



Ipsos Reid

Canada Revenue Agency

2014 Public Consultations on Red Tape Reduction

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CONTENTS

1.1 Background and Objectives 3
1.2 Methodology..... 4
1.3 Key Findings 5
1.4 Conclusion..... 8

1.1 Background and Objectives

The Canada Revenue Agency (CRA) is responsible for administering Canada's tax system and has an important relationship with the business community.

The Government of Canada initiated the Red Tape Reduction Commission (RTRC) in January 2011 to reduce the compliance burden on businesses. Consultations took place in 2011 and the RTRC provided the CRA with over 1,100 irritants related to tax system administration, resulting in 12 CRA Action Plans that were part of the Government's overall action plan to address red tape reduction (RTR).

In order to deliver on its RTR action plan, the CRA committed to continuously solicit feedback on its processes and make changes that small and medium businesses need most every two years. In 2012, the CRA held consultations with small and medium businesses in order to gather feedback and refine its RTR efforts.

As part of its 2014 RTR consultations, the CRA commissioned Ipsos Reid to conduct a series of RTR public consultations with small and medium businesses that mainly rely on paper-based information and filing mechanisms, those who use online services, those who have recently been audited and with accountants/bookkeepers for small and medium sized businesses.

Objectives

The objective of the 2014 consultation sessions were to:

- Obtain feedback from small and medium business owners, bookkeepers and accountants on the action items already delivered as part of CRA's 12 action plans; and
- Obtain input from small and medium business owners, bookkeepers and accountants on what should be CRA's next set of priorities in terms of RTR items.

1.2 Methodology

Between October 8 and December 3, 2014, 32 in-person public consultation sessions took place. These sessions were conducted with representatives from small and medium businesses, and bookkeepers and accountants with different levels of knowledge and relationships with the CRA. Additionally, four online public consultations sessions with small and medium businesses took place January 26-27, 2015.

In each city, sessions were held with:

- Small and medium business owners and bookkeepers and accountants who continue to correspond with and submit information to the CRA through printed materials;
- Small and medium business owners and bookkeepers and accountants who use the CRA's online services;
- Representatives from small and medium businesses who had been directly involved in a CRA audit within the last two years; and
- Bookkeepers and accountants who typically have an average to above-average knowledge of the information business owners need from the CRA.

Each session was also attended by a local CRA representative who added to the discussion or helped provide knowledge of some areas, as well as representatives invited from the relevant provincial tax authority.

The public consultations were conducted in:

- Burnaby;
- Edmonton;
- Saskatoon;
- Kitchener;
- Toronto;
- Ottawa;
- Quebec City; and
- Moncton.

1.3 Key Findings

Knowledge of CRA's RTR efforts

Participants in all consultation sessions had relatively little prior knowledge of CRA's RTR efforts or any of the changes resulting from these efforts. It was noted however that paper-based businesses have a perception that the CRA has increasingly shifted many of its services and information to its **online platform**. This change was met with mixed reactions largely due to what many see as an online interface in need of a largely improved/refined search function.

Information Availability

Participants often questioned the **user-friendliness of CRA's website**. Bookkeepers and accountants were much less likely than their counterparts in the other consultation sessions to mention user-friendliness as an issue, likely because they are more familiar with the website as they tend to use it on a more regular basis.

Those in the paper-based and online serviced small and medium businesses sessions often mentioned the need for a better or more refined **search functionality** as well as access to online assistance. Both would help them find the information they are looking for in a more expeditious way, whereas currently using the search bar on the website often yields an abundance of unrelated answers which leads to time wasted sifting through information to find the answer they are looking for.

Personalized Correspondence

According to participants, personalized correspondence from the CRA could benefit from using **simpler language** in order to ensure clarity. Furthermore, clearly outlining the context for a request for more information and the specific 'next steps' on how to proceed would help recipients quickly take action. Personalized correspondence was often found to be unclear, and lacking in specific detail, leading recipients to unnecessarily seek the assistance of external bookkeepers and accountants and sometimes the CRA telephone enquiries line.

In addition, participants in all sessions agreed that correspondence should include **key contact information for CRA representatives** with specialized knowledge of their particular situation or issue in question. Participants frequently mentioned that having the opportunity to establish a working relationship and exchange more detailed information with a knowledgeable CRA representative could potentially serve to speed up the process. This would lessen the need to call the CRA and wait in a telephone queue for long periods of time, only to be told that the agent they are speaking with could not provide an answer.

