- a more user-friendly website
- dedicated phone lines for small business owners
- recruit/hire more telephone personnel
- simplified filing/pre-filled forms
- simple language/explanations in general and on forms

Financial institutions better rated than CRA in terms of level of service provided

Taxpayers were much more likely to think that the level of service they receive from their bank or financial institution is better than the level of service they receive from the CRA. Reasons for

thinking that the level of service provided by banks/financial institutions is better included the following:

- the impression that it is easier to get through to their bank/financial institution by phone
- the impression that there are more service options, i.e., the option to walk into one's bank/financial institution for service, contact it by phone, or interact online
- the level and consistency of knowledge of agents at their bank/financial institution
- access to a dedicated financial advisor/someone familiar with their file/circumstances
- ability to deal with the same individual/a specific contact at their bank/financial institution
- absence of security/access issues/problems with bank accounts

2.5 Protection of personal information

Widespread impression that personal and business information is safe with the CRA

Most participants felt that information is safe with the CRA (personal information in the case of taxpayers and business/client information in the case of representatives of small businesses and intermediaries). In a few instances, participants conveyed these impressions as a hope, an expectation, or comparatively, i.e., 'it's as safe as anywhere else'. Asked if they have any doubts, concerns, or questions, a few participants voiced the following kinds of preoccupations:

- CRA agents have access to a lot of confidential information, and it is not clear how this information is protected in situations where employees work from home/remotely, as during the pandemic
- security breaches seem to be on the rise and hacking seems to be getting more sophisticated, so it seems to be just a matter of time before the confidentiality of information at the CRA is compromised
- the Government of Canada does not have a good record when it comes to the effectiveness of its IT, e.g., Phoenix pay system, ArriveCAN mobile app
- government upgrades to security seem to lag behind those in the private sector and do not seem to occur as often as in the latter
- concern that someone can obtain confidential information about someone else from the CRA by using that person's SIN
- concern about possible data breaches/hacking from within the CRA (concern heightened by the unethical behavior of some CRA employees claiming the CERB without being entitled to it)
- the experience of having been locked out of My Account as a result of unauthorized use of credentials does not inspire confidence

Asked if their feelings about this have shifted over the years, most participants said they had not. Some specified that they have been thinking more about this in general, given the increase of incidents of hacking, but that this has not adversely affected their feelings regarding the safety of their information with the CRA. On the other hand, some said that their feelings have changed insofar as they are more preoccupied about the safety of their information in general and with the CRA.

Referencing the increase of incidents of hacking and the increased sophistication of hackers, a few participants said they now feel it is a question of how serious a security breach will be rather than whether one will occur. A few others said they are more preoccupied as a result of specific events/incidents/experiences. This included the recent data breach at Desjardins (identified by participants in Quebec), employees of the CRA working remotely/from home, and the experience of being locked out of My Account as a result of unauthorized use of credentials.

Some awareness of measures or safeguards used by the CRA to keep taxpayer information safe

Awareness of measures or safeguards used by the CRA to keep taxpayer and business information safe included the passcode grid, use of two-factor authentication, security questions when speaking with an agent/being asked to verify personal information, email warnings/alerts/notifications, the use of encryption, secure email, the mailing of access codes, SIN masking, and recognition if login is taking place from a different computer.

Range of views on whether the CRA is open and transparent about its processes

There were differences of opinion as to whether the CRA is open and transparent with Canadians about its data handling and security processes when it comes to protecting taxpayers' information. In response, some felt it is open and transparent, some felt it is not, some said they did not know, and some were of the opinion that the CRA should not be too open and transparent about its processes because doing so might compromise their effectiveness. Areas in which participants felt that the CRA could do a better job in this regard included providing information/data such as the number of attacks/attempted breaches over time and to what extent they were successful or thwarted, providing updates on upgrades to security (without engaging in full disclosure/revealing anything compromising), and explaining how security is maintained when CRA employees work from home (again, short of full disclosure)

Most don't know if CRA does enough to detect/prevent identity theft and fraud

Most participants said they do not know whether or not the CRA does enough to detect and prevent identity theft and fraud in the tax system. A few added that they do not think this can be known until, and unless, there are attempts at fraud and/or theft and whether they are successful or thwarted. A few participants felt that the CRA does enough or said that they assume or presume it does.

On the other hand, a few participants felt that the CRA does not do enough in this regard. Those who felt this way pointed to the incidents of internal fraud at the CRA in which employees fraudulently claimed the CERB, the practice of letting employees work from home (presumably with access to confidential information), the experience of having had confidential information held by the CRA revealed to someone having no right to it, and never hearing or seeing anything from the CRA about what they are doing in this regard.

Asked where they would go if they thought their business had been impacted by fraudulent activity, representatives of small businesses routinely said that it would depend on the circumstances, in particular the nature of the fraudulent activity. For example, if it concerned the CRA then they would definitely contact the Agency (as well as Revenu Quebec in the province of Quebec), if it concerned their financial institution then they would contact it. Other places they would go included the police (fraud department), the credit bureau, the Canadian Anti Fraud Centre, cyber security consultants, the Registre des entreprises (in Quebec), and their accountant.

Confidence in CRA's ability to keep information safe routinely linked to how it acts

Asked if they feel more or less confident about the CRA's ability to safeguard Canadians' information when the Agency communicates about vulnerabilities with its tax databases, participants routinely observed that it depends on the way in which the Agency communicates and acts. This included being open about the extent of the breach, the Agency's ability to explain how/why it happened, the speed with which individuals affected have been contacted/informed, and the measures taken to address the vulnerabilities in question.

Some said that regardless of how the Agency reacts, their confidence in it would be shaken because any breach of CRA databases is worrisome given the kind of information the Agency holds. It was also noted that the Agency would have no alternative but to be transparent about this, and that while the transparency would be appreciated, a breach is still a breach. A few tax intermediaries said that they would feel neither more nor less confident about the Agency's ability to safeguard the business information of their clients.

Widespread assumption that CRA is as secure as financial institutions

Most participants felt that, when it comes to safeguarding information, information is as secure with the CRA as with a financial institution. The most frequently given reason to explain why was the assumption that they use the same or similar technology and security systems. Another reason for assuming that information is equally safe with both is that both have the same security-related responsibilities vis-a vis their clients, i.e., protecting sensitive personal information.

Reasons for thinking that information is safer with the CRA than with a financial institution included the following:

- the impression that financial institutions are a more attractive target to hackers and fraudsters
- the impression that the CRA has more security steps/hurdles than financial institutions
- the belief that a government is held to a higher standard and has a greater responsibility or duty to protect than a private institution
- the impression that client information is more likely to be talked about informally in a financial institution than at the CRA

Reasons for thinking that information is safer with a financial institution than with the CRA included the following:

- the impression that there are more serious repercussions in the event of data breaches for financial institutions, and that they therefore have an incentive to invest more in terms of security
- the impression that financial institutions conduct more frequent security updates and upgrades than government
- the impression that there is more IT talent/expertise in the private sector than in the public sector
- the impression that financial institutions need to worry about competition/losing business, and therefore are more concerned about ensuring that nothing happens that will adversely affect their reputation and drive clients towards their competitors

3. Compliance-related issues

This section reports on compliance-related issues. These issues were explored in 13 focus groups. Topics explored included tax compliance, transparency and enforcement, the underground economy, offshore compliance, and cryptocurrency.

3.1 Tax compliance

‘Compliance’ mostly brings to mind meeting requirements and the consequences of not doing so

Representatives of small businesses and tax intermediaries were asked what the expression ‘compliance’ means to them, in the context of Canada’s tax system. The expression brought to mind a variety of things, but the focus was on two themes: meeting tax-related requirements/fulfilling tax-related obligations, and the consequences of not doing so. Meeting requirements/fulfilling obligations included references to following the rules, doing what is required, paying what is owed, meeting deadlines, filing on time, and being honest. The consequences of not meeting requirements and/or not fulfilling one’s obligations included references to repercussions, retribution, penalties for not paying what is owed, and audits.

Other than variations on these two themes, the only other thing that the expression compliance brought to mind was the idea of uniformity/general application, i.e., that the same rules apply to all.

Widespread impression that most people (but not all) pay their fair share of taxes

There was a widespread impression that most people pay their fair share of taxes, with participants sometimes emphasizing or drawing attention to the qualifier ‘most’.¹¹ 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.

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 (though participants, again, sometimes emphasized that there are those who do not).

¹² Reasons for considering this a sound approach included the following:

- absence of any realistic/reasonable alternative because the system could not function effectively without such an assumption
- the assumption that most people are honest and willing to fulfill their obligations

¹¹ The wording of the questions used to explore this issue differed between audiences. Taxpayers were asked the following question: *The income tax Canadians pay is based on the amount of income they voluntarily disclose to the Government. Do you think that most people follow tax rules and pay their fair share of taxes?* Representatives of small businesses and intermediaries were asked the following question: *The CRA approaches its work with the underlying premise that most people will meet their tax obligations given the opportunity and the right services. Do you believe this is a sound approach? Why or why not?*

¹² Taxpayers were not probed as to why they think that most people do or do not pay their fair share of taxes.

- the impression that people are aware that basic services are funded through tax revenues and could not be financed otherwise, i.e., it is in their interest to fulfill their obligations
- the belief that people are willing to meet their obligations when doing so is made easier/facilitated/not a burden
- the perception that non-compliance is more likely to be the result of errors/mistakes and difficulties filing than a result of deliberate or willful disregard of tax obligations

The small number of participants who said that they do not think this is a sound principle explained this by suggesting that wealthy people and large companies will generally try to avoid paying their full share of taxes. In other words, they did not actually call into question the assumption that *most* people will meet their obligations, but rather drew attention to a sub-section of the population that does not meet its obligations.

Examples of tax cheating focus on tax havens and underground economy

Taxpayers had no difficulty providing examples of tax cheating. In doing so they tended to focus on the existence and use of tax havens and activities related to the underground economy, such as cash for services. Other examples of tax cheating included undeclared income (e.g., tips), under-reporting income, claiming benefits/credits one is not eligible for, and overstating business expenses (i.e., claiming deductions that are not business-related).

Near unanimity among taxpayers that people do not report suspected tax fraud

Nearly all taxpayers were of the opinion that people do not regularly report individuals or businesses they suspect of tax fraud. Factors that taxpayers would consider before deciding whether or not to report an individual or business likely cheating on their taxes included the following:

- the degree of certainty/reliability that fraudulent activity has occurred
- the scale/extent of the fraud in question
- the motives and situation/circumstances of the perpetrator, e.g., are they ordinary people having difficulty making ends meet or rich people acting out of greed
- the personal consequences/repercussions of reporting an individual or business
- the degree to which the anonymity of the reporter will be maintained¹³
- the likelihood of success—that is, will reporting lead to a positive outcome
- the time and effort required to report suspected tax fraud
- their relationship to the individual or business suspected of tax fraud, e.g., is it a friend, acquaintance, relative, a stranger

Increased burden on others, fewer services, distrust – main effects of people not paying taxes

The most frequently identified impacts of people not following tax rules and not paying their fair share of taxes were a larger tax burden placed on others, a decline in the number and quality of public services (resulting from a restricted tax base), and a growing erosion of trust in the fairness of the tax system. Regarding the latter, it was suggested that a growing sense that the tax system is unfair might result in more people questioning why they should pay their fair share when others do not. Other perceived impacts included a decline in benefits and tax credits for individuals, people

¹³ This was emphasized by participants who reside in smaller communities.

receiving benefits and services that they do not help finance, and the need for the CRA to devote more attention and resources to compliance efforts.

Widespread impression that tax evasion is more serious than tax avoidance

Taxpayers were virtually unanimous that tax evasion and tax avoidance are not the same thing, while sometimes noting that they have the same effect or result: reduced tax revenue. There was also a near consensus that what distinguishes them is that tax evasion is illegal whereas tax avoidance is not (though most participants felt that the latter is immoral or unethical).

All participants were asked whether tax evasion or tax avoidance is the more serious issue or the bigger problem. In response, 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 (even though it may be at the limit of the law). It was occasionally suggested that if tax avoidance is as bad as, or worse than, tax evasion, the government would make it illegal. It was also suggested that tax evasion is a bigger problem because it is more widespread, insofar as tax avoidance (while unfair) is primarily limited to wealthy individuals and big corporations. A few described tax evasion and tax avoidance as equally problematic because both result in lost tax revenue which places an increased burden on people who pay their fair share of taxes.

CRA could do a number of things to help businesses learn about tax obligations

Representatives of small businesses and intermediaries were asked what role the CRA should play in helping businesses learn about meeting their tax obligations. In response these participants identified a variety of things with a focus on providing information and reducing the burden associated with meeting tax obligations. This included the following:

- providing basic information on the tax obligations of businesses, with a focus on typical situations while at the same time clarifying exceptions and grey areas
- offering information/resources designed to help businesspeople learn to do their own taxes, in easy to access/user-friendly format, such as video capsules/tutorials
- reducing/simplifying business reporting/filing requirements
- communicating changes to rules/filing requirements as clearly as possible
- providing a reasonable lead-up time to changes/not introducing changes suddenly or with tight timelines (e.g., the new reporting requirements for bare trusts announced in 2024)
- providing fair/reasonable advance warning of compliance-related issues/problems
- having dedicated agents for businesses and intermediaries

A few tax intermediaries said that the CRA should not play too large a role in helping businesses learn about meeting their business tax obligations, as this is primarily their role as accountants and tax preparers.

Limited awareness of CRA products/services to help businesses comply with their tax obligations

Awareness of products or services offered by the Agency to help businesses comply with their tax obligations was very limited. Only a few participants were able to identify specific products or services offered by the CRA to help businesses comply— the Liaison Officer service and assistance related to SR&ED incentives. Asked explicitly if they had heard of the Liaison Officer service, only a few representatives of small businesses said they had (or thought they had), and none had used the service. Based on a description of the service shared with focus group participants, most

representatives of small businesses felt it was something that would be beneficial and that they would consider using.

