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2025 Annual Corporate Research: Qualitative Component

Final Report

Prepared for the Canada Revenue Agency

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Canada 

2025 Annual Corporate Research: Qualitative Component

Final Report

Prepared for the Canada Revenue Agency
Supplier name: Phoenix Strategic Perspectives Inc.
November 2025

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, 24 virtual focus groups were conducted across the country. The fieldwork took place between September 29 and October 20, 2025.

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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 individuals filing T1 tax returns (referred to throughout the report as '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; experience with income tax filing and interactions with the CRA; and attitudes on service expectations and compliance-related activities.

2. Methodology

To meet the objectives, 24 focus groups were conducted online across the country with members of the following target populations:

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

In total, 167 individuals participated in the research: 66 taxpayers, 58 decision-makers of small businesses, and 43 tax intermediaries. Six sessions were conducted in French, and the rest in English. All participants received an honorarium. The fieldwork took place between September 29 and October 20, 2025.

3. Highlights

Overall impressions

Overall impressions of the Canadian tax system were mostly critical, while overall impressions of the CRA tended to be mixed.

Canada's tax system tended to be characterized by participants¹ as complex, having high rates of taxation, and unfairness. When the focus shifted to overall impressions of the CRA, participants most often offered mixed assessments. They emphasized inconsistent service from agents, issues being resolved, but not in a timely manner, and online services being better, or much better, than telephone service. When asked about CRA strengths, participants routinely identified digital and online services, the efficient processing of returns, and attentiveness of agents.

Consistency and fairness, timeliness and fairness, and overall trust

Opinions varied on whether the CRA administers the tax system consistently and fairly and whether timeliness of service affects perceptions of fairness. While there was widespread agreement that

¹ Results presented here and throughout the report are consistent across the three audiences (i.e., taxpayers, small business decision-makers and tax intermediaries), unless otherwise noted.

the CRA is trustworthy, a number of participants have had their trust in the Agency affected by the rise of identity fraud, scams, or misinformation.

The largest proportion (over half) of participants across all audiences believe the CRA administers the tax system consistently and fairly. Many others were unsure or did not share this view, expressing doubts about the CRA's consistency or fairness. The main reason given for questioning the Agency's fair and consistent administration of the tax system was the impression that the CRA tends to focus its compliance efforts on 'small players' instead of wealthy individuals and large companies.

Participants were divided as to whether timeliness of service influences their perceptions of the CRA as fair. Those who said it does affect their perceptions emphasized the importance of reciprocity (that is, if the CRA expects timely responses from clients, clients should expect the same in return), and the potential consequences of slow response times, which was identified primarily by small business representatives and tax intermediaries. Participants who did not associate timeliness of service with fairness of service suggested that prompt or timely service is not the same thing as fair service.

Nearly all participants expressed trust in the CRA, with the main reason being the absence of any reason not to. Trust in the correctness of information received from the CRA also was widespread among taxpayers. There was also trust among most taxpayers in the correctness of information received from the Agency, even though they typically review it to confirm that it is correct. Despite trust in the CRA, a number of participants (though not a majority) said that the rise of identity fraud, scams, or misinformation has influenced how much they trust the Agency.

Challenges accessing service and use of online services

The main challenge representatives of small businesses and tax intermediaries face when dealing with the CRA is obtaining service from agents in a timely manner. Some suggestions about what the CRA can do to improve its relationship with small businesses focused on service from agents. Use of the CRA's online services is widespread as is satisfaction with them.

The most frequently identified challenge representatives of small businesses and tax intermediaries face when dealing with the CRA is obtaining service in a timely manner. Among tax intermediaries, this included both the time required to reach an agent and the difficulty of connecting with someone knowledgeable enough to resolve an issue or complete a transaction.

When asked what the CRA can do to improve its relationship with small businesses, representatives of such businesses and intermediaries suggested making information easier to understand, hiring more agents and providing better training for agents, ensuring that agents are able to communicate effectively in Canada's official languages, offering dedicated services for small business owners, and providing small business owners with more time to adapt to tax-related policy changes.

Virtually all participants are registered users of the CRA's online services and impressions of these services are positive

Service experiences

Interactions with the CRA are conducted mostly by telephone. Preferred modes of contacting the Agency included phone and online. Most participants described their overall service experience with

the CRA as meeting their expectations. Service qualities considered most important included staff knowledge and competence, and efficiency, as well as professionalism, empathy, understanding, courteousness, politeness, and patience. Competence and politeness of staff were included among the aspects of service that participants would expect to stay the same despite spending reductions at the CRA.

Participants typically contact the CRA by telephone, but they usually (or often) search online first. The telephone was identified most often by taxpayers as their preferred way to interact with the Agency (though a number preferred online communication). For their part, representatives of small businesses and tax intermediaries were divided, with similar numbers preferring interaction by phone and online communication, respectively. 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. Reasons for preferring online communication included speed and efficiency, convenience, the ability to multitask, and access to a history of interactions.

Most participants described their overall experience with the CRA as meeting their expectations, with the most common reason being that they were able to obtain what they needed. Overall impressions of CRA staff ranged from positive to mixed. Positive impressions were typically linked to the demeanor of agents including their professionalism, politeness, respectfulness, patience, and willingness to help, with some participants also highlighting staff knowledge and competence. Mixed impressions were most often attributed to inconsistent service, particularly differences in agents' level of knowledge.

Service qualities considered most important to participants included staff knowledge and competence, as well as efficiency, specially being served promptly, but they also routinely emphasized the importance of character traits in CRA agents such as professionalism, empathy, courtesy and patience.

There was a widespread impression among participants that spending reductions at the CRA would adversely affect service timeliness by increasing wait times. Aspects of service they would expect to stay the same, even if budgets are reduced, included accuracy of information, timeliness in processing returns and delivery of benefits and credits, online services, security, and competence and politeness of staff.

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 being said, most participants do not know whether the CRA does enough to detect and prevent identity theft and fraud in the tax system.

There was general agreement that information is safe with the CRA and as secure with the Agency as with a financial institution, with most participants saying their feelings about this have not shifted over the years. Those whose feelings have changed are more preoccupied about information security due to more frequent hacking incidents and cyberattacks, as well as heightened concern specifically about the safety of their information with the CRA because of news stories concerning security vulnerabilities within the Agency.

Most participants said they do not know whether the CRA does enough to detect and prevent identity theft and fraud in the tax system. Some participants felt or assumed that the CRA does enough, while a small number felt that the CRA does not do enough. Those who felt the CRA could

do more pointed to incidents of CRA employees fraudulently claiming the Canada Emergency Response Benefit (CERB), investigative news stories highlighting security vulnerabilities within the Agency, perceived tax evasion by large companies without consequences, a belief that the CRA does not pursue those involved in the underground economy, and a general lack of communication about the Agency's efforts in these areas.

Compliance-related issues

There was a general consensus that most people pay their fair share of taxes. Most representatives of small businesses and tax intermediaries identified tax avoidance as a more serious problem than tax evasion mainly because it involves a greater loss of tax revenue. According to taxpayers, educating Canadians about the importance of filing taxes and penalties of non-compliance, and providing statistics on the proportion of taxpayers who file and pay their taxes on time are among the key things the CRA should do this year to educate Canadians about tax compliance.

There was a widespread impression among taxpayers that most people pay their fair share of taxes. Similarly, small business representatives and intermediaries generally agreed that it is reasonable for the CRA to operate on the assumption that most individuals will meet their tax obligations. At the same time, participants acknowledged that not everyone pays their fair share, specifically noting that wealthy individuals and large companies are often perceived as trying to avoid paying their full amount of taxes.

When it comes to non-compliance, most representatives of small businesses and tax intermediaries identified tax avoidance as a more serious or a bigger problem than tax evasion. Reasons given to explain why most often included the impression that tax avoidance is more widespread and involves larger amounts of money and, as a result, a greater loss of tax revenue.

According to taxpayers, two things the CRA should do this year to educate Canadians about tax compliance is target specific audiences in terms of outreach and education and provide specific types of information and resources. Specific audiences to target included high school students, young Canadians, first-time filers, new Canadians and landed immigrants, and people living in rural and remote areas. Specific types of information and resources included: a simple and easy to understand guide on how to file taxes; information on leniency measures, payment plans and payment options; recent changes to tax-related rules; a list of all benefits and credits available; and reminder on the importance of filing taxes; information on the penalties of non-compliance; and statistics on the proportion of taxpayers who file and pay their taxes on time.

Transparency and enforcement

Opinions differed regarding the effectiveness of the CRA at finding and addressing issues of non-compliance and whether the CRA treats everyone equally in addressing non-compliance. However, participants were more likely to think that the Agency is not very effective regarding the former and not fair in terms of latter. In both cases, this opinion was based mainly on the assumption that the Agency does not tend to go after large corporations and rich individuals in matters of non-compliance.

Opinions varied regarding the CRA's effectiveness in finding and addressing cases where people are not paying their fair share of taxes, but participants were more likely to say that the Agency is not very effective in this regard, or that they do not know how effective it is. The main reason for

thinking the CRA is not very effective was the impression that the Agency does not pursue large corporations and wealthy individuals who take advantage of tax havens.

Opinion also differed as to whether the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations, though participants were more likely to think that it does not. The impression that the CRA is not fair was based mainly on a widespread assumption that it tends to focus its enforcement activities on the ‘small players’ because compliance is more easily enforceable with this audience. This included the impression that wealthy individuals and corporations have the financial and legal resources to defend themselves if they are pursued by the CRA.

Participants said they would be more likely to think that the CRA is doing enough to ensure those who owe large amounts of income tax pay their fair share if the Agency provided more information about the resources dedicated to this work, greater transparency about the measures used to recover funds, evidence of a specialized unit focused on this issue, and statistics demonstrating the results or success of these efforts.

Underground economy

People are aware of the underground economy and think it is unlikely that those who take part will get caught. According to taxpayers the main reasons for participation in the underground economy relate to economic hardship and the high cost of living. Most representatives of small businesses and tax intermediaries assume that reducing participation in underground economy is not a priority of the CRA.

Participants are aware of the underground economy and typically pointed to paying cash for goods and services as examples of such activities. According to representatives of small businesses and tax intermediaries, certain industries or sectors are more likely to be contributors to the underground economy, primarily because they tend to be sectors conducive to cash-based transactions.

Various factors were identified by taxpayers as contributing to participation in the underground economy in Canada. Factors identified most often related to economic hardship and the high cost of living. These included high taxes, limited disposable income, low salaries, and precarious employment.

Most participants felt it is unlikely that people who participate in the underground economy will be caught by the CRA. Moreover, most representatives of small businesses and tax intermediaries do not think that reducing participation in the underground economy is a priority for the CRA. Reasons for thinking this included the impression that the Agency lacks the resources to focus on this issue, the belief that the tax revenue potentially recovered is not worth the level of investment required, and the sense that it is very difficult to prove involvement in the underground economy.

Use of artificial intelligence (AI)

Participants reacted cautiously to the use of AI by the CRA, expressing concerns about it while acknowledging its potential benefits.

Reactions to the use of artificial intelligence by the CRA tended to be consistent in two ways. First, in types of reactions to the use of AI by the Agency, spanning opposition, skepticism, and hesitation,

through cautious or qualified acceptance, to endorsement or resignation. The other, was consistency in the types of issues raised concerning the use of AI by the Agency. These typically related to the removal of human judgment, the quality and reliability of AI-generation information and outputs due to potential, and risks to privacy and security. The other issue was the importance of certain ‘guard rails’ as the CRA moves towards leveraging AI. These included ensuring human judgment and oversight, ensuring that the system is developed internally, maximizing transparency, and introducing an incremental approach to implementation.

Concerns about potential biases were particularly evident when participants were asked if the use of AI in risk assessments raised any concerns about fairness. In response, many said they were worried that biases embedded in the AI system or its training data would adversely affect or target certain sub-groups, including marginalized groups, people in the lower socio-economic strata, and individuals involved in minor tax compliance infractions (as opposed to ‘big fish’). Despite concerns, participants had no difficulty identifying potential benefits associated with the CRA’s use of AI. The most frequently identified benefit was the increased speed of information and processing.

Participants in groups where the focus was on use of AI to assist in service delivery were asked if they thought it was a good or bad idea for the CRA to leverage AI. In response, most said it was a good idea, though they often identified one or more of the ‘guard rails’ as a condition for their support. These included:

- AI should support, never replace, human judgment.
- Any AI system adopted by the CRA should be developed internally by the Agency.
- There should be transparency around the role of AI in risk assessments.
- AI implementation at the CRA should be incremental, with a phased or gradual roll-out.

Participants in groups where the focus was on the use of AI to assist with compliance were asked if they thought AI could make the system feel more or less fair for taxpayers. Reactions were mixed, though most either said ‘less fair’ or that they did not know. The main reason participants felt it would make the system feel less fair was concern about potential biases in the AI tool’s programming or training.

4. Public Awareness Gaps and Opportunities for the CRA

The focus group findings identified several knowledge gaps that represent opportunities for the CRA to improve awareness and, in some cases, strengthen perceptions of the Agency.

The extent to which addressing these gaps could influence perceptions of the Agency’s fairness varied by audience. Among taxpayers, awareness of redress mechanisms beyond payment plans was limited. While these mechanisms were generally viewed as fair, few participants felt they enhance perceptions of the Agency’s fairness. Increasing awareness of redress options would provide practical benefits to taxpayers, and may improve individual experiences, but on its own is unlikely to change broader perceptions of the CRA’s fairness.

In contrast, small businesses and tax professionals reported limited awareness of CRA efforts to improve enforcement. Despite low awareness, there was near unanimous agreement that greater transparency in this area would increase trust and reinforce confidence that the tax system is applied consistently and equitably.

The research also highlighted opportunities for the CRA to address knowledge gaps through proactive information sharing. Beyond the Business Enquiries line, awareness of CRA products and services designed to support compliance was limited among small businesses and tax professionals. When asked how the CRA could better support businesses, participants emphasized the value of accessible education and guidance, including clear and user-friendly online information, tailored resources for new and small businesses, and timely updates on changes to the tax system.

Among taxpayers, proactive communication was also seen as an area for continued improvement, particularly with respect to benefit eligibility, cybersecurity, and responses to scams and misinformation. In this context, participants noted that financial institutions are often perceived as providing better service than CRA because they more consistently communicate proactively with clients.

5. 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 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.

6. Contract value

The contract value was \$152,889.00 (including applicable taxes).

7. 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 editions² 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 businesses 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 contacts and dealings with the CRA
- Methods used to contact the CRA
- Attitudes about services and service expectations (website, portals and communications)
- 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.

² The ACR was not conducted in 2012, 2014 and 2015.

Methodology

To meet the objectives, 24 online focus groups were conducted across the country. In total, 167 individuals participated in the research: 66 taxpayers, 58 decision-makers of small businesses, and 43 tax intermediaries. Six sessions were conducted in French, and the rest in English. The distribution of the groups was as follows:

Location	Taxpayers	Small businesses	Tax intermediaries
Atlantic provinces	2 groups	1 group	1 group
Quebec (French)	2 groups	2 groups	2 groups
Ontario	2 groups	2 groups	2 groups
Western provinces	2 groups	1 group	1 group
Territories/rural communities	2 groups	2 groups	--

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 September 29 and October 20, 2025.

Notes to readers

- Qualitative research is designed to reveal a rich range of opinions and generate directional insights. The results of these focus groups 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.
- Results presented in the report are consistent across the full population of taxpayers, small businesses, and tax professionals, unless otherwise noted.
- 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 Canada's tax system and the Canada Revenue Agency. In most cases, these issues were explored with all three audiences. However, where an issue was explored with only selected groups, the relevant audience (or audiences) are identified.

