

Summary of the Corporate Business Plan 2012-2013 to 2014-2015



RC4422-12 (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

Our Government is committed to keeping taxes low, investing in jobs and growth, and controlling government spending. The CRA continues to provide programs and services that are critical to successfully carrying out this work and supporting Canadians as the economic recovery remains fragile.

Over the last year I have seen first hand the level of professionalism and dedication that the CRA invests in all aspects of its work with, and on behalf of individuals, businesses, and government clients. Over the period covered by this report, I am confident that they will continue to respond to the needs of Canadians in areas of service, information security, addressing non-compliance with tax laws, and administering benefit and credit programs. Through careful planning and monitoring we will adhere to our financial commitments while continuing to serve Canadians with excellence.

As Minister of National Revenue, I am proud to present the *Summary of the Corporate Business Plan 2012-2013 to 2014-2015* for the Canada Revenue Agency.



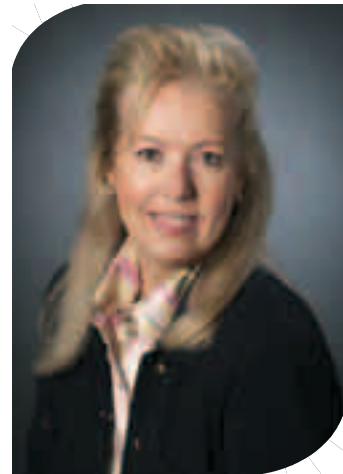
The Honourable Gail Shea, P.C., M.P.
Minister of National Revenue

FOREWORD FROM THE COMMISSIONER

The Canada Revenue Agency (CRA) plays a central role in Canada's economy and society, by administering tax and benefit programs on behalf of federal and provincial governments. Our Summary of the Corporate Business Plan 2012-2013 to 2014-2015 is an opportunity for us to set out our priorities for the coming three years, with a particular focus on the coming year. The Summary shows the core programs that the CRA will deliver to achieve its mandate, as well as change initiatives that are part of our commitment to continuous improvement in the way we administer taxes and benefits. The change initiatives also help us to respond to changes in our internal and external environment, so that we remain a world leader in tax and benefit administration.

This year's Summary describes Vision 2020, which is the result of an extensive strategic planning exercise to identify future directions for the CRA. It identifies the directions that will ensure that the Agency is a modern tax administration in 2020. Vision 2020 responds to government priorities, new advances in technology, and evolving taxpayer behaviour and service expectations. The Agency Management Committee has begun to use Vision 2020 to guide our decision making about major change initiatives at all levels of the organization.

We have identified building our workforce for the future as one of our strategic directions. This recognizes that our people are key to our success. I am proud to lead such a talented and knowledgeable workforce and have tremendous confidence in the Agency's capacity to deliver the services and priorities described in this Summary of the Corporate Business Plan.



Linda Lizotte-MacPherson
Commissioner of Revenue

VISION 2020: THE CRA TRANSFORMATION AGENDA

INTRODUCTION

The Canada Revenue Agency (CRA) plays a crucial role in Canada's tax system, protecting the revenue base and maintaining income security essential to the economic and social well-being of Canadians. This is reflected in 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.

The CRA exercises its mandate within a framework of complex laws enacted by Parliament and by provincial and territorial legislatures. During 2010-2011, we processed approximately \$384 billion in taxes and duties on behalf of Canada, the provinces (except Quebec) and territories, and First Nations. We also delivered over 110 million benefit and credit payments totalling over \$22 billion, and provided other services that contributed directly to the well-being of Canadians. In achieving these results, we answered almost 24 million telephone enquiries by agent or automation, and processed over 36 million tax returns. No other public organization touches the lives of Canadians every day more than we do.

This Corporate Business Plan sets out the core programs that we will use to deliver our mission over the next three years. It also sets out the results of our recent strategic planning exercise that established nine clear strategic directions for the CRA and a major transformation agenda, to be launched early in 2012-2013.