Asked what types of products or services *would* be valuable to small businesses, the following were identified:

- small business help line/dedicated specialists to deal with small businesses
- AI to triage calls and guide people towards the appropriate agent
- basic course on tax code/tax filing tutorials
- presentations/speakers from the CRA on various topics
- community tax clinics
- free tax software
- ability to file by phone if one does not owe money to the Agency
- information packages by trade/sector

Several suggestions to help make it easier for taxpayers to meet tax obligations

Taxpayers identified the following things that would make it easier for them to meet their tax obligations:

- free tax software
- pre-filled forms and returns
- a list of basic things needed to complete a return
- a list of benefits/credits one might qualify for
- online workshops on filing
- resources for new Canadians and first-time filers

In response to probing, some said that it would be helpful to receive reminders from the CRA to start preparing their tax documents as well as annual information on steps to take to file taxes, though these were more likely to be considered useful by younger participants. Others explained that they know this already from experience.

CRA viewed as having a role in educating Canadians about tax compliance

Asked what role the CRA should play in educating Canadians about tax compliance, taxpayers focused on the following: workshops in high schools in order to foster tax literacy as early as possible, providing information in simple, easy to understand language, and providing information on the importance of doing ones' taxes, including the benefits of compliance and the consequences of non-compliance.

Virtual unanimity that there should be flexibility/accommodation when it comes to paying taxes

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. Possible options identified included the following:

- more leniency/patience in general on the part of the CRA
- no interest options/interest relief
- ability to pay in installments (something CRA already offers)

- not penalizing people by withholding benefit payments when they have unpaid taxes (or at the very least taking into consideration their financial situation before withholding benefits)

There was also an expectation that the CRA share the information that it tailors its approach to the circumstances of individuals. Knowing that the CRA adopts such an approach changed the impression some participants have of the Agency to a certain degree. More specifically, for some, this information softened their impression of the Agency by making it seem more humane and considerate or less rigid and bureaucratic. A few participants cautioned that publicizing this policy might result in more non-compliance.

3.2 Transparency and enforcement

Opinions differ regarding effectiveness of CRA at finding/addressing issues of non-compliance

Opinions on the effectiveness of the CRA at finding and addressing issues involving people not paying their fair share of taxes varied. Some participants said they feel the CRA is at least somewhat effective in this regard, some feel it is not at all effective, and others said they do not know. Reasons for thinking CRA is effective at finding and addressing instances of non-compliance included the following:

- an expectation that pursuing individuals who do not pay their fair share of taxes is part of the CRA's mandate (which it fulfills)¹⁴
- the assumption that the CRA approaches compliance issues in a uniform way and treats everyone equally¹⁵
- hearing or reading about the Agency going after people who do not meet their tax obligations and recovering tax revenue
- the impression that the CRA has resources at its disposal to do this effectively and that even if it takes time, the Agency will ultimately find these people and ensure they comply

Some, primarily representatives of small businesses and intermediaries, suggested that the CRA is effective in this regard *when* it decides to pursue a taxpayer, but that it does not pursue everyone equally. Specifically, there was an impression that the Agency is effective in pursuing 'small players' but not 'big fish'.

Reasons for thinking the CRA is not effective at finding and addressing issues involving people not paying their fair share of taxes 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 the 'big fish'. Additional reasons for thinking that the CRA is not effective in this regard included a perceived lack of organizational resources to dedicate to this, the impression that there is a lack of political will to close loopholes in the tax system, the impression that certain people are very skilled

¹⁴ It was occasionally suggested that there was probably more to be done in this regard or room for improvement, but that the Agency is at least somewhat effective in this regard.

¹⁵ For example, a few participants, said they assume that because the Agency has been effective in ensuring that they pay their fair share of taxes. Extrapolating from their own experience with audits or verifications, they then assumed the same applies to others.

at avoiding paying their fair share of taxes, and personal knowledge or anecdotal evidence of people who cheat on their taxes and never get caught.

Most do not think the CRA treats everyone equally in addressing non-compliance

Opinion also varied on whether the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations. That being said, most participants felt it does not, with the most important determining factor in this regard being one's level of wealth. Specifically, there was a widespread assumption that the CRA tends to focus its enforcement activities on the middle and lower classes or 'little guys' because compliance is more easily enforceable with this audience.

Conversely, wealthy individuals and large corporations were seen as having ways and means to avoid compliance by taking advantage of loopholes in the tax code and tax havens. 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. And even if these individuals and corporations are obliged to comply in the end, participants assumed that they would be to negotiate settlements (something seen as not available to most people). By way of supporting this impression, a few tax intermediaries said that they have yet to see any evidence of 'big fish' being taken down by the tax code. There was also a sense among a few intermediaries (based on their own experience) that CRA auditors differ in the way they deal with similar situations, some being more lenient while others are more rigid.

The main assumption among those who felt that the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations is that the Agency is impartial/neutral and applies the rule of law uniformly, i.e., the Agency does not care who you are. A few participants qualified their impression by saying that they think the Agency treats everyone equally *if* they are caught. Finally, a few participants said that they 'hope', 'trust', or 'assume' that the CRA treats everyone equally in this regard.

Evidence needed to convince that CRA makes sure the wealthy pay their fair share of income tax

By way of probing on this issue, participants were asked what it would take to make them think that those who owe large amounts of income tax are being adequately targeted and that the CRA is doing enough to make sure they pay their fair share of income tax. In response, the following things were routinely identified:

- producing and providing statistics/reports on the following: CRA measures in this regard, results/consequences of targeting measures (e.g., money recovered, penalties imposed)
- exposing/identifying those taking advantage of offshore tax havens
- drawing attention to high profile cases/success stories
- preventing/not allowing special deals for those convicted of non-compliance

A few suggested that it is up to the government of Canada, not the CRA, to take the lead in this area by bringing in policies that limit or eliminate opportunities for non-compliance by wealthy individuals and corporations, e.g., making offshore tax havens illegal. On this point, a few intermediaries suggested that it would be difficult for the CRA to target tax havens if they are not illegal.

By way of follow-up to this, taxpayers were asked what kinds of interventions are available to the CRA to address non-compliance. Measures identified included audits and verifications, adding interest, seizing assets, garnishing wages, freezing bank accounts, halting benefit payments, and the tax fraud phone line.

Most would review corrected returns

Most participants said that if they received a notice from the CRA about a revised/corrected tax return they would review it or have it reviewed by their accountant. In most cases this was not ascribed to lack of trust that the CRA has correctly identified a problem. Rather, it was seen as a precautionary measure, an exercise of due diligence, or (in the case of tax intermediaries) part of their professional responsibilities. In a few instances, participants (mainly tax intermediaries) said that they would or might have doubts or questions about the correctness of the revision, either because they have experienced situations in the past in which the CRA has made mistakes, or because they are confident about their own tax skills.

General lack of awareness whether CRA improves its enforcement approaches

Most representatives of small businesses and intermediaries said they do not know whether the CRA improves its enforcement approaches on an on-going basis when it comes to compliance and addressing tax cheating. A small number of participants felt that the Agency does improve its approaches based on the assumption that it improves its tracking and monitoring technology or based on stories seen in the media. A few said that they do not know for sure that these approaches improve on an ongoing basis, but they hope it is the case. A few participants thought this is not the case based on lack of evidence/not hearing anything about this or based on the assumption that the CRA has limited resources to devote to this.

Most trust that audits are conducted fairly despite limited knowledge of them

Trust in the CRA conducting an audit accurately and fairly is widespread among taxpayers even though most of them said they know little to nothing about audits conducted by the Agency. By way of follow-up taxpayers were asked if they would want to know more about how the CRA enforces tax laws and whether the Agency's audit programs are successful. A number of them expressed some degree of interest in knowing more about this, but the degree of interest tended to be moderate or lukewarm. Reasons for wanting to know about this included a sense that it is important to know more, that this would increase their confidence in the Agency, and that knowing more could provide the means of gauging the effectiveness of the Agency in this area. Those not interested in knowing more about this most often said that such issues do not affect/apply to them. Other reasons were that it is not a top-of-mind issue, and that the Agency would probably provide limited information about its practices in this area.

Opinion divided about impact of knowing more about the CRA's enforcement practices

Opinion was divided as to whether knowing about the CRA's enforcement practices would result in greater trust that the CRA is making sure that everyone is paying their share of taxes. Some participants who felt that knowing more about this would not result in greater trust in the Agency said that knowledge of enforcement practices is insufficient to increase trust. In addition to knowledge of enforcement practices there has to be knowledge that the practices are enforced.

Limited experience with compliance issues

Relatively few representatives of small businesses and tax intermediaries said they have needed to contact or deal with the CRA for an issue of non-compliance. Those who have said they were satisfied with the process and the outcome. Asked how the CRA could better provide support when dealing with issues of non-compliance, the following things were suggested:

- assign a specific dedicated agent to the case
- do not adopt an adversarial posture
- be sure to keep track of all information provided
- respond to queries/request in a timely manner

A few intermediaries felt that it is not the role of the CRA to support their clients when dealing with issues of non-compliance (rather, it is part of their role).

Only a small number of tax intermediaries said they have recently supported a client being audited by the CRA. For the most part there was satisfaction with the process and with the outcome. In one instance the experience was described as negative (the case is still unresolved) due to poor communication on the part of the CRA and repeated delays.

3.3 Underground economy

Widespread awareness of the underground economy

The underground economy is a phenomenon of which participants were aware, though not necessarily by this designation. A few participants initially confused it with the black market (i.e., illegal business activities), while a few others associated it with individuals without immigration status who have been working in Canada. The most frequently provided example of an activity in the underground economy was paying cash for goods and services (but primarily the latter) in order to avoid paying taxes. Ways of characterizing this kind of activity or transaction included 'not declaring revenue', 'not charging tax', 'cash for work', 'unreported income', as well as describing it as 'fiscal fraud'. In referring to activities in the underground economy, a few participants described them as 'under the table' transactions or 'bartering' (i.e., providing one kind of service in return for another).

Variety of factors perceived as contributing to the underground economy

Taxpayers identified a variety of factors they think contribute to participation in the underground economy in Canada, though factors identified most often had to do with economic and fiscal pressures/constraints. This included the high cost of living, poverty/difficulty making ends meet economically, limited income (resulting from low salaries, a low minimum wage, and precarious employment/the GIG economy), high taxes, and unemployment.

Smaller numbers pointed to the impression that participating in the underground economy is a victimless crime and a feeling that people who take part will not get caught because it is difficult to detect. A few participants suggested that undocumented workers could be a factor contributing to participation in the underground economy because individuals without immigration status cannot declare the income earned from the work they do.

Main perceived effect of the underground economy is loss of tax revenue

According to taxpayers, the main effect of the underground economy is an erosion of the tax base leading to loss of tax revenues because those participating in the underground economy are not paying their share of taxes. Impacts or consequences potentially resulting from this included the following:

- increasing the tax burden on others in order to make up for the shortfall resulting from undeclared (and therefore untaxed) economic activity
- reducing the quality and/or quantity of publicly funded services/programs
- growing distrust or cynicism among those who pay their fair share of taxes regarding the fairness of the tax system (including the impression that people are benefitting from publicly funded programs and services without paying their fair share to help finance them)

Certain industries/sectors perceived as more likely to contribute to underground economy

There was general agreement among representatives of small businesses and tax intermediaries that certain industries or sectors are more likely to be contributors to the underground economy, with the following industries/sectors routinely identified:

- contractors, e.g., construction, renovations, landscaping, lawn care
- automotive repair/mechanics
- personal care, e.g., estheticians, beauty salons, barbers
- hospitality sector, e.g., restaurants, night clubs

Other industries were identified less frequently and included cleaning services, day care services, the arts and cultural industries, the rental sector/Airbnb, tutoring/private lessons, and animal breeding.

The two reasons most often mentioned to explain why these sectors/industries are more prone to participating in the underground economy included the ability to conduct cash-based transactions, and the fact that they tend to provide services instead of products. It was also noted that these kinds of businesses tend to be small scale operations, and as a result less subject to public scrutiny/detection.

Representatives of small businesses and intermediaries more likely to think underground economy has grown

Representatives of small businesses and intermediaries were more likely to think that the underground economy has grown in recent years than to think it has remained about the same or shrunk (with a few saying they do not know). Impressions that it has grown were most often attributed to the high cost of living. Reasons identified infrequently included higher taxes (or a growing perception that taxes are too high), and a perceived growth in transactions that are difficult to track/monitor. Examples included the increasing use of digital payment methods (e.g., PayPal), and the growth of at-home service delivery in the post-pandemic environment (e.g., having a hair stylist come to your home).

Those who felt (or assumed) that the underground economy has remained about the same usually explained that they have no reason or evidence for thinking it has grown or shrunk, while those who believed it has shrunk pointed to a general decline in cash-based transactions.

Most believe participation in the underground economy has become more socially acceptable

Most participants think that participating in the underground economy has become more socially acceptable over time. A number of reasons for believing this were identified, including:

- the higher cost of living/more people struggling economically to make ends meet, resulting in a desire for more disposable income
- changes in the nature of employment/growth of the GIG economy, including fewer good paying jobs, less permanent and full-time employment, fewer work-related benefits
- high taxes/a feeling that taxes are too high
- the view that it is a win-win scenario for those who take part in it
- the sense that people will not get caught because it is difficult to track/prove
- a decline in respect for public authority, based in part on the belief that tax dollars are spent too cavalierly/irresponsibly
- the impression that no one cares about the underground economy, including governments who seem to ignore it or consider it a low priority
- the view that people talk more openly about their involvement in the underground economy on social media

Widespread assumption that those who take part in the underground economy won't get caught

There was a near consensus that it is unlikely people who participate in the underground economy will get caught by the CRA. The most frequently provided explanation is the difficulty of detecting such underground economic activities. Other reasons included the impressions that these activities are on the rise, that people are reluctant to report underground economic activities, and that few, if any, public resources are devoted to identifying and addressing these activities.