Impressions of Canada's tax system tend to be negative

When asked for their impressions of Canada's tax system³, including words they would use to describe it, focus group participants were generally critical. There comments centred on three themes: the system's complexity, high tax rates, and a perceived lack of fairness.

Complexity

In addition to the term 'complex', participants conveyed the perceived complexity of Canada's tax system through expressions such as 'complicated', 'confusing', 'frustrating', 'difficult to understand', 'nebulous', 'lacking transparency', 'burdensome', and 'cumbersome'. A few taxpayers specified that the system is particularly difficult to understand for new Canadians. This impression of complexity was raised most frequently by representatives of small businesses and tax intermediaries.

High tax rates

The tendency to describe taxes as high or too high was more widespread among taxpayers and representatives of small businesses than among tax intermediaries. In addition to specifying that tax rates in the Canadian system are 'high' or 'too high', participants described Canadians as 'over-taxed' and characterized the tax system as 'crushing' or based on 'overkill'. A few also felt that Canadians do not receive services commensurate with the taxes they pay and questioned the effectiveness of the system given how tax dollars are spent.

Lack of fairness

The impression that Canada's tax system is unfair was most often expressed by small business representatives. Beyond the term 'unfair', participants described the system as 'unbalanced', 'flawed', containing 'too many loopholes', and as 'biased' or showing 'favouritism'.

A few participants criticized the Canadian tax system based on the impression that it needs to be revised/updated. This included the impression that it is 'mismanaged', 'inefficient', 'outdated', 'slow to change', and not sufficiently 'pro-business'.

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

- progressive
- well-intentioned

³ Overall impressions of Canada's tax system was a topic explored with all taxpayers, and with representatives of small businesses and tax intermediaries in the compliance groups.

- fair
- transparent
- directed towards the common good
- based on the idea of redistributive justice.

Top-of-mind impressions of the CRA tend to be critical, with a focus on time and effort required to interact with the Agency

When asked what first comes to mind about the CRA, participants most often raised issues related to their telephone interactions with the Agency, with a focus on the time and effort required for such interactions. The most frequently identified top-of-mind issue was the amount of time it takes to reach an agent. Other frequently mentioned concerns about dealings with CRA agents included the following:

- receiving inconsistent service
- varying degrees of competence among agents
- receiving conflicting information, i.e., different answers to same question
- receiving incorrect or inaccurate information
- being transferred from one agent to another
- having difficulty reaching right person
- needing multiple interactions required to resolve issues
- having difficulty understanding agents
- having calls to agents dropped and having to call back.

In addition to these specific issues related to interactions with agents, a few participants noted more generally that CRA agents seem to lack training and knowledge.

Other top-of-mind critical impressions related to service from the Agency included the following:

- difficulty finding information on the Agency website
- the website not being organized in a user-friendly manner
- issues dealing with agents not proficient in an official language or difficult to understand
- length of time needed to resolve issues
- problems with CRA's digital services⁴ including issues with GC keys and passwords
- CRA's continued use of mail (described as out-of-date).

For some participants, positive impressions came to mind when they thought about the CRA. This included generally favourable experiences or an absence of problems, perceptions that the Agency is meticulous, and appreciation for its online services. Participants also noted helpful agents, professional phone service, and promptness in processing payments, refunds, and adjustments. A few tax intermediaries specifically highlighted the Dedicated Telephone Service (DTS) for service providers as a positive feature.

Additional top-of-mind impressions were identified by a small number of participants and tended to vary by audience. Specifically,

- For some taxpayers and representatives of small businesses, thinking of the CRA brought to mind feelings of apprehension, fear, stress, or anxiety related to the following:

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

- Fear of repercussions for making mistakes on a tax return and the sense that it is very stressful when the Agency follows up on an issue.
- The impression that when there is a problem or issue, the Agency's default position is that it is the fault of the filer, not the fault of the Agency.
- The impression that the Agency can be slow in resolving client-initiated issues/requests but when it comes to Agency-initiated issues/requests they want them resolved promptly
- The impression that the Agency's compliance focuses disproportionately on the 'little guy' or 'small fish'.
- Concerns about the security of tax-related information and a perceived lack of professionalism associated with CRA employees working from home.
- For some representatives of small businesses and tax intermediaries, thinking about the CRA brings to mind impressions of an agency that is 'vast', 'complex', 'impersonal', 'bureaucratic', 'anonymous', and 'inaccessible' and an agency associated with 'taxes' that is a 'necessary evil'. In the case of a few tax intermediaries, this included an impression that various sections of the CRA appear to be 'siloed' or 'separated' in a way that complicates interaction.
- A few representatives of small businesses had the impression that the Agency does not seem to understand the situation of small business owners and is not designed to meet their specific needs.

CRA perceived primarily as tax collector

Taxpayers primarily think of the CRA as a tax collector. When asked "What does the CRA do?", participants overwhelmingly emphasized tax collection. The only other activity mentioned with any consistency was distributing benefits, credits and refunds. A small number of participants also associated the CRA with conducting audits and reviews, providing tax-related information, and collecting tax data and statistics.

Overall impressions of the CRA tend to be mixed

When asked whether their overall impression of the CRA is positive, negative, or somewhere in between⁵, participants most often offered mixed assessments. Smaller, but similar numbers expressed clearly positive or negative views. This pattern was consistent across all three audiences. The reasons underlying these impressions are outlined below, with audience-specific differences noted where relevant.

Mixed impressions of the CRA

Mixed assessments of the CRA were most often based on the following:

- Perceptions of uneven or inconsistent service from CRA agents, with the quality of assistance varying depending on the individual agent.
- Receiving information or having issues resolved, but not in a timely manner, often due to long wait times before reaching an agent.
- Views that online services are better, or much better, than service provided by phone.

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'.

Other reasons contributing to mixed assessments varied by audience and were mentioned only infrequently. These included:

- Taxpayers:
 - Good experiences overall, but occasional technical problems with My Account.
 - Experiencing long wait times to reach an agent but receiving refunds and benefits promptly.
- Intermediaries:
 - Generally having positive experiences with the CRA but noting that clients increasingly rely on intermediaries because of their own frustrations in trying to contact the Agency directly.
 - The perception that the CRA expects taxpayers to respond promptly to its requests, while taking significantly longer to respond to theirs.
- Representatives of small businesses:
 - The impression that the CRA lacks an understanding of small businesses.
 - Anxiety associated with the possible repercussions of making mistakes when filing.

Positive impressions of the CRA

Positive impressions of the CRA were most often based on an absence of issues or problems when dealing with the Agency, receiving answers and having issues resolved during interactions, and good experiences with agents, who were described as professional, polite, kind, helpful, and efficient.

Additional reasons for positive impressions included the availability of information and resources on the CRA website, good online services, and the CRA being accommodating and understanding regarding amounts owed or payment deadlines.

Negative impressions of the CRA

The most frequently cited reason for negative overall impressions of the CRA related to phone interactions with the Agency, particularly:

- long wait times before reaching an agent
- being transferred multiple times to resolve an issue
- agents unable to answer questions, provide information, or resolve issues
- receiving different answers about the same issue from different agents
- receiving incorrect or inaccurate information
- the perception that agents lack adequate training.

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

- The impression that the CRA tends to focus on ‘small fish’ (identified by a few representatives of small businesses).
- Actions, omissions, errors and delays on the part of the Agency that have had adverse financial effects (identified by a few representatives of small businesses)

- The impression that the CRA has no specific service dedicated to meeting the needs of representatives of small businesses (identified by a few representatives of small businesses).
- Unresolved issues, specifically situations where interactions with the CRA left people with lingering resentment due to a decision they felt was unfair, feeling unheard by the Agency, issues taking years to resolve, or choosing not to pursue a matter (even when they believed they were right) because of the time and effort involved.
- Inability to resolve an issue in a single interaction.
- Reduced trust since the pandemic, related to the security of tax-related information as a result of CRA employees working from home.
- The Agency's continued use of mail, described as an outmoded means of communication.

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

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 ...

- 'slow' – issues tend to take a long time to resolve, processes move slowly, responses to requests or inquiries are delayed, and updates are not prompt.
- 'inaccessible', 'hard to reach', 'understaffed', 'frustrating' – largely due to the time it takes to reach an agent by phone.
- 'complicated', 'opaque', 'impenetrable' – reflecting a lack of clarity in terms of requirements and the need to contact the Agency regularly for guidance or clarification.
- 'inconsistent' – because service quality varies by agent and different agents may give different answers to the same question.
- 'unyielding' or 'rigid' – based on the perception that the Agency is reluctant or unwilling to consider explanations or reasoning that differs from its own interpretation.

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

- 'bureaucratic' – it is very procedural and provides little leeway in terms of rules and procedures.
- 'demanding' – because of its numerous requirements and limited timelines for meeting them.
- 'behind the times' or 'outdated' – because the Agency still requires that some interactions be paper-based, continues to communicate by mail, and requires too many forms.

A few participants described the CRA as having a reputation for being 'unfair' based on the perception that it shows little interest in pursuing large companies for compliance issues. Others

⁶ As a preface to the question, participants were asked to leave aside consideration as to whether the reputation is deserved.

characterized the CRA as ‘secure’, citing the measures in place to protect information, and as ‘rigorous’ or ‘meticulous’, noting its attention to detail and thorough verification processes.

CRA strengths include digital services, efficient processing, and attentive agents

Across all three audiences, focus group participants consistently identified three areas where the CRA performs well: its digital and online services, the efficient processing of returns, and the attentiveness of its agents.

Digital services

In addition to identifying the CRA’s online and digital services as a key strength, participants specifically cited My Account, My Business Account, and Represent a Client, e-filing or online filing, the ability to upload and download documents, online forms, direct deposit, email notifications, and tax information and resources available on the CRA website.

Efficient processing

The timely and efficient processing of tax returns was also routinely mentioned by participants, with a focus on quick receipt of refunds and notices of assessment by some taxpayers. A few participants also mentioned that online filing, in general, is simply faster compared to paper-based filing.

Attentive agents

CRA agents were often described as respectful, polite, patient, and genuinely motivated to help. Some participants also characterized CRA staff as knowledgeable and well trained, with a few noting that once they reached the right person, they typically received the information they needed.

Other things the CRA was perceived as being good at were mentioned only infrequently and included:

- security features and maintaining the confidentiality of information
- understanding, flexibility and accommodation regarding payment arrangements or plans
- the DTS service for tax professionals
- the delivery of benefits and credits
- making it easy to correct a tax return
- resolving issues in a timely manner
- collecting tax revenues.

Opinions varied on whether CRA administers tax system consistently and fairly

There were differences of opinion about whether the CRA administers the tax system consistently and fairly. The largest proportion of participants (over half) believe that the CRA and its employees do administer the tax system consistently and fairly. Many others were unsure or did not share this view, expressing doubts about the CRA’s consistency or fairness. A few participants also noted that while they consider the current tax system itself to be unfair, they believe the CRA administers it in a fair and consistent manner.

Reasons for questioning the Agency's fair and consistent administration of the tax system fell into two categories: reasons associated with the Agency, and reasons associated with its employees.

Reasons associated with the Agency

The main reason given for questioning the Agency's fair and consistent administration of the tax system was the impression that, when it comes to compliance, the CRA tends to focus its attention on 'small players' or the 'little guy' instead of wealthy individuals and large companies. This impression was most often expressed by representatives of small businesses and tax intermediaries, a few of whom distinguished between fairness and consistency in this regard. Specifically, they suggested that the Agency is consistent because it focuses on the 'small players' or the 'little guy', but unfair because large companies and wealthy individuals are treated more leniently. Other reasons for questioning the CRA's fair and consistent administration of the tax system were identified infrequently and included the following:

- Concerns related to the rollout of the Canada Emergency Response Benefit (CERB), specifically the clawback of benefits from recipients later found by the CRA to be ineligible. Participants felt the program was launched too quickly or leniently, allowing some to access funds unfairly, and believed that certain clawbacks were themselves unfair.
- The perception that the CRA is reluctant to investigate or auditing those who participate in the underground economy.
- An impression that CRA audits are not always conducted fairly, based on both personal experiences (for example, being audited a number of times) and anecdotal evidence.
- Frustration that penalties and interest do not account for delays caused by the CRA itself, which can lead to late or insufficient payments through no fault of the taxpayer.
- A perceived lack of reciprocity, with the CRA expecting prompt responses from taxpayers while taking considerably longer to reply to their requests or inquiries.

Reasons associated with CRA employees

Regarding CRA employees, the main reason participants questioned the fair and consistent administration of the tax system was concerns about employees' competence and knowledge. Many felt that the quality of service varies depending on the agent, leading to inconsistent outcomes. Participants emphasized that employees are not intentionally unfair; rather, differences in knowledge and expertise contribute to inconsistency. A few underscored this point by they know or have heard of cases in which the identical circumstances resulted in different outcomes.

Two other factors, mentioned by only a few participants, also contributed to perceptions of unfairness or inconsistency in how CRA employees administer the tax system. One was the belief that employees working from home are less able to carry out their responsibilities effectively, particularly with respect to safeguarding confidential information. The other was concern about the integrity of CRA employees, stemming from reports that some had accessed CERB benefits despite not being entitled to them.

Many recall interactions with the CRA in which the Agency responded more slowly than expected

Many participants reported that at times over the last few years the CRA responded more slowly than they expected during interactions with the Agency. This was mentioned most often by small

business representatives and tax intermediaries. When asked how these slow responses made them feel, participants frequently described feeling ‘frustrated’, ‘annoyed’, ‘angry’, or ‘irritated’. Other reactions described by participants included feeling ‘stressed’, ‘helpless’, ‘disheartened’, ‘disappointed’, ‘let down’, ‘discouraged’, ‘not valued’, and ‘blocked’ in the sense of being unable to move forward in resolving an issue.

Views were divided over the association of timeliness of service with fairness

Participants were divided when asked if they think timeliness of service influences whether they see the CRA as fair. Those who made this association tended to emphasize the following two reasons to explain why.

- **Reciprocity or treating others as one expects to be treated.** Specifically, the CRA expects clients to respond in a timely manner to its requests and therefore it is fair for clients to expect that the CRA will respond in a timely manner to theirs. Some added that responding in a timely manner makes one feel recognized, acknowledged or respected.
- **Potential consequences of slow response times.** This concern was raised primarily by representatives of small businesses and tax intermediaries, who emphasized that slow response times from the CRA can have serious consequences, including financial impacts. They viewed this as unfair, noting that clients often bear the financial cost of delays for which they are not responsible.

Additional reasons for associating timeliness of service with fairness were mentioned infrequently and included the following:

- **Limited time to wait for a response.** This applied specifically to waiting on hold to speak to a CRA agent. Participants noted that not everyone can remain on hold for long periods, and that unintentionally slow service tends to favour those who have time to spare, creating an unfair disadvantage for others.
- **Clients refusing to pursue issues because of expected delays.** This point was made by a few tax intermediaries who noted that some clients decide not to pursue an issue with the CRA, even when they believe they are in the right, because they feel the time required to resolve would outweigh the potential benefit.
- **Suspensions regarding delays.** Delays and slow response times can create suspicion among clients about the reasons behind them. For example, whether the Agency is hiding something or reluctant to acknowledge an issue. Participants noted such suspicions might be unfounded, but slow service can foster them.