THE CONTEXT OF CHANGE

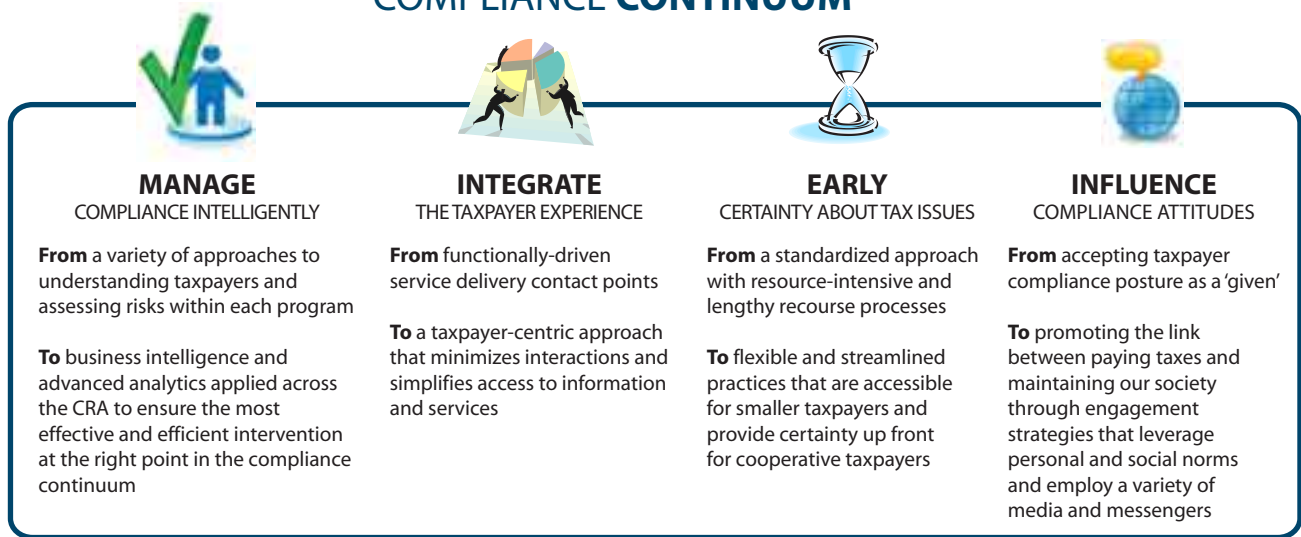
The Government of Canada has identified five areas of focus in the 2011 Speech from the Throne: the creation of the right conditions for growth and job creation: a stable, predictable, low-tax environment; a highly skilled and flexible workforce; support for innovation and new technologies; and wider access to markets abroad. More recently, the Government of Canada called on all departments and agencies to help reduce the deficit and, as one of the federal government's largest employers, the CRA will be a significant contributor.

The CRA has a strong record of implementing improvements to keep pace with a fast-changing environment. Today's world is one in which businesses must compete globally for talent and markets, services are expected to be available 24/7, from any location and any technology, and governments are under pressure to cut spending while providing top quality, responsive and transparent services to citizens. Tax administration is a key enabler of government objectives in this fast paced environment. Taxpayers' trust and participation in the tax system means that government has the revenue it needs to deliver jobs, growth and security for Canadians. Businesses count on us to be fair, clear and timely in our decisions about tax implications, so that they can move quickly on major decisions, and to minimize their paper burden. Canadians look to us to make it easy and stress-free to pay taxes, using services that fit in with their lifestyle, and to get it right when we pay benefits.