The few who thought that it is likely people who participate in the underground economy will get caught by the CRA, or that some people are more likely to get caught than others, sometimes qualified their impressions as follows: those who are obvious about it, e.g., by talking about it on social media are more likely to get caught; and larger businesses, with a public profile, are more likely to get caught.

The view that those who participate in the underground economy will get caught by the CRA was also based on the impression that the Agency has the technological sophistication and analytical capabilities to detect involvement in the underground economy—for example, the ability to detect inconsistencies in tax returns and incongruities between reported income and lifestyle.

Few suggestions offered for how CRA can deal effectively with underground economy

Things the CRA can do to effectively deal with the underground economy included the following, though none was identified with any frequency:

- conducting surprise audits/verifications, with a focus on sectors/industries more likely to engage in such activities

- encouraging people to report activities, by providing incentives and ensuring anonymity to those reporting it
- devoting more resources to the issue, including the use of data analytics to correlate reported income with lifestyle and detect inconsistencies

Some representatives of small businesses and tax intermediaries said that the CRA should do nothing to deal with the underground economy, based on the view that it is a misplaced priority and too inconsequential compared to what the Agency should be focusing on: going after ‘big fish’ and offshore tax havens.

Most assume that reducing participation in underground economy is not a CRA priority

Asked if they think that reducing participation in the underground economy is a priority for the CRA, most representatives of small businesses and tax intermediaries said that they do not, sometimes adding that they do not think it should be a priority. Reasons for thinking this is not a priority for the Agency included the impressions that tracking these activities is difficult, that the CRA lacks resources to devote to this, that the Agency probably has other priorities, and that it is not worthwhile because the time and effort required outweigh the potential benefits.

The few who felt that this is a priority for the CRA said that they have the impression that large amounts of tax revenue (larger than one might think) are lost through the underground economy. There was also an impression that this is a priority for the CRA because it is easier to go after ‘small players’ involved in the underground economy than ‘big players’ who take advantage of offshore tax havens.

3.4 Offshore compliance

Few have heard anything about offshore tax havens or CRA efforts to stop use of them

Only a few participants recalled having heard anything recently in the media about offshore tax havens. Recollections include hearing about references to offshore accounts in the ‘Panama papers’, a reference to a public figure’s involvement in offshore dealings, and that financial institutions have been instructed to ask clients about offshore holdings.

Similarly, very few said they have heard anything about any measures, tools, or projects the CRA has put in place to stop individuals or businesses from hiding their revenue abroad to avoid paying taxes in Canada. These include arrangements with other countries to share information, the use of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to monitor such activities, a method/channel for reporting suspected offshore tax cheating, and use of the T1135 Foreign Investment Verification Statement form.

General agreement that offshore tax havens are a big problem

Participants’ opinions about tax havens tended to be negative, despite the fact they are not illegal. They indicated that their use constitutes a big problem, primarily because of the large amounts of money shielded from taxation in offshore accounts. Other negative impressions of tax havens or reasons for considering them a problem included the belief that they privilege the wealthy/those least likely to need tax relief, and that their use is increasing as a result of digital technologies. Those who felt that the use of tax havens is not a big problem point to the fact that they are legal, and to

their impression that the government would not incentivise their use by making them legal if they constituted a big problem.

Most believe CRA is not doing enough to stop offshore non-compliance or do not know

Asked if they believe the CRA is doing enough to stop offshore non-compliance, nearly all participants were divided between those saying no and those saying that they do not know. Reasons for thinking the Agency is not doing enough included the following:

- never hearing anything about such activities or seeing any action taken
- a perceived lack of resources to effectively deal with it
- a lack of political will to go after those who take advantage of offshore tax havens, the implication being that the CRA on its own cannot effectively deal with this
- a lack of interest on the part of the Agency (occasionally attributed to the Agency focusing on collecting taxes from those who respect the law or are easier to target)

The few participants who said they believe the CRA is doing enough to stop offshore non-compliance either said they assume this as opposed to knowing it or pointed to partnerships between the CRA and financial institutions to address the issue.

Limited suggestions for how CRA could stop offshore non-compliance

Impressions about what the CRA could do to better address the situation included the following:

- developing performance indicators to gauge progress in this area
- partnering with other countries/jurisdictions
- taking a more robust approach, similar to that taken by the Internal Revenue Service (IRS) in the United States which seems to be actively devoted to detecting and prosecuting people hiding taxable revenue abroad

A few suggested that there is little if anything the CRA can do (or should do) as long as this practice is legal in Canada. It was also suggested that the most effective way to deal with this is through legislation, something that is beyond the purview of the CRA. In other words, a real solution has to be government-driven. Examples of legislation to deal with offshore tax havens included reducing the level of taxes and making tax havens illegal. Finally, a few said that they do not know what more the CRA could do to address the situation because they do not know what the Agency is currently doing.

Things participants said they would like to know about CRA activities or efforts to stop individuals and companies from hiding their revenue abroad routinely included the following:

- the amount of money held in tax havens
- the amount in taxable income lost as a result of tax havens measures/resources in place to recover funds/enforce compliance
- data about enforcement/recovery efforts, e.g., how many pursued, who has been caught, who has been prosecuted, how much tax revenue has been retrieved
- the effects/consequences that tax havens have on Canadians
- names of companies/individuals involved in such activities
- the cost of going after people and companies who take advantage of tax havens
- the locations of tax havens used by Canadians

- data on the amount of taxes paid in Canada by companies that take advantage of tax havens

When it comes to offshore compliance, intermediaries see their role, i.e., that of tax practitioners, as informing their clients about what the law stipulates and encouraging their clients to declare offshore income.

3.5 Cryptocurrency

Most think growth of crypto currency presents risks of tax evasion and/or tax avoidance

Most participants think that the growth of cryptocurrency presents at least some risk of tax evasion and/or tax avoidance. Those who did not say this were more likely to say that they do not know if it presents a risk than to say it does not present one. The most frequently given explanation of the risk posed by cryptocurrency was the difficulty of tracking cryptocurrency transactions, it being noted that part of the reason for being in cryptocurrency is precisely to bypass regular currency regulations. Additional reasons for perceived risks of tax evasion included the rapid growth of the crypto market, the impression that crypto transactions already facilitate criminal activity, the lack or limited amount of control/regulation that applies to it, and the impression that the rules that do apply to it (including reporting requirements) are not well known.

Reasons for thinking that the growth of cryptocurrency does not present a risk of tax evasion and/or tax avoidance included the impression that most instances of tax evasion/avoidance still involve regular currency, that as it becomes more mainstream it will be better regulated, and that it is possible to follow the digital footprint of cryptocurrency transactions.

As a follow-up, participants were asked more specifically how big a problem they think unpaid taxes related to cryptocurrency is for Canada's tax system. Impressions regarding the size of the problem varied, though participants were more likely to perceive it as a big problem than a small one. Some said they do not know or that it is too early to tell. Reasons for considering it a big problem included the following:

- the aforementioned difficulty of tracking such transactions (and therefore the possibility of keeping them hidden/not reporting them)
- fear that this difficulty will increase because the level of sophistication of such transactions will make them even more elusive
- the impression that the amounts invested in cryptocurrency result in a potentially large loss of tax revenue
- the feeling that while it may not be a big problem now, it will become one once it is more widely adopted

Reasons for describing it as a small problem included the impression that the phenomenon is still new and although growing, still not widely adopted, and the impression that more traditional ways of avoiding/evading taxes are still the main problem.

Asked if they have heard of any measures that the CRA has put, or will be putting, in place to target people evading or avoiding taxes owed on their crypto assets, nearly all taxpayers said that they do

not. The only measure identified in this regard was the requirement to report crypto assets to the CRA when filing tax returns.

No crypto asset activities among representatives of small businesses or intermediaries

None of the representatives of small businesses said they deal with crypto-asset activities or transactions, and none of the tax intermediaries said they do this when they manage tax affairs for their clients. Among representatives of small businesses, only a few said that they are aware of the tax obligations related to cryptocurrencies. For their part, tax intermediaries tended to describe themselves as knowing little to nothing about the way in which the CRA treats crypto-assets and tax-related obligations that apply to cryptocurrency transactions, although a few volunteered that they expect crypto assets are treated like capital gains.

When asked what type of information they need from the CRA to help their clients with crypto assets meet their tax obligations, intermediaries were only able to provide limited feedback. This included re-iterating that they do not have clients that deal with crypto assets, saying they do not know, and saying that they do not know what they should ask for because they do not know what they do not know. Apart from general guidance, the only specific thing identified was information about how such assets are taxed. The preferred way of receiving such information was electronic, i.e., on the website, by email, through Represent a Client.

Appendix

1. Technical specifications

- 26 in-person and online focus groups were conducted across the country between June 4 and July 4, 2024, as follows:

Location	Method	Audience	Guide Focus	Language
Calgary	In person	Taxpayers	Service	English
Calgary	In person	Taxpayers	Compliance	English
Halifax	In person	Taxpayers	Compliance	English
Halifax	In person	Taxpayers	Service	English
Toronto	In person	Taxpayers	Compliance	English
Toronto	In person	Taxpayers	Service	English
Toronto	In person	SME	Service	English
Toronto	In person	SME	Compliance	English
Montreal	In person	Taxpayers	Service	French
Montreal	In person	Taxpayers	Compliance	French
Montreal	In person	SME	Service	French
Montreal	In person	SME	Compliance	French
Rural communities ¹⁶	Online	SME	Service	English
Rural communities ¹⁷	Online	Intermediaries	Compliance	English
Quebec	Online	Intermediaries	Compliance	French
Quebec	Online	Intermediaries	Service	French
Rural communities ¹⁸	Online	SME	Compliance	English
Rural communities ¹⁹	Online	Intermediaries	Service	English
Territories/rural	Online	Taxpayers	Service	English
Territories/rural	Online	Taxpayers	Compliance	English
Ontario	Online	Intermediaries	Compliance	English
Ontario	Online	Intermediaries	Service	English
Atlantic	Online	Intermediaries	Service	English
Atlantic	Online	SME	Service	English
West	Online	SME	Compliance	English
West	Online	Intermediaries	Compliance	English

- Fourteen focus groups were conducted online, and 12 focus groups were conducted in person.
- In total, 187 individuals participated in the research: 80 taxpayers, 55 decision-makers of small businesses, and 48 tax intermediaries.
- Ten focus groups were conducted with taxpayers and eight focus groups each were conducted with representatives of small businesses and tax intermediaries.

¹⁶ Manitoba west.

¹⁷ Manitoba west.

¹⁸ Ontario east

¹⁹ Ontario east

- Half the sessions focused on service-related issues and the other half on compliance-related issues.
- To ensure an appropriate mix of participants for each of the issue areas, participants were segmented according to their views on taxation and compliance. In addition, each group included a mix of participants as follows:
 - Individual taxpayers: by age, gender, income, education, and employment
 - Small businesses: by gender, business size, and dealings with the CRA
 - Tax intermediaries: by gender and business size
- Taxpayers who participated were at least 18 years or older and were Canadian citizens or permanent residents who had been living in Canada for at least three years. Everyone had to have been living in Canada for the 12 months preceding the research. Individuals who had attended at least five qualitative sessions in the past five years, as well as those who had attended a session in the past six months, were excluded from the research. In addition, each Compliance focused session included a minimum of three individuals considered as being in the “low compliance” segment, and at least three in the “high compliance” segment, based on their level of agreement (on a 10-point scale) with the following three statements:
 - *Considering the services we receive from the federal government, the public pays too much federal income tax*
 - *The CRA would never find out about income received in cash that is not declared on their tax return*
 - *Given the opportunity most people would hide income to avoid taxes*
- Among the business audiences:
 - Representatives of small businesses included decision-makers or those involved in decisions related to tax matters, payroll, GST/HST preparation, or bookkeeping from businesses with less than 100 employees. A mix of business sizes were represented and at least half in each group personally dealt with the CRA.
 - Tax intermediaries were defined as someone who works with individual and small business clients on tax-related matters, including filing T1 and T2 tax returns, as well as GST/HST returns.
 - Small business representatives and intermediaries who had been to at least five sessions (focus groups or interviews) in the past five year, as well as those who had attended a session in the past six months, were excluded from the research.
 - For the Compliance focused sessions, participants included a mix of those who agreed with the following statement: “Considering the services we receive from the federal government, the public pays too much federal income tax.”
- The focus groups lasted two hours, with two groups conducted per evening.
- For the in-person sessions with taxpayers, 10 participants were recruited for eight to show per focus group. For the online sessions, eight participants were recruited for six to eight to attend. For the sessions with the business populations (representatives of small businesses and tax intermediaries), eight participants were recruited for six to show per group.
- Participants were paid an honorarium. The honoraria differed by target audience and method of participation (online versus in-person session):

- Individual taxpayers: in-person, \$150; online, \$125.
- Small businesses: in-person, \$300; online, \$250.
- Tax intermediaries: online only, \$200.
- All sessions were recorded (online sessions via screen recording software and in-person sessions via digital videorecording) and participants were informed of this during recruitment and reminded of the recording by the moderator in advance of the discussion.
- In-person focus groups were conducted in regular focus group facilities, the online groups were conducted using Zoom.
- Recruitment and participant confirmation was undertaken by CRC Research, under subcontract to Phoenix SPI. There were two screeners: one for individual taxpayers and another for the business audiences.
- All participants were recruited per the recruitment specifications for the Government of Canada using CRC Research's extensive opt-in database/qualitative panel of approximately 450,000 adults aged 18+. This panel has been developed over many years based on cold calling, referrals, previous research, and advertisements. Eligible individuals were identified in CRC's panel first by completing the screening questionnaire, which was administered online, and then eligibility was confirmed by a short telephone interview with a recruiter.
- The following measures were in place to deal with issues of consent:
 - At the time of recruitment, potential participants were be informed of the following: that the sessions will be audio and video-recorded, transcribed (via the platform's transcription tool; online sessions only), and observed by members of the client team. In addition, the role of observers (i.e., observe but not participate) and the reason for observing (i.e., oversee the research process and hear opinions first hand/directly from the participants) was shared with potential participants.
 - To participate, participants needed to consent to the recording, transcription, and presence of observers. In addition, written consent was obtained from each participant prior to the recording.
 - At the beginning of each focus group, participants were reminded of the recording of the group, the confidentiality of their responses, and the presence of observers. In addition, use of the recordings (i.e., for report writing purposes) and their treatment (i.e., secure storage and disposal) was explained to participants.
- The following measures were in place to deal with issues of privacy:
 - At the time of recruitment, potential participants were informed of the following: that their participation is completely voluntary, that all information collected, used and/or disclosed will be used for research purposes only and administered as per the requirements of the *Privacy Act*, and that aggregated results (i.e., no individual clients will be identified in the report) will be shared with the Government of Canada.
 - All materials containing participant identity (e.g., recruitment grids) or other information that might allow participants to be identified are released to clients or other third parties.
 - During the focus group, participants were only identified by their first name.