Telephone Services

Participants in all sessions felt that CRA's current telephone services were in need of improvement. The most common issues raised were **long wait times** when calling for assistance or information and the likelihood that when contact was finally made the agent they spoke to would not be sufficiently knowledgeable to provide them with an answer to their query. Participants mentioned that when an agent was not sufficiently knowledgeable in their particular topic it led to **multiple transfers** from line to line and delays in obtaining the information sought. In addition participants in a number of sessions suggested that **providing the estimated current wait time** and an option for a **call-back system** could help alleviate some of their frustrations as long as they received a call back from a qualified CRA representative within a reasonable timeframe. Some defined this as within a few hours whereas others said they would be prepared to wait up to 24 hours as long as the information provided at that time was accurate.

Online Services

Those less comfortable online – particularly participants in the paper-based sessions – suggested that the provision of **a tutorial** outlining how to optimize the use of the CRA website and the services it offers would be very much appreciated. It was also suggested that the CRA provide a live/instant **online chat feature**, allowing users to quickly access knowledgeable CRA representatives in order to obtain assistance with finding the information or services they were looking for online. Bookkeepers and accountants and those already using online services were less likely to express strong reservations with the website as they had over the course of time become fairly familiar with it and how to access the information they needed.

Participants expressed limited interest in the **CRA mobile applications**. While a few participants thought that a mobile application could be a good way of notifying users of updates or recently published tax related information, most participants in all sessions and particularly bookkeepers and accountants struggled to understand what benefit a mobile application might have in practical terms. There was some interest in an online application to act as a reminder for filing and reporting requirements.

Filing Requirements

Overall there were no strong feelings towards changes made to filing requirements. The paper-based group mentioned that **more flexibility** in terms of CRA filing and reporting deadlines would be beneficial and could potentially allow them to save time. This would allow them to potentially align reporting and filing requirements across multiple levels of government and internal deadlines. Participants in the bookkeeper and accountant sessions, speaking on behalf of their business clients/employers, echoed this sentiment. A number of participants also suggested that having the flexibility to make **more frequent payments** would be beneficial as the need for larger payments, resulting from longer reporting periods, can at times prove to be challenging for some small and medium businesses. Many were unaware of the ability to request different payment schedules based on their business' needs.

Audit Process

Generally speaking, participants in the sessions amongst those who had been recently audited thought that the quality of their experience with auditors was largely influenced by the **auditor's professionalism, tenure and personality**. Recently-audited participants tended to feel that the more experienced, and typically older auditors, were more reasonable and business-like in their approach. They felt that this generally made for more productive, less adversarial and less time-consuming audit experiences, whereas less experienced auditors were seen to be more literal and severe in their interpretation and application of tax law and seen as less collaborative which, according to many, makes for a more cumbersome process. Participants in all recently-audited sessions suggested that some type of **mentorship program** for auditors who are less experienced or recently hired would be beneficial and help alleviate some of the tensions currently being experienced between some auditors and business owners or their authorized representatives.

Bookkeepers and accountants felt that when identified as the authorized representative, they should be the primary point of contact between their business clients and the auditors. Many felt that this would serve to lessen the often emotional and confrontational nature of interactions between business owners or their authorized representatives and CRA auditors allowing for exchanges to be more fact-based and business-like. There was little substantive familiarity with the Taxpayer's Bill of Rights even among bookkeepers and accountants.

Sharing Information with Governments

Many participants thought that there was already some form of information sharing occurring. Each group agreed that a **limited amount of information sharing** was acceptable and could potentially expedite certain processes and in so doing reduce unnecessary red tape. Of note, few participants raised the issue of consent on their own, however when introduced, most were of the opinion that consent should be sought.

1.4 Conclusion

The Ipsos Reid led components of CRA's 2014 RTR in-person and online consultation sessions suggest that despite acknowledgement of and appreciation for CRA's RTR efforts during individual consultation sessions, a relative disconnect exists between CRA efforts to reduce red tape and businesses' awareness and perceptions of changes on the ground. Findings suggest more work needs to be done to effectively communicate to small and medium businesses that RTR is a priority for the organization and that specific steps have been/are being taken to improve day to day interactions with the CRA.

Consultation sessions helped identify four key areas where improvements would effectively contribute to reducing red tape burden and improve perceptions of CRA service delivery amongst businesses. These include:

- 1) An increased focus on improving user-friendliness of CRA's website with a specific focus on more intuitive search functionality;
- 2) A desire for the use of more plain language, as well as the provision of key contact information in correspondence with businesses;
- 3) An expressed desire for the reduction of telephone wait times, as well as more knowledge among the frontline staff tasked with responding to telephone enquiries; and
- 4) Among those recently audited, a need to ensure there are increased opportunities for auditor mentoring between more experienced knowledgeable staff and those with less institutional or practical knowledge due to shorter tenure with the CRA.

Addressing each of these areas would prove instrumental in allowing businesses to more easily access tax related information and services and in so doing obtain answers to questions related to their ongoing tax filing requirements.