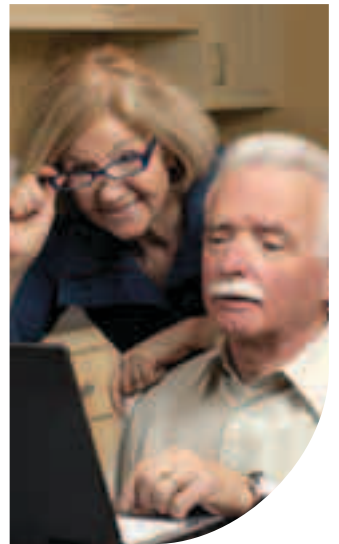


Summary of the Corporate Business Plan 2011-2012 to 2013-2014



RC4422-11 (E)



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

Our mission

To administer tax, benefits, and related programs and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians.

Our vision

The Canada Revenue Agency is the model for trusted tax and benefit administration, providing unparalleled service and value to its clients, and offering its employees outstanding career opportunities.

Our promise

Contributing to the well-being of Canadians and efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.

Our values

- **Integrity** is the foundation of our administration. It means treating people fairly and applying the law fairly.
- **Professionalism** is the key to success in achieving our mission. It means being committed to the highest standards of achievement.
- **Respect** is the basis for our dealings with employees, colleagues, taxpayers, and clients. It means being sensitive and responsive to the rights of individuals.
- **Co-operation** is the foundation for meeting the challenges of the future. It means building partnerships and working together toward common goals.

CRA staffing principles

In addition to information on the CRA's objectives and strategies, the *Canada Revenue Agency Act* requires that a statement of our staffing principles be published in the Summary of the Corporate Business Plan.

Non-partisanship –The workforce must conduct itself in a manner that is free from political and bureaucratic influence.

Representativeness –The composition of our workforce reflects the available labour market.

Competency –The workforce possesses the attributes required for effective job performance.

Fairness –Staffing decisions are equitable, just and objective.

Transparency – Communications about staffing are open, honest, respectful, timely, and clearly understood.

Efficiency –Staffing processes are planned and conducted with regard to time and cost, and linked to business requirements.

Adaptability –Staffing processes are flexible and responsive to the changing circumstances and to the unique or special needs of the organization.

Productiveness – Results in appointment of the necessary number of competent people for the proper conduct of business.

MESSAGE FROM THE MINISTER

The Canada Revenue Agency (CRA) plays an important role in implementing our government's commitments with regards to administering Canada's tax laws; assessing and collecting taxes and levies; delivering social and economic benefits, such as the GST/HST credit and the Canada Child Tax Benefit; and ensuring that this is all done with the transparency and integrity Canadians have come to expect.

This *Summary of the Corporate Business Plan 2011-2012 to 2013-2014* outlines how the CRA will fulfil this role, while ensuring that it operates within our means.

Our government's Economic Action Plan has brought much needed tax relief to Canadians and I am proud of the role the CRA had in implementing these measures. Going forward, we will continue to keep focused on priorities, including fairness to taxpayers. We will work to close loopholes, enter into more tax treaties to combat international tax evasion, and continue with efforts to combat the underground economy.

As we look to the future, Canadian taxpayers can continue to have confidence that the CRA will maintain strong stewardship of our tax and benefits system.



A handwritten signature in cursive script that reads "Gail Shea".

The Honourable Gail Shea, P.C., M.P.
Minister of National Revenue

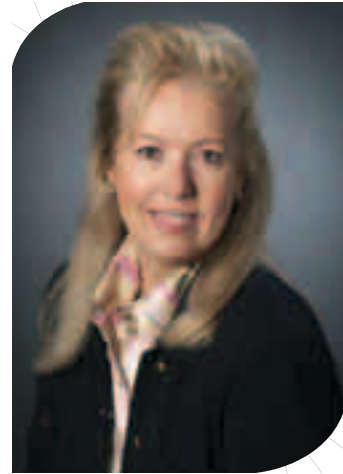
FOREWORD FROM THE COMMISSIONER

The Canada Revenue Agency (CRA) has a key role to play in Canada's economy by administering taxes for federal, provincial, territorial, and First Nations governments; we also contribute to the government's social outcomes through our benefit programs. Our Summary of the Corporate Business Plan is an annual opportunity for us to state the challenges and opportunities we see in the following three years, and how we will respond so that the Agency continues to be a world leader in tax and benefit administration.

Over the last two years, the CRA has played a key role in the delivery of the government's Economic Action Plan: our timely and efficient implementation of tax measures ensured that vital sectors of our economy received the support that they needed to survive through difficult economic times. We will continue to support government priorities over the following year, through responsible allocation of resources, to ensure that we sustain our core business while respecting the need for fiscal restraint.

Addressing non-compliance with tax and benefits legislation is an important element of our core business and essential to protecting Canada's revenue base. Providing services that help taxpayers and benefit recipients fulfil their obligations and receive their entitlements is also core to our mandate. This plan outlines some key compliance initiatives to address the highest risk areas of non-compliance, renews our commitment to online, secure self-service, and outlines steps to maintain Canadians' trust and confidence in the CRA as a fair and effective organization.

The challenges ahead present an opportunity for the CRA to demonstrate once again that we are a resilient and reliable organization that continues to deliver on its mandate and achieves results for Canadians.



A handwritten signature in black ink that reads "L. Lizotte-MacPherson". The signature is written in a cursive, flowing style.

Linda Lizotte-MacPherson
Commissioner and Chief Executive Officer
Canada Revenue Agency

The Canada Revenue Agency (CRA) administers tax, benefit, and other programs that contribute directly to the economic and social well-being of Canadians on behalf of the Government of Canada and provincial, territorial, and First Nations governments. In addition to administering tax and benefit programs, we administer harmonized sales tax for five provinces and support a wide variety of federal, provincial, and territorial programs, ranging from student loans to health care initiatives.

The CRA *Summary of the Corporate Business Plan 2011-2012 to 2013-2014* highlights the key information contained in the *Corporate Business Plan 2011-2012 to 2013-2014*. It describes our priorities and initiatives and the results we expect to achieve over the next three years and identifies the resources needed to effectively and responsibly fulfil our mandate.

Our plans are aligned with the following operational and management priorities for the CRA; **promoting compliance, meeting service needs, addressing non-compliance, administering benefits, and enabling core business operations.**

OUR ENVIRONMENT

Our plan is revised annually, enabling us to respond to current environment and governmental priorities. However, we remain conscious of wider and persistent trends and issues that influence our ability to successfully fulfil our mandate over the medium to longer term.