- Recruitment of participants adhered to the Government of Canada's *Standards for the Conduct of Government of Canada Public Opinion Research – Qualitative Research* on recruitment specifications.

Context of Qualitative Research

Qualitative discussions are intended as moderator-directed, informal, non-threatening discussions with participants whose characteristics, habits and attitudes are considered relevant to the topic of discussion. The primary benefits of individual or group qualitative discussions are that they allow for in-depth probing with qualifying participants on behavioural habits, usage patterns, perceptions and attitudes related to the subject matter. This type of discussion allows for flexibility in exploring other areas that may be pertinent to the investigation. Qualitative research allows for more complete understanding of the segment in that the thoughts or feelings are expressed in the participants' "own language" and at their "own levels of passion." Qualitative techniques are used in marketing research as a means of developing insight and direction, rather than collecting quantitatively precise data or absolute measures. As such, results are directional only and cannot be projected to the overall population under study.

2. Research instruments

2.1 Recruitment screeners

Taxpayers

INTRODUCTION

Hello/Bonjour, my name is [INSERT]. I'm calling from Phoenix Strategic Perspectives, a Canadian public opinion research firm. Would you prefer to continue in English or French? / Préférez-vous continuer en français ou en anglais?

INTERVIEWER NOTE: IF SOMEONE IS ASKING TO PARTICIPATE IN FRENCH/ENGLISH BUT NO IN-PERSON GROUP IN THIS LANGUAGE IS AVAILABLE, CONSIDER RECRUITING THEM FOR GROUP 5 OR 6 – THE ONLINE SESSIONS.

We're organizing a series of discussion groups on behalf of the Government of Canada to explore various issues of importance to the country. We are not trying to sell you anything. I would like to speak to the person in your household who is a Canadian citizen or permanent resident and is at least 18 years old. Would that be you?

01. Yes [CONTINUE]

- CONFIRM IF IT'S NOT CLEAR WHETHER THE INDIVIDUAL IS A CANADIAN CITIZEN OF PERMANENT RESIDENT.
- IF THE INDIVIDUAL IS A PERMANENT RESIDENT, ASK HOW LONG THEY'VE LIVED IN CANADA. IF IT'S BEEN LESS THAN 3 YEARS, SAY: "Thank you, but you need to have lived in Canada for at least 3 years to take part in this research."
- ASK TO SPEAK TO SOMEONE IN THE HOUSEHOLD WHO MEETS THESE CRITERIA.

02. No [ASK TO SPEAK TO SOMEONE IN THE HOUSEHOLD WHO MEETS THESE CRITERIA]

CONTINUE WHEN CONNECTED TO SOMEONE 18+, WHO IS A CANADIAN CITIZEN OR A PERMANENT RESIDENT WHO HAS RESIDED IN CANADA SINCE 2021 OR EARLIER.

INFORMATION

As I mentioned, we're randomly recruiting Canadians to take part in one of these discussion groups. The format is a discussion with up to eight people. The group will take place in the evening, and it will last 2 hours. People who take part will receive an honorarium of [\$150 in-person / \$125 online] to thank them for their time.

A. Are you interested in taking part in this study?

01. Yes [CONTINUE]

02. No [ASK IF ANYONE ELSE IN THE HOUSEHOLD MIGHT BE INTERESTED]

- IF YES, GO BACK TO THE INTRODUCTION.
- IF NO, THANK AND TERMINATE.

- B. Before we invite you to attend, I need to ask you a few questions to ensure we have a good mix of people. This will take about 5 minutes. May I continue?
01. Yes [CONTINUE]
 02. No
 - 1) ASK IF ANYONE ELSE IN THE HOUSEHOLD MIGHT BE INTERESTED
 - IF YES, GO BACK TO THE INTRODUCTION.
 - IF NO, THANK AND TERMINATE.
 - 2) ASK IF THERE'S A BETTER TIME TO CALL THIS PERSON.
 - IF YES, SCHEDULE A CALLBACK.
 - IF NO, THANK AND TERMINATE.

Participation is voluntary and your decision to participate will not affect any dealings you may have with the Government of Canada. We're interested in hearing your opinions; no attempt will be made to sell you anything or change your point of view. The format is a "round table" discussion led by a research professional from Phoenix Strategic Perspectives. All opinions expressed will remain anonymous and views will be grouped together to ensure no individual can be identified in accordance with laws designed to protect your privacy.

NOTES:

A. IF ASKED: The personal information you provide is governed in accordance with the Privacy Act and will not be linked with your name on any document including the consent form. In addition to protecting your personal information, the Privacy Act gives you the right to request access to and correction of your personal information. You also have the right to file a complaint with the Privacy Commissioner of Canada if you think your personal information has been handled improperly. The final report written by Phoenix SPI will be available to the public from Library and Archives Canada (<http://www.bac-lac.gc.ca/>).

B. IF AN INDIVIDUAL QUESTIONS THE VALIDITY OF THE RESEARCH, INVITE HIM/HER TO CONTACT KRISTA HOLMES OF THE CRA AT KRISTA.HOLMES@CRA-ARC.GC.CA / OR GO ONLINE TO CRIC RESEARCH VERIFICATION SERVICE AND ENTER PROJECT NUMBER: 20240423-PH701.

EN: <https://www.canadianresearchinsightscouncil.ca/rvs/home/>

FR: <https://www.canadianresearchinsightscouncil.ca/rvs/home/?lang=fr>

C. TO VERIFY IT IS A GOVERNMENT OF CANADA PROJECT, THEY CAN SEARCH THE FOLLOWING WEBSITE TO SEE LIST OF CURRENT PUBLIC OPINION RESEARCH PROJECTS – INCLUDING THIS ONE: Annual Corporate Research.

EN: <http://canada.ca/por-cra>

FR: <http://canada.ca/arc-por>

D. UNLESS OTHERWISE SPECIFIED, WHEN TERMINATING A CALL WITH SOMEONE, SAY: Thank you for your cooperation. We already have enough participants who have a similar profile to yours, so we are unable to invite you to participate.

SCREENING

SCR1. Do you or a member of your immediate family work or have ever worked for ...? [READ LIST]

- a. A marketing research, public relations firm, or advertising agency?
- b. The media (i.e., a radio or television station, newspaper, or magazine)?
- c. The federal or provincial/territorial government?
- d. A tax preparation or accounting company?

01. Yes [THANK AND TERMINATE IF 'YES' TO A, B, C, OR D]

02. No

03. Prefer not to say [THANK AND TERMINATE]

SCR2. Are you a Canadian citizen or permanent resident at least 18 years old?

01. Canadian citizen [GO TO SCR4]

02. Permanent resident

03. No [THANK AND TERMINATE]

04. Prefer not to say [THANK AND TERMINATE]

SCR3. For how long have you been living in Canada?

01. RECORD: [THANK AND TERMINATE IF LESS THAN 3 YEARS]

02. Prefer not to say [THANK AND TERMINATE]

SCR4. Have you been living in Canada for the last 12 months?

01. Yes

02. No [THANK AND TERMINATE]

03. Prefer not to say [THANK AND TERMINATE]

SCR5. In which province or territory do you live?

01. British Columbia

02. Alberta

03. Saskatchewan

04. Manitoba

05. Ontario

06. Quebec

07. New Brunswick

08. Newfoundland

09. Northwest Territories [ELIGIBLE FOR GROUPS 5, 6; GO TO SCR8]

10. Nova Scotia

11. Nunavut [ELIGIBLE FOR GROUPS 5, 6; GO TO SCR8]

12. Prince Edward Island

13. Yukon Territory [ELIGIBLE FOR GROUPS 5, 6; GO TO SCR8]

14. Prefer not to say [THANK AND TERMINATE]

SCR6. [IF SCR5 = 02, 05, 06, 10; GROUPS 1, 2, 3, 4, 7, 8, 17, 18 ONLY] In which city or town do you live?

01. Calgary* [ELIGIBLE FOR GROUPS 1, 2]

02. Halifax* [ELIGIBLE FOR GROUPS 3, 4]

03. Toronto* [ELIGIBLE FOR GROUPS 7, 8]

- 04. Montreal* [ELIGIBLE FOR GROUPS 17, 18]
- 05. None of these [CONTINUE]
- 06. Prefer not to say [CONTINUE]

*Includes surrounding areas—e.g., Airdrie [Calgary], Dartmouth [Halifax], Mississauga [Toronto]—as appropriate.

SCR7. [IF SCR6 = 05, 06 OR SCR5 = 01, 03, 04, 07, 08, 12; GROUPS 5 AND 6 ONLY] What are the first three digits of your postal code?

- 01. A rural postal code, A0A
- 02. Not a rural post code, A1A [THANK AND TERMINATE]
- 03. Prefer not to say [THANK AND TERMINATE]

SCR8. Have you ever attended a discussion group or taken part in an interview on any topic that was arranged in advance and for which you received money for your participation?

- 01. Yes
- 02. No [SKIP TO TS1]
- 03. Prefer not to say [THANK AND TERMINATE]

SCR9. When did you last attend one of these discussion groups or interviews?

- 01. RECORD: [THANK AND TERMINATE IF IN THE LAST 6 MONTHS]
- 02. Prefer not to say [THANK AND TERMINATE]

SCR10. How many discussion groups have you attended in the past 5 years?

- 01. RECORD: [THANK AND TERMINATE IF 5 OR MORE]
- 02. Prefer not to say [THANK AND TERMINATE]

TAXPAYER SEGMENT

TS1. For each of the following statements, I would like to know how much you agree or disagree. Please respond using a scale of 1 to 10 where 1 means you strongly disagree and 10 means you strongly agree. How about ...

a. Considering the services we receive from the federal government, the public pays too much federal income tax.

- 01. Score of 6-10 = LOW
- 02. Score of 1-5 = HIGH
- 03. Prefer not to say [THANK AND TERMINATE]

b. The CRA would never find out about income received in cash that is not declared on their tax return.

- 01. Score of 6-10 = LOW
- 02. Score of 1-5 = HIGH
- 03. Prefer not to say [THANK AND TERMINATE]

c. Given the opportunity most people would hide income to avoid taxes.

- 01. Score of 6-10 = LOW

02. Score of 1-5 = HIGH

03. Prefer not to say [THANK AND TERMINATE]

INTERVIEWER NOTE:

For Compliance Groups (2, 3, 6, 7, 18)

Score of LOW on at least 2 of 3 at TS1a-c: RECRUIT MINIMUM 3 PER GROUP

Score of HIGH on at least 2 of 3 TS1a-c: RECRUIT MINIMUM 3 PER GROUP

For Service Groups (1, 4, 5, 8, 17)

All qualify

GROUP 5 AND 6 ONLY

WHEN TERMINATING A CALL WITH SOMEONE FOR THESE QUESTIONS, SAY: Thank you for your cooperation. Based on your responses, we are unable to invite you to take part in this online focus group, as you do not meet the technical requirements. We thank you for your interest in this research.

OFG1. The focus groups are going to be online sessions held over the Internet. Participants will need to have access to a computer, a high-speed Internet connection, and a Webcam to participate in the group. Would you be able to participate under these conditions?

01. Yes [GO TO OFG4]

02. No [CONTINUE]

OFG2. [OFG1=02] It is possible to participate using a tablet or phone with a camera and high-speed Internet connection? Would you be able to participate under these conditions?

01. Yes [GO TO OFG4]

02. No [CONTINUE]

OFG3. [IF OFG2=02] You yourself do not need to have a computer and internet connection to participate. If you have a friend or family who could provide you with access to a computer, a high-speed Internet connection, and a Webcam for the online session, you would be able to participate. Would this be possible?

01. Yes

02. No [THANK AND TERMINATE]

OFG4. You will need to be in a place that is quiet and free of distractions for the duration of the session. This means, to the extent possible, being in a room in your home or office on your own, without pets, children, or other people nearby. You will not be able to take part in the focus group from an outdoor area, a vehicle, or a public place, as these locations are too noisy. Will you be able to participate from a place free of distractions for the duration of the focus group session?