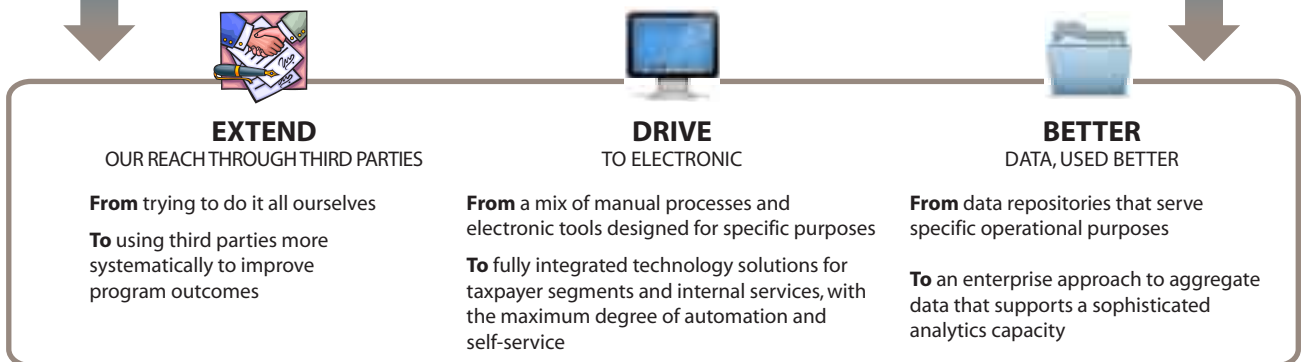
In 2010, we embarked on a comprehensive strategic planning process to keep the CRA in step with government priorities, global trends, technology, and taxpayer behaviour. The result—Vision 2020—is a bridge from today to the future.

VISION 2020 STRATEGIC DIRECTIONS

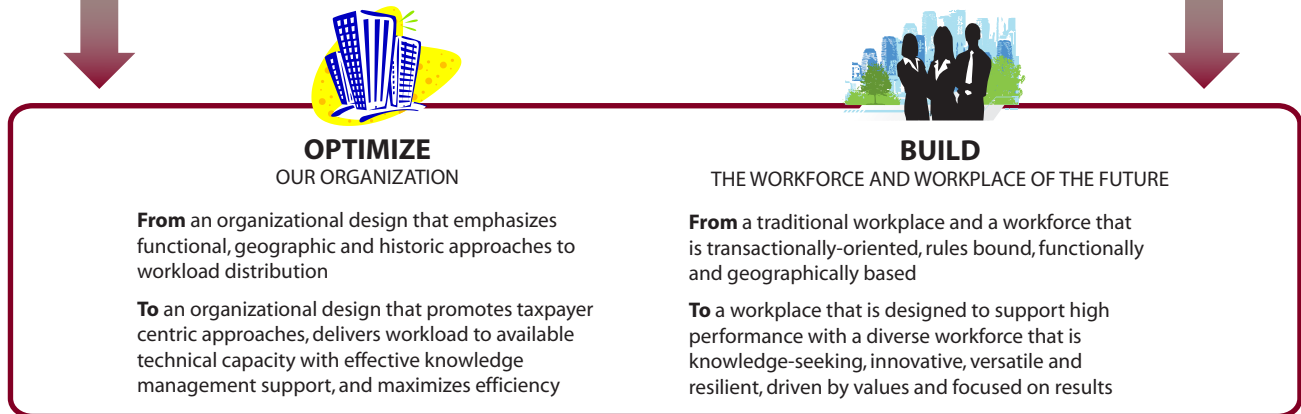
COMPLIANCE CONTINUUM



THE LEVERS



CORPORATE FOUNDATION



VISION 2020

Vision 2020 lays out a long term, transformative suite of nine strategic directions to strengthen and modernize how we administer tax and benefits for Canadians.

Four relate to the range of activities from service to enforcement to recourse that we use to promote and sustain compliance. They describe an evolution in our approach to core business programs:

- Manage Compliance Intelligently;
- Integrate the Taxpayer Experience;
- Early Certainty about Tax Issues; and
- Influence Compliance Attitudes.

Three are levers and describe the tools required to deliver Vision 2020:

- Extend our Reach through Third Parties;
- Drive to Electronic; and
- Better Data, Used Better.

The remaining two are about ensuring we:

- Optimize our Organization's resources; and
- Build the Workforce and the Workplace of the Future.