GLOBALIZATION

Across all sectors of government and the business world, there is a growing appreciation of the importance of Canada's role in the global economy and our economic and social future. The borderless nature of modern commerce allows companies to expand operations beyond their home country to establish global competitive advantage, which increases complexity for tax administrations. Tax administrations internationally are already responding to this new reality through increased collaboration, and bilateral and multilateral information exchange is receiving unprecedented attention and support.

TECHNOLOGY

Information technology (IT) has enabled the CRA to automate many business transactions. We believe that the future productivity gains in this respect lie in increased investment in secure, online services, which will enable us to meet service level expectations while we focus our knowledge workers on more complex queries.

Our organization relies on highly advanced IT systems and infrastructure to perform our service and compliance role. Over the years, we have managed our IT infrastructure by investing strategically to enable us to keep pace with our objectives for delivering affordable services and effective compliance activities. A critical success factor will be our ability to respond nimbly to emerging roles and opportunities, building on our IT investments so far, while still safeguarding the reputation of the CRA and government for security and reliability.

CHANGING NATURE OF SOCIETY

Some of our most persistent and difficult challenges revolve around a willingness by some to participate in cash transactions for immediate gain without an awareness, or concern for, the impact on Canadian society. We will continue to educate and influence Canadians, including those new to our country, to see responsible tax and benefit practices as key to Canada's success.

We recognize that competition for talent will be a major factor for the CRA over the next 5 to 10 years as baby boomers leave the workforce. The CRA's strategic direction will move to a growing reliance on knowledge workers, as our processing activities become increasingly automated and interactions are conducted more and more on a self-service basis. Immigration is already the major contributor to the growth in Canada's working age population, and this trend is generally expected to increase over time. We will continue to pursue and develop a workforce representative of the communities we serve.

OUR CORPORATE RISK INVENTORY

Our Corporate Risk Inventory (CRI), updated in 2010, identifies 14 risks that could negatively affect our ability to meet our business objectives. The CRI is the result of the CRA's second formal effort to understand and assess its key corporate risks. The business and operational risks identified in the CRI and described below are used by senior management to inform our strategic planning process.

Business risks	
• Underground economy	• Willful non-compliance
• Aggressive tax planning	• Payment non-compliance
Operational risks	
• Compliance with various legislation, regulations, and policies	• Resource optimization
• Organizational responsiveness and resilience	• Clients, stakeholders, taxpayers, and benefit recipients' expectations
• Human resources capacity and capability	• Knowledge management
• Employee ethical conduct	• Protection of information
• Information technology responsiveness	• Information technology sustainability

OUR CORE BUSINESS

Our objective is to ensure Canadians have access to the information they need to voluntarily comply with Canada's tax laws. We conduct outreach activities so that taxpayers, benefit recipients, and particular subgroups receive compliance messages and information and are reminded of their obligations and entitlements. We provide an impartial and responsive redress and dispute resolution process to address tax or service related concerns and offer the Voluntary Disclosures Program to encourage taxpayers to correct past errors or omissions.

Our aim is to ensure that Canadians have access to the information they need to voluntarily comply with Canada's tax laws as well as impartial and timely review of contested decisions.

Over the planning period, we will measure our success in promoting compliance by comparing our results against external service standards,^{*} as well as the following performance indicators and targets.

OUR ACTIVITY INDICATORS	TARGET
Appeals activities that meet standards for consistency and transparency	Various
Workable days to complete an Appeals case	Various
Service complaints acknowledged within 48 hours / taxpayers contacted within 15 days	90%

TRENDS AND CHALLENGES

- Communication messages and compliance activities have resulted in a 49% increase in domestic disclosures between fiscal years 2007-2008 and 2009-2010, with disclosures relating to offshore income rising some 68% in the same period. The combined unreported income identified by the Voluntary Disclosures Program in 2009-2010 was \$1.8 billion compared to \$777 million in 2007-2008.
- The CRA's focus on aggressive tax planning over the last few years and the successful identification of tax schemes have resulted in an increase in the number of disputes filed with the CRA.
- Information technology continues to be critical in advancing our role in promoting compliance. We will need to adapt our traditional approaches to communicating compliance messages to take advantage of innovative technology-based delivery mechanisms.

Over the planning period, we will undertake the following initiatives to address the challenges we face in promoting compliance.

^{*} Please visit www.cra.gc.ca/annualreport for a complete list of CRA external service standards.

OUTREACH

To ensure our outreach efforts are directed to the most appropriate audience (for example seniors, new Canadians, persons with disabilities, or small businesses), we identify segments and topics on which to focus our outreach using public opinion research, demographic analysis, business trends, environmental scans, and compliance risk analysis.

Over the planning period, we will explore ways to improve voluntary compliance through an enhanced understanding of how to promote responsible citizenship.

ANTICIPATED RESULT
Specific taxpayer groups have access to the information they need to meet their obligations and receive their entitlements
Progress of this initiative will be measured by:
<ul style="list-style-type: none">• Number of groups targeted for outreach events• Number of taxpayer groups provided outreach through technology

OPTIMIZE REDRESS WORKLOAD DISTRIBUTION

The CRA's focus on aggressive tax planning has led to larger volumes of objections from those who participated in them, placing pressure on our business capacity. We will allocate more resources to ensure workloads flow effectively to existing capacity. We will take full advantage of our existing resource base, capitalize on established centres of expertise, and build on the recent business process change that allowed our less complex workload to be distributed nationally. These steps will help to optimize workload distribution to ensure the best possible match is created between workloads and resolution capacity.

ANTICIPATED RESULT
Sustaining current resolution timeframes
Progress of this initiative will be measured by:
<ul style="list-style-type: none">• Change in the average number of workable days to resolve a dispute• The percentage match between the rated complexity of a dispute to the grade and level of the resolution officer

RESOLVE SERVICE COMPLAINTS

The CRA Service Complaints Program provides taxpayers with a key point of contact within the CRA for service-related issues.

We are currently analyzing trends for service-related issues and will use this information, in conjunction with findings from the Taxpayers' Ombudsman, to improve service to Canadians.

ANTICIPATED RESULT
Sustaining service to taxpayers by effectively addressing service complaints
Progress of this initiative will be measured by:
<ul style="list-style-type: none">• Number of issues of national importance identified and addressed• Analysis and evaluation of results from public opinion research

DELIVERABLES

The following table lists the initiative and the associated deliverables that we will undertake over the planning period to promote compliance.