Participants who do not associate timeliness of service with fairness of service suggested that prompt or timely service is not the same thing as fair service. The following points were made in this regard:

- Fair service depends on the ultimate outcome. For example, a quick decision in tax-related matters is not necessarily a fair decision.
- Tax-related questions can be complicated, and certain issues take time to resolve or can take more time to resolve than others. Therefore, response times depend on the issue in question.
- When contacting the CRA during tax season, delays should be expected because this is the Agency’s busiest time of year.

- The CRA deals with a vast number of clients at any one time so delays should be expected.

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

Nearly all participants expressed trust in the CRA, and those who did not express outright trust in the Agency were more likely to have mixed feelings than to express a clear lack of trust. The most common reason for trusting the CRA was the absence of any reason not to, with participants sometimes adding that their experiences with the Agency have been good overall, that they have not experienced any problems or issues that would lead them to distrust it, and that they will trust the Agency until and unless they have a reason not to.

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

- The sense that a basic level of trust in the Agency is necessary for the system to function effectively—in other words, ‘we don’t really have a choice; we have to trust it’.
- The belief that CRA employees are public servants whose job entails applying rules consistently.
- The view that mistakes made the CRA and its employees are not made with any malice or ill intent.
- The understanding that the Agency acknowledges and rectifies mistakes when made.
- The perception that CRA has good security measures in place.

Some participants expressed mixed feelings about trustworthiness or described their level of trust as moderate rather than high. Reasons given to explain why included the following:

- Mixed experiences in interactions with agents, reflecting differences in agents’ knowledge and competence.
- The belief that trust in the Agency cannot be absolute because the CRA does make mistakes.
- Concerns related to the roll-out and clawback of the CERB.
- The possibility of data breaches or hacking is always present.
- Reports that some CRA employees applied for and received CERB despite being ineligible, which raised concerns about the integrity of those individuals.

Very few participants lack trust in the Agency or have very little trust in it. Reasons for lack of trust:

- Serious mistakes made by the Agency that have had serious consequences for some taxpayers.
- Issues, problems or mistakes that remain unresolved for some taxpayers.
- The perception that there is no accountability when agents provide incorrect information.
- Reports that some CRA employees applied for and received CERB despite being ineligible, which points to the possibility of fraud within the Agency.
- Concern over where and how the CRA stores taxpayer information.

Widespread trust among taxpayers in information received from CRA

Trust in the correctness of information received from the CRA was widespread among taxpayers. However, participants routinely added that although they do not doubt its accuracy, they typically review it themselves, or have their accountant review it, to confirm that it is correct. A small number of taxpayers said that they do not simply trust the accuracy of such information by default. While they do not necessarily question its accuracy, they tend to be cautious given some of their experiences with the Agency.

Asked what information or actions by the CRA would strengthen their trust in the Agency, taxpayers identified the following:

- providing as much information as possible about the nature of the error so taxpayers can clearly understand the issue
- not assuming that a taxpayer error constitutes ill intent
- waving interest payments when the problem results from CRA's actions or omissions
- providing information proactively on eligibility for benefits or credits
- providing information proactively on cyber-security measure taken by the Agency
- making tax forms easier to understand.

For many, the rise of identity fraud, scams, misinformation has affected trust the CRA

According to a number of participants (though not a majority), the rise of identity fraud, scams, and misinformation has influenced how much they trust the CRA. In nearly all cases, trust has been affected in a negative way. That said, most participants noted that this has nothing to do specifically with the CRA. Rather, it is part of a general heightened concern or apprehension resulting from the rise in fraudulent activities and the increased sophistication of fraudsters. In a few instances, participants linked their increased concern with personal experience, such as identity theft, though not a personal experience that involved the CRA.

A small number of participants did associate their diminished trust (or part of it) with the CRA, specifically as a result of the following:

- CRA employees receiving the CERB when not eligible
- apprehensions that CRA employees working from home might result in compromising the confidentiality of information
- the rise in scam phone calls purporting to be from the CRA (though the Agency was in no way held responsible for this).

A few tax intermediaries specified that their trust in the CRA has increased in the face of the rise of identity fraud, scams, and misinformation as a result of the use of multi-factor authentication by the Agency, omitting full social insurance numbers in documents, and proactively disclosing that the CRA will never ask you for your social insurance number.

Proactive measures – main way CRA can build confidence in face of scams and misinformation

According to participants, the CRA could reassure or build greater confidence in the face of scams and misinformation principally by undertaking various proactive measures. These include the following:

- **Transparency and response to security incidents:** proactively disclosing data breaches at the CRA (for example, what happened, who was affected) and liaising and cooperating with credit agencies if an incident occurs.
- **Scam and fraud prevention education:**
 - informing Canadians about how to report a scam (and thanking the person for reporting it)
 - publishing a 'Dos and Don'ts' document, with a focus on informing new and older Canadians about how to protect themselves from fraudsters

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- informing Canadians about phone communication initiated by the CRA (for example, when and why the CRA would call, what the CRA would/would not ask or request)
 - informing Canadians about the types of scams they may encounter.
- **Improving access to CRA services:** opening more offices and increasing in-person service opportunities.

2. Service-related issues

This section reports on service-related issues. These issues were explored in 12 focus groups. Topics included tax filing-related habits and challenges, use of online services, service experiences, protection of personal information, and avenues of redress for taxpayers.

2.1 Tax filing

2.1.1 Taxpayers

All have filed tax returns, usually on their own or with assistance, including for the past tax season

All taxpayers said they have previously filed personal income tax returns, including for this past tax season. A majority of taxpayers reported doing their taxes on their own, with a few specifying that they use tax software to assist them.

2.1.2 Representatives of small businesses

Frequency of interactions between representatives of small business and CRA varies

The frequency of contact between small business representatives and the CRA varied, ranging from “rarely” to “sometimes” to “often.” However, most said they interact with the CRA at least occasionally.

Widespread use of accountant/tax professional to interact with CRA

Most representatives of small businesses said they use someone outside their business, like an accountant or a tax professional, to handle certain interactions or transactions with the CRA. Reasons given to explain why they use an accountant or tax professional included considerations of time-management, specifically the need to focus their attention on their business, and their own limited knowledge and expertise in the area.

Accountants and tax professionals support small businesses by filing corporate tax returns (T2s), GST/HST returns, and return amendments; submitting financial statements and responding to CRA requests for information; determining eligibility for benefits, tax credits and business expenses; identifying discrepancies or errors in information provided to the CRA; and staying up to date on changes to tax laws, rules, and regulations.

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. Challenges identified less frequently included the following:

- **Forms and documentation:** difficulty finding the appropriate forms and understanding forms because they do not tend to be written plain language.
- **Understanding and meeting tax obligations:** issues related to international income, such as reporting obligations, and challenges related to tax installments, such as cash flow management and the risk of penalties.

- **Interactions with CRA agents:** obtaining consistent and correct information from CRA agents, and difficulty understanding agents due to language-related issues, specifically, agents not communicating clearly in the official language in which the interaction is taking place.
- **Small business-related issues:** Issues or problems related to setting-up or starting a small business.

2.1.3 Tax intermediaries

Limited tax-related knowledge - main challenges when dealing with small business clients

Tax intermediaries identified a range of challenges in working with small business clients on tax matters, but the most common was clients' limited knowledge of tax-related issues. This included the need to simplify complex information, clients' difficulty explaining or articulating their situations clearly, and clients believing they understand tax rules when they do not.

Additional challenges were mentioned less frequently and included poor record keeping; clients not knowing whether they have a GST/HST number; correcting mistakes made by clients when filing taxes; issues related to payment allocations and account transfers; rental-property tax issues; and problems related to family names (for example, discrepancies between the name provided by a client and the name on file with the CRA).

Getting served in a timely manner – main challenge intermediaries face when dealing with CRA

The most frequently cited challenge tax intermediaries face when dealing with the CRA is obtaining timely service. This includes both the time required to reach an agent and the difficulty of connecting with someone knowledgeable enough to resolve an issue or complete a transaction. Some participants added that challenges in reaching a competent agent are compounded by high turnover among CRA staff. Less frequently mentioned challenges included obtaining authorization to act on behalf of a client, requirements for wet signatures, difficulties submitting remittances, dealing with clients who are subject to frequent reviews, and inconsistencies between agents as clients' files move from one area of the Agency to the next.

Intermediaries identified several challenges small businesses face when dealing with CRA

Intermediaries identified a variety of challenges their small business clients face when dealing with the CRA. These included lack of financial literacy or not knowing what to ask or how to explain their issue, limited understanding of benefits and credits available to them, getting through to an agent when contacting the Agency by phone, a limited amount of time to devote to dealing with the Agency, T4 filings (including duplicate filings), and problems related to granting authorization for intermediaries to access a client account.

2.1.4 Representatives of small businesses and intermediaries

Various ways the CRA can improve relations with small businesses

When asked what the CRA can do to improve its relationship with small businesses, representatives of such businesses and intermediaries identified the following:

- **Clarity and accessibility of information:**

- Making information easier to understand in both oral communication (with CRA agents) and written communication (CRA documents and forms). Some noted that agents appear to read from scripts rather than speak knowledgeably. A simple one-page document outlining key information for small business owners was suggested as something that would be beneficial.
- Ensuring agents can communicate effectively in the official language they are using to interact with clients.
- Providing small business owners with more time to adapt to tax-related policy changes.
- **Improving agent knowledge and capacity:** Better training of CRA agents to help ensure the provision of consistent and correct information and hiring more staff to reduce wait times and speed up service at call centers.
- **Dedicated services and tailored support for small businesses:**
 - A dedicated phone line or online chat function.⁷
 - Tutorials or workshops on basic tax-related matters, including deductible expenses, benefits and credits, and programs and services available to small business owners.
 - Specific website tabs or section tailored to small business needs.

Impression that tax-filing has not changed noticeably in recent years

Most small business representatives and tax intermediaries felt that the process of filing business taxes has not changed significantly in recent years. To the extent that it has changed, they said the process has become easier due to advances in technology and the CRA's digital services.

While no one felt the filing process had become more difficult in recent years, a few small business representatives said they are spending more time and energy on tax-related matters. This included learning about tax requirements to stay informed and avoid missing potential credits or benefits, as well as searching for information online rather than calling the CRA, based on the belief that staff reductions at the Agency will lead to even longer wait times.

2.2 Online services

2.2.1 Taxpayers

Tasks/services taxpayers would be comfortable doing online

Taxpayers would be comfortable doing the following types of tasks online when it comes to their dealings with the CRA: submitting tax returns, making payments, using direct deposit, uploading files, and downloading forms.

Widespread awareness and use of My Account

Nearly all taxpayers are aware of My Account for individuals and are registered users of the service. Frequency of use of the service varies widely, ranging from rarely or seasonally (for example, during tax season), to an as-needed basis, to often (though frequent use was rare). Typical uses of My Account included the following: receiving correspondence from the CRA, tracking the status of

⁷ The CRA does, in fact, provide an online chat function.

returns, checking benefit and credit payment dates, getting balance updates, viewing documents, such as Notices of Assessments (NOAs), previous tax returns, and tax information slips, and checking RRSP and TFSA contributions.

Overall positive impressions of My Account

Overall impressions of My Account were positive. Issues or problems related to My Account were limited and included problems registering for the service, intermittent technical problems, difficulty changing information, and receiving the access code by mail. Feedback was limited regarding things that cannot be done on My Account that participants would like to be able to do. These included the ability to file taxes directly through My Account and introducing a ‘family portal’ option instead of each family member having their own account.

2.2.2 Representatives of small businesses and intermediaries

Widespread use of My Business Account/Represent a Client

Nearly all representatives of small businesses and tax intermediaries said they are registered users of My Business Account and Represent a Client. The frequency of use of the services varies widely, with intermediaries more likely to say they use it frequently (that is, daily or weekly) than representatives of small businesses. Ways of using the service included viewing correspondence, making payments, filing GST/HST returns, checking the status of returns, checking balances and information slips, checking top which account payments have been applied, checking NOAs, and submitting documents.

Positive overall impressions of My Business Account/Represent a Client

Overall impressions of the service were positive, with participants pointing to its convenience and speed, user-friendliness, comprehensiveness, and security features. Critical feedback was limited and related to the following specific issues: difficulties with the initial registration, problems with passwords, and difficulty finding a history of installment payments. Only a few participants identified things they would like to see added to this service. These included the ability to file taxes through it, a live chat function, suggestions based on the business profile of the client (for example, ‘you might be eligible for ...’), and the ability to view running totals on balances.

Among the few participants who were aware of the service but not registered, the only thing mentioned that might encourage them to sign up for it is a workshop on the service.

Possible explanations for decline in satisfaction with ‘Represent a Client’

Based on their own experience with the service, tax professionals were asked what they thought might be driving a decline in satisfaction ratings with ‘Represent a Client’⁸. Only a few tax professionals identified possible explanations. These included possible lack of experience using the service, inability to access the service if the client’s name as entered by the representative does not exactly match the name the CRA has on file, T4 slips not being available online, and changes to the authorization process for representatives made by the CRA.

⁸ The CRA noticed a decrease in satisfaction with the service when conducting its annual survey.

2.3 Service experiences

Interactions with CRA conducted mostly by telephone, usually preceded by an online search

Participants were asked how they typically contact the CRA. Nearly all said they usually contact the Agency by telephone, with other communication methods mentioned infrequently. Among taxpayers, this included using My Account, while small business representatives and tax intermediaries referred to My Business Account and Represent a Client.

When probed about whether they first check what can be done online or call immediately, most participants said that they usually (or often) search online before calling the CRA. The most common reason was the belief that calling the CRA typically involves a long wait before reaching an agent. Small business representatives and tax intermediaries also identified additional reasons for looking online first: the possibility that the information is already available online and can be found quickly; the impression that CRA's online information is more reliable than information provided by agents; a desire to familiarize themselves with the terminology used in CRA's official communications; and a preference to be more self-reliant in obtaining tax-related information.

Preferred modes of contact include telephone and online communication

In addition to being the most commonly used way to contact the CRA, the telephone (including the ability to schedule call-backs) was also identified most often by taxpayers as their preferred way to interact with the Agency. That being said, a number identified online communication as their preferred mode of interaction, while a few said that their preference would be to interact with the CRA in-person. For their part, representatives of small businesses and tax intermediaries were more divided, with similar numbers preferring interaction by phone and online communication respectively.

Reasons for preferring interaction by phone included the ability to engage in dialogue, the ability to explore specific issues more effectively or in more detail, and a preference for interacting with a person. Reasons for preferring online communication included speed and efficiency, convenience (that is, accessible 24/7), the ability to multitask, access to a record or history of interactions, and the possibility of avoiding language issues (because the agent would be typing). Those taxpayers who preferred in-person service explained that they are more comfortable with face-to-face interactions.

Various reasons for contacting the CRA

Representatives of small businesses and tax intermediaries commonly contact the CRA to deal with a specific issue or to request specific information. Examples included the following:

- allowable deductions
- GST/HST payments
- payment arrangements
- missing information slips, such as T4 slips
- refunds and credits
- correct mistakes or provide additional information
- confirming that one is doing or interpreting something correctly
- updates on the status of a request or procedure, such as appeals
- mistakes or errors made by the CRA

- responding to communications or notifications from the Agency
- audits or verifications
- queries about forms (for example, which one to use, where to find).

Leaving aside the filing of their tax return, taxpayers identified the following general reasons for contacting the CRA over the last few years:

- to change or update personal information
- because of a problem with My Account
- responding to requests from the Agency
- verifications undertaken by the CRA
- to enquire about rules and regulations related to self-employment
- for information on programs, benefits and credits, such as the DTC and the Home Buyers' Plan
- because of mistakes made by the CRA
- due to errors on tax returns and needing to submit corrections.