The CRA has been moving in many of these directions for some time, for example we started providing e-services nearly two decades ago—but Vision 2020 challenges us to go farther, faster, so that we can deliver earlier results for Canadians. Vision 2020 began as a simple question: Are there better, more cost-effective ways for the CRA to meet its mandate? Building on guidance from bodies like the Organisation for Economic Cooperation and Development (OECD), our own best practices, and those of other leading tax jurisdictions, Vision 2020 sets out the directions that the CRA needs to pursue to continue as a modern, successful tax administration in a global business and tax environment of growing complexity that poses both opportunities and challenges to government and tax administrations internationally.

THE CRA IN 2020

...is a modern tax and benefit administration in an environment where compliance with tax laws is recognized as good citizenship. Our advanced technology means that most Canadians deal with their tax matters online, when and how they choose. Our high-calibre, professional staff help taxpayers resolve complex issues in real time. Sophisticated use of data and analytics allows us to take timely and decisive action on non-compliance. Those who want to comply find it easy to do so; those who deliberately avoid their obligations know they likely will not succeed.

TRANSFORMATION AGENDA

Vision 2020 gives us a clear plan of where we are going and how we will get there. Over the next few years, the CRA will make significant changes to the way it does business so that our compliance activities, our services to the public, and our business processes and resources are aligned with Vision 2020. Early in 2012-2013, we will be launching a set of broad transformative initiatives that will be implemented over the next three years. They will contain the CRA's

commitments—which were guided by Vision 2020—arising from the spending review as part of the Government’s efforts to reduce the deficit, as well as other major changes that we will introduce to advance Vision 2020 and respond to the broader Government of Canada agenda.

This is an ambitious undertaking, and one that we must deliver on time and on budget. The success of our transformation agenda will depend on the skills, culture, and integrity of our workforce. For some time now the CRA has been moving to build a workforce that is more knowledge-seeking, innovative, values-driven, and focused on results and high performance. Our transformation agenda for compliance and service will take us further in that direction; as automation replaces some traditional areas of work, we will continue to count on highly qualified and experienced staff to deal with complex workloads.

The CRA has a solid track record of successfully delivering major change initiatives; we are building on this legacy to ready ourselves for this transformation. We expect that our Annual Report for 2012-2013 will demonstrate that the CRA is making significant progress toward Vision 2020.

MANAGING RISK

Risk management is an important part of sound corporate governance. It helps organizations ensure that they have planned for the full range of potential circumstances and their possible impact on the organization’s objectives. The CRA has a comprehensive enterprise risk management process that enables us to prioritize our efforts to keep risks from occurring or minimize their impact if they are due to unavoidable circumstances such as a natural disaster.

Our enterprise risk management is fully integrated into decision making, planning, and reporting to support the achievement of our strategic outcomes. The commitments in this Corporate Business Plan reflect our response to the identified major risks to the Agency’s mandate. We fully expect that, as a result of our effective risk management, the public will continue to maintain its trust in the integrity and diligence of the national tax administration; our IT systems will be reliable and flexible to support our evolving service and compliance needs; we will address non-compliance that poses the greatest threat to Canada’s revenue base; and our prudent management of corporate resources will result in a cost-efficient, productive organization.

TOTAL PLANNED SPENDING

| (thousands of dollars) | FORECAST SPENDING 2011-2012 | PLANNED SPENDING 2012-2013 | PLANNED SPENDING 2013-2014 | PLANNED SPENDING 2014-2015 |
|------------------------|--|---|---|---|
| | 197,738 | 191,169 | 186,045 | 185,829 |

The CRA's approach to ensuring Canada's tax laws are adhered to is to promote compliance by encouraging individuals and businesses to meet their tax obligations without our intervention. Transparent and fair application of the tax statutes, including a responsive redress system, maintains public trust and confidence in the CRA which in turn mitigates possible drivers of non-compliance.

We understand that protecting our public image will ensure that the CRA continues to be viewed as a trusted tax administrator, which is imperative when promoting compliance in a voluntary tax regime. We will enhance the CRA's management of the dispute resolution process, improve communication and resource allocation processes, and enable the CRA to better predict and absorb annual workload requirements.