01. Yes

02. No [THANK AND TERMINATE]

PARTICIPANT MIX

DEM1. Will you please tell me which of the following age groups you fall in to? Are you...? [READ LIST; STOP WHEN A RESPONSE IS PROVIDED] [RECRUIT A MIX IN ALL GROUPS]

01. Under 18 [THANK AND TERMINATE]
02. 18-29
03. 30-39
04. 40-49
05. 50-59
06. 60-64
07. 65+
08. [DO NOT READ] Prefer not to say [THANK AND TERMINATE]

DEM2. Are you ...? [READ LIST; AIM FOR 50/50 M/F IN ALL GROUPS; GENDER DIVERSE ELIGIBLE FOR ANY GROUP]

01. Male
02. Female
03. Gender diverse
04. [DO NOT READ] Prefer not to say [THANK AND TERMINATE]

DEM3. What was your household's income, before taxes, for 2023? Was it...? [READ LIST; STOP WHEN A RESPONSE IS PROVIDED] [RECRUIT A MIX IN ALL GROUPS]

01. Under \$20,000
02. \$20,000 to just under \$40,000
03. \$40,000 to just under \$60,000
04. \$60,000 to just under \$80,000
05. \$80,000 to just under \$100,000
06. \$100,000 to just under \$150,000
07. \$150,000 and above
08. [DO NOT READ] Prefer not to say [THANK AND TERMINATE]

DEM4. Are you currently ...? [READ LIST; STOP WHEN A RESPONSE IS PROVIDED] [RECRUIT A MIX IN ALL GROUPS]

01. Working full time
02. Working part-time
03. Self-employed
04. Retired [MAXIMUM OF 2 PER GROUP]
05. Not working or a student [MAXIMUM OF 3 PER GROUP]*
06. [DO NOT READ] Prefer not to say [THANK AND TERMINATE]

*RECORD 'not working' and 'student' separately.

DEM5. What is the last level of education that you completed? [READ LIST; STOP WHEN A RESPONSE IS PROVIDED] [RECRUIT A MIX IN ALL GROUPS]

01. Some high school
02. Completed high school
03. Some college/technical school/CEGEP
04. Graduated college/technical school/CEGEP

- 05. Some university
- 06. Graduated university
- 07. Graduate studies
- 08. [DO NOT READ] Prefer not to say [THANK AND TERMINATE]

DEM6. Participants in group discussions are asked to voice their opinions and thoughts. How comfortable are you voicing your opinions in front of others? [READ LIST] [RECRUIT A MIX IN ALL GROUPS]

- 01. Very comfortable
- 02. Somewhat comfortable
- 03. Not comfortable [THANK AND TERMINATE]
- 04. [DO NOT READ] Not at all comfortable [THANK AND TERMINATE]

CONSENT

Now I have a few questions that relate to privacy, your personal information, and the research process.

WHEN TERMINATING A CALL WITH SOMEONE FOR THESE QUESTIONS, SAY: Thank you for your cooperation. Based on your responses, we are unable to invite you to take part in these focus groups, as you do not meet the study requirements. We thank you for your interest in this research.

CON1. The discussion group will be recorded. The recordings will be used only by the research professional to assist in preparing a report on the findings and they will be destroyed once the report is final. Do you agree to be recorded for research purposes only?

- 01. Yes [GO TO CON3]
- 02. No [CONTINUE]

CON2. It is necessary for the analysis process for us to record the session as the moderator needs this material to complete the report. The recordings will be used solely to assist with writing the report and will not be shared. Now that I've explained this, do I have your permission for recording?

- 01. Yes
- 02. No [THANK AND TERMINATE]

CON3. Employees from the Government of Canada may observe the discussion group but will not have access to any of your personal information, such as your full name, and they will not take part in the discussion. Do you agree to having Government of Canada employees observe the session?

- 01. Yes [GO TO CON5]
- 02. No [CONTINUE]

CON4. It is standard procedure to invite the research sponsor, in this case, Government of Canada employees, to observe the groups. They will be there simply to hear your opinions firsthand although they may take their own notes and the moderator may confer with them on occasion to discuss whether there are any additional questions to ask the group. Do you agree to having Government of Canada employees observe the session?

- 01. Yes
- 02. No [THANK AND TERMINATE]

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CON5. We will provide the **focus group moderator** [ADD FOR GROUPS 1-4, 7-8, 17-18: and facility] with a list of participants' names and responses to these questions so you can be signed into the group. We will provide your first name and the first letter of your last name only. This information will not be shared with the Government of Canada. Do we have your permission to do this? I assure you it will be kept strictly confidential.

01. Yes [GO TO INVITATION]
02. No [CONTINUE]

CON6. We need to provide the focus group moderator [ADD FOR GROUPS 1-4, 7-8, 17-18: and facility] with the names and background of the people attending the focus group because only the individuals invited are allowed in the session and the moderator must have this information for verification purposes. Please be assured that this information will be kept strictly confidential. Now that I've explained this, do I have your permission to provide your name and profile to the moderator?

01. Yes
02. No [THANK AND TERMINATE]

INVITATION TO PARTICIPATE

Great! You qualify to participate in one of our focus groups. Would you be available to attend an [in-person / online] focus group on **(DATE @ TIME)**? It will last 2 hours and you will receive an honorarium of [\$150 in-person / \$125 online] for your time.

01. Yes
02. No [THANK AND TERMINATE]

[GROUPS 5 + 6]

May I have your email address so that we can send you an email message with the information you will need about the online focus group?

ENTER EMAIL ADDRESS: _____

Information regarding how to participate will be sent to you by email in the coming days. The email will come from Phoenix SPI and the address will be research@phoenixspi.ca. The group discussion will begin promptly at <TIME> and will end at <TIME>, and last up to 2 hours. Please log in 5-10 minutes before the start time to ensure that the session is not delayed for any reason. If you arrive late, we may not be able to include you in the discussion and you may not provide you with the incentive.

[GROUPS 1-4, 7-8, 17-18]

The group discussion will begin promptly at <TIME> and will end at <TIME>, and last up to 2 hours. It will be held at <FACILITY NAME AND ADDRESS>. Please arrive at the facility 5-10 minutes before the start time to ensure that the session is not delayed for any reason. If you arrive late, we may not be able to include you in the discussion and you may not provide you with the incentive.

At the focus group facility, you will be asked to produce photo identification, so please remember to bring something with you (for example, a driver’s license). To participate, you will also be asked to sign a consent form, which we will be available at the facility upon your arrival. If you use glasses to read, please bring them with you.

[EVERYONE]

As we are only inviting a small number of people to attend, your participation is very important to us. If for some reason you are unable to attend, please call us so that we can get someone to replace you. You can reach us at [INSERT NUMBER] at our office. Please ask for [INSERT NAME].

Someone will call you the day before to remind you about the session. So that we can call you to remind you about the focus group or contact you should there be any changes, can you please confirm your name and contact information for me?

First name: _____
Last Name: _____
Daytime phone number: _____
Evening phone number: _____

Thank you very much for your assistance!

Business Audiences

INTRODUCTION

Hello/Bonjour, my name is [INSERT]. I'm calling from Phoenix Strategic Perspectives, a Canadian public opinion research firm. Would you prefer to continue in English or French? / Préférez-vous continuer en français ou en anglais?

First off, let me assure you that we are not trying to sell you anything. We are organizing a series of discussion groups on behalf of the Government of Canada to explore various issues of importance to the country.

[Tax Intermediaries]

A: May I speak with someone your company who provides accounting or tax preparation services to individuals or small business clients? IF ASKED: SMALL BUSINESSES INCLUDE BUSINESSES THAT HAVE FEWER THAN 100 EMPLOYEES. Would you be this person?

01. Yes [CONTINUE]

02. No [ASK FOR THE APPROPRIATE CONTACT]

- IF AVAILABLE, GO BACK TO THE INTRODUCTION.
- IF UNAVAILABLE, SCHEDULE A CALLBACK.
- IF NO-ONE MEETS THIS DESCRIPTION OR NO-ONE IS WILLING, TERMINATE.

INTERVIEWER NOTE: IF THE PERSON YOU REACH IS A GATEKEEPER, ASK TO BE TRANSFERRED TO SOMEONE DIRECTLY INVOLVED IN PREPARING AND FILING RETURNS FOR CLIENTS (E.G., ACCOUNTANT, TAX PREPARER) AND BEGIN AGAIN.

[Small Businesses]

SME_A: May I speak with someone in your company who has shared or sole decision making responsibilities for business operations. Would you be this person?

01. Yes [CONTINUE]

02. No [ASK FOR THE APPROPRIATE CONTACT]

- IF AVAILABLE, GO BACK TO THE INTRODUCTION.
- IF UNAVAILABLE, SCHEDULE A CALLBACK.
- IF NO-ONE MEETS THIS DESCRIPTION OR NO-ONE IS WILLING, TERMINATE.

SME_B: Do you have sole or shared responsibilities in your business for matters related to taxes, payroll, GST/HST preparation or bookkeeping?

01. Yes [CONTINUE; GO TO INFORMATION]

02. No [ASK FOR THE APPROPRIATE CONTACT]

- IF AVAILABLE, GO BACK TO THE INTRODUCTION.
- IF UNAVAILABLE, SCHEDULE A CALLBACK.
- IF NO-ONE MEETS THIS DESCRIPTION OR NO-ONE IS WILLING, TERMINATE.

INFORMATION

As I mentioned, we're conducting a research study for the Government of Canada. About six to eight people will take part in each discussion group, all of them randomly recruited like you. The group will take place in the evening, and it will last 2 hours. People who take part will receive a cash honorarium of [TAX INTERMEDIARIES: \$200 / SMALL BUSINESSES: \$300 in-person, \$250 online] to thank them for their time.

Are you interested in taking part in this study?

01. Yes [CONTINUE]

02. No [THANK AND TERMINATE]

A. Before we invite you to attend, I need to ask you a few questions to ensure we have a good mix of people. This will take about 5 minutes. May I continue?

01. Yes [CONTINUE]

02. No [ASK IF THERE'S A BETTER TIME TO CALL THIS PERSON]

- IF YES, SCHEDULE A CALLBACK.
- IF NO, THANK AND TERMINATE.

Participation is voluntary and your decision to participate will not affect any dealings you may have with the Government of Canada. We are interested in hearing your opinions; no attempt will be made to sell you anything or change your point of view. The format is a "round table" discussion lead by a research professional from Phoenix Strategic Perspectives. All opinions expressed will remain anonymous and views will be grouped together to ensure no individual can be identified in accordance with laws designed to protect your privacy.

NOTES:

D. IF ASKED: The personal information you provide is governed in accordance with the Privacy Act and will not be linked with your name on any document including the consent form. In addition to protecting your personal information, the Privacy Act gives you the right to request access to and correction of your personal information. You also have the right to file a complaint with the Privacy Commissioner of Canada if you think your personal information has been handled improperly. The final report written by Phoenix SPI will be available to the public from Library and Archives Canada (<http://www.bac-lac.gc.ca/>.)

E. IF AN INDIVIDUAL QUESTIONS THE VALIDITY OF THE RESEARCH, INVITE HIM/HER TO CONTACT KRISTA HOLMES OF THE CRA AT KRISTA.HOLMES@CRA-ARC.GC.CA OR GO ONLINE TO CRIC RESEARCH VERIFICATION SERVICE AND ENTER PROJECT NUMBER: **20240423-PH701**.

EN: <https://www.canadianresearchinsightscouncil.ca/rvs/home/>

FR: <https://www.canadianresearchinsightscouncil.ca/rvs/home/?lang=fr>

F. TO VERIFY IT IS A GOVERNMENT OF CANADA PROJECT, THEY CAN SEARCH THE FOLLOWING WEBSITE TO SEE LIST OF CURRENT PUBLIC OPINION RESEARCH PROJECTS – INCLUDING THIS ONE: Annual Corporate Research.

EN: <http://canada.ca/por-cra>

FR: <http://canada.ca/arc-por>

D. UNLESS OTHERWISE SPECIFIED, WHEN TERMINATING A CALL WITH SOMEONE, SAY: Thank you for your cooperation. We already have enough participants who have a similar profile to yours, so we are unable to invite you to participate.

SCREENING

SCR1. Do you or a member of your immediate family work or have ever worked for ...? [READ LIST]

- a. A marketing research, public relations firm, or advertising agency?
- b. The media (i.e., a radio or television station, newspaper, or magazine)?
- c. The federal or provincial/territorial government?

01. Yes [THANK AND TERMINATE IF 'YES' TO A, B, OR C]
02. No
03. Prefer not to say [THANK AND TERMINATE]

[Tax Intermediaries]

SCR2. Do you have direct, hands-on responsibility for any of the following... [READ LIST]

01. Filing T1 tax returns
02. Filing T2 returns
03. Filing GST/HST returns
04. Providing payroll services [THANK AND TERMINATE IF ONE OF 01-03 ARE NOT ALSO SELECTED]
05. [DO NOT READ] None on these [THANK AND TERMINATE]*
06. Prefer not to say [THANK AND TERMINATE]

*INTERVIEWER NOTE: IF THE PERSON DOES NOT HAVE HANDS-ON EXPERIENCE, ASK IF THERE IS ANYONE ELSE IN THE FIRM WHO DOES. IF SO, OBTAIN CONTACT INFORMATION FOR THIS INDIVIDUAL.

SCR3. How many years of experience do you have providing accounting or tax preparation services to individuals or small business clients? [RECRUIT A MIX]

01. 1 year or less [THANK AND TERMINATE]
02. Two to five years
03. Six to 10 years
04. 11 to 20 years
05. More than 20 years
06. Prefer not to say [THANK AND TERMINATE]

[Small Businesses]

SCR4. Do you personally deal with the Canada Revenue Agency, or C-R-A, or does this fall under someone else's responsibilities?

01. Yes, deal personally with CRA

02. No, someone else deals with CRA [MAX OF 4 PER GROUP FOR SME COMPLIANCE GROUPS. FOR SME SERVICE GROUPS, ALL MUST SAY 'YES']

[Everyone]

SCR5. Approximately how many employees, including yourself, does your company have? This includes all full-time and permanent part-time staff, from all locations or branches if more than one exists. [READ LIST; STOP WHEN A RESPONSE IS PROVIDED] [RECRUIT A MIX IN ALL GROUPS]

01. 1
02. 2 – 4
03. 5 – 19
04. 20 – 49
05. 50 – 99
06. 100 or more [IF A SMALL BUSINESS, THANK AND TERMINATE]
07. [DO NOT READ] Don't know [THANK AND TERMINATE]

SCR6. What is your job title? ONLY READ IF HELPFUL.