Taxpayers typically contacted the CRA by telephone to deal with these issues, though in some instances dealing with the issue also involved sending documents via My Account, and in a few instances, it involved sending material to the CRA via mail.

Representatives of small businesses comfortable completing tasks/services online

Small business representatives said they would be comfortable completing 'most' or 'all' tasks and services online. Examples of things they would be comfortable doing included filing returns, making payments, and making inquiries about deductions. They noted that tutorials or training on digital service options, along with a more user-friendly setup, would encourage them to rely even more on online services in the future.

When asked about situations in which they would still prefer to speak to someone at a call center, participants identified the following: seeking information on recent changes to tax law; responding to correspondence from the CRA; clarifying grey areas or exceptional circumstances; confirming their understanding of specific rules; and accessing agents who are specifically trained to serve small businesses.

Most important service attributes relate to receiving effective service

Participants most often identified attributes associated with effective service when asked what service qualities are most important to them when they interact with the CRA. This included:

- **Staff knowledge and competence:** This referred to agents' ability to provide information that is accurate, up to date, consistent, and precise. For some participants, it also included agents' ability to communicate clearly, including proficiency in the official language in which the interaction is taking place.
- **Efficiency:** This included being served promptly, being directed to the appropriate individual, and being able to complete transactions in a single interaction. When multiple interactions were required, efficiency was associated with seamless, continuous service, meaning participants did not have to start over with a new agent unfamiliar with their situation.

In addition to effective service, participants routinely emphasized the importance of specific character traits in CRA agents or their demeanor, including professionalism, empathy, understanding, courteousness, politeness, and patience.

As a follow-up, taxpayers were asked whether they feel confident that a problem will be resolved when dealing with the CRA. Nearly all said yes, though some noted that certain issues may take longer to address than others. Participants' reasons reflected both their perceptions of the CRA and their own expectations as clients. With respect to the CRA, taxpayers assumed the Agency wants to resolve problems because it is obliged to help, because it wants to help, and because unresolved issues reflect poorly on the organization. With a focus on their own expectations, some participants said they would persist until a problem was resolved and would insist on a satisfactory outcome. A few taxpayers said they were unsure or did not know, citing personal experiences or anecdotal accounts of problems that remained unresolved.

Taxpayers were also asked what the CRA could change to create a smoother, more seamless service experience when managing their taxes and benefits. Participants most often focused on reducing wait times, with some suggesting specific ways to do this including: introducing an online chat function; using AI to triage clients; hiring more phone personnel; and offering scheduled call-backs (rather than waiting on hold for an available agent).

Most describe CRA service as meeting their expectations

Most participants described their overall experience with the CRA as meeting their expectations, with the most common reason being that they were able to obtain what they needed. Some noted that they have never encountered a problem when dealing with the Agency, while others said that although issues had arisen at times, they were able to resolve them satisfactorily. A few specifically linked the CRA's meeting their expectations to its online services.

Participants whose expectations were not met were more likely to say that service fell short rather than exceeded their expectations. Those who felt service fell short of expectations pointed to poor or inconsistent service from agents, receiving different information from different agents, the inability to resolve issues promptly, including difficulty being directed to someone who could help, lingering or recurring problems, and repeated issues accessing My Account.

Only a few participants said that CRA's service exceeded their expectations, and those who did emphasized that this occurred in specific situations rather than in their overall experience. In particular, they noted instances where the empathy or attentiveness of a service agent surpassed what they expected.

Impressions of CRA staff ranged from positive to mixed

Overall impressions of CRA staff ranged from positive to mixed. Positive impressions were typically linked to the demeanor of agents including their professionalism, politeness, respectfulness, patience, and willingness to help, with some participants also highlighting staff knowledge and competence. Mixed impressions were most often attributed to inconsistent service, particularly differences in agents' level of knowledge. Some participants said that while agents generally try to

be helpful, their lack of knowledge⁹ sometimes limits the usefulness of the assistance. Others based their mixed impressions on differences in demeanor: although many agents were described as kind and helpful, some were seen as impatient, rude, or lacking empathy. A few participants also reported difficulties communicating with an agent due to language barriers, including situations where an agent could not communicate clearly in the official language of the interaction.

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

Mixed views on how CRA service compares to service from financial institutions

Taxpayers were asked to compare the level of service they receive from the CRA with the service they receive from their financial institution. Responses were mixed, with CRA service described by some as better, by others as worse, and by others as about the same. Overall, however, participants were more likely to rate the service from financial institutions as better than that provided by the CRA.

Reasons for describing the level of service received from financial institutions as better than that received from the CRA included shorter or nonexistent wait times, the ability to interact with agents in person, a greater likelihood of receiving proactive information, and a wider range of options for interacting with financial institutions.

Reasons for describing the level of service received from the CRA as better than that received from financial institutions included having no problems or issues when dealing with the CRA, problems with staff turnover at financial institutions, and the need to obtain manager approval for various transactions at financial institutions.

Most do not know if CRA is doing enough to ensure its services are equally available

Most participants do not know whether the CRA is doing enough to ensure that its services are equally available to all Canadians. Some, however, think that the Agency is not doing enough in this regard (or have their doubts about this) while only a small number think the CRA is doing enough to meet this objective.

When asked why they think the CRA is not doing enough in this regard, participants often pointed to groups they think are underserved, included:

- seniors
- new Canadians
- persons with disabilities
- persons with limited or no Internet access
- persons with limited online skills
- persons with limited financial literacy
- those who do not have time to spend on hold waiting to speak to an agent
- accountants from small firms.

⁹ Some participants recognized that the call centre system is tiered, with front-line agents addressing general inquiries and more complex inquiries/issues escalated to agents with specialized knowledge in the relevant area.

Other reasons for thinking the CRA is not doing enough to make its services available included the absence of a call-back service, the perception that service is not as effectively delivered when CRA employees work from home (because they are subject to less supervision), and insufficiently trained agents (resulting in varying levels of service quality).

Things the Agency could do to ensure that its services are equally available to all Canadians included the following:

- opening/re-opening offices to offer more in-person service, especially in remote communities
- providing more comprehensive training of CRA agents, especially during tax season
- informing Canadians of new services, changes to rules, benefits/credits they might qualify for
- hiring more agents
- extending hours of operation at call centers
- offering more services and resources for new Canadians and first-time tax filers
- offering dedicated phone lines for small business owners.

Widespread impression that spending reductions at CRA will adversely affect timeliness of service

There was a widespread impression among participants that spending reductions at the CRA would negatively affect service timeliness by increasing wait times. Other perceived impacts were mentioned less frequently and included the following:

- A decline in the quality of service, based on the assumption that fewer agents handling the same volume of calls would less time to devote to each caller.
- Higher rates of staff turnover or burnout, linked to the expectation that CRA employees would need to ‘do more with less’.
- The introduction of more online or automated services.

Some participants suggested that the nature of the impacts would depend on where the spending reductions occurred.

When asked what aspects of service they would expect to stay the same, even if budgets are reduced, participants identified the following:

- accuracy of information
- timeliness in processing returns
- timeliness in delivery of benefit and credits
- online services
- security
- competence and politeness of staff.

More digital service options expected in the future

Looking ahead, small business representatives and tax intermediaries most often said they expect to see an increase in digital service options from the CRA. Other expectations were mentioned less frequently and included more sophisticated security measures, greater use of artificial intelligence, timely updates on tax-related changes and new developments, more options for scheduled service appointments, and faster reviews and assessments of tax returns.

Representatives of these two audiences do not tend to see their own use of service channels changing in a significant way in the next few years. To the extent that they do anticipate changes, it is in the direction of increased use of digital options (including mobile apps), and artificial intelligence.

2.4 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—that is, personal information in the case of taxpayers and business or client information for small business representatives and intermediaries. In a few instances, participants added qualifications such as ‘reasonably safe’, ‘safe as can be expected’, and ‘safe until proven otherwise’.

While only a small number of participants stated outright that they do not believe their information is safe with the CRA, some did express concerns. The reasons for believing information may not be safe, and for having concerns about it, were similar and included the following:

- General concerns about hacking, given the increasing frequency of security breaches and cyberattacks and the growing sophistication of fraudsters.
- The belief that no security system is completely foolproof, along with a sense that breaches may be inevitable over time.
- Concerns about internal security risks or ‘inside jobs’, such as the one that occurred with a large Canadian insurance company in 2019.
- Apprehensions about CRA employees accessing confidential information when working remotely.
- Media investigations highlighting potential security vulnerabilities at the CRA.
- Questions about the transparency of AI tools, including where information entered into such tools goes and how it is used.

Most participants said their feelings about this have not changed over the years, but some reported that they have become more concerned. Reasons included a general increase in worry about information security due to more frequent hacking incidents and cyberattacks, as well as heightened concern specifically about the CRA following news reports about security vulnerabilities within the Agency.

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

Participants identified several measures and safeguards the CRA uses to protect taxpayer and business information. These included multi-factor authentication, confirmation codes for call-backs, the requirement to communicate electronically only through secure CRA systems, such as My Account, My Business Account, and Represent a Client, scam alerts and related information on the CRA website, the use of security questions and passwords, email warnings or notifications, and SIN masking.

When asked specifically about the requirement to use multi-factor authentication, participants unanimously reported having no hesitations in using it and feeling that the added security justifies

the extra effort to log into their account. A few had specific questions about how multi-factor authentication works, such as what options the CRA offers and what happens if email is unavailable and a passcode cannot be received.

Most say they do not know if CRA does enough to detect/prevent identity theft and fraud

Most participants said they do not know whether the CRA does enough to detect and prevent identity theft and fraud in the tax system. Some participants felt or assumed that the CRA does enough, while a small number felt that the CRA does not do enough. Those who felt this way pointed to the following to explain why:

- CRA employees fraudulently claiming the CERB
- investigative news stories about security vulnerabilities at the Agency
- perceived tax evasion by large companies without consequences
- perception that the Agency does not pursue participants in the underground economy
- never hearing or seeing anything from the CRA about what they are doing in this regard.

Asked where they would go to find information or advice about what to do if they thought their business might have been impacted by fraudulent activity, small business representatives identified the following: the CRA, the police, their financial institution, their lawyer, credit bureaus, the Canadian Anti-Fraud Centre, and Reddit.

Widespread assumption that information is as secure with CRA as with financial institutions

Most participants felt that their information is as secure with the CRA as with a financial institution. The most common reason given was the assumption that both use the same, or similar, technology and security systems, an impression reinforced for some by the use of banks as sign-in partners. Other reasons included the belief that both organizations have comparable responsibilities to protect client information and that both face similar security risks—that is, banks can be hacked just like government agencies.

Reasons for believing that information is safer with the CRA than with a financial institution included impressions that internal access to information is more restricted at the CRA, that the CRA is more likely to thoroughly screen and monitor employees, and that public servants are less likely to ‘go rogue’ than employees in the private sector.

Reasons for believing that information is safer with a financial institution than with the CRA included the impression that bank staff are generally more competent, that financial institutions invest more in security because they have more to lose in the event of a breach (such as losing clients to competitors), and that they are more proactive in informing clients about security-related issues—for example, advising them to change passwords regularly and alerting them to scams.

2.5 Other issues

2.5.1 Taxpayers

Limited awareness of redress mechanisms

Only a small number of taxpayers said they were aware of the options available when they have an issue with the CRA, and the only option they mentioned was the possibility of arranging payment

plans. After being informed about the full range of recourse mechanisms, such as submitting a fairness request or the option to file a notice of objection, taxpayers were asked whether they believed these avenues of redress are fair. Nearly all said yes, while those who did not were simply unsure. Most participants said that knowing these options exist does not change their overall perception of the CRA, although a few felt it makes the Agency appear more equitable.

Most think it is easy to access tax-related information and easy to understand CRA information

Most taxpayers said it is easy to access tax-related information from the CRA and easy to understand that information. Where difficulties did arise, they tended to involve more complex tax situations, such as having multiple sources of income. Challenges in understanding CRA information were generally tied to lengthy text, the use of uncommon terms or expressions, and a lack of clarity about required documentation.

2.5.2 Representatives of small businesses

Various information resources used by small business owners

Representatives of small business identified a variety of information resources they have used in their capacity as decision-makers. These include definitions available in the corporation income tax section of CRA's website, the publication *T5 Guide – Return of Investment Income* for how to file a T5, information about rental properties and allowable deductions, topics under the section 'business income tax reporting' on CRA's website, the publication *General Information for GST/HST Registrants*, and CRA's website.

2.5.3 Tax intermediaries

Impressions concerning increased use of CRA redress programs

When asked why they think there has been an increase in taxpayers' use of CRA's redress programs, tax intermediaries suggested the following possible reasons:

- Taxpayers are being advised to file for redress as a precautionary measure, to secure the right to file if desired. It was noted that there are deadlines associated with this process and lack of a timely response from the CRA can result in losing the opportunity to file for redress. In short, people are using redress options to ensure that they have the right to use it if they want to.
- A hope or expectation that the Agency will be lenient and grant some type of relief. Related to this was the impression that people may be hearing from others that they were successful in using the redress options.
- Some taxpayers are more knowledgeable about their tax-related matters and therefore more likely to make use of such options.
- The ability to submit requests online, which, combined with peoples' increased competence using online services, makes the submission process relatively easy.

Intermediaries offered differing views on whether these avenues of redress make taxpayers feel heard by the CRA or increase trust. Some felt they do, while others felt they do not. Reasons for believing they do not make taxpayers feel heard or increase trust included:

- The possibility that requests may still be denied, leaving taxpayers feeling that the Agency is not listening to them.

- The perception that one reason for using the redress process is to counteract delays in CRA service, which may otherwise cause taxpayers to miss the window to file an appeal.

Limited knowledge among taxpayers about process of filing a Notice of Objection

Based on their experience, intermediaries believe that taxpayers know very little about the process of filing a Notice of Objection, including the different steps they are expected to go through and their responsibilities before they can file an objection.

Difficulties getting answers to complex questions linked to varying competence of agents

When asked how easy it is to get clear answers from CRA about complex client situations, tax intermediaries focused on interactions with agents. They noted that it can be difficult due to varying levels of competence among agents and the challenge of explaining a complex issue clearly to an agent. That said, they also emphasized that obtaining clear answers is easy when they reach a knowledgeable agent.

2.5.4 Representatives of small businesses and tax professionals

CRA resources described positively

Both representatives of small businesses and tax intermediaries tended to describe CRA resources positively. Representatives of small businesses described information resources as clear, well-written, detailed, comprehensive, and easy to understand. It was also noted that these resources include good examples and definitions as well as links to other useful information. For their part, tax intermediaries described CRA publications and technical information as well-written for experts like themselves.

On the critical side, some small business representatives noted that CRA information can be vague at times, that the language could be simplified to make it easier to understand, and that certain text feels dense or difficult to read. A few tax intermediaries also mentioned that they occasionally need to contact the CRA for clarification or additional precision.

Suggestions about what CRA could improve to encourage compliance included streamlining and simplifying the filing process and education in general to allow business representatives to plan properly and be more proactive than reactive in tax-related matters.

3. Compliance-related issues

This section reports on compliance-related issues. These issues were explored in 12 focus groups. Topics explored included tax compliance, transparency and enforcement, and the underground economy.

3.1 Tax compliance

‘Compliance’ mostly brings to mind meeting tax-related obligations

Among representatives of small businesses and tax intermediaries, the expression ‘compliance’, in the context of Canada’s tax system, usually brought to mind the need to meet tax-related obligations. This most often included general references to following the rules or complying with the law, but also specific references to making payments—for example, paying taxes, paying on time, paying one’s fair share, remitting sales tax. For some, the expression brought to mind the possible consequences of not doing so, including penalties and audits. Other things mentioned included consistency, coercion, and regulations, including the regulation of offshore activities and bitcoin.