The CRA builds and maintains the trust and confidence of Canadians through a number of activities designed to promote compliance and by treating personal information confidentially. To ensure that we continue to achieve these objectives, we will:

- conduct outreach activities targeted to specifically selected populations to inform them about their responsibilities and entitlements;
- provide objective and timely reviews of the CRA's redress and dispute resolution process; and
- encourage taxpayers to voluntarily come forward, using the Voluntary Disclosures Program, to correct previous omissions in their dealings with the CRA.

COMMUNICATING WITH CANADIANS

We will use traditional communication tools and emerging technologies to support CRA programs, deliver key messages, and provide clear, concise information about compliance issues.

OUTREACH PROGRAM

The CRA uses outreach programs to connect with Canadians and deliver the information and assistance taxpayers and benefit recipients require. We use tools such as public opinion research, demographic analysis, environmental scans, and compliance risk analysis to identify taxpayer segments that could most benefit from outreach (e.g youth, new Canadians, small businesses, employers) and topics on which to focus our efforts. Technology enables us to reach wider audiences, including those who live in remote locations, efficiently and cost-effectively.

| DELIVERABLE | DATE |
|--|-------------|
| Develop and implement responsible citizenship messages | 2012-2015 |
| Develop outreach plans for targeted taxpayer segments | 2012-2015 |

EXTERNAL COMMUNICATIONS

Our external communication and marketing activities raise public awareness about the importance of compliance and how interacting with the CRA electronically makes it easy to comply. The CRA is continually improving its electronic service offerings and communicating to ensure that Canadians are aware of the range of online services available.

Targeted communications are used as a compliance tool to sensitize potential non-compliant taxpayers about the consequences of tax cheating and highlight CRA programs and results that increase the likelihood of getting caught. Social media offers new ways to get this message to Canadians. For example, the CRA is expanding the use of social media to reach taxpayers, including Agency YouTube and Twitter channels.

The CRA is committed to making plain language the writing standard for external communications. We have undertaken various initiatives and activities to promote language quality in all our communications with Canadians.

BEING FAIR

By listening to people's concerns, and acting in a fair and responsible manner, the CRA earns the respect and trust of those upon whom it relies to self-assess and pay the amounts owing.

DISPUTE RESOLUTION

The goal of the CRA is to provide objective and timely reviews of contested decisions through its appeals process and the mutual agreement procedure. The CRA's focus on aggressive tax planning over the last few years, and the successful identification of tax schemes, has

| DELIVERABLE | DATE |
|--|-----------|
| Communicate with stakeholders on decisions taken | 2012-2014 |
| Full implementation of business transformation model designed to consolidate group/project files | 2012-2014 |

resulted in an increase in the number of disputes filed with the CRA. This increase in volume has negatively affected the timeliness of the dispute resolution process. The CRA has started to implement elements of a business transformation model that takes full advantage of our existing resource base, capitalizes on established centres of expertise, and builds on recent business process change to distribute our less complex workload nationally.

TAXPAYER RELIEF

The taxpayer relief provisions of the various Acts administered by the CRA have enabled us to help taxpayers who, because of circumstances beyond their control, are unable to meet their tax obligations. These circumstances could be personal misfortunes (sickness, death in the family), natural or human-made disasters (fire, floods), service disruption (postal strike), or an error by the CRA (incorrect information). The taxpayer relief provisions give the Minister of National Revenue discretion to cancel or waive penalties or interest, accept certain late, amended or revoked elections (income tax only), and issue income tax refunds or reduce the amount payable beyond the normal three-year period (individuals and testamentary trusts only).

PROVIDING CERTAINTY

Taxpayers can have certainty regarding their tax obligations through a variety of CRA service offerings.

RULINGS AND TECHNICAL INTERPRETATIONS

The CRA interprets Canada's income tax law and provides clients through advance income tax rulings and technical interpretations. In recent years, the turnaround time for advance income tax rulings has been in excess of our published service standard. The service standard for advance income tax rulings and technical interpretations will be revised starting in the 2012-2013 fiscal year to take the increasing complexity of these files into account. The new target for advance income tax rulings and technical interpretation files service standards will be the completion of 85% of files within an average of 90 business days.