01. President/CEO/Owner
02. CFO/Comptroller
03. Accountant
04. Manager
05. Bookkeeper
06. Financial Officer
07. Other – specify:
08. Prefer not to say [THANK AND TERMINATE]

SCR7. In which province or territory do you work?

01. British Columbia
02. Alberta
03. Saskatchewan
04. Manitoba
05. Ontario
06. Quebec
07. New Brunswick
08. Newfoundland
09. Northwest Territories [ELIGIBLE FOR GROUPS 21, 22, 25, 26; GO TO SCR10]
10. Nova Scotia
11. Nunavut [ELIGIBLE FOR GROUPS 21, 22, 25, 26; GO TO SCR10]
12. Prince Edward Island
13. Yukon Territory [ELIGIBLE FOR GROUPS 21, 22, 25, 26; GO TO SCR10]
14. Prefer not to say [THANK AND TERMINATE]

SCR8. [IF SCR7 = 05, 06] In which city or town do you work?

01. Toronto, including GTA [ELIGIBLE FOR GROUPS 9, 10]
02. Montreal, including surrounding area [ELIGIBLE FOR GROUPS 19, 20]
03. None of these [CONTINUE]
04. Prefer not to say [CONTINUE]

SCR9. [IF SCR8 = 03, 04 OR SCR7 = 01-08, 10, 12] What are the first three digits of your business's postal code?

01. A rural postal code, A0A [ELIGIBLE FOR GROUPS 21, 22, 25, 26]
02. Not a rural postal code, A1A [ELIGIBLE FOR GROUPS 11, 12, 13, 14, 15, 16, 23, 24]
03. Prefer not to say [THANK AND TERMINATE]

SCR10. Have you ever attended a discussion group or taken part in an interview on any topic that was arranged in advance and for which you received money for your participation?

01. Yes
02. No [SKIP TO OFG1 OR DEM1]
03. Prefer not to say [THANK AND TERMINATE]

SCR11. When did you last attend one of these discussion groups or interviews?

01. RECORD: [THANK AND TERMINATE IF IN THE LAST 6 MONTHS]
02. Prefer not to say [THANK AND TERMINATE]

SCR12. How many discussion groups have you attended in the past 5 years?

01. RECORD: [THANK AND TERMINATE IF 5 OR MORE]
02. Prefer not to say [THANK AND TERMINATE]

ONLINE FOCUS GROUPS ONLY [GROUPS 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26]

WHEN TERMINATING A CALL WITH SOMEONE FOR THESE QUESTIONS, SAY: Thank you for your cooperation. Based on your responses, we are unable to invite you to take part in this online focus group, as you do not meet the technical requirements. We thank you for your interest in this research.

OFG1. The focus groups are going to be online sessions held over the Internet. Participants will need to have access to a computer, a high-speed Internet connection, and a Webcam to participate in the group. Would you be able to participate under these conditions?

01. Yes [GO TO OFG3]
02. No [CONTINUE]

OFG2. [IF OFG1 = 02] You yourself do not need to have a computer and internet connection to participate. If you have a friend or family who could provide you with access to a computer, a high-speed Internet connection, and a Webcam for the online session, you would be able to participate. Would this be possible?

01. Yes
02. No [THANK AND TERMINATE]

OFG3. You will need to be in a place that is quiet and free of distractions for the duration of the session. This means, to the extent possible, being in a room in your home or office on your own, without pets, children, or other people nearby. You will not be able to take part in the focus group from an outdoor area, a vehicle, or a public place, as these locations are too noisy. Will you be able to participate from a place free of distractions for the duration of the focus group session?

01. Yes
02. No [THANK AND TERMINATE]

PARTICIPANT MIX**[Small Business Compliance Groups Only: Groups 10, 15, 20, 25]**

DEM1. For the following statement, I would like to know how much you agree or disagree. Please respond using a scale of 1 to 10 where 1 means you strongly disagree and 10 means you strongly agree.

- a. Considering the services we receive from the federal government, the public pays too much federal income tax.

- 01. Score of 8-10 = RECRUIT MINIMUM 2 PER GROUP
- 02. Score of 4-7 = RECRUIT MAXIMUM 4 PER GROUP
- 03. Score of 1-3 = RECRUIT MINIMUM 2 PER GROUP

[Everyone]

DEM2. Are you ...? [READ LIST; AIM FOR 50/50 M/F IN ALL GROUPS; GENDER DIVERSE ELIGIBLE FOR ANY GROUP]

- 01. Male
- 02. Female
- 03. Gender diverse

DEM3. Participants in group discussions are asked to voice their opinions and thoughts. How comfortable are you in voicing your opinions in front of others? [READ LIST] [RECRUIT A MIX IN ALL GROUPS]

- 01. Very comfortable
- 02. Somewhat comfortable
- 03. Not comfortable [THANK AND TERMINATE]
- 04. Prefer to not answer [THANK AND TERMINATE]

CONSENT

Now I have a few questions that relate to privacy, your personal information, and the research process.

WHEN TERMINATING A CALL WITH SOMEONE FOR THESE QUESTIONS, SAY: Thank you for your cooperation. Based on your responses, we are unable to invite you to take part in these focus groups, as you do not meet the study requirements. We thank you for your interest in this research.

CON1. The discussion group will be recorded. The recordings will be used only by the research professional to assist in preparing a report on the findings and they will be destroyed once the report is final. Do you agree to be recorded for research purposes only?

- 01. Yes [GO TO CON3]
- 02. No [CONTINUE]

CON2. It is necessary for the analysis process for us to record the session as the moderator needs this material to complete the report. The recordings will be used solely to assist with writing the report and will not be shared. Now that I've explained this, do I have your permission for recording?

01. Yes
02. No [THANK AND TERMINATE]

CON3. Employees from the Government of Canada may observe the discussion group but will not have access to any of your personal information, such as your full name, and they will not take part in the discussion. Do you agree to having Government of Canada employees observe the session?

01. Yes [GO TO CON5]
02. No [CONTINUE]

CON4. It is standard procedure to invite the research sponsor, in this case, Government of Canada employees, to observe the groups. They will be there simply to hear your opinions firsthand although they may take their own notes and confer with the moderator on occasion to discuss whether there are any additional questions to ask the group. Do you agree to having Government of Canada employees observe the session?

01. Yes
02. No [THANK AND TERMINATE]

CON5. We will provide the **focus group moderator** [ADD FOR GROUPS 9, 10, 19, 20: and facility] with a list of participants' names and responses to these questions so you can be signed into the group. We will provide your first name and the first letter of your last name only. This information will not be shared with the Government of Canada. Do we have your permission to do this? I assure you it will be kept strictly confidential.

01. Yes [GO TO INVITATION]
02. No [CONTINUE]

CON6. We need to provide the focus group moderator [ADD FOR GROUPS 9, 10, 19, 20: and facility] with the names and background of the people attending the focus group because only the individuals invited are allowed in the session and the moderator must have this information for verification purposes. Please be assured that this information will be kept strictly confidential. Now that I've explained this, do I have your permission to provide your name and profile to the moderator?

01. Yes
02. No [THANK AND TERMINATE]

INVITATION TO PARTICIPATE

Great! You qualify to participate in one of our focus groups. Would you be available to attend an [online / in-person] focus group on **(DATE @ TIME)**? It will last approximately 2 hours and you will receive an honorarium of [**ONLINE** - SMALL BUSINESSES: \$250 / TAX INTERMEDIARIES: \$200 OR **IN-PERSON** - SMALL BUSINESSES: \$300] for your time.

01. Yes
02. No [THANK AND TERMINATE]

[Online groups only: groups 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26]

May I have your email address so that we can send you an email message with the information you will need about the online focus group?

ENTER EMAIL ADDRESS: _____

Information regarding how to participate will be sent to you by email in the coming days. The email will come from Phoenix SPI and the address will be research@phoenixspi.ca. The group discussion will begin promptly at <TIME> and will end at <TIME>, and 2 hours. Please log in 5-10 minutes before the start time to ensure that the session is not delayed for any reason. If you arrive late, we may not be able to include you in the discussion and you may not provide you with the incentive.

[In-person groups only: groups 9, 10, 19, 20]

The group discussion will begin promptly at <TIME> and will end at <TIME>, and 2 hours. It will be held at <FACILITY NAME AND ADDRESS>. Please arrive at the facility 5-10 minutes before the start time to ensure that the session is not delayed for any reason. If you arrive late, we may not be able to include you in the discussion and you may not provide you with the incentive.

At the focus group facility, you will be asked to produce photo identification, so please remember to bring something with you (for example, a driver’s license). To participate, you will also be asked to sign a consent form, which we will be available at the facility upon your arrival. If you use glasses to read, please bring them with you.

[Everyone]

As we are only inviting a small number of people to attend, your participation is very important to us. If for some reason you are unable to attend, please call us so that we can get someone to replace you. You can reach us at [INSERT NUMBER] at our office. Please ask for [INSERT NAME].

Someone will call you the day before to remind you about the session. So that we can call you to remind you about the focus group or contact you should there be any changes, can you please confirm your name and contact information for me?

First name: _____

Last Name: _____

Daytime phone number: _____

Evening phone number: _____

Thank you very much for your assistance!

2.2 Moderator's guide

Taxpayers

A) ALL: 35 minutes

Introduction [5 minutes]

→ Introduce moderator/firm and welcome participants to the focus group.

- Thank you for attending/value your being here.
- Tonight, we're conducting research on behalf of the Canada Revenue Agency or CRA.
- The purpose of tonight's research is to explore issues related to the Canada Revenue Agency and the Canadian tax system. FOR MONTREAL GROUPS, EMPHASIZE THAT DISCUSSION IS ABOUT CANADA REVENUE AGENCY NOT REVENU QUEBEC.
- The discussion will last 2 hours.

→ Describe focus group.

- This is a round table discussion.
- My job is to facilitate the discussion, keeping us on topic and on time. I have no special interest or knowledge of the content being discussed.
- Your job is to offer your opinions. There are no right or wrong answers.
- I'd like to hear from everyone, so we have a range of opinions.
- I'll try to call on you, but feel free to raise your hand if you want to contribute.

→ Explanations.

- Comments treated in confidence.
 - Anything you say during these groups will be held in confidence.
 - Our report summarizes the findings but does not mention anyone by name.
 - We encourage you to not provide any identifiable information about yourself.
- Your responses will in no way affect any dealings you have with the Government of Canada.
- The session is being video recorded. The recordings remain in our possession and will not be released to anyone, even to the Government of Canada, without your written consent.
 - Recording is for report writing purposes/verify feedback.
- There are people from the Canada Revenue Agency involved in this project who will be observing tonight's session in-person.
 - Purpose: oversee the research process and see your reactions first-hand. They know only your first names.

→ Any questions?

→ Roundtable introduction: Let's start with everyone introducing themselves.

Overall Impressions [30 minutes]

As I mentioned, this evening we're going to be talking about Canada's tax system and the Canada Revenue Agency or the CRA, but before we turn to this, I'd like to begin by asking you about the Government of Canada in general.

1. What's your overall impression of the Government of Canada? And, by 'Government of Canada', I don't not mean the elected government of the day. I mean the departments and agencies responsible for administering the programs, services, and policies under the responsibility of the federal level of government. [KEEP BRIEF BUT PROBE REASONS UNDERLYING IMPRESSIONS]
2. What are your impressions of Canada's tax system? What words would you use to describe our system? [KEEP BRIEF]

Now let's turn to the CRA.

3. When you think about the CRA, what's the first thing that comes to mind and why?
 - PROMPT IF NEEDED: fair, trustworthy, transparent, helpful, intimidating.
4. Now, from what you know, what does the CRA do?

Here's a brief description of what the CRA does, just so we have shared understanding:

The CRA is the agency of the federal government responsible for administering the tax system. In this role, the CRA collects income tax and delivers benefits and tax credits to Canadians, like the Canada Child Benefit Program and the GST/HST rebate, as well as ensures compliance. What the CRA doesn't do is set the level of taxation or tax rates; it has no role in determining how much tax is paid by Canadians.

5. What's your overall impression of the CRA, either from personal experience or based on what you've read or heard? Is it positive, negative, or somewhere in between and why? [KEEP 'WHY' FOLLOW-UP BRIEF]
6. Regardless of how you feel towards the CRA, what, if anything, does the CRA do well?
7. As far as you can tell, are there things the CRA has improved in recent years?
8. What can the CRA improve upon going forward?
9. Considering what you know about the CRA, do you believe the Agency administers the tax system consistently and fairly? If not, why? And what about the employees of the CRA...do you believe they administer the tax system consistently and fairly? If not, why?
10. Do you think the CRA is open and transparent about the way it collects income tax and delivers benefits and tax credits to Canadians? If not, in what areas could it do a better job? PROBE FOR SPECIFIC EXAMPLES.

11. When you receive information from the CRA, do you [ROTATE ORDER: trust it by default or question its accuracy]?
12. Focusing on the last few years, is there anything that you can think of that has affected your trust in the CRA? If so, what and how?
 - PROBE FOR EVIDENCE/ACTIONS: more empathetic service; increased investigation of suspected tax evasion; proactive disclosures of data breaches; withholding of tax refunds of people who received COVID-19 benefits but were ineligible...
 - EXPLORE WHETHER THIS HAS INCREASED OR DECREASED TRUST.
13. How trustworthy do you consider the CRA? Why is that?
14. What factors or attributes make a public institution trustworthy? When you think of institutions that you trust, what do they have in common?