Widespread impression that most people pay their fair share of taxes

There was a widespread impression among participants that most people pay their fair share of taxes.¹⁰ Among taxpayers, this was accompanied by an equally widespread view that a tax system based on voluntary compliance is fair.

As a follow-up, small business representatives and tax intermediaries were asked why they do or do not believe that the CRA’s underlying premise that most people will meet their tax obligations when given the opportunity and the right services is sound.¹¹ Reasons for viewing this as a sound approach included:

- the assumption that most people are honest
- the sense that there is no practical alternative
- the belief that this approach is preferable to more ‘punitive’ or ‘coercive’ approaches
- the view that people recognize the need to pay their fair share to fund programs and services that benefit them
- the fact that people need to file tax returns in order to receive benefits and credits.

While not questioning the premise that *most* people will meet their obligations, a small number drew attention to a sub-section of the population they believe are less likely to do so—specifically, wealthy individuals and large companies, who were seen as more inclined to avoid paying their full share. It was also suggested that although most people comply, more may consider non-compliance given the combination of high tax rates and rising living costs.

¹⁰ The formulation 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?*

¹¹ Taxpayers were not probed as to why they think that most people do or do not pay their fair share of taxes.

Examples of tax cheating include fraud by individuals and corporations

Examples of tax cheating identified by taxpayers included undeclared income or under-reporting of income (for example, tips, cash for work) and large corporations not paying their share of taxes.

Most taxpayers do not think that people regularly report suspected tax fraud

Most taxpayers felt that people do not regularly report individuals or businesses they suspect of tax fraud, while most of the remaining participants said they were unsure. Factors taxpayers would consider before deciding whether to report suspected fraud included:

- the severity of the fraud, with a focus on the amount of money involved
- the motives and circumstances of the perpetrator—for example, individuals dealing with the high cost of living or wealthy individuals and large corporations
- certainty that the anonymity of the reporter will be maintained.

Increased burden on others, fewer services – 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 and a reduction in public services and investments in public infrastructure. The only perceived impact was the CRA potentially devoting more attention and/or resources to ensuring compliance among ‘small players’ or ‘small fish’ rather than wealthy individuals and large corporations.

‘Avoidance’ more serious than ‘evasion’ for most business representatives and tax professionals

Most representatives of small businesses and tax intermediaries identified tax avoidance as a more serious or a bigger problem than tax evasion. Tax avoidance was described to the group as using loopholes in tax laws to pay less taxes, whereas tax evasion was described as people deliberately cheating on their taxes. Reasons given to explain why most often included the impression that tax avoidance is more widespread and involves larger amounts of money and, as a result, a greater loss of tax revenue. Other reasons for considering tax avoidance the bigger problem included:

- The view that tax evasion is enabled by loopholes that favour large corporations and wealthy individuals, which points to a lack of fairness in the tax system.
- The belief that the speed and efficiency of global money transfers make tax avoidance easy to carry out.
- The sense that it is a difficult problem for the CRA to manage because of its international dimension and the need for political will to address it.
- The perception that avoiding paying taxes is easier than to evading them.
- The belief that tax avoidance is harder to trace and monitor.

The impression tax evasion is the bigger problem was based almost entirely on the view that it represents a deliberate disregard of the law whereas tax avoidance is not illegal. Related to this, it was suggested that tax avoidance can be more easily addressed than tax evasion, specifically by making the use of tax loopholes illegal.

A few described tax evasion and tax avoidance as equally problematic, while a few others said they did not know or could not say.

CRA could do various things to help businesses learn about their tax obligations and support them

Representatives of small businesses and tax intermediaries were asked what role the CRA should play in helping businesses learn about meeting their tax obligations. In response, participants identified a variety of things with a focus on education and guidance, with a few participants suggesting that this would reduce reliance on tax professionals. This included the following:

- Offering easy to find and user-friendly online information resources related to the tax obligations of businesses. Aspects of user-friendliness included use of clear and simple language, examples, videos, AI chatbots, FAQs, and electronic links to additional information or resources.
- Providing more basic training to CRA agents to ensure that they provide correct and consistent information.
- Developing dedicated business services including,
 - mini courses and video tutorials
 - information resources tailored for new business owners or those starting a small business
 - dedicated phone lines and agents for businesses
 - dedicated phone lines for tax professionals.¹²
- Offering seminars, workshops and information sessions designed to keep clients up to date on changes to tax system.

Beyond the emphasis on education and guidance, participants identified several other supports that would be valuable to businesses: simplifying business reporting and filing requirements to speed up the filing process; providing more leeway around tax changes, for example, avoiding sudden changes or tight implementation timelines; and making it easier for tax professionals to register for the 'Represent a Client' service.

No awareness of CRA products/services to help businesses comply with their tax obligations

No representatives of small businesses and no tax professionals were aware of products or services offered by the CRA to help businesses comply with their tax obligations. The only thing mentioned was the CRA's Business Enquiries line.

Waiting for tax-related information – most common barriers to filing

Most taxpayers said that they file their own taxes, and all of them expressed confidence that their annual filing is correct. The main challenge or barrier to filing their tax return on time each year was waiting for tax-related information, such as slips. Other challenges or barriers included the following:

- paying for a tax professional to assist them
- difficulty finding a tax professional
- understanding eligibility criteria for credits
- problems accessing My Account
- problems with My Account passwords
- software changes at the CRA

¹² The CRA does offer such a service (i.e. the Dedicated Telephone Service or DTS) but the request for such a service suggests lack of awareness of it.

- limited understanding of taxes and tax filing.

Some taxpayers added that these types of challenges have an emotional impact during the tax-filing season, causing feelings of fear, stress, anxiety, and frustration. They also described a sense of relief once filing is complete.

When asked whether anything would make them feel proud, rather than simply relieved, after completing their taxes, most taxpayers could not identify anything. Among the few who did, the following were mentioned:

- finding an extra deduction
- a reward (for example, a financial bonus) or recognition for filing early or on time
- breakdown of where and how tax dollars are being spent
- a sense of having completed a duty of citizenship
- a feeling of having contributed to the common good.

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

Taxpayers identified a variety of things that would make it easier for them to meet their tax obligations, though none were identified frequently. This included automatic filing for all returns or basic returns, pre-filled forms with editable windows, reminders from the CRA to start preparing tax documents, information from the CRA on steps to take to file taxes, including checklists, and payment plan options and calculators.

Target specific groups and provide specific information in order to educate about tax compliance

When asked what two things the CRA should do this year to educate Canadians about tax compliance, taxpayers mentioned targeted outreach and education and providing specific types of information and resources. Specific audiences to target in terms of outreach and education included high school students, young Canadians, first-time tax filers, new Canadians and landed immigrants, and people living in rural and remote areas. Specific types of information and resources included:

- a guide on how to file taxes in simple, easy to understand language
- information on leniency measures, payment plans and payment options
- recent changes to tax laws and requirements
- a list of all benefits and credits available
- a reminder on the importance of filing taxes
- information on the penalties of non-compliance
- statistics on the proportion of taxpayers who file and pay their taxes on time.

In addition to targeting specific audiences and providing specific types of information, it was suggested that the CRA produce TV and social media ads reminding Canadians to file that include people talking about filing their returns.

Widespread support for options when it comes to paying taxes

When asked what options taxpayers should have when it comes to paying tax amounts owed to the CRA, taxpayers identified the following: payments plans including interest-free and deferred interest payments, options based on such factors as family situation and income, the possibility of

doing volunteer work to offset tax debt, and grace periods or deferrals for paying taxes owed to the CRA.

3.2 Transparency and enforcement

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

Opinions varied regarding the CRA's effectiveness in finding and addressing cases where people are not paying their fair share of taxes. However, participants were more likely to say that the Agency is not very effective in this area or that they do not know how effective it is. Representatives of small business were most likely to view the CRA as ineffective, while taxpayers were most likely to believe the Agency is effective.

The main reason for thinking the CRA is not very effective was the impression that the Agency does not pursue large corporations and wealthy individuals who take advantage of tax havens. Reasons for thinking this included seeing news stories about ongoing losses of tax revenues due to tax havens; a perception that the CRA lacks the resources needed to address the issue; a perceived lack of political will to close tax loopholes; and the impression that the CRA does not commit the necessary time and resources because of the effort involved, including the belief that large corporations have the resources to fight back.

Additional reasons for thinking that the CRA is not effective in this regard included the underground economy, personal knowledge or anecdotal evidence of people who cheat on their taxes and never get caught, and the impression that there are fraudulent CERB payments that still have not been recovered.

Reasons for thinking CRA is effective at finding and addressing instances of non-compliance included personal experience and anecdotal evidence, the impression that the CRA is very tenacious when it comes to ensuring compliance, and the existence of enforcement mechanisms like audits and reviews as ways to ensure compliance.

Opinions vary as to whether the CRA treats everyone equally in addressing non-compliance

Opinion also varied as to whether the CRA treats everyone equally when it comes to addressing non-compliance in meeting tax obligations, though participants were more likely to think that it does not. Taxpayers were most likely to think that the CRA treats everyone equally, while representatives of small businesses were most likely to think that it does not.

The impression that the CRA is not fair was based mainly on a widespread assumption that it tends to focus its enforcement activities on the 'small players' because compliance is more easily enforceable with this audience. This included the impression that wealthy individuals and corporations have the financial and legal resources to defend themselves if they are pursued by the CRA. There was also a sense among a few intermediaries, based on their own experience, that the CRA can differ in the way it deals with similar situations—that is, being more lenient in some cases and more rigid in others.

Reasons for believing that the CRA treats everyone fairly were based on the assumption that the Agency is impartial and applies the rule of law uniformly, the belief that its mandate requires it to

treat everyone equally, and the absence of any evidence to the contrary. A few participants qualified their views by saying they believe the CRA treats everyone equally once they are caught.

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

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 identified:

- information about the resources the CRA is devoting to this—for example, the number of auditors, the expertise of auditors
- transparency about the measures the Agency takes to recover funds
- the existence/creation of a special department that focuses specifically on this
- statistics on results of their efforts—for example, the number of ‘big fish’ caught, the amounts of money recovered, and the fines imposed
- exposing those taking advantage of offshore tax havens
- use of artificial intelligence to assist with identifying cases of non-compliance
- progress reports from the Auditor General
- large companies issuing public statements about CRA investigations¹³
- a steady, meaningful commitment to this issue rather than emphasizing isolated enforcement successes.

A few suggested that it is up to the Government of Canada to take the lead in this area by having the political will to bring in laws that limit or eliminate opportunities for non-compliance by wealthy individuals and corporations.

Most would review corrected returns, either as a precaution or due to doubts

Participants routinely said that if they received a notice from the CRA about a corrected tax return they would review it or have it reviewed by their accountant. But while the anticipated behaviour was similar, the reasoning informing it was not. In many cases this was characterized as a precautionary measure or an exercise of due diligence that had nothing to do with doubts about the CRA’s revision. However, in many other instances, it was based on doubts or questions about the correctness of the revision, often ascribed to past experience of errors on the part of the CRA.

Widespread lack of awareness whether CRA improves its enforcement approaches

Nearly all representatives of small businesses and tax 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. Those who felt that the Agency does improve its approaches ascribed this to an assumption that it does, to the CRA’s participation in international bodies dedicated to fighting fiscal fraud, and to hearing more about this in the media. The impression that this is not the case was based on the assumption that the CRA has limited resources to devote to this.

¹³ This suggestion was grounded in view that corporate responses about CRA investigations, whether declarations that they are being wrongly targeted or that they have complied with CRA’s requests for information, would be a sign that the CRA is doing something.

There was virtual unanimity among representatives of small businesses and tax intermediaries that 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.

Widespread 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 these audits. Asked if they know of types of interventions available to the CRA beyond audits, a small number of participants identified asset seizures, notification letters, and requests for documents. When it came specifically to benefits fraud, the general impression was that the CRA should be involved in the areas of detection, investigation, and prosecution, though a few felt that prosecution should be left to law enforcement agencies. Only a few taxpayers were aware of the tip line for reporting suspected benefit fraud.

Limited experience with compliance issues

Only a small number of representatives of small businesses and tax intermediaries said they have needed to contact or deal with the CRA for an issue of non-compliance (and nearly all of them were intermediaries). Those who have said they were satisfied with the process and the outcome, though it was observed that it took time.

When asked how the CRA could better support taxpayers in cases of non-compliance, the only suggestion offered was to provide more flexibility in the application of sanctions—for example, introducing different levels of penalties or a 'first offenders' program.

Only a few tax intermediaries recently supported a client being audited by the CRA. For the most part there was satisfaction with the process and the outcome, but it was noted that the process was lengthy and felt adversarial.

3.3 Underground economy

Widespread awareness of the underground economy

There was widespread awareness of the underground economy, and participants had no difficulty providing examples of activities associated with it¹⁴. These typically involved cash-based transactions but also included bartering (exchanging goods or services), 'under the table' activities, and failing to report tips as income. All of these activities were viewed as ways to avoid paying taxes.

Industries or sectors most often seen to be contributors to the underground economy among representatives of small businesses and tax intermediaries included construction, landscaping, general contracting, automotive repairs, personal care services, including esthetics, nails and hair, and hospitality, in particular, restaurants and night clubs. Other industries or sectors were mentioned less frequently and included house-cleaning services, the scrap metal industry, the seafood industry, babysitting and childcare services, and the cannabis sector.

¹⁴ Some participants were aware of the phenomenon despite not being familiar with the expression 'underground economy', and a few participants initially confused it with the black market, which refers to illegal business activities.

The reason most often given by small business representatives and tax intermediaries for why these industries are more prone to participating in the underground economy was the prevalence of cash-based transactions. Other contributing factors included the provision of services rather than products, operating on a small scale (for example, smaller dollar value or short-term transactions), and having greater ability to hide income due to being less subject to public scrutiny or detection.

Variety of factors viewed as contributing to the underground economy

Various factors were identified by taxpayers as contributing to participation in the underground economy in Canada. Factors identified most often related to economic hardship and the high cost of living. These included high taxes, limited disposable income, low salaries, and precarious employment. Other factors were mentioned less frequently and included the perception that it is a victimless crime because it helps people in the community or supports the local economy; the belief that participants will not get caught; a lack of awareness about the consequences of getting caught; a lack of ethics or civic responsibility; the opportunity and ease of participating in such activities; and the influence of social media.

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 economic hardship and the high cost of living and related factors such as the growth in part-time employment, high taxes, and a search for additional sources of income to make ends meet. Other reasons for believing it has grown were mentioned less frequently and included the impression that participating in the underground economy has become more socially acceptable, as well as increased use of seasonal or temporary foreign workers whose employment is not always recorded or reported.

Those who believe that the underground economy has shrunk pointed to a general decline in cash-based transactions and the impression that there has been a crackdown on it in the hospitality sector.

Most assume those who take part in the underground economy will not get caught

Most participants felt it is unlikely that people who participate in the underground economy will be caught by the CRA. Reasons included the difficulty of detecting and tracking such activities; the impression that the CRA does not devote sufficient attention or resources to enforcement; the perception that underground activity is increasing; the belief that such behaviour is unlikely to be reported; and personal or anecdotal evidence suggesting that individuals engaged in these activities are rarely caught.

The few participants who believed it is likely that people involved in the underground economy will be caught based this on the impression that improved data analysis has made such activities easier to detect and on anecdotal evidence that the CRA has been cracking down on these practices in the hospitality sector.