INITIATIVE	DELIVERABLES	DATE
Outreach	Develop and implement responsible citizenship messages	2011-2014
	Develop a taxpayer segment inventory	2011-2014
Optimize redress workload distribution	Consult with stakeholders on how to optimize the management of workloads and implement solutions	2011-2013
	Communicate with stakeholders on decisions taken	2012-2014
	Full implementation of business transformation model designed to consolidate common files	2012-2014
Resolve service complaints	Hold CRA-wide meetings to promote horizontal management of service issues	2011-2012
	Raise awareness of the CRA Service Complaints Program among tax intermediaries, taxpayers, and benefit recipients	2011-2012
	Communicate results of public opinion research with our stakeholders	2011-2012

OUR CORE BUSINESS

Quality service and information are critical to voluntary self-assessment. We use an integrated, multi-channel approach that directs taxpayers to the most affordable yet effective channel to meet their service needs. Our services range from information and assistance provided through the Web, publications, and automated telephone service, to agent-assisted services, and electronic transactions. Our high-capacity production systems, supported by an information technology service management approach, facilitate a range of CRA activities such as assessing and processing high volumes of tax and benefit data, issuing and receiving payments, and other services important to our clients.

Our aim is to ensure that Canadians have access through multiple channels to the services they need to voluntarily comply with Canada’s tax laws.

Over the planning period, we will measure our success in meeting service needs by comparing our results against external service standards*, as well as the following performance indicators and targets.

OUR ACTIVITY INDICATORS	TARGET
Percentage of funds from non-electronic payments deposited within 24 hours of receipt	96%
Individual income tax (T1) returns received on time processed by mid-June	98%
Percentage of individual income tax (T1) returns processed accurately	98%
Taxpayer-requested adjustments reassessed accurately	96%
Percentage of responses to simple applications for charitable registration within two months and regular applications within six months	80%

TRENDS AND CHALLENGES

- Taxpayers demand electronic service options that are fast, efficient, and convenient, yet protect the privacy and confidentiality of their information. The CRA will need to continue to invest in secure online IT solutions to respond effectively to these expectations.
- With new mandatory filing requirements and an increasing complexity in legislative changes, many Canadian businesses are relying on authorized third-party representatives to interact with the CRA on their behalf.

Over the planning period, we will undertake the following initiatives to address the challenges in meeting service needs.

* Please visit www.cra.gc.ca/annualreport for a complete list of CRA external service standards.

MAINTAIN OUR ELECTRONIC SERVICES

Many filing and reporting options are available to help Canadians meet their tax obligations and requirements. We will continue to expand and enhance our existing services in a way that ensures they will be sustainable, cost-effective, and continue to meet the needs of Canadians and their representatives. For example, we will introduce enhancements to My Account, My Business Account, and My Payment to make it easier for Canadians to manage their taxes online. We will also communicate through new and innovative ways, including the Message Centre. The Message Centre will be available to businesses and authorized third-party representatives through the My Business Account portal.

To streamline incoming payments and to offer Canadians multiple payment options, the CRA is developing a payment strategy that will make paying taxes more convenient for taxpayers.

ANTICIPATED RESULT
Individuals and businesses utilize the services and information that they need through self-service channels
Progress of this initiative will be measured by:
<ul style="list-style-type: none"> • Year-over-year increases to online self-services (My Account, My Business Account, Represent a Client, and Quick Access) • Year-over-year increases in the use of Business Registration Online • Percentage of payments made through My Payment • Number of new and enhanced electronic services

MAINTAIN SERVICE DELIVERY CHANNELS

Canadians are using diverse channels (the Web, telephone, in person, and in writing) to satisfy their information needs. The telephone channel remains the most popular way for taxpayers to contact us. Our 1-800 telephone networks provide help and information to taxpayers through automated and agent-assisted services. Callers using the automated service can get general information and simple account information such as refund status, RRSP contribution room, and Tax-Free Savings Account contribution room 24 hours a day, seven days a week. In addition, the CRA Web site is continually updated to provide the latest relevant information.

Over the planning period, we will focus our research and analysis on better understanding client information needs and expectations, and explore best practices and emerging technology to enhance our products and services.

ANTICIPATED RESULT
Individuals and businesses have access to the information and services they require to voluntarily comply with tax and benefit laws
Progress of this initiative will be measured by:
<ul style="list-style-type: none"> • Upward trend in visits to online information • Year-over-year adherence to service standards

SUPPORT THE TAKE-UP OF ELECTRONIC FILING AND ELECTRONIC PAYMENTS

The CRA will pursue cost-effective ways to improve service to Canadians and will introduce new electronic services and enhancements of existing services over the planning period, such as enabling clients and authorized representatives to update client information. We will also continue to promote our e-Services to encourage uptake and ensure corporations, businesses, and other institutions are aware of the legislative changes requiring many businesses to file returns and make respective payments electronically.

ANTICIPATED RESULT
Individuals and businesses continue to file and make payments electronically
Progress of this initiative will be measured by:
<ul style="list-style-type: none"> • Year-over-year increases in individual, corporation, and GST/HST electronic filing rates • Year-over-year increases in individuals and businesses making payments electronically • Year-over-year increases in the rate of electronically filing of information returns

SUPPORT THE CHARITIES PROGRAM

The CRA's outreach programs target the charitable sector and the public at large, and include information sessions held across Canada, as well as webinars and webcasts.

These provide participants with information on tax-receipted donations, record keeping, tax planning schemes, preparing for an audit, and potential sanctions in cases of non-compliance. Information about the requirements for registration is also available on our "Charities and Giving" Web pages. To promote compliance

with income tax legislation and regulations for registered charities, we offer a thorough and timely application process, provide direct assistance to charities through our enquiries processes, and carry out extensive outreach initiatives.

ANTICIPATED RESULT
Enhanced service to registered charities and applicants for charitable status
Progress of this initiative will be measured by:
<ul style="list-style-type: none"> • Timeliness of responding to charity applications and written enquiries • Trend in telephone service accessibility

DELIVERABLES

The following table lists the initiative and the associated deliverables that we will undertake over the planning period to meet service needs.