B) Service Segment: 80 minutes

Modernization [15 minutes]

1. Setting aside your views of the CRA, what would a modern tax organization look like...what words would you use to describe a modern tax organization?
 - PROMPT IF NEEDED: dynamic, flexible, team-oriented, client-focused, diverse, task-focused, technology-focused, etc.
2. As part of its efforts to be an efficient and responsive organization, the CRA adopts modern processes and new technologies. Based on what you know or may have heard, how could Artificial Intelligence, or AI, be used by the CRA to modernize its operations? WAIT FOR TOP-OF-MIND RESPONSES AND THEN PROMPT.
 - PROMPT IF NEEDED: What about to catch tax cheats, deliver services to Canadians, improve operations?
3. All things considered, do you think it's a good or bad idea for the CRA to leverage AI? Why do you say that?
 - PROBE FOR REASONS WHY IT'S A BAD IDEA: lack of trust in AI generally; lack of trust in the CRA using AI in a transparent manner; lack of transparency overall; preference for human interaction; lack of comfort with new technology.
4. For those who think it's a bad idea, or who are undecided, if any of the following conditions were met, would you be more comfortable with the use of AI?
 - If its use is transparent?
 - If its use has a clear public benefit?
 - If humans review decisions/results?
 - If personal information is protected?

Income Tax Filing [10 minutes]

Now we're going to change topics and spend a few minutes talking about tax filing.

5. Just a quick show of hands...How many of you have ever filed a personal [QUEBEC ONLY: federal] income tax return? Keep your hand raised if you filed a tax return this past tax season, either your 2023 taxes or taxes for a previous year.
6. [ADD IF ANYONE HAS NOT FILED A TAX RETURN: For those who have filed a tax return...] How many of you usually do your taxes on your own?
7. For those who do your own taxes, how do you usually complete and file your returns? Paper/mail or electronically/online? Why is that?
8. For the rest of you...who typically does your taxes and why? [IF NEEDED, REMIND PARTICIPANTS NOT TO IDENTIFY INDIVIDUALS OR COMPANIES]
9. In recent years, has the process of filing your taxes become easier or more difficult? Why is that?
10. Do you typically encounter any challenges or difficulties when trying to complete your tax return?
11. What in particular could the CRA do to improve your experience doing your taxes?

Online Services [15 minutes]

I'd now like to talk about your use of online services.

12. Who's heard of CRA's My Account [for individuals]? Just a quick show of hands.

My Account is a secure portal that lets you view your personal income tax and benefit information and manage your tax affairs online.

13. For those of you aware of My Account, have you registered to use the service?

IF REGISTERED USER:

- What's your general impression of My Account?
- How often do you use My Account?
- What do you typically use it for?
- Is there anything you can't do on My Account that you would like to be able to do?

IF AWARE BUT NOT REGISTERED:

- What, if anything, would encourage you to sign up for My Account?

14. Has anyone ever accessed Government of Canada programs or services through an online account other than CRA's My Account ... like My Service Canada Account or My VAC [IF NEEDED: Veteran's Affairs Canada] Account?

- Were there any features in these other accounts that you found very useful?
15. What about AI chatbots...who's used one to interact with an organization? Are there certain types of situations that are well suited to chatbots?
 16. Can you think of any situations or tasks for which a chatbot would be useful when contacting the CRA for service or information?

Service Experiences [25 minutes]

Now I'd like to talk about your recent service experiences with the CRA.

17. Over the last few years, has anyone needed to contact or deal with the CRA, for any reason other than filing your tax return?
18. Without disclosing any personal information, what was the general reason for the contact and how did you get in touch with the CRA?
 - PROMPT IF NEEDED: to request information, to get forms or guides, to respond to a CRA information request, etc.
 - PROMPT IF NEEDED: My Account, website, social media, phone, in-person, mail.
19. Given the choice, what would be your preferred way to interact with the CRA? Why is that?
20. What are the service qualities that are most important to you when you interact with the CRA, whether by phone, mail, in-person or through My Account?
 - PROMPT IF NEEDED: wait time, staff knowledge, feeling valued and respected, getting the answer you need or resolving your issue, etc.
21. What could the CRA change to make for a smoother / seamless service experience when it comes to managing your taxes and benefits with them?

Thinking about all times you interacted with the CRA over the past few years...

22. How would you describe your overall experience ... did it meet, exceed, or fall short of your expectations ...and why?
 - PROBE FOR REASONS WHY.
23. What were your impressions of CRA staff in terms of how they served you?
 - PROMPT IF NEEDED: staff show empathy; you felt valued and respected; staff were helpful.
24. Following your interactions, did you feel more confident with what you had to do or with the information you were provided?
25. Do you get the impression that CRA's client service focus is improving, declining, or remaining about the same?

26. Most of you probably have a financial institution or bank that you need to interact with from time to time. How would you compare the level of service you receive from the CRA with what you receive from your financial institution? Would you say that it is better, worse or about the same, and why is that?
27. Do you think the CRA is doing enough to ensure its services are equally available to all Canadians? If not, why not, and what could the agency do to address this?

Protection of Personal Information [15 minutes]

The protection of taxpayer and personal information is a priority for the CRA.

28. Do you believe that your personal information is safe with the CRA? IF DOUBT IS RAISED: What concerns or questions do you have?
29. Have your feelings about this shifted over the years? Why or why not?
30. Are you aware of any measures or safeguards used by the CRA to keep taxpayer information safe?
 - PROMPT IF NEEDED: two-stage authentication, account alerts [email notifications]).
31. Do you think the CRA is open and transparent with Canadians about its data handling and security processes when it comes to protecting taxpayers' information? If not, in what areas could the CRA do a better job? PROBE FOR SPECIFIC EXAMPLES.
32. Based on what you know, or may have heard, do you think the CRA does enough to detect and prevent identity theft and fraud in the tax system? If not, why not?
33. In the past, the CRA has encountered vulnerabilities with its tax databases. When the Agency communicates about these events, do you feel more or less confident about the CRA's ability to safeguard your personal information?
34. When it comes to safeguarding your personal information, do you think your personal information is more secure with the CRA than with your financial institution, less secure or equally secure, and why is that?

C) Compliance Segment: 80 minutes

As we talked about, one the CRA's responsibilities is ensuring compliance with Canada's tax system. For the remainder of this session, we're going to discuss the tax system and compliance-related issues...

Tax Compliance [20 minutes]

1. The income tax Canadians pay is based on the amount of income they voluntarily disclose to the government. Do you think that most people follow tax rules and pay their fair share of taxes? [KEEP BRIEF; DO NOT PROBE]
2. Can anyone provide an example of tax cheating? Any others?

3. Are “tax evasion” and “tax avoidance” the same thing? If not, what’s the difference between the two?
4. Do you think tax evasion or tax avoidance is more serious and why?
5. What impact, if any, does people not following tax rules and not paying their fair share of taxes have on the country / you personally?
6. Do you think people regularly report individuals or businesses they suspect of tax fraud? If you knew an individual or business was likely cheating on their taxes, what factors would you consider before deciding whether or not to report the fraud?
7. Thinking about your tax situation, is there anything that would make it easier for you to meet your tax obligations? WAIT FOR TOP-OF-MIND FEEDBACK AND THEN ASK: Would it be helpful to receive reminders from the CRA to start preparing your tax documents? What about annual information on the steps you need to take to file your taxes?
8. What role should the CRA play in educating Canadians about tax compliance?
9. What options should taxpayers have when it comes to paying the tax amounts that are owed to the CRA? Should options be different depending on the amount owed or the person’s financial situation?
10. The CRA tailors its approach to the circumstances of individuals. Would you expect the CRA to share this kind of message with Canadians? Does knowing about this practice change how you view the Agency in any way? If so, how? [IF ASKED ABOUT APPROACHES SAY: FOR EXAMPLE, CRA OFFERS PAYMENT PLANS, IN SOME CASES CAN WAIVE INTEREST OR PENALTIES].

Transparency and Enforcement [20 minutes]

11. How effective do you think the CRA is at finding and addressing issues involving people not paying their fair share of taxes?
 - PROBE FOR REASONS WHY.
12. Do you believe that the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations? Why/why not?
13. Sometimes taxpayers or corporations that could owe large amounts of income taxes are referred to as “big fish”. What would it take for you to think the CRA appropriately targets them and makes them pay their fair share of income tax?
14. As far as you know, what kinds of interventions are available to the CRA to address non-compliance?
 - PROMPTS IF NEEDED: reviews, audits, debt collection, criminal investigations.

15. If an error is found by the CRA, a corrected tax return, including a revised refund or amount owing, is automatically sent to the taxpayer...If you received a notice like this would you trust that the CRA has correctly identified a problem with your return? Why/why not?

Focusing on audits,

16. Do you trust the CRA and its auditors to conduct an audit accurately and fairly? IF MENTIONED, PROBE REASONS FOR DIFFERENCES IN VIEWS ABOUT THE CRA VERSUS AUDITORS.
17. How much do you know about the audits conducted by the CRA? PROBE TO SEE IF LACK OF KNOWLEDGE DRIVES FEAR IN ANY WAY.
18. Would you want to know more about how the CRA enforces tax laws and whether the Agency's audit programs are successful? Why is that?
19. If you knew more about the CRA's enforcement practices, would you have greater trust that the CRA is making sure that everyone is paying their share of taxes?

Underground Economy and Tax Evasion [15 minutes]

Let's move on to another issue.

20. What comes to mind when you hear the expression "underground economy"? Can you give examples of what this includes?

IF NEEDED: Clarify the difference between the "black market" and "underground economy". Black market refers to illegal business activities and underground economy to legal business activities that are not reported for tax purposes.

21. What factors do you think contribute to participation in the underground economy in Canada?
- PROMPT IF NEEDED: high taxes, the gig economy, lack of enforcement, unemployment ...
22. Has participation in the underground economy become more socially acceptable over time? If so, why is that?
- PROBES: impact of technology, growth of the digital economy, emergence of the gig economy, cryptocurrencies...
23. Does the underground economy affect Canada? Why/why? WAIT FOR TOP-OF-MIND RESPONSES, THEN ASK: What about Canada's economic growth and the government services and benefits available to Canadians...are these affected by the underground economy?
- PROBES: results in lower tax revenues, undermines confidence in the tax system, affects competitiveness of "honest" businesses...
24. How likely do you think it is that people who participate in the underground economy will get caught by the CRA? Why do you think this is likely/unlikely?

- PROBE: Are some more likely to be caught than others, e.g., little vs. big fish?

25. What, if anything, do you think the CRA can do to effectively deal with the underground economy?

Offshore Compliance and Tax Avoidance [15 Minutes]

Now I want to move on to a related topic...

26. What, if anything, have you heard recently in the media about offshore tax havens?

IF NEEDED, EXPLAIN: Offshore tax havens are countries or places with low or no corporate taxes that allow non-residents to set up businesses. Tax havens also typically limit public disclosure about companies and their owners. This makes them attractive for Canadian taxpayers or companies wanting to hide their revenue to avoid paying income tax in Canada.

27. Tax havens themselves are not illegal. Do you think using tax havens to avoid paying income tax is wrong? Why do you say that?

28. How big of a problem do you think tax havens are for Canada's tax system? Why is that?

29. Have you heard of any measures, tools, or projects the CRA has put in place to stop individuals or companies from hiding their revenue abroad to avoid paying taxes in Canada?

30. Do you believe the CRA is doing enough to stop offshore non-compliance? What makes you say that?

31. How could the CRA better address this situation? And what do you want to know about the CRA's activities or efforts to stop individuals and companies from hiding their revenue abroad?

Cryptocurrency [10 minutes]

Let's briefly turn to cryptocurrency.

32. Do you think the growth of cryptocurrency presents risks of tax evasion and/or tax avoidance? Why is that?

33. How big of a problem do you think unpaid taxes related to cryptocurrency is for Canada's tax system? Why do you say that?

34. Have you heard of any measures that the CRA has put, or will be putting, in place to target people evading or avoiding taxes owed on their crypto assets?

D) ALL: 5 minutes

Conclusion

We are now at the end of the discussion. Those are all the questions I have. Is there anything you would like to add? Do you have any last comments or suggestions about anything we have discussed tonight?

Mention final report from the research will be available through Library and Archives in about 6 months.

On behalf of the CRA, I would like to thank you for your time and participation this evening.

Business Audiences

A) ALL: 35 minutes**Introduction [5 minutes]**

→ Introduce moderator/firm and welcome participants to the focus group.

- Thank you for attending/value your being here.
- Tonight, we're conducting research on behalf of the Canada Revenue Agency or CRA.
- The purpose of tonight's research is to explore issues related to the Canada Revenue Agency and the Canadian tax system. FOR MONTREAL GROUPS, EMPHASIZE THAT DISCUSSION IS ABOUT CANADA REVENUE AGENCY NOT REVENU QUEBEC.
- The discussion will last 2 hours.

→ Describe focus group.

- This is a round table discussion.
- My job is to facilitate the discussion, keeping us on topic and on time. I have no special interest or knowledge of the content being discussed.
- Your job is to offer your opinions. There are no right or wrong answers.
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→ Explanations.

- Comments treated in confidence.
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- The session is being video recorded. The recordings remain in our possession and will not be released to anyone, even to the Government of Canada, without your written consent.
 - Recording is for report writing purposes/verify feedback.
- There are people from the Canada Revenue Agency involved in this project who will be observing tonight's session.
 - Purpose: oversee the research process and see your reactions first-hand. They know only your first names.

→ Any questions?

→ Roundtable introduction: Let's start with everyone introducing themselves.

Overall Impressions [35 minutes]

What all of you have in common is that you are [SMEs: decision-makers for a small business / TIs: tax professionals who work with clients on tax-related matters]. And it is in this capacity, your professional capacity, that we would like to explore various issues with you.

ON AN AS-NEEDED BASIS THROUGHOUT THE SESSION, REMIND PARTICIPANTS THAT THE FOCUS IS ON THE BUSINESS SIDE OF THEIR INTERACTIONS WITH THE CRA.

As I mentioned, this evening we're going to be talking about Canada's tax system and the Canada Revenue Agency or the CRA, but before we turn to this, I'd like to begin by asking you about the Government of Canada in general.