Reducing participation in underground economy is not a CRA priority according to most small business representatives and tax intermediaries

As a follow-up to this, representatives of small businesses and tax intermediaries were asked if they think that reducing participation in the underground economy is a priority for the CRA. Most said that they do not. Reasons included the impression that the Agency lacks the resources to focus on this issue, the belief that the tax revenue potentially recovered is not worth the level of investment required, and the sense that it is very difficult to prove involvement in the underground economy.

Those who believed it is a priority pointed to the perception that significant amounts of taxable income are lost through underground activity, as well as news reports indicating that the CRA is making this an area of focus.

Suggestions on how CRA can deal effectively with underground economy

The following were identified as things that the CRA can do to effectively deal with the underground economy, none was identified with any frequency:

- use technology, including AI to detect involvement
- report publicly on enforcement outcomes
- educate people on the issue (e.g., amount of tax revenue lost, penalties)
- target the main sectors for audits
- publish the names of companies found guilty of involvement
- devote more resources to the problem
- require mandatory receipting/billing for all transactions
- follow/monitor social media accounts.

A few representatives of small businesses and tax intermediaries felt that focusing on the underground economy is a misplaced priority for the Agency and that it should be focusing on tax avoidance through the use of offshore tax havens.

4. Use of artificial intelligence

This section reports on the use of artificial intelligence (AI) by the CRA. This topic was explored with participants in both the service and compliance groups. Prior to exploring this theme with participants in service groups, they were asked about their familiarity with AI tools and technologies. In the case of representatives of small businesses and tax intermediaries this included querying their use of AI for business-related purposes.

4.1 Familiarity with and use of AI

Participants tend to describe themselves as at least somewhat familiar with AI

Participants in the service groups were asked to describe their level of familiarity with AI tools and technologies. Across all three audiences, participants were more likely to describe themselves as 'somewhat familiar' with AI tools and technologies than either 'very' or 'not very' familiar with them.

Businesses use AI in various ways with overall experience described positively

Use of AI for business-related purposes is relatively widespread among small business representatives and tax intermediaries. Small businesses are using AI to assist with the following types of things:

- drafting letters/correspondence
- drawing up contracts
- developing product descriptions
- advertising/marketing and market-related research
- generating ideas/strategic planning
- developing business scenarios
- improving performance
- accounting
- summarizing information
- exploring funding possibilities
- scheduling and ordering from suppliers
- checking/reviewing employees' work
- vetting potential employees, such as resume screening.

For their part, tax intermediaries are using AI to assist with drafting correspondence, general research and tax-related research, running balance sheet analysis, and for producing cash flow scenarios.

Users of AI for business-related reasons described their experience so far as positive, routinely emphasizing that AI has been very helpful and that it saves time. Some qualified their positive impressions by noting that they always or routinely verify what is generated through AI.

A few representatives of small businesses and tax intermediaries who are not currently using AI said they are not planning to do so in the future. Reasons included lack of need, and in the case of a few representatives of small businesses, AI not being useful or appropriate for their line of business.

Speed/time saving – Main perceived benefit of using AI

The most frequently identified advantage of using AI for business purposes was its speed and the time it saves. Other benefits included improving the quality of writing, helping users think through business issues and generate new ideas, providing comprehensive input by drawing on a wide range of sources, simplifying information and processes, and synthesizing large amounts of information.

Ability to trust information/data – Main perceived risk of using AI

The most frequently perceived risk of using AI for business-related purposes was the ability to trust the information or data generated by it because it can potentially be false, partial, imprecise, or biased. With this in mind, it was occasionally noted that the information generated through AI is only as good as the parameters that are used to set or program it. A few representatives of small businesses added that use of untrustworthy AI-generated information could potentially adversely affect a company's reputation and the trust of clients. Additional risks of using AI for business purposes included potential security risks (for example, placing confidential information into the AI universe) and potential legal risks (for example, accusations of plagiarism or intellectual property violations).

Business representatives not comfortable relying on AI for important business decisions

While small business representatives use AI in a variety of ways and believe it can support their operations, they are generally not comfortable relying on it to make important decisions that affect their companies. In other words, they leverage AI as a tool to help manage their businesses, but they do not rely on it uncritically. This highlights the main perceived risk of using AI for business purposes—that is, concerns about the reliability and trustworthiness of the information or outputs it generates.

4.2 Use of artificial intelligence by the CRA

Overview of findings

Participants' reactions to the CRA's use of AI, whether for service delivery or risk assessment, were consistent across focus groups and audiences in two main ways. First, the range of reactions was similar, spanning opposition, skepticism, and hesitation, through cautious or qualified acceptance, to endorsement or resignation. Second, the types of issues raised about the CRA's use of AI were also consistent. The key issues included:

- Concerns about the use of AI, most commonly related to the removal of human judgment, the quality and reliability of AI-generated information and outputs, and risks to privacy and security.
- Expectations for how AI should be implemented by the CRA, including maintaining human oversight, ensuring systems are developed internally by the CRA, fostering transparency about how AI is used, and adopting an incremental approach to implementation.

The contexts in which these issues emerged are described below.

Range of reactions to CRA using AI

Participants' initial reactions to the use of AI by the CRA, whether to assist in service delivery or to help assess risk and prioritize files for human review, tended to be similar across focus groups and audiences. Reactions routinely took the following forms.

- **Opposition:** A small number of participants reacted negatively to the idea of the CRA using AI to the point of opposing it outright based on a variety of concerns, which are discussed below: [Various concerns about the use of AI by CRA](#). This included a few participants who described themselves as very familiar with AI tools and technologies.
- **Scepticism/hesitation/apprehension:** A number of participants expressed some degree of scepticism, hesitation, or apprehension about the CRA using AI. They expressed concerns similar to those opposed to the use of AI by the Agency, but they wanted more information and details about the use of AI before pronouncing themselves in favour of it. A few of these participants observed that the CRA could improve existing digital services before launching into the use of AI.
- **Cautious/qualified acceptance:** Some participants tended to be open and receptive to the use of AI by the CRA provided certain conditions regulating its implementation and use are in place, which are discussed below: [Four 'guard rails' described as important in CRA's leveraging of AI](#). Like the participants described above, these see problems with the use of AI, but they tend to be seen as problems with a solution.
- **Endorsement:** A small number of participants tended to react positively to the idea of the CRA using AI, with a focus on its potential advantages and benefits, which is discussed below: [Potential benefits of AI](#).
- **Resignation:** A few participants reacted with a certain degree of resignation to the idea of the CRA using AI, observing that the use of AI is inevitable and that it is already being used by the Government of Canada. Regarding this point, no representatives of small businesses or intermediaries recalled personally having an experience where they suspected or knew AI was being used by the CRA.

Various concerns about use of AI by CRA

Participants routinely expressed concerns, apprehensions, or hesitation regarding the use of AI by the CRA in relation to service delivery and risk assessment. These concerns were expressed both as top-of-mind reactions to AI, as well as when participants were asked about specific concerns or risks linked to the use of AI. This included:

- **Concerns about the displacement or replacement of human decision-making,** specifically lack of human oversight and judgment in service delivery and compliance-related matters. Even in situations where AI is designed to support (not replace) human judgement, the following concerns were raised: 'what guarantee is there that human judgment is actually involved?', and even if human judgment is involved, 'what guarantee is there that it will not gradually rely more and more on AI, to the point of deferring to it completely?'. With that in mind, some participants expressed concerns that using AI to assist or support decision-making could be the first step toward replacing human decision-making altogether.
- **Concerns about the quality of information and outputs.** Attention was drawn to the fact that AI systems include potential biases and make mistakes (i.e., hallucinations), with some adding that this leads them to distrust it. Some participants observed that these tendencies towards biases

and errors can have serious implications and consequences if AI is used in tax-related matters, particularly when it comes to compliance-related matters. This led some participants to emphasize caution in its adoption, noting that AI is still in its developmental phase and that more testing and experimentation needs to be conducted in order to improve it.

- Security-related concerns, including concerns about the safety of information and privacy issues. This led to questions about who would develop the AI technology, and what would be done with the data collected.

Concerns identified less often:

- Ethical issues, including loss of jobs at the Agency, the environmental impact of AI, and the influence of corporate interests in the development of AI.
- Potential problems implementing an AI system, based on the perception that CRA has had difficulties in the past implementing technology.

Concerns about fairness routinely linked to concerns about biases in AI systems

Concerns about potential biases were especially evident when participants were asked whether the use of AI in risk assessment raises fairness concerns. In response, many said they were worried that biases embedded in the AI system or its training data would adversely affect or target certain sub-groups, including marginalized groups, people in the lower socio-economic strata, and individuals involved in minor tax compliance infractions (as opposed to ‘big fish’). Additional concerns linked to biases, but mentioned less frequently, included:

- Concerns that CRA agents may rely solely on AI-generated risk assessments rather than reviewing them, which could reinforce or amplify existing biases.
- Concern that built-in biases will result in a series of prejudicial decisions—for example, if an individual’s or business’s return gets flagged for review or audit one year and they continue to file in a similar way each year, will they get flagged repeatedly?

It should also be noted that some participants who said that the use of AI in risk assessment does not raise concerns about fairness based this on the assumption that the assessment would be reviewed by a human being in order to make sure that there was no bias.

Concern about potential biases recurred when these same participants were asked if use of AI could make the tax system feel more or less fair for taxpayers. Among those who felt it could make it seem less fair the most frequently given reason was apprehensions about programming biases—that is, the impression that what comes out depends on what goes in.

Potential benefits of AI

Despite the concerns identified above, participants had no difficulty identifying potential benefits of the CRA using AI. Perceived benefits were identified most often when participants were asked about this specifically, but also, occasionally, when expressing top-of-mind reactions to the use of AI. The most frequently identified benefit associated with the use of AI was the increased speed of information and processing. Other perceived advantages or benefits included:

- Service delivery: Triaging of call centre enquiries, including the use of chatbots, and scheduling callback appointments with agents.

- Communications and information: Examples include producing communications materials, answering basic tax-related questions, providing information and assistance tailored to businesses, and identifying deductions and benefits people might qualify for.
- Compliance and enforcement: Identifying and catching people who cheat on their taxes and dissuading fraud.
- Digital tools to, for example, generate tax scenarios, determine tax filing readiness, and analyse filings over time.
- Improved accuracy of information provided to taxpayers.

Two general benefits occasionally associated with the use of AI were cost savings and the provision of more client-focused service based on the assumption that AI would free up agents by handling requests for more generic information.

Four ‘guard rails’ described as important in CRA’s leveraging of AI

In discussing the CRA’s use of AI, whether in the context of service delivery or assessing risk, participants consistently emphasized the importance of four factors (occasionally referred to as ‘guard rails’):

- human judgment and oversight
- internally developed system
- transparency
- an incremental approach to implementation.

Human judgment and oversight

One of the main concerns about the use of AI by the CRA was the displacement or replacement of human decision-making by artificial intelligence. This was underscored when participants were asked specifically about the importance of using AI to support rather than to replace human judgment. There was a virtual consensus that AI should never replace human judgment. Confidence that human judgment will be involved in AI decision-making was routinely identified as a factor contributing to trust in an AI system at the CRA.

Internally developed system

With one exception, participants were not explicitly asked about the importance of an internally developed AI system¹⁵. However, participants routinely assigned importance to an internally designed and maintained AI system as a way to address two of the main concerns about the use of AI: concern about the accuracy of information resulting from AI biases and hallucinations, and concern about security. More specifically, an internally developed AI system was identified as a way to ...

- build trust in how AI is being used, including trust in the information it provides and trust that personal information will be protected
- hold the CRA responsible and accountable for AI-generated information and data
- influence/encourage taxpayers to use an AI tool to help prepare their taxes.

¹⁵ Taxpayers exploring issues related to service were asked if they would be more likely to trust an AI tool developed by the CRA compared to commercial AI tools already available.

Asked specifically if they would be more likely to trust an AI tool developed by the CRA compared to commercial AI tools already available, taxpayers exploring service-related issues were virtually unanimous that they would. Taxpayers also most often identified the CRA as a valid source of tax information.

Transparency

Participants discussing the use of AI to in the context of assessing risk were unanimous about the importance of transparency in how AI decides which files should be prioritized for auditors. But transparency was also an issue of importance to participants in general, with a focus on the following: how and by whom AI is developed and trained, its security features, and how information is managed—for example, how it is used, how it is stored, who has access to it. In addition:

- Transparency was identified by some taxpayers and representatives of small businesses as a key factor in building trust in the CRA's use of AI.
- Some intermediaries discussing the use of AI in the context of assessing risk suggested that many taxpayers might be displeased or distressed if they learned that AI had been used to flag their file for review without the CRA having been transparent about it.
- Some taxpayers identified transparency as an important factor in determining their level of comfort getting tax information from an AI tool, as well as a factor that would influence whether they would use an AI tool to help prepare their taxes.

Incremental approach to implementation

Because of concerns about AI, a number of participants suggested that the CRA adopt an incremental approach to its adoption, with a focus on pilot projects and progressive implementation. More specifically, this kind of approach was identified by some participants as a way to build trust in information provided by a CRA-developed AI tool.

Support for leveraging of AI, but focus on fairness elicits mixed response

Participants in groups where the focus was using AI to assist in service delivery were asked if they thought it was a good or bad idea for the CRA to leverage AI. Most said it was a good idea, though they often identified one or more of the '[guard rails](#)' as a condition for their support. Moreover, among participants who remained undecided about the CRA's use of AI or who thought it is a bad idea (mainly due to mistrust of AI), one or more of these same factors tended to be identified as things the CRA could do to reassure them that its use of AI would be responsible and trustworthy.

Reasons they thought leveraging AI was a good idea included the following benefits: the speed of processing, the quality of information, the uniformity of information, the speed with which information can be found freeing-up agents to deal with complex issues, and its potential as an educational tool, for example, helping people learn about taxes and rely less on experts.

For their part, participants in groups where the focus was on the use of AI to assist with compliance were asked if they thought AI could make the system feel more or less fair for taxpayers. Responses were mixed, though most either said 'less fair' or that they did not know. As noted above when discussing [concerns about fairness](#), those who felt that the use of AI could make the system seem less fair most often identified apprehensions about biases. Other reasons included concerns about

potential errors and that the use of AI will further the impression of the CRA as a faceless, impersonal bureaucratic entity that does not consider individual circumstances.

Reasons for thinking that use of AI could make the system feel fairer included the following: standardization of information provided (for example, no differences in service depending on the Agent providing it, no differences in decision-making based on the reviewer), the ability to hold the CRA accountable for errors on the assumption that AI-generated information is based on CRA sources and programming, a greater ability to detect fraud resulting in more people paying their fair share of taxes, and the ability to program AI based on real and accurate tax-related data.

Appendix

1. Technical specifications

- 24 online focus groups were conducted across the country between September 29 and October 21, 2025, as follows:

Location	Audience	Guide Focus	Language
Atlantic	Taxpayers	Group 1: Service	English
Atlantic	Taxpayers	Group 2: Compliance	English
Quebec	Taxpayers	Group 3: Compliance	French
Quebec	Taxpayers	Group 4: Service	French
Ontario	Taxpayers	Group 5: Service	English
Ontario	Taxpayers	Group 6: Compliance	English
West	Taxpayers	Group 7: Compliance	English
West	Taxpayers	Group 8: Service	English
Territories/Rural	Taxpayers	Group 9: Service	English
Territories/Rural	Taxpayers	Group 10: Compliance	English
Atlantic	Small Business	Group 11: Compliance	English
Atlantic	Intermediaries	Group 12: Service	English
Quebec	Small Business	Group 13: Service	French
Quebec	Small Business	Group 14: Compliance	French
West	Intermediaries	Group 15: Compliance	English
West	Small Business	Group 16: Service	English
Quebec	Intermediaries	Group 17: Service	French
Quebec	Intermediaries	Group 18: Compliance	French
Ontario	Small Business	Group 19: Compliance	English
Ontario	Small Business	Group 20: Service	English
Ontario	Intermediaries	Group 21: Service	English
Ontario	Intermediaries	Group 22: Compliance	English
Territories/Rural	Small Business	Group 23: Compliance	English
Territories/Rural	Small Business	Group 24: Service	English

- 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 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.
 - In addition to its panel, CRC used social media postings to support its recruitment of tax intermediaries. Tax intermediaries across the country were harder to recruit this year than in previous years.