The CRA produces technical publications and newsletters that clarify our interpretation of income tax law. We will update the content of income tax interpretation bulletins to ensure that Canadians have access to the most accurate and timely information.

VOLUNTARY DISCLOSURES

The Voluntary Disclosures Programs (VDP) strives to facilitate voluntary compliance by encouraging taxpayers to disclose unreported information and correct any inaccuracies or oversights to previously submitted information. Taxpayers who take advantage of the opportunities presented through the VDP may be able to avoid penalties or prosecution associated with tax non-compliance, provided they come forward prior to the CRA initiating any compliance action. These taxpayers are still required to pay the tax amounts owing as well as any interest that may apply to those amounts.

Administrative processes are being streamlined to improve taxpayer interaction and to make information culled from these disclosures available in a more efficient and effective manner. The program continues to be promoted through the CRA's communication strategy, tax intermediaries, and CRA partners. In addition, we have conducted public opinion research regarding the VDP and will develop action plan to address the findings of these studies.

OUR PERFORMANCE INDICATORS – PROMOTING COMPLIANCE

These indicators will demonstrate whether we are making measurable improvements in achieving this core business outcome.

| Our core business outcome – Canadians have access to the information they need to voluntarily comply with tax laws and have access to impartial and timely review of contested decisions | | |
|---|---|--|
| Activity | Performance indicator | Expected Result |
| Communicating with Canadians | Number of electronic outreach offerings created or revised | Upward trend ¹ |
| Being fair | Percentage of Appeals cases that met the service standard for initial contact within 30 days | 85% |
| | Average age of workable inventory – income tax files | Neutral or downward trend ² |
| Providing certainty | Average number of days to issue an income tax technical interpretation and advance income tax ruling to taxpayers | 90 days |
| | Average number of days to process voluntary disclosures | Downward trend ³ |

¹ The objective is to show an increase.

² The objective is to show a decrease or no change.

³ The objective is to show a decrease.

MEETING SERVICE NEEDS

TOTAL PLANNED SPENDING

| (thousands of dollars) | FORECAST SPENDING 2011-2012 | PLANNED SPENDING 2012-2013 | PLANNED SPENDING 2013-2014 | PLANNED SPENDING 2014-2015 |
|------------------------|--|---|---|---|
| | 816,388 | 808,907 | 820,321 | 837,425 |

Quality service and information are critical to the success of our tax system which relies on self-assessment. We provide taxpayers with a wide array of services, helpful and accurate information, and effective tools to facilitate their compliance with tax legislation and to ensure they receive the benefits to which they are entitled.

Providing Canadians with information, tools, and services via multiple service channels helps them to meet their tax obligations and receive their entitlements. To increase our success in advancing these goals, we will:

- use an integrated, multi-channel approach that directs taxpayers and benefit recipients to the most affordable and effective channel to meet their service needs, including providing information and assistance through the Web, publications, automated telephone service, agent-assisted services, and facilitating transactions such as electronic filing or requesting a reassessment using My Account;
- employ high-capacity production systems, supported by an IT service management approach, facilitating a range of tax and benefit assessing and processing activities, issuing and receiving payments, and other services to our clients; and
- focus our efforts on delivering services that help third party representatives to better serve their clientele.

We will meet the growing expectations of taxpayers by ensuring that we make optimal use of technology to provide timely and accessible service offerings. We will promote voluntary compliance by ensuring that we accurately and efficiently process returns and payments, thereby contributing to the protection of Canada's revenue base.

THE CRA WEB SITE AND ELECTRONIC SERVICES

More and more Canadians interact with the CRA through the CRA Web site and the electronic services it provides. Particular advantages of this service delivery channel include increased timeliness of information provided by the CRA, increased flexibility and ease of transacting with the CRA, and reduced costs both for Canadians and the CRA. Our electronic self-service options include My Account, My Business Account, and Quick Access.