INITIATIVE	DELIVERABLES	DATE
Maintain our electronic services	Introduce Message Centre to My Business Account	2011-2013
	Enhance My Account, My Business Account, and Quick Access services	Ongoing
	Improve services for electronic filers of GST/HST returns	Ongoing
	Develop a payment strategy	2011-2013
	Enhance the services provided to filers of the Tax-Free Savings Account annual information return	2011-2013
Maintain service delivery channels	Conduct analysis on channel demand, use, and integration	2011-2014
	Target taxpayer population segments through improved Web navigation, architecture, and content management	2011-2014
	Enhance the quality assurance program, agent training, and agent tools	2011-2014
Support the take-up of electronic filing and electronic payments	Promote electronic payments	2011-2012
	Communicate the new mandatory Internet filing requirements for businesses	Ongoing
Support the Charities Program	Implement a formal feedback mechanism for application process	2011-2012
	Deliver information sessions, webcasts, webinars, and newsletters	2011-2012
	Implement a service standard for written enquiries	2012-2013

OUR CORE BUSINESS

The CRA addresses non-compliance through verification and enforcement activities at domestic and international levels, including administering international tax agreements and exchanging information with treaty partners. We do reviews, examinations, audits, and investigations. We also conduct research to understand the drivers and mechanisms of non-compliance, leading to tools and strategies to improve our effectiveness in addressing non-compliance and non-compliant behaviour. We manage the largest debt collection service in Canada, including receivables arising from income tax, GST/HST, the Canada Pension Plan, Employment Insurance, and defaulted Canada student loans.

Our aim is to protect Canada's tax revenue by applying innovative strategies to ensure identified non-compliance is addressed.

Over the planning period, we will measure our success in addressing non-compliance by comparing our results against external service standards,* as well as the following performance indicators and targets.**

OUR ACTIVITY INDICATORS	TARGET
Number of files audited as a percentage of estimates	100%
Financial recoveries as a percentage of estimates	100%
Percentage of cases resulting in a change	Various
Percentage of receivables intake resolved in the year of intake	60%
Percentage of excise audits completed compared to plan	90%

TRENDS AND CHALLENGES

- Economic slowdowns usually have a negative impact on tax revenues, even once recovery is under way. This puts more pressure on the CRA's compliance programs.
- The increasing complexity of the Canadian and international economies, including cross-border transactions, presents new challenges to detecting and deterring non-compliance. Business intelligence, driven by sophisticated IT applications to detect non-compliance and assess risk, will be key to the CRA's effectiveness in responding to these challenges.
- As with any major tax change, the implementation of the harmonized sales tax in Ontario and British Columbia may introduce new compliance risks; the CRA will need to be vigilant in detecting and addressing these new compliance challenges.

Over the planning period, we will undertake the following initiatives to respond to the challenges we face in addressing non-compliance.

* Please visit www.cra.gc.ca/annualreport for a complete list of CRA external service standards.

** We continue to seek opportunities to improve how we measure our success in identifying non-compliance.

PAYMENT NON-COMPLIANCE

Two main sources contribute to outstanding accounts receivables: debts that taxpayers create by not paying amounts owing when they file their returns, and debts identified by the CRA through our compliance activities. The accumulation of new debt depends on factors that are outside of our control, including domestic and international economic situations, aggressive tax planning, strategic insolvencies, and socio-economic factors that may influence taxpayer compliance behaviour.

We recognize that the growing debt portfolio is a concern and, consequently, effective inventory management remains a key priority. We will refine our management of the growing tax debt through various means, including addressing the underlying causes of payment non-compliance at the behavioural level.

ANTICIPATED RESULT Improvement in the number of individuals who file returns and pay amounts due
Progress of this initiative will be measured by: <ul style="list-style-type: none">• Upward trend in payments from individuals on or before the due date• Downward trend in repeat payment non-compliance by individuals

IDENTIFY AGGRESSIVE TAX PLANNING SCHEMES

Aggressive tax planning is a challenge confronting all developed countries. It can involve very complex structures with both domestic and international elements. The objective of this type of tax planning is to realize tax benefits that were never intended under the normal application of the tax laws. Identifying aggressive tax planning schemes and evaluating the level of non-compliance associated with them enables the CRA to take appropriate action at an early stage, dissuading taxpayers and their advisors from considering these types of arrangements.

The CRA will continue to use risk assessment, the application of third-party penalties to promoters of abusive schemes, and ongoing collaborative efforts with other tax administrations to identify aggressive tax planning schemes and to take action against those who participate in these types of arrangements.

ANTICIPATED RESULT Effective action is taken to counter aggressive tax planning schemes
Progress of this initiative will be measured by: <ul style="list-style-type: none">• Increased number of aggressive tax planning schemes identified• Dollar value of aggressive tax planning schemes identified

IDENTIFY NON-COMPLIANCE IN THE UNDERGROUND ECONOMY

The underground economy undermines the competitiveness of Canadian businesses because it offers an unfair advantage to those who fail to comply with Canada's tax laws. We use a mix of education, outreach, communication, and compliance actions to combat the underground economy. We also work with other federal agencies and departments, provincial and territorial governments, tax administrations in other countries, international organizations, professional organizations, and key industry groups to share best practices and develop innovative strategies. We carry out identification projects to detect non-filers engaged in underground economy activities and require them to file outstanding tax returns and register for GST/HST.

ANTICIPATED RESULT Effective action is taken to counter Underground Economy (UE) activity in targeted sectors
Progress of this initiative will be measured by: <ul style="list-style-type: none">• Number of UE cases audited• Dollar value of UE cases audited• Penalty application rate on audited UE files• Number and rate of audited UE files referred to Investigations• Changes in the percentage of filers in targeted UE sectors, that file on time, pay on time, and are compliant with reporting requirements under the law

USE RISK ASSESSMENT TO IDENTIFY NON-COMPLIANCE BY EMPLOYERS AND GST/HST REGISTRANTS

Employers and GST/HST registrants are of particular interest to us because of their responsibility to collect GST/HST and deductions at source for employees. We will address non-compliance with remittance, filing, and withholding rules through improvements in our internal quality assurance process as well as improved file selection for examinations. We will also continue to advance tools and risk-management techniques to improve workload management and optimize our use of resources.

ANTICIPATED RESULT

Non-compliance of employers and GST/HST registrants who fail to file, withhold, and/or remit taxes is detected and addressed

Progress of this initiative will be measured by:

- Value of identified employer non-compliance
- Number of GST/HST delinquent-filer cases addressed

IMPLEMENT AN ENHANCED TOBACCO STAMPING REGIME

We collect the excise duty on tobacco products manufactured domestically. Protecting the duty revenue from tobacco products ensures that high prices on such goods can be maintained, thereby contributing to the Government's health objective of reducing smoking among Canadians.