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- CRA's engagement team provided additional support by promoting the study with its stakeholder network. They sent emails to key CRA stakeholder organizations asking the organizations to share information about the study with their memberships. Interested tax professionals were invited to complete a short online screening form to determine their eligibility.
- Two additional groups were planned with tax intermediaries from the Territories or a rural area of the country. These groups were cancelled at the mid-point of recruitment because the recruiting team was not successful, despite their efforts.
- In total, 167 individuals participated in the research: 66 taxpayers, 58 decision-makers of small businesses, and 43 tax intermediaries.
- Ten focus groups were conducted with taxpayers, eight focus groups with representatives of small businesses, and six with tax intermediaries.
- 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.
- Eight participants were recruited for six to eight to attend.
- Participants were paid an honorarium. The honoraria differed by target audience:
 - Taxpayers: \$125
 - Small businesses: \$275
 - Tax intermediaries: \$225.
- All sessions were conducted using Zoom Webinar and recorded. Participants were informed of this during recruitment and reminded of the recording by the moderator in advance of the discussion.
- The following measures were in place to deal with issues of consent:
 - At the time of recruitment, potential participants were informed of the following: that the sessions will be audio and video-recorded, transcribed via the platform’s transcription tool, and observed by members of the client team. In addition, the role of observers, which is to observe but not participate, and the reason for observing, which is to oversee the research process and hear opinions 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, which is for report writing purposes, and 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 will be shared with the Government of Canada.
 - 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 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'. Qualitative techniques are used in public opinion research as a means of developing insight and direction, rather than collecting quantitatively precise data. As such, the results are directional only and cannot be projected to the overall population under study.

2. Research instruments

2.1 Recruitment screeners

2.1.1 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?

[RECRUITER NOTE: FOR ENGLISH GROUPS, IF THE INDIVIDUAL WOULD PREFER TO CONTINUE IN FRENCH, PLEASE CONTINUE IN FRENCH AND RECRUIT FOR THE FRENCH GROUPS IF THE TIME ZONE IS ACCEPTABLE. FOR THE FRENCH GROUPS, IF THE INDIVIDUAL WOULD PREFER TO CONTINUE IN ENGLISH, PLEASE CONTINUE IN ENGLISH AND RECRUIT FOR AN OPEN ENGLISH GROUP IF THE TIME ZONE IS ACCEPTABLE.]

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 1 YEAR, SAY: "Thank you, but you need to have lived in Canada for at least one year to take part in this research." IF UNSURE/THEY SAY SINCE 2024, ASK: "What month did you begin living in Canada?" IF IT'S SEPTEMBER OR LATER, SAY: "Thank you, but you need to have lived in Canada for at least one full year 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 AUGUST 2024 OR EARLIER.

Information

As I mentioned, we're randomly recruiting Canadians to take part in an online discussion group. The format is a "round table" discussion with up to eight people led by a research professional from Phoenix Strategic Perspectives. The group will take place in the evening, and it will last 2 hours. People who take part will receive an honorarium of \$125 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. 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: 20250718-PH295.

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
- 02. Permanent resident
- 03. No [THANK AND TERMINATE]
- 04. Prefer not to say [THANK AND TERMINATE]

SCR3. 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]

SCR4. 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 9 and 10]
- 10. Nova Scotia
- 11. Nunavut [ELIGIBLE FOR GROUPS 9 and 10]
- 12. Prince Edward Island

- 13. Yukon Territory [ELIGIBLE FOR GROUPS 9 and 10]
- 14. Prefer not to say [THANK AND TERMINATE]

SCR5. What are the first three digits of your postal code?

- 01. A rural postal code, A0A [ELIGIBLE FOR GROUPS 9 and 10]
- 02. Not a rural post code, A1A
- 03. Prefer not to say [THANK AND TERMINATE]

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]

SCR6. 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]

SCR7. 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]

SCR8. 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 **[2,3,6,7,10]**

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 **[1,4,5,8,9]**

All qualify

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 2024? 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 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 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 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 focus group on **(DATE @ TIME)**? It will last 2 hours and you will receive an honorarium of \$125 for your time.

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

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 at least 5 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.

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?

Thank you very much for your assistance!

2.1.2 Small businesses and tax intermediaries

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 in 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 online 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

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cash honorarium of [TAX INTERMEDIARIES: \$225 / SMALL BUSINESSES: \$275] to thank them for their time.

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

01. Yes [CONTINUE]

02. 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 [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. 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:

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: 20250718-PH295.

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?

- 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 23, 24, 25, 26]
10. Nova Scotia
11. Nunavut [ELIGIBLE FOR GROUPS 23, 24, 25, 26]
12. Prince Edward Island
13. Yukon Territory [ELIGIBLE FOR GROUPS 23, 24, 25, 26]
14. Prefer not to say [THANK AND TERMINATE]

SCR8. What are the first three digits of your business's postal code?

01. A rural postal code, A0A [ELIGIBLE FOR GROUPS 23, 24, 25, 26]
02. Not a rural postal code, A1A
03. Prefer not to say [THANK AND TERMINATE]

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]

SCR9. 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]

SCR10. 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]

SCR11. 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]

Participant mix

[Small Business Compliance Groups Only – 11, 14, 19, 23]

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 to discuss whether there are any additional questions to ask the group. Do you agree to having Government of Canada employees observe the session?

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

CON5. We will provide the focus group moderator 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 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 [SMALL BUSINESSES: \$275 / TAX INTERMEDIARIES: \$225 for your time.

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

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 at least 5 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.

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?

Thank you very much for your assistance!

2.2 Stakeholder recruitment message



English version — La version française suit

Your association or organization has been identified as a key stakeholder of the Canada Revenue Agency (CRA). We hope you will share the following information with your membership.

Online focus groups for tax intermediaries

We want your input! Phoenix Strategic Perspectives, a Canadian public opinion research firm, is conducting a series of online focus groups on behalf of the Canada Revenue Agency.

You will be asked to take part in a **two-hour, online focus group** in **October**. To thank you for your time and valuable input, you will receive a **\$225 cash incentive** after participating.

It takes only a couple of minutes to see if you qualify for a focus group. Just fill out this short screening form: [Insert Link].

If you qualify, you will be able to share your views and experiences. Your name and personal details will **not** be shared with the CRA. The CRA will not know who filled out the form or who took part in the focus group. What you say in the focus group will be kept anonymous.

Thank you for considering this invitation.

This research study is being conducted by Phoenix Strategic Perspectives on behalf of the Canada Revenue Agency. The purpose is to gather feedback about the CRA's service delivery and compliance-related issues. To verify the legitimacy of this study:

1. Go to [CRIC Research Verification Service](#) and enter this project number: 20250718-PH295.
2. Go to [Public opinion research](#) to view the CRA's current public opinion research projects, including this one: Annual Corporate Research.



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

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If you do not want to receive emails from “CRA/ARC Stakeholders – Intervenants”, please reply to this email and type "Unsubscribe" in the subject line.

2.3 Moderator's guides

2.3.1 Taxpayers – Service

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 QUEBEC 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 [25 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.

1. 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.

2. 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.
3. 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.

4. 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]
5. Regardless of how you feel towards the CRA, what, if anything, does the CRA do well?
6. Considering what you know about the CRA, do you believe the Agency administers the tax system consistently and fairly? If not, why?
7. [IF TIMELINESS HAS BEEN MENTIONED, ADD PREAMBLE AS APPROPRIATE: Some of you have brought up response times/delays/timeliness.] Thinking about your interactions with the CRA over the last few years, have there been times when the Agency's response was slower than you expected? IF YES: How did that make you feel about the interaction? DON'T PROBE; WANT TOP-OF-MIND RESPONSES ONLY.
8. Do you think timeliness influences whether you see CRA as fair? Why or why not?
 - a) If CRA delivers service in a timely manner, are you more likely to see their processes as fair?
 - b) If response times are slow, are you less likely to see their processes as fair, even if the outcome is reasonable?
9. How trustworthy do you consider the CRA? Why is that?
10. When you receive information from the CRA, do you trust that it's correct? Do you [ROTATE ORDER: trust it by default or question its accuracy]?
11. What information or actions by the CRA would strengthen your trust in the Agency?
12. In the past few years, has the rise of identity fraud, scams, or misinformation influenced how much you trust the CRA? If so, how?
13. What could the CRA do to reassure you or build greater confidence in the face of scams and misinformation?

Service Segment: 90 minutes

Income Tax Filing [5 minutes]

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

14. 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.
15. [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?
16. For those who do your own taxes, do you typically encounter any challenges or difficulties when trying to complete your return?

Online Services [10 minutes]

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

17. To start, how do you typically contact the CRA?
 - PROBE: Do you usually look to see what you can do yourself online first, or do you prefer to just call right away? Why?
18. Given the choice, what would be your preferred way to interact with the CRA? Why is that? Do you think this will change in the next few years?
19. Thinking about your dealings with the CRA, what kinds of tasks or services would you feel comfortable doing yourself online? Why is that?
20. 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.

21. 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?

Service Experiences [25 minutes]

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

22. Over the last few years, has anyone needed to contact or deal with the CRA, for any reason other than filing your tax return?
23. 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.
24. 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.
25. Are you confident a problem will be solved when dealing with the CRA? Why or why not?
26. 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...

27. How would you describe your overall experience ... did it meet, exceed, or fall short of your expectations ...and why?
- PROBE FOR REASONS WHY.
28. 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.
29. Following your interactions, did you feel more confident with what you had to do or with the information you were provided?
30. If you were dealing with the CRA about a problem, how confident were you that the problem would be solved?
31. Do you get the impression that CRA's client service focus is improving, declining, or remaining about the same?
32. 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?

33. 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?
34. The CRA, like other departments and agencies, is being asked to reduce its spending. In what ways do you think the service you receive from the CRA will be affected by spending reductions?
- PROBE: Do you think timeliness of service will be impacted? In what ways?
35. What aspects of service would you expect to stay the same, even if budgets are reduced?

Protection of Personal Information [15 minutes]

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

36. Do you believe that your personal information is safe with the CRA? IF DOUBT IS RAISED: What concerns or questions do you have?
37. Have your feelings about this shifted over the years? Why or why not?
38. Are you aware of any measures or safeguards used by the CRA to keep taxpayer information safe?
- PROMPT IF NEEDED: multi-factor authentication, account alerts [email notifications]).
39. [IF NEEDED: Multi-factor authentication, or MFA, is mandatory for those who wish to use a CRA account.] How do you feel about the requirement to use MFA to use CRA's online services?
- PROBE: Does the added security justify the extra effort needed to log in?
40. What hesitations, if any, do you have about using MFA?
41. 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?
42. 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?

Other Issues [15 minutes]

Changing topics,

43. Are you aware of any options for taxpayers when they have an issue with the CRA, for example they disagree with CRA's assessment of taxes owing, or they're facing difficulties paying taxes, penalties or interest owed to the CRA? [HAND COUNT] Tell us what you've heard about.

[ADJUST BASED ON FEEDBACK TO PREVIOUS QUESTION] There are recourse options or avenues for resolution. Taxpayers can file an objection or a fairness request. You file a Notice of Objection when

you have reason to challenge an assessment, reassessment, or certain decisions made by the CRA. You file a fairness request when you need relief from tax-related penalties or interest because of extraordinary situations like illness or financial hardship.

44. Do you think these avenues of redress are fair? Does the fact that these options are available to taxpayers change your perceptions of the CRA in any way?
- PROBE: Increase views that CRA is fair? Increase trust in the CRA?

Now I'd like to discuss tax-related information CRA makes available to help taxpayers meet their tax obligations.

45. How easy is it to access the information required from the CRA to do things like filing your tax return, paying taxes owed, or verifying benefits or credits? Why is it not easy?
46. How easy is it to understand CRA's information?
- PROMPT IF NEEDED: Notices of Assessments, topic-specific guides (e.g., on employment expenses, business expenses, GST/HST, etc.), interpretation bulletins and folios, CRA's website information for individuals, etc.

Artificial Intelligence and Modernization [20 minutes]

The last thing I'd like to talk about is Artificial Intelligence or AI.

47. To start, how familiar are you with using AI tools or technologies? Would you say you're very familiar, somewhat familiar, or not very familiar?
48. How comfortable would you be getting tax information from an AI tool and why?
- PROBE: How do you distinguish trusted information sources for things like tax information?
49. What factors would influence whether you would use an AI tool to help prepare your taxes?
50. As part of its efforts to be an efficient and responsive organization, the CRA adopts modern processes and new technologies. How could AI be used by the CRA to make its operations more efficient? WAIT FOR TOP-OF-MIND RESPONSES AND THEN PROMPT: What about to catch tax cheats, deliver services to Canadians, improve operations?
51. Ideally, how should the CRA balance the use of AI with human judgment when delivering services to Canadians?
- PROBE: What's the appropriate balance between the use of AI and human decision-making?

ROTATE ORDER OF Q52/Q53

52. Are there particular risks you worry about, or concerns you have, if the CRA were to use AI?
- PROMPT IF NEEDED: privacy, errors, bias, lack of human judgment.

53. What benefits do you see in the CRA using AI? PROMPT IF NEEDED: quality and speed of information and processing, ensures fairness/reduces bias, accuracy, innovation, reduced costs.
54. If the CRA developed an AI tool to help with tax preparation, what would make you trust the information it provides? Is there anything that would make you question the information? Why is that?
55. Would you be more likely to trust an AI tool developed by the CRA compared to commercial AI tools already available? Why is that?
56. 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.
57. For those who think it's a bad idea, or who are undecided, is there anything the CRA could do to reassure you that its use of AI would be responsible and trustworthy?

Conclusion

We are now at the end of the discussion. 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.

MODERATOR:

- Remind participants that their incentive payment will be e-transferred by the recruiter
- IF ASKED: Incentive may be taxable income; they'll need to confirm on the CRA's website.

2.3.2 Taxpayers – Compliance

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 QUEBEC 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 [25 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.

1. 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.

2. 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.

3. 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.

4. 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]
5. Regardless of how you feel towards the CRA, what, if anything, does the CRA do well?
6. Considering what you know about the CRA, do you believe the Agency administers the tax system consistently and fairly? If not, why?
7. [IF TIMELINESS HAS BEEN MENTIONED, ADD PREAMBLE AS APPROPRIATE: Some of you have brought up response times/delays/timeliness.] Thinking about your interactions with the CRA over the last few years, have there been times when the Agency's response was slower than you expected? IF YES: How did that make you feel about the interaction? DON'T PROBE; WANT TOP-OF-MIND RESPONSES ONLY.
8. Do you think timeliness influences whether you see CRA as fair? Why or why not?
 - If CRA delivers service in a timely manner, are you more likely to see their processes as fair?
 - If response times are slow, are you less likely to see their processes as fair, even if the outcome is reasonable?
9. How trustworthy do you consider the CRA? Why is that?
10. When you receive information from the CRA, do you trust that it's correct? Do you [ROTATE ORDER: trust it by default or question its accuracy]?
11. What information or actions by the CRA would strengthen your trust in the Agency?
12. In the past few years, has the rise of identity fraud, scams, or misinformation influenced how much you trust the CRA? If so, how?
13. What could the CRA do to reassure you or build greater confidence in the face of scams and misinformation?