1. What's your overall impression of the Government of Canada? And, by Government of Canada, I don't not mean the elected government of the day. I mean the departments and agencies responsible for administering the programs, services, and policies under the responsibility of the federal level of government. [KEEP BRIEF BUT PROBE REASONS UNDERLYING IMPRESSIONS]
2. When you think about the CRA, what's the first thing that comes to mind and why? Remember, I'd like you to respond in your capacity as [SMEs: decision-makers for a small business / TIs: tax professionals].
 - PROMPT IF NEEDED: fair, trustworthy, transparent, helpful, intimidating.
3. What's your overall impression of the CRA? Is it positive, negative, or somewhere in between and why? Why is that?

As is sometimes the case with individuals, organizations can acquire a "reputation". Leaving aside the question of whether that reputation is fair or not ...

4. How would you complete the following sentence: "The CRA has a reputation as being ...". Why is that?
 - PROBE FOR REASONS AND EXAMPLES.
5. Regardless of how you feel towards the CRA, what does the CRA do well?
6. As far as you can tell, are there things the CRA has improved in recent years?
7. What can the CRA improve upon going forward?
8. Do you believe the Agency administers the tax system consistently and fairly? If not, why? And what about the employees of the CRA...do you believe they administer the tax system consistently and fairly? If not, why?
9. Do you think the CRA is open and transparent about the way it collects income tax and delivers benefits and tax credits to Canadians? If not, in what areas could it do a better job? PROBE FOR SPECIFIC EXAMPLES.
10. Focusing on the last few years, is there anything that you can think of that has affected your trust in the CRA? If so, what and how?
 - PROBE FOR EVIDENCE/ACTIONS: more empathetic service; increased investigation of suspected tax evasion; proactive disclosures of data breaches; withholding of tax refunds of people who received COVID-19 benefits but were ineligible...
 - EXPLORE WHETHER THIS HAS INCREASED OR DECREASED TRUST.

11. How trustworthy do you consider the CRA? Why is that?
12. What factors or attributes make a public institution trustworthy? When you think of institutions that you trust, what do they have in common?

B) Service Segment: 80 minutes

Modernization [20 minutes]

13. Setting aside your views of the CRA, what would a modern tax organization look like...what words would you use to describe a modern tax organization?
 - PROMPT IF NEEDED: dynamic, flexible, team-oriented, client-focused, diverse, task-focused, technology-focused, etc.
14. As part of its efforts to be an efficient and responsive organization, the CRA adopts modern processes and new technologies. Based on what you know or may have heard, how could Artificial Intelligence, or AI, be used by the CRA to modernize its operations? WAIT FOR TOP-OF-MIND RESPONSES AND THEN PROMPT.
 - PROMPT IF NEEDED: What about to catch tax cheats, deliver services to Canadians, improve operations?

Intermediaries:

15. Do you think AI will improve the timeliness and accuracy of CRA services and products for business clients?

All:

16. All things considered, do you think it's a good or bad idea for the CRA to leverage AI? Why do you say that?
 - PROBE FOR REASONS WHY IT'S A BAD IDEA: lack of trust in AI generally; lack of trust in the CRA using AI in a transparent manner; lack of transparency overall; preference for human interaction; lack of comfort with new technology.
17. For those who think it's a bad idea, or who are undecided, if any of the following conditions were met, would you be more comfortable with the use of AI?
 - If its use is transparent?
 - If its use has a clear public benefit?
 - If humans review decisions/results?
 - If personal information is protected?

Tax Filing [20 minutes]

Now we're going to talk in more detail about tax filing and your interactions with the CRA.

SMEs:

18. Generally speaking, how often do you tend to contact or interact with the CRA? This could be for any reason, and it includes visiting the CRA website or using My Business Account. Would that be never, rarely, sometimes, or often?
19. Does anyone use someone outside their business, like an accountant or tax professional, to handle certain interactions or transactions with the CRA? If so, why is this and what kinds of things do they do on your behalf?
 - PROMPTS IF NEEDED: BUSINESS TAXES, GST/HST RETURNS, PAYROLL SOURCE DEDUCTIONS.
 - PROBE REASONS FOR USING A TAX INTERMEDIARY FOR THIS DEALING WITH THE CRA.
20. What are the biggest challenges you face as a small business when dealing with the CRA?

Intermediaries:

21. What are the biggest challenges you face when dealing with small business clients on tax-related matters?
22. As a tax professional, what are the biggest, or most pressing, challenges you face when dealing with the CRA?
23. Thinking about your small business clients, what do you think are the biggest challenges they face when dealing with the CRA?
24. What can the CRA do to improve its relationship with small businesses?

All:

25. Do you find the process of filing business taxes easier or more difficult in recent years? Why is that?
 - PROBE FOR IMPRESSIONS AND EXAMPLES.
26. Does anyone use CRA's online service, My Business Account or Represent a Client?
IF YES:
 - ⇒ What's your general impression of it?
 - ⇒ How often do you use it?
 - ⇒ What do you typically use it for?
 - ⇒ Is there anything you can't do that you would like to be able to do?IF NO:
 - ⇒ What, if anything, would encourage you to sign up for [SMEs: My Business Account / TIs: Represent a Client]?

Service Experiences [20 minutes]

Now I'd like to talk about your recent service experiences with the CRA.

27. How do you typically contact the CRA?
28. Given the choice, what would be your preferred way to interact with the CRA? Why is that?
29. What are the most common reasons for which you [SMEs: or your business] contact or interact with the CRA [TIs: on behalf of your clients]?
30. What are the service qualities that are most important to you when you interact with the CRA, whether by phone, mail, in-person or through CRA's sign-in services?
 - PROMPT IF NEEDED: wait time, staff knowledge, feeling valued and respected, getting the answer you need or resolving your issue, etc.

Thinking about all times you interacted with the CRA [TIs: on behalf of your clients] over the past few years...

31. How would you describe your overall experience ... did it meet, exceed, or fall short of your expectations ...and why?
 - PROBE FOR REASONS WHY.
32. What were your impressions of CRA staff in terms of how they served you?
 - PROMPT IF NEEDED: staff show empathy; you felt valued and respected; staff were helpful.
33. Do you get the impression that CRA's client service focus is improving, declining or remaining about the same?
34. Do you think the CRA is doing enough to ensure its services are equally available to all Canadians? If not, why not, and what could the agency do to address this?

Protection of Personal Information [20 minutes]

The protection of taxpayer and personal information is a priority for the CRA.

35. Do you believe that [SMEs: your business information / TIs: the business information of your clients] is safe with the CRA? IF DOUBT IS RAISED: What concerns or questions do you have?
36. Have your feelings about this shifted over the years? Why or why not?
37. Are you aware of any measures or safeguards used by the CRA to keep taxpayer information safe?
 - PROMPT IF NEEDED: two-stage authentication, account alerts [email notifications]).

38. Do you think the CRA is open and transparent with Canadians about its data handling and security processes when it comes to protecting taxpayers' information? If not, in what areas could the CRA do a better job? PROBE FOR SPECIFIC EXAMPLES.
39. Based on your experience, do you think the CRA does enough to detect and prevent identity theft and fraud in the tax system? If not, why not?

SMEs:

40. If you thought your business may have been impacted by fraudulent activity, where would you go to find information or advice about what to do?

All:

41. In the past, the CRA has encountered vulnerabilities with its tax databases. When the Agency communicates about these events, do you feel more or less confident about the CRA's ability to safeguard [SMEs: your business's information / TIs: the business information of your clients]?
42. When it comes to safeguarding information, do you think [SMEs: your business information / TIs: the business information of your clients] is more secure with the CRA than with a financial institution, less secure or equally secure, and why is that?

C) Compliance Segment: 80 minutes

For the remainder of this session, we are going to discuss compliance-related issues.

Tax Compliance [20 minutes]

35. When you think about Canada's tax system, what comes to mind? What words would you use to describe it?
- PROMPT IF NEEDED: fair/unfair, easy/complicated, confusing, progressive, graduated
36. And when you hear the expression 'compliance' in the context of Canada's tax system, what does it mean to you?

Turning to the CRA now,

37. The CRA approaches its work with the underlying premise that most people will meet their tax obligations given the opportunity and the right services. Do you believe this is a sound approach? Why or why not?
38. What role should the CRA play in helping businesses learn about meeting their business tax obligations?
39. Is anyone aware of any products or services offered by the CRA to help businesses comply? PROBE FOR EXAMPLES. What types of products or services do you think would be valuable to small businesses?

SMEs:

40. Has anyone heard of the Liaison Officer service?

IF YES:

- ⇒ How did you learn about the service?
- ⇒ Have you used the service?
- ⇒ Do you have any suggestions to improve the service?

IF NO:

The Liaison Officer service is a free support service available to owners of small businesses and self-employed individuals to help them understand their tax obligations. You can request a virtual or in-person visit from a liaison officer for personalized assistance or a seminar/webinar for a group where topics can include bookkeeping best practices, tax obligations and avoiding common tax errors.

- ⇒ Is this something that would have been beneficial?
- ⇒ Would you consider using this service now?

All:

41. When it comes to taxes, people can “evade” paying taxes, so deliberately cheat, or they can “avoid” paying taxes, so using loopholes in tax laws to pay less taxes. Do you think one is a bigger problem than the other and why?

42. What impact, if any, does people not following tax rules and not paying their fair share of taxes have on the country?

Transparency and Enforcement [20 minutes]

43. How effective do you think the CRA is at finding and addressing issues involving people not paying their fair share of taxes? Why is that?

44. Do you believe that the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations? Why/why not?

45. Sometimes taxpayers or corporations that could owe large amounts of income taxes are referred to as “big fish”. What would it take for you to think the CRA appropriately targeting them and makes them pay their fair share of income tax?

46. If an error is found by the CRA, a corrected tax return, including a revised refund or amount owing, is automatically sent to the business...If [SMEs: your business / TIs: one of your clients] received a notice like this would you trust that the CRA has correctly identified a problem with the return? Why/why not?

47. When it comes to compliance and addressing tax cheating, do you think the CRA improves its enforcement approaches on an on-going basis? What gives you this impression?

48. If you knew about the CRA’s enforcement practices, would you have greater trust that the CRA is making sure that everyone is paying their share of taxes?

49. Has anyone ever needed to contact or deal with the CRA for an issue of non-compliance?

IF YES:

- ⇒ Was the issue resolved to your [TIs: client's] satisfaction? If not, why not?
- ⇒ How could the CRA better support [SMEs: small businesses / TIs: your clients] when dealing with issues of non-compliance?

Intermediaries:

50. Has anyone recently supported a client being audited by the CRA?

IF YES:

- ⇒ How would you describe the experience with the CRA auditor?
- ⇒ Was the auditor respectful? Competent? Knowledgeable?
- ⇒ Was the audit conducted in a timely manner?
- ⇒ Were you satisfied with the results of the audit?

Underground Economy [15 minutes]

Let's move on to another issue.

51. Who's familiar with the term "underground economy"? Can you give examples of what this includes?

IF NEEDED: Clarify the difference between the "black market" and "underground economy". Black market refers to illegal business activities and underground economy to legal business activities that are not reported for tax purposes.

52. Do you think certain industries or sectors are more likely to be contributors to the underground economy? If so, which ones and why?

53. Over the past few years, do you think that the underground economy in Canada has grown, shrunk, or remained about the same? Why do you say that?

54. Has participation in the underground economy become more socially acceptable over time? If so, why is that?

- PROBES: impact of technology, growth of the digital economy, emergence of the gig economy...

55. How likely do you think it is that people who participate in the underground economy will get caught by the CRA? Why do you think this is likely/unlikely?

- PROBE: Are some more likely to be caught than others, e.g., little vs. big fish?

56. Do you think that reducing participation in the underground economy is a priority for the CRA? What makes you say that?

57. What, if anything, do you think the CRA can do to effectively deal with the underground economy?

Offshore Compliance [15 Minutes]

Now I want to move on to a related topic...

58. What, if anything, have you heard recently in the media about offshore tax havens?

IF NEEDED, EXPLAIN: Offshore tax havens are countries or places with low or no corporate taxes that allow non-residents to set up businesses. Tax havens also typically limit public disclosure about companies and their owners. This makes them attractive for Canadian taxpayers or companies wanting to hide their revenue to avoid paying income tax in Canada.

59. How do you feel about individuals and businesses hiding revenues offshore, in tax havens? Is this a big problem or a minor problem?

60. Have you heard of any measures, tools, or projects the CRA has put in place to stop individuals or businesses from hiding their revenue abroad to avoid paying taxes in Canada?

61. Do you believe the CRA is doing enough to stop offshore non-compliance? What makes you say that?

62. How could the CRA better address this situation? And what do you want to know about the CRA's activities or efforts to stop individuals and companies from hiding their revenue abroad?

Intermediaries:

63. What role do tax practitioners, like yourselves, have when it comes to offshore compliance?

Cryptocurrency [10 minutes]

As you probably know, cryptocurrency is a relatively new phenomenon which has tax-related implications.

64. Do you think the growth of cryptocurrency presents risks of tax evasion and/or tax avoidance? Why is that?

65. How big of a problem do you think unpaid taxes related to cryptocurrency is for Canada's tax system? Why do you say that?

66. Does anyone deal with crypto-asset activities or transactions [SMEs: in their business operations / TIs: when managing tax affairs for your clients]? One example of a crypto-asset would be crypto-currency, such as bitcoin.

SMEs:

67. Are you aware of the tax obligations related to cryptocurrencies?

Intermediaries:

68. How much do you know about the way in which CRA treats crypto-assets and tax-related obligations that apply to cryptocurrency transactions?
69. What type of information do you need from the CRA to help your clients with crypto-assets meet their tax obligations? How would you like to receive it?

D) ALL: 5 minutes

Conclusion

We are now at the end of the discussion. Those are all the questions I have. Is there anything you would like to add? Do you have any last comments or suggestions about anything we have discussed tonight?

Mention final report from the research will be available through Library and Archives in about 6 months.

On behalf of the CRA, I would like to thank you for your time and participation this evening.