To enhance the user experience with the Web channel and increase visits to online information, we will ensure a better integration of tax and benefits information with our e-services. This aligns with improving the user experience and the new Web standards for accessibility, usability, and interoperability set by the Treasury Board of Canada Secretariat. Satisfaction of taxpayers with the CRA Web site will be measured against key performance indicators, using a variety of feedback mechanisms.

MY ACCOUNT, MY BUSINESS ACCOUNT, AND MY PAYMENT

My Account, My Business Account, and My Payment are electronic services offered by the CRA to allow taxpayers to obtain information relevant to their situation, to modify their information, and to make payments.

The CRA will pursue cost-effective ways to improve service to taxpayers and will introduce new electronic services. A Message Centre will be available to businesses and authorized third party representatives through the My Business Account portal and will inform users of a new or awaiting message upon logging into My Business Account. My Business Account users will also be able to send enquiries and receive written responses from the CRA electronically within the secure portal.

The *Income Tax Act* and the *Excise Tax Act* contain sections that prohibit the disclosure of taxpayer information to third parties unless specifically authorized by that taxpayer. The Taxpayer Representative Identification System (TRIS) is an online database that permits us to verify whether CRA employees are authorized to deal with a third party representative on a specific taxpayer's behalf. While we have made progress in the timely processing of request forms, we will continue to take steps to address delays during non-peak tax time (mid-July to mid-March) associated with timely routing of request forms.

The CRA recognizes that the use of mobile devices in Canada continues to rise exponentially. Over the planning period, we will enhance our CRA mobile-friendly Web site.

ENQUIRIES SERVICES

Our 1-800 telephone networks provide help and information to taxpayers and benefit recipients 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.

| DELIVERABLE | DATE |
|---|-----------|
| Conduct analysis on channel demand, use and integration | 2012-2015 |
| Target taxpayer population segments through improved Web navigation, architecture, and content management | 2012-2015 |
| Enhance authoring and planning tools and business processes | 2012-2014 |
| Enhance the quality assurance program, agent training, and agent tools | 2012-2015 |

Our GST/HST Rulings program provides written rulings and interpretations along with a 1-800 telephone service for registrants and taxpayers for more technical GST/HST information and transactions. Our goal is to respond to written requests for rulings and interpretations within 45 days¹ of receipt in the CRA.

PROCESSING RETURNS AND PAYMENTS

It is important that the CRA processes Income Tax or GST/HST return accurately and without undue delay. We are continuing to introduce efficiencies that will accelerate our processing times. In situations where taxpayers make an error in completing their return, the CRA will adjust the return, which may result in a taxpayer owing more money or obtaining a refund of excess taxes paid.

| DELIVERABLE | DATE |
|---|---------|
| Communicate the new mandatory Internet filing requirements for businesses | Ongoing |

This year, we will promote electronic payments by adding the ability to transfer a payment to a different program with the same Business Number. We will also continue to communicate the new mandatory Internet filing requirements for businesses. In addition, we will also make it easier for businesses to authorize their representatives to act on their behalf.

1. This excludes highly technical and precedent and/or policy-setting rulings and interpretations.

Charities

Client service representatives in our Charities program are available to provide public information regarding registered charities, and provide guidance on how to register a charity and how to issue donation receipts. We offer a thorough and timely application process, provide direct assistance to charities, and conduct extensive outreach initiatives.

| DELIVERABLE | DATE |
|--|-----------|
| Improve the display of Annual Information Returns on the Charities and Giving Web site | 2012-2013 |
| Deliver information sessions, webcasts, webinars, and newsletters | 2012-2013 |
| Implement a service standard for written enquiries | 2012-2013 |

Over the planning period, registered charities and applicants for registered status will continue to have access to high quality application and enquiries processes and outreach initiatives.