ANTICIPATED RESULT

All stamped tobacco products in Canada are excise duty-paid

Progress of this initiative will be measured by:

- All legally manufactured and imported tobacco products destined for the duty-paid market are stamped

During the implementation period of the tobacco stamping regime, we will continue to consult with the tobacco industry, provincial and territorial governments, and other federal agencies and departments to further ensure compliance with the *Excise Act, 2001*. We will work closely with both Treasury Board of Canada Secretariat and Department of Justice Canada officials to complete the regulatory amendments for the new regime, including the stamping regime guidelines and excise duty notices.

ADMINISTERING THE SR&ED PROGRAM

The federal Scientific Research and Experimental Development (SR&ED) Program provides broadly based support for all types of SR&ED activities performed in Canada. This program provided almost \$3.3 billion in tax assistance in 2009. We are consolidating and clarifying the SR&ED policy and related guidance documents to help clients better understand the SR&ED program. This will enhance accessibility and reduce the administrative burden on SR&ED claimants, particularly small businesses.

ANTICIPATED RESULT

The administration of the SR&ED program is improved by providing clarity to applicants

Progress of this initiative will be measured by:

- Enhance service levels
- Enhance quality and consistency of the processing of SR&ED claims

We are also developing a training program for the SR&ED program's research and technology staff. Implementation of this program, coupled with quality assurance reviews, is intended to enhance the quality of our SR&ED claims processing and improve the nationwide consistency of our application of law and policy.

USE RISK ASSESSMENT TO DETECT AND CORRECT REPORTING NON-COMPLIANCE

The CRA uses tools and risk-management techniques to direct our compliance reviews, audits, and investigations to individuals, businesses, and non-profit organizations that are identified as being a high risk for not complying with tax laws. We are engaged in a business transformation initiative that will improve the effectiveness of our compliance programs by improving research and risk-assessment capabilities. We are also developing an inventory of risk-profiling activities to share best practices, and to determine if there are any gaps within taxpayer segments.

The CRA will continue to explore ways to more accurately detect non-compliant reporting behaviour, improve our use of business intelligence within the CRA, engage in dialogue and share information with other tax jurisdictions and academics, and lever risk identification technologies developed both within and outside the CRA.

The implementation of HST in British Columbia and Ontario could increase the rate of non-compliance. The CRA will ensure GST/HST compliance policy and procedures are enhanced, improve risk assessment and select files for audit based on GST/HST specific risks, and develop strategies for GST/HST workload development.

ANTICIPATED RESULT
Reporting non-compliance is detected and corrected by better targeting of compliance actions through effective risk assessment
Progress of this initiative will be measured by:
<ul style="list-style-type: none">• Improvement in the identification of returns for review through evaluation of the risk assessment system• Reduction in the number of no-change cases

DETECT AND DETER NON-COMPLIANCE IN THE CHARITIES PROGRAM

Registered charities in Canada are tax-exempt and can issue charitable donation receipts to donors. To maintain these privileges, registered charities must file a Registered Charity Information Return and financial statements, and operate within the parameters of the *Income Tax Act*. Although cases of serious and intentional non-compliance by registered charities are not widespread, they do exist. Examples include abusive tax shelter donation arrangements, false receipting, and unacceptable fundraising practices.

ANTICIPATED RESULT
Compliance in the charitable sector is improved
Progress of this initiative will be measured by:
<ul style="list-style-type: none">• Trend in the number of charities participating in abusive tax shelter schemes• Trend in the number of charities that file their annual information return on time• Trend in the number of charities that are revoked for failure to file

Over the planning period, the Charities Program will focus on addressing identified non-compliance in a timely manner.

DELIVERABLES

The following table lists the initiative and the associated deliverables that we will undertake over the planning period to address non-compliance.

INITIATIVE	DELIVERABLES	DATE
Payment non-compliance	Strengthen partnerships within the CRA to manage new debts arising from our reporting compliance activities	2011-2014
	Implement risk assessment and tailor strategies to better manage new and existing debt	2011-2013
	Develop and implement a multi-year strategy to optimize management of GST/HST debt	2011-2013
Identify aggressive tax planning schemes	Continue to improve the risk assessment system	2011-2013
	Continue the application of third-party penalties	Ongoing
	Work in collaboration with other tax administrations to share information and intelligence	Ongoing
Identify non-compliance in the underground economy	Continue to work with partners in the Federal-Provincial-Territorial Underground Economy Working Group	2011-2013
	Continue to implement the Underground Economy Compliance Strategy action plan	2011-2012
	Implement and evaluate our Atlantic Region Underground Economy Compliance Measurement Initiative	2011-2012
Use risk assessment to identify non-compliance by employers and GST/HST registrants	Optimize risk-assessment capabilities of our compliance programs	2011-2014
	Enhance file selection to address non-compliance more effectively	2011-2014
	Develop a quality assurance framework for GST/HST delinquent filers	2011-2014
	Strengthen our partnerships with provinces and territories	2011-2014
Implement an enhanced tobacco stamping regime	Implement new excise tobacco stamping regime	2011-2012
	Develop an accountability framework for the control of stamp issuance and possession	2011-2013
	Facilitate potential extension of stamping program to provinces	2011-2014
	Implement the regulatory amendments and issue stamping regime guidelines and excise duty notices	2011-2012
Administering the SR&ED program	Consult on the new draft SR&ED policy documents	2011-2012
	Publish the new SR&ED policy documents on the CRA Web site	2012-2013
	Develop and implement the SR&ED training program	2011-2012
Use risk assessment to detect and correct reporting non-compliance	Incorporate final enhancements and improvements to research, risk-assessment, workload selection, and audit and investigative tools through Release 3 of our Compliance Systems Redesign	2011-2012
	Develop an inventory of risk profiling activities	2011-2012
	Realign CRA compliance activities to address potential increased risks associated with harmonized sales tax	Ongoing
Detect and deter non-compliance in the charities program	Identify and audit all known charities that participate in tax shelter arrangements	2011-2012
	Enhance tools for CRA employees to deliver CRA's mandate under the <i>Charities Registration (Security Information) Act</i>	2011-2012
	Implement a revised random audit methodology to establish a compliance rate in the charitable sector	2011-2012
	Evaluate processes for dealing with charities that file their annual return late	2011-2012

OUR CORE BUSINESS

We contribute to the economic and social well-being of over 20 million Canadians. We administer and issue payments for three core federal programs: the Canada Child Tax Benefit (CCTB), the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit, and the Children’s Special Allowances.

We also deliver the Universal Child Care Benefit for Human Resources and Skills Development Canada, the Disability Tax

Credit, as well as benefit and credit programs and services for provincial, territorial, and federal government clients. We serve our government clients as well as our benefit recipients by undertaking activities to ensure that individuals are informed about benefits and credits to which they may be entitled.