Compliance Segment: 90 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 [25 minutes]

14. 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]
 - Is it fair for a system to be structured in a way where people are expected to voluntarily comply?
15. Can anyone provide an example of tax cheating? Any others?
16. What impact, if any, does people not following tax rules and not paying their fair share of taxes have on the country / you personally?
17. 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?
18. Thinking about your tax situation:
 - Who files their own taxes? [HAND COUNT] For everyone, how confident are you that your annual tax filing is correct? LET EVERYONE RESPOND, BUT FOCUS ON THOSE ON WHO FILE THEIR OWN TAXES.
 - Are there any challenges or barriers to filing your tax return on time each year? If so, what? IF NOT MENTIONED:
 - ⇒ What about financial considerations? Are they a barrier to compliance?
 - ⇒ What about emotional impacts? LISTEN FOR DIFFERENCES BY STAGE: PRE-FILING, FILING, ASSESSMENT PERIOD, POST-FILING.
 - 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 the following be helpful...?
 - ⇒ reminders from the CRA to start preparing your tax documents?
 - ⇒ annual information on the steps you need to take to file your taxes?
 - ⇒ payment-plan options; calculators for "what if I can't pay"?
 - Is there anything that would make you feel proud of completing your taxes and not just relieved?
19. If the CRA could do only two things this year to educate Canadians about tax compliance, what should they be?

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20. 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, the person's financial situation or whether this is an outstanding debt?
21. The CRA tailors its approach to the circumstances of individuals. 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 [30 minutes]

22. 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.
23. Do you believe that the CRA treats everyone fairly when it comes to addressing non-compliance in meeting tax obligations? Why/why not?
24. 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?
25. 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,

26. 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.
27. How much do you know about the audits conducted by the CRA? PROBE TO SEE IF LACK OF KNOWLEDGE DRIVES FEAR IN ANY WAY.
28. CRA enforcement does not automatically start with audits. Does anyone know what other types of interventions are available to the CRA when it comes to enforcement?
 - PROBES: notices and reminder (e.g., instalment reminders), processing reviews (e.g., requests for supporting documents), 'demand to file' letters, assisted compliance)

As I mentioned at the beginning of the evening, the CRA is also responsible for delivering benefits to eligible Canadians.

29. What should the CRA's role be when it comes to benefits fraud? PROMPTS IF NEEDED: detecting it, investigating it, prosecuting? Is anyone aware of the tip line for reporting suspected benefits fraud? [HAND COUNT]

Underground Economy and Tax Evasion [15 minutes] ¹⁶

Let's move on to another issue.

30. 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.

31. 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 ...

32. 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?

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

Use of AI for Risk Assessments [20 minutes]

34. What comes to mind when you hear that the CRA is considering using AI to help assess risk and prioritize files for human review?

- How do you feel about AI being used in this way?

35. Does the use of AI in risk assessment raise any concerns about fairness? Why or why not?

36. What would CRA need to do to build trust in how AI is being used for these purposes?

37. How important is transparency about how AI decides which files should be prioritized for auditors or collectors?

38. In your view, should AI be making these decisions alone, or should it always support — but not replace — human judgment?

39. Do you think the CRA using AI would make the tax system feel more or less fair for taxpayers? Why?

¹⁶ Include every second year. 2026: Offshore Compliance; 2027: Underground Economy.

Conclusion

Those are all the questions I have. 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.

MODERATOR:

- Remind participants that their incentive payment will be e-transferred by the recruiter
- IF ASKED: Incentive may be taxable income; they'll need to confirm on the CRA's website.

2.3.3 Small businesses and tax intermediaries – Service

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 QUEBEC 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.

- 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]

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.

1. 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.
2. What's your overall impression of the CRA? Is it positive, negative, or somewhere in between and why? Why is that?
3. Regardless of how you feel towards the CRA, what does the CRA do well?

As is sometimes the case with individuals, organizations can acquire a "reputation". Leaving aside the question of whether you feel the reputation is deserved ...

4. How would you complete the following sentence: "The CRA has a reputation as being ...". Why is that?
 - PROBE FOR REASONS AND EXAMPLES.
5. Do you believe the Agency administers the tax system consistently and fairly? If not, why?
6. [IF TIMELINESS HAS BEEN MENTIONED, ADD PREAMBLE AS APPROPRIATE: Some of you have brought up response times/delays/timeliness.] Thinking about your interactions with the CRA over the last few years, have there been times when the Agency's response was slower than you expected? IF YES: How did that make you feel about the interaction? DON'T PROBE; WANT TOP-OF-MIND RESPONSES ONLY.
7. Do you think timeliness influences whether you see CRA as fair? Why or why not?
 - If CRA delivers service in a timely manner, are you more likely to see their processes as fair?

- If response times are slow, are you less likely to see their processes as fair, even if the outcome is reasonable?
8. How trustworthy do you consider the CRA? Why is that?
 9. In the past few years, has the rise of identity fraud, scams, or misinformation in general influenced how much you trust the CRA? If so, how?
 10. What could CRA do to reassure you or build greater confidence in the face of scams and misinformation?

Service Segment: 80 minutes

Tax Filing [15 minutes]

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

11. [SMEs ONLY] 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?
12. [SMEs ONLY] 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.
13. [SMEs ONLY] What are the biggest challenges you face as a small business when dealing with the CRA?
14. [TIs ONLY] What are the biggest challenges you face when dealing with small business clients on tax-related matters?
15. [TIs ONLY] As a tax professional, what are the biggest, or most pressing, challenges you face when dealing with the CRA?
16. [TIs ONLY] Thinking about your small business clients, what do you think are the biggest challenges they face when dealing with the CRA?
17. What can the CRA do to improve its relationship with small businesses?
18. Do you find the process of filing business taxes easier or more difficult in recent years? Why is that?
 - PROBE FOR IMPRESSIONS AND EXAMPLES.
19. 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]?

20. [TIs ONLY] Recently, the CRA has noticed a decrease in satisfaction with *Represent a Client when conducting its annual survey*. Based on your experience with Represent a Client, what do you think might be driving the decline in satisfaction?

Service Experiences [25 minutes]

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

21. How do you typically contact the CRA?

- PROBE: Do you usually look to see what you can do yourself online first, or do you prefer to just call right away? Why?

22. Given the choice, what would be your preferred way to interact with the CRA? Why is that?

23. 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]?

24. [SMEs ONLY] What kinds of tasks or services would you feel comfortable doing yourself online?

25. [SMEs ONLY] In what situations would you still prefer to speak to a person at the call centre?

26. [SMEs ONLY] What would make you more likely to use digital self-serve options in the future?

27. 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...

28. How would you describe your overall experience ... did it meet, exceed, or fall short of your expectations ...and why?

- PROBE FOR REASONS WHY.

29. 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.
30. Do you get the impression that CRA's client service focus is improving, declining or remaining about the same?
31. 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?
32. The CRA, like other departments and agencies, is being asked to reduce its spending. In what ways do you think the service you receive from the CRA will be affected by spending reductions?
- PROBE: Do you think timeliness of service will be impacted? In what ways?
33. What aspects of service would you expect to stay the same, even if budgets are reduced?
34. Looking ahead, what are your expectations for service delivery? Do you think your use of different service channels will change in the next few years?

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: multi-factor authentication, account alerts [email notifications]].
38. [IF NEEDED: Multi-factor authentication, or MFA, is mandatory for those who wish to use a CRA account.] How do you feel about the requirement to use MFA to use CRA's online services? PROBE: Does the added security justify the extra effort needed to log in?
39. What hesitations, if any, do you have about using MFA?
40. 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?
41. [SMEs ONLY] 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?
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?

Other Issues [10 minutes]

Changing topics,

43. [TIs ONLY] Recently, there's been an increase in taxpayers' use of CRA's redress programs, such as fairness requests and objections. Why do you think that is?
- PROMPT IF NEEDED: greater awareness of these programs, the complexity of Canada's tax system, the introduction of new tax credits, changing tax requirements, unclear notices of assessment, tougher economic times, ability to file these requests online.

MODERATOR NOTE: Fairness requests and objections are formal requests filed with the CRA for relief from tax-related penalties or interest (fairness) or for review of the correctness of the amount of tax assessed (objections).

44. [TIs ONLY] Do you think these avenues of redress make taxpayers feel heard by the CRA? Why or why not? Does having these avenues available increase trust in the CRA?
45. [TIs ONLY] From your experience, how much do taxpayers know about the process of filing a Notice of Objection? Are they aware of the different steps they're expected to go through and their responsibilities before they can file an objection?
- PROBE: knowledge gaps

Now I'd like to ask you about the information CRA makes available to help [SMEs: businesses / TIs: tax professionals].

46. [SMEs ONLY] Which information resources, if any, have you used in your capacity as a decision-maker for a small business?
- PROMPT IF NEEDED: topic-specific guides (e.g., on employment expenses, business expenses, GST/HST, etc.), interpretation bulletins and folios, CRA's website information for businesses, etc.
47. How would you describe the quality of CRA's [SMEs: information resources / TIs: publications and technical information]?
48. [TIs ONLY] The CRA is trying to simplify its publications and guides while still providing accurate technical information relating to tax policy. Is the CRA striking the right balance between clarity and technical accuracy? If not, what's most in need of improvement?
49. [TIs ONLY] Thinking about complex client situations, how easy or difficult is it to find clear answers from the CRA? Why is that?
- PROBE: What has worked well in getting answers, and where are the main gaps?
50. Is the CRA doing enough to encourage compliance? What could be improved?
51. [TIs ONLY] Recently, there's been an increase in taxpayers' use of CRA's redress programs, such as fairness requests and objections. Why do you think that is?

[Artificial Intelligence and Modernization \[20 minutes\]](#)

Now I'd like to talk about Artificial Intelligence or AI.

52. To start, how familiar are you using AI tools or technologies? Would you say you're very familiar, somewhat familiar, or not very familiar?
53. Is your [business / company] currently using AI in any way?
- IF YES: Can you describe how you're using it, and what your experience has been so far?
 - IF NO: Are you considering it, or why not?
54. What do you see as the main benefits of using AI in [business / in your work]?
55. What do you see as the main risks?
56. [SMEs ONLY] How comfortable are you with the idea of AI making important decisions that affect your business?
57. As part of its efforts to be an efficient and responsive organization, the CRA adopts modern processes and new technologies. How could AI be used by the CRA to make its operations more efficient? WAIT FOR TOP-OF-MIND RESPONSES AND THEN PROMPT: What about to catch tax cheats, deliver services to Canadians, improve operations?
58. If the CRA were to use AI, would this make the Agency seem more fair, less fair, or does it have no effect?
59. Have you personally had any experiences where you suspected or knew AI was being used by the CRA? How did that affect your trust or satisfaction?
60. Are there particular risks you worry about, or concerns you have, if the CRA were to use AI? PROMPT IF NEEDED: privacy, errors, bias, lack of human judgment.
61. On the other hand, what benefits do you see in the CRA using AI? PROMPT IF NEEDED: quality and speed of information and processing, accuracy, innovation, reduced costs.
- [TIs ONLY]. IF NOT ADDRESSED: Do you think AI will improve the timeliness and accuracy of CRA services and products for business clients?
62. Ideally, how should the CRA balance the use of AI with human judgment when delivering services to Canadians? What's the appropriate balance between the use of AI and human decision-making?
63. [SMEs ONLY] If the CRA had an AI tool to help with tax preparation for businesses, how much would you trust the information it provides? Why is that?
64. All things considered, do you think it's a good or bad idea for the CRA to leverage AI? Why do you say that?

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- 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.

65. For those who think it's a bad idea, or who are undecided, is there anything the CRA could do to reassure you that its use of AI would be responsible and trustworthy?

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.

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2.3.4 Small businesses and tax intermediaries – Compliance

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 QUEBEC 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.

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- 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.
 - 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]

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.

1. 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.
2. What's your overall impression of the CRA? Is it positive, negative, or somewhere in between and why? Why is that?
3. Regardless of how you feel towards the CRA, what does the CRA do well?

As is sometimes the case with individuals, organizations can acquire a "reputation". Leaving aside the question of whether you feel the reputation is deserved ...

4. How would you complete the following sentence: "The CRA has a reputation as being ...". Why is that?
 - PROBE FOR REASONS AND EXAMPLES.
5. Do you believe the Agency administers the tax system consistently and fairly?
6. [IF TIMELINESS HAS BEEN MENTIONED, ADD PREAMBLE AS APPROPRIATE: Some of you have brought up response times/delays/timeliness.] Thinking about your interactions with the CRA

over the last few years, have there been times when the Agency's response was slower than you expected? IF YES: How did that make you feel about the interaction? DON'T PROBE; WANT TOP-OF-MIND RESPONSES ONLY.

7. Do you think timeliness influences whether you see CRA as fair? Why or why not?
 - a) If CRA delivers service in a timely manner, are you more likely to see their processes as fair?
 - b) If response times are slow, are you less likely to see their processes as fair, even if the outcome is reasonable?
8. How trustworthy do you consider the CRA? Why is that?
9. In the past few years, has the rise of identity fraud, scams, or misinformation in general influenced how much you trust the CRA? If so, how?
10. What could CRA do to reassure you or build greater confidence in the face of scams and misinformation?

Compliance Segment: 80 minutes

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

Tax Compliance [25 minutes]

11. 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
12. 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,

13. 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?
14. When it comes to learning about business tax obligations, what role do you think the CRA should play in supporting businesses? WAIT FOR TOP-OF-MIND RESPONSES AND ASK: Should its role be more about education, guidance, or enforcement?
15. What's missing right now that CRA could provide? Can you give us an example of the kind of support that would be most useful to [SMEs: you / TIs: businesses]?
16. 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?

17. 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?
18. 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]

19. 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?
20. Do you believe that the CRA treats everyone fairly when it comes to addressing non-compliance in meeting tax obligations? Why/why not?
21. 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?
22. 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?
23. 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?
24. 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? 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?
25. 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?
26. [TIs ONLY] 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]¹⁷

Let's move on to another issue.

27. 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.

28. Do you think certain industries or sectors are more likely to be contributors to the underground economy? If so, which ones and why?
29. 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?
30. 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?
31. Do you think that reducing participation in the underground economy is a priority for the CRA? What makes you say that?
32. What, if anything, do you think the CRA can do to effectively deal with the underground economy?

Use of AI for Risk Assessments [20 minutes]

MODERATOR: IF NEEDED, REMIND PARTICIPANTS THAT WE'RE INTERESTED IN THEIR OPINIONS IN RELATION TO THEIR BUSINESS PRACTICES.

33. What comes to mind when you hear that the CRA is considering using AI to help assess risk and prioritize files for human review?
- How do you feel about AI being used in this way?
34. Does the use of AI in risk assessment raise any concerns about fairness? Why or why not?
35. What would CRA need to do to build trust in how AI is being used for these purposes?
36. How important is transparency about how AI decides which files should be prioritized for auditors or collectors?
37. In your view, should AI be making these decisions alone, or should it always support — but not replace — human judgment?

¹⁷ Include every second year. 2026: Offshore Compliance; 2027: Underground Economy.

38. How might taxpayers feel if they knew AI was being used to flag their file for review?

39. Do you think AI could make the system feel more or less fair for taxpayers? Why?

Conclusion

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