Over the planning period, we will measure our success in administering benefits by comparing our results against external service standards, * as well as the following performance indicators and targets.

Our aim is to ensure Canadians have access to the benefits and credits to which they are entitled and the related payments are timely and correct.

OUR ACTIVITY INDICATORS	TARGET
Percentage of CCTB recipients who provide complete and accurate information and receive the proper entitlement	95%
Percentage of CCTB accounts targeted under validation programs that are adjusted	50% ¹
Percentage of benefit payments made on time	99%
CCTB overpayment debt as a percentage of payments issued	Less than 0.4%

¹ Our validation programs select CCTB accounts based on specific criteria. As the overall benefit compliance rate is high, a 50% adjustment rate for targeted accounts indicates that our targeting is effective.

TRENDS AND CHALLENGES

- Economic slowdowns and difficult times can lead to more Canadians relying on benefits and tax credits for income security, even after recovery is underway.
- Rapid changes in technology and public expectations for e-access at the level that banks provide is a challenge. We must address our aging benefit delivery information technology (IT) infrastructure to continue meeting the evolving expectations of our recipients.
- Having the correct data to determine eligibility for programs and calculate entitlements is essential to ensure that recipients are meeting their obligations and receiving their correct entitlements. Ongoing validations activities, in both prevention and detection, are needed to ensure that the CRA continues to maintain the confidence of benefit recipients and governments.

Over the planning period, we will undertake the following initiatives to address the challenges we face in administering benefits.

* Please visit www.cra.gc.ca/annualreport for a complete list of CRA external service standards.

MAINTAIN SERVICE TO BENEFIT RECIPIENTS

The Automated Benefits Application (ABA) service is one example of a CRA transformational service. Through this co-operative undertaking the CRA receives authorized birth information directly from provincial or territorial vital statistics agencies. This registers Canadian newborns for the benefit programs we administer. Since the ABA service eliminates the need for a separate application, processing time is reduced and recipients get their payments faster.

We will continue our work with provinces and territories that have not yet implemented ABA to promote the integration of the Canada Child Benefits application with the provincial and territorial birth registration process.

ANTICIPATED RESULT

Individuals are aware of and can apply or register for their entitlements to benefits and credits under various federal, provincial, and territorial programs

Progress of this initiative will be measured by:

- Year-over-year increases in the number of visits to information about benefits on My Account
- Results of a take-up study of the Canada Child Tax Benefit using the next Census of Population
- Take-up rate of applicants using the Automated Benefits Application in participating jurisdictions

MANAGE PARTNERSHIPS

Our flexibility as an agency and the adaptability that we have built into our systems enable us to lever our federal delivery infrastructure to administer a range of programs and other services for client governments. The fact that most jurisdictions have already opted to use our delivery system strongly suggests that it offers important efficiencies in delivering benefits.

We will maintain the current programs and services administered for federal, provincial, and territorial departments and expand our service and data exchange opportunities where possible, to allow provinces and territories to deliver their programs more efficiently.

ANTICIPATED RESULT

The overall cost to Canadians of benefit and credit issuance is lowered through increased integration in administration

Progress of this initiative will be measured by:

- The number of programs and services that demonstrate increased integration in administration

ENSURE ACCURATE PAYMENTS

We are responsible for ensuring sound financial stewardship of the benefit and credit programs that we deliver. This means that the right recipients must get the right payments at the right time.

We carry out validation and control activities specifically targeting accounts identified as high-risk for potential overpayments or underpayments. We validate marital status, children's care situations, and addresses. The information we provide to recipients during validation reviews helps to educate them about their eligibility and entitlement requirements. As well, our enforcement presence is enhanced by our successful efforts in moving cases of misrepresentation toward prosecution. We will continue to improve our targeting to achieve greater program effectiveness.

ANTICIPATED RESULT

Benefit issuance accuracy is further improved through enhanced targeted reviews

Progress of this initiative will be measured by:

- Percentage of recipients who provide complete and accurate information and receive the correct entitlement

DELIVERABLES

The following table lists the initiative and the associated deliverables that we will undertake over the planning period to administer benefits.

INITIATIVE	DELIVERABLES	DATE
Maintain service to benefit recipients	Enhance e-Services (information for benefits on My Account)	2011-2014
	Increase the number of provinces and territories using the ABA service	2011-2014
Manage partnerships	Implement new benefit programs, where feasible	2011-2014
	Expand data exchange opportunities, where possible	2011-2014
Ensure accurate payments	Maintain and refine the validation program to ensure that compliance risks are identified and addressed	2011-2014

ENABLING CORE BUSINESS OPERATIONS

The CRA uses modern management methods and practices that ensure our ability to: comply with the accountability requirements of legislation, regulations, government policies, and directives; use effective human resources practices; ensure that communications are well-managed and responsive; and sustain and advance our core information technology (IT) functions, which are critical to the delivery of all our programs.

TRENDS AND CHALLENGES

- Pending retirements and the pace of employee movement in certain areas of our organization pose a challenge for the CRA.
- Changes brought about by globalization, aging facilities and applications, and increased reliance on technology brings greater complexity to some of our work.
- The CRA must respond to the ongoing challenge of all government departments to enhance productivity while maximizing efficient use of public funds.

Over the planning period, we will undertake the following initiatives to respond to the challenges we face in enabling core business operations.

HUMAN RESOURCES CAPACITY

The CRA identifies talent management as a planned approach to address human resources needs. Given the highly technical nature of our work, we may have difficulties in recruiting and keeping the right staff. The challenge lies in identifying where to focus our efforts and resources to ensure that we can meet both current and future needs.



Initiatives:

- Plan for and acquire talent, develop talent, retain and mobilize talent
- Sustain a healthy, respectful, and innovative workplace
- Transition of provincial employees to the CRA

IT SUSTAINABILITY AND PROTECTION AND MANAGEMENT OF INFORMATION

Canadians expect the tax and benefit delivery system to be supported by high performance information technology and good information management. Processes key to the CRA's mission depend on automation and computerized processing, and high quality data. This reliance on technology and information will undoubtedly increase as the CRA continues to implement its business strategies related electronic services. The CRA will continue to participate as a member of the Cyber Authentication Renewal Program to provide secure access and lay the groundwork for the continued expansion of the suite of electronic services we offer. In pursuing our efforts to protect and manage the information entrusted to the CRA, we will advance our internal fraud control program and the identity and access management initiative.



Initiatives:

- Sustain IT applications and infrastructure
- Continue to evolve our security posture
- Protect and manage our IT and information assets
- Advance the Identity and Access Management initiative
- Advance the Internal Fraud Control Program

STEWARDSHIP

The CRA is working toward meeting the requirements of Treasury Board of Canada Secretariat's newly established financial management policy framework and the new accounting officer provisions of the *Financial Administration Act*. Due to the number and complexity of processes and systems involved, the CRA is taking a multi-year approach to assessing all of its relevant controls.



Initiatives:

- Certify the design and operating effectiveness of internal controls
- Implement the enhanced emergency management program strategy

MESSAGE FROM THE CHAIR

The Canada Revenue Agency (CRA) touches the lives of more Canadians than any other public organization, and its programs contribute directly to the economic and social well-being of citizens.

Each year, the CRA develops a Summary of the Corporate Business Plan that outlines its strategic and operational direction and outcomes for the next three years. The focus of this year's plan is to provide an outlook and strategic response to the challenges facing the organization. The Board of Management has overseen the development of this plan and will monitor progress against its implementation.

The "Agency Governance and the Board of Management" section describes the Board's priorities, which are organized according to the areas of responsibility mandated to it by the *Canada Revenue Agency Act* – the oversight of the CRA's management of resources, services, personnel, and of its organization and administration.

The Board's key areas of focus for the period will be to provide effective oversight of CRA resources and service delivery, to ensure improvements to the CRA's performance measurement framework, and to pursue enhancements to the governance of the CRA risk management regime.

The Board will seek assurance that meaningful performance indicators and proper measurements are in place to enable the CRA to measure its achievements towards its expected results.

The Board will continue to place a focus on service delivery, including the security of tax and benefits information, to ensure the needs of taxpayers and clients are met in a fair, professional and respectful manner. The Board believes that future gains in these areas lie largely in increased investments in online services.

Meanwhile, while the Board has matured into a productive and proactive element of the CRA's governance model, it will continue to look for ways to improve its own governance practices and effectiveness.

I am confident the Board's contribution and continued strategic focus will help the CRA meet its ambitious agenda. On behalf of the CRA Board of Management, I am pleased to recommend the *Summary of the Corporate Business Plan 2011-2012 to 2013-2014* to the Honourable Gail Shea, Minister of National Revenue.



A handwritten signature in black ink, appearing to read "Susan J. McArthur". The signature is fluid and cursive.

Susan J. McArthur
Chair, Board of Management

AGENCY GOVERNANCE AND THE BOARD OF MANAGEMENT

The Board's goal for 2011-2012 to 2013-2014 is to ensure that the CRA has a robust strategic framework to support its ongoing work and that sound management, monitoring and reporting practices are in place. The Board's key areas of focus for the period will be to ensure improvements to the CRA's performance measurement framework, to pursue enhancements to the governance of the CRA risk management regime, as well as to provide effective oversight of CRA resources and service delivery. The following is a summary of the Board of Management's priorities for the period 2011-2012 to 2013-2014, grouped according to the Board's statutory oversight responsibilities.

Administration of the CRA

- **Strategy and strategic planning:** Oversee approval and implementation of strategies and seek assurance that the CRA continues to engage with stakeholders to help shape its long-term strategies and to improve its performance measurement framework.
- **Enterprise risk management:** Ensure that CRA risks are fully integrated into the strategic, operational, and financial decision-making processes of the organization, ensure the CRA's risk exposure is in line with its risk tolerance, and that a sound risk management culture is in place.
- **Management oversight:** Continue to enhance the Board of Management Oversight Framework to be even more robust, transparent, quantifiable, and further aligned to key Board priorities.

Organization of the CRA

- Set performance objectives for the Commissioner-Chief Executive Officer (CEO) and conduct an annual performance assessment, to complement the federal government's overall assessment.
- Provide input to the performance objectives and assessments of a number of senior CRA executives to ensure that their accountabilities are aligned with Agency priorities.

Management of resources

- Ensure that sound financial controls are in place, including: the CEO / Chief Financial Officer Certification Process of internal controls over financial reporting.
- Review and monitor the CRA's Resources Management Strategy and Strategic Investment Plan, and oversee and approve major investment projects, to ensure the most effective and efficient use of resources.
- Oversee the management of information technology risks and initiatives to ensure that the CRA has sound information technology systems and infrastructure to support new and on-going business needs.

Management of services

- Oversee the Agency's provision of services to ensure the needs of taxpayers and clients are met in a fair, professional and respectful manner.
- Monitor the CRA's review of the efficiency and effectiveness of its service standards.
- Continue to receive regular updates from the Taxpayers' Ombudsman on any service-related concerns and engage CRA management in efforts to address such concerns, as necessary.

Management of personnel

- Provide input into the development of policies and strategies necessary to recruit, develop and retain talented employees, including the review of processes in place for succession planning, talent management, knowledge transfer, and the ongoing review of the CRA's Workforce Strategy.
- Oversee the development and implementation of the CRA's Integrity Framework, a multi-year initiative in support of a CRA key objective to maintain and enhance the public's trust in the CRA.
- Oversee, review, and approve the CRA's negotiating mandate and collective agreement with the Professional Institute of the Public Service of Canada.

BOARD GOVERNANCE

The Board will ensure that it further develops and enhances its own governance so that it continues to be recognized for its best practices. To this end, the Board will strengthen its risk governance role and continue to evolve its processes and practices to ensure that Board plans and meeting agendas strike the ideal balance between key strategic and fiduciary matters.

BOARD MEMBERSHIP

The Board of Management of the CRA is made up of 15 members ** appointed by the Governor in Council. They include the Chair, the Commissioner and Chief Executive Officer, a director nominated by each province, one director nominated by the territories, and two directors nominated by the federal government. Members of the Board bring an external and diverse business perspective from the private, public, and not-for-profit sectors to the work of the CRA.

The following are the Board members, as of February 2011.

Susan J. McArthur, B.A., ICD.D

Chair, Board of Management
Managing Director
Jacob Securities Inc.
Toronto, Ontario

Camille Belliveau, CFP, FCGA

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

Myles Bourke, B.Comm., FCA

Corporate Director
Chartered Accountant
Lethbridge, Alberta

Richard J. Daw, CFP, CMC, FCA

Executive in Residence
Faculty of Business Administration of
Memorial University
St. John's, Newfoundland and Labrador

Raymond Desrochers, B.Comm., CA, CFE

Partner
BDO Dunwoody LLP Chartered Accountants
Winnipeg, Manitoba

John V. Firth, BFA, EPC

Financial Advisor
Whitehorse, Yukon Territory

Gerard J. Fitzpatrick, FCA, TEP

Partner
Fitzpatrick and Company
Chartered Accountants
Charlottetown, Prince Edward Island

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

Corporate Director
Dartmouth, Nova Scotia

Norman G. Halldorson, B.Comm., CA, FCA

Corporate Director
Clavet, Saskatchewan

James J. Hewitt, FCMA

Corporate Director
Penticton, British Columbia

Fauzia Lalani, P.Eng.

Executive Consultant
Calgary, Alberta

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

Corporate Director
Ottawa, Ontario

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

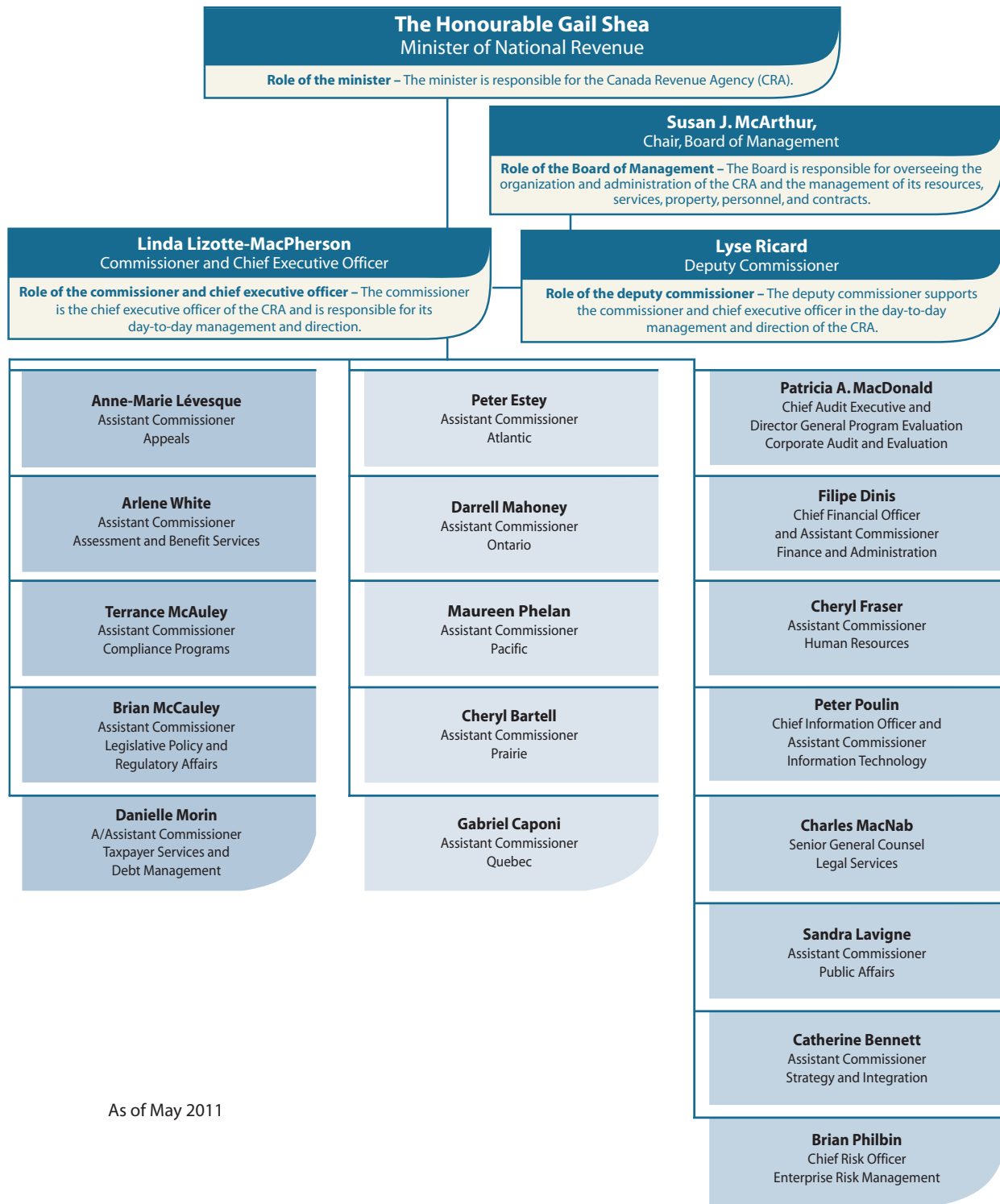
Director of Professional Services
Hewlett Packard
Toronto, Ontario

Linda Lizotte-MacPherson, B.Comm.

Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

** One position on the Board is currently vacant.

ORGANIZATIONAL STRUCTURE



As of May 2011

PLANNED SPENDING

(thousands of dollars)	Forecast spending 2010-2011	Planned spending 2011-2012 ¹	Planned spending 2012-2013 ^{1,2}	Planned spending 2013-2014 ^{1,2}
Promoting compliance	150,024	145,031	147,630	146,570
Meeting service needs	870,768	818,603	816,370	813,151
Addressing non-compliance	1,631,437	1,578,919	1,499,610	1,474,774
Administering benefits	339,365	356,806	351,618	355,196
Enabling core business operations	1,512,041	1,391,188	1,387,305	1,389,374
Canada Revenue Agency	4,503,635	4,290,548	4,202,532	4,179,065
Plus:				
Taxpayers' Ombudsman ³	3,198	3,255	3,255	3,255
Total planned spending⁴	4,506,833	4,293,803	4,205,787	4,182,321

¹ Planned spending does not include certain technical adjustments made in 2010-2011, primarily carry forward from the previous year (\$150M) and maternity and severance benefits (\$73M). These are in-year adjustments.

² Excludes forecasted disbursements to the provinces for the *Softwood Lumber Products Export Charge Act, 2006*, which are unavailable at this time (\$140M in 2011-2012).

³ Since the Taxpayers' Ombudsman operates at arms-length from the CRA, this Summary of the Corporate Business Plan does not reflect the activities of that office.

⁴ Details may not add to totals due to rounding.

TRANSFER PAYMENT PROGRAM

(thousands of dollars)	Forecast spending 2010-2011	Planned spending 2011-2012	Planned spending 2012-2013	Planned spending 2013-2014
Types of transfer payments				
Children's Special Allowance payments	225,000	227,000	231,000	235,000
Disbursements to provinces under the <i>Softwood Lumber Products Export Charge Act, 2006</i>	200,000	140,000	–	–
Total transfer payments	425,000	367,000	231,000	235,000

For supplementary financial information, please visit our website:

www.cra.gc.ca/rppe