OUR PERFORMANCE INDICATORS – MEETING SERVICE NEEDS

These indicators will demonstrate whether we are making measurable improvements in achieving this core business outcome.

| Our core business outcome – Canadians have access through multiple channels to services that they need to voluntarily comply with tax laws | | |
|---|--|----------------------------------|
| Activity | Performance indicator | Expected result |
| The CRA Web site and electronic services | Number of successful log-ins to My Account and My Business Account | Upward trend ¹ |
| | Percentage of individuals that file electronically | Upward trend ¹ |
| | Percentage of corporations that file electronically | Strong upward trend ¹ |
| Enquiries | Percentage of individual calls answered within two minutes of entering the agent queue | 80% |
| | Percentage of business calls answered within two minutes of entering the agent queue | 80% |
| Processing returns and payments | Number of successful payments made through My Payment | Upward trend ¹ |
| | Percentage of payments made electronically | Upward trend ¹ |
| Charities | Response to simple Charities applications within two months | 80% |
| | Response to regular Charities applications within six months | 80% |

¹ The objective is to show an increase.

ADDRESSING NON-COMPLIANCE

TOTAL PLANNED SPENDING

| (thousands of dollars) | FORECAST SPENDING 2011-2012 | PLANNED SPENDING 2012-2013 | PLANNED SPENDING 2013-2014¹ | PLANNED SPENDING 2014-2015¹ |
|------------------------|--|---|---|---|
| | 1,629,677 | 1,732,162 | 1,436,586 | 1,429,060 |

¹ 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 and \$280M in 2012-2013).

Ensuring compliance with Canada's tax and benefit legislation is essential to protecting Canada's tax revenue. Making non-compliance more difficult reduces opportunities to avoid paying taxes and lowers the overall risk of non-compliant behaviour. Through risk-based processes and strategies that identify and address specific instances of non-compliance, we aim to change the behaviour of non-compliant taxpayers and to influence others to either remain or become compliant, ensuring taxpayers meet their obligations and Canada's revenue base is protected.

The Corporate Risk Profile has identified Aggressive Tax Planning and the Underground Economy as corporate risks associated with specific types of non-compliance. To counter these risks, action plans were developed that focus on either reducing the likelihood or reducing the impact of non-compliance, for example, by increasing penalties and sharing information to enable early detection and correction.

The CRA combats non-compliance by:

- researching the drivers and mechanisms of non-compliance to develop strategies that will improve the CRA's ability to rectify this behaviour;
- conducting reviews, examinations, audits and investigations to ensure that different population segments (e.g. individual taxpayers, small and medium enterprises, and large international enterprises) adhere to Canada's tax laws;
- addressing domestic and international non-compliance activities through verification and enforcement, including the administration of international tax agreements and the exchange of information with treaty partners; and
- actively managing the receivables that arise from income tax, GST/HST, the Canada Pension Plan, Employment Insurance, and defaulted Canada student loans.

FILING AND REGISTRATION NON-COMPLIANCE

The CRA estimates that voluntary filing and registration compliance has remained consistently above target over several years. When non-filing occurs, we attempt to obtain returns at minimal cost within a specific period of time using early intervention, before the accounts enter more resource-intensive operations. Accounts that do not respond to early intervention measures are considered higher risk, require human intervention, and are referred for escalating enforcement action. The CRA also undertakes projects aimed at identifying and addressing filing and registration non-compliance.

REPORTING NON-COMPLIANCE

The CRA will continue to improve its use of business intelligence and risk analysis, and strengthen its partnerships with other tax jurisdictions in order to identify and exploit new ways of detecting non-compliant reporting.

INDIVIDUALS

All tax returns from individuals are subject to risk assessment review by CRA systems. We have increased our focus on suspicious or willful non-compliance at both the initial processing and post assessment stages, and are incorporating more compliance activities within our core processes. We will continue to invest in areas such as risk assessment and technological systems designed to improve our analysis, identification, and management of risk in specific areas of reporting non-compliance.

BUSINESSES

Like individuals, Canadian businesses are subject to risk assessment reviews by CRA systems. The Corporation Assessing Review Program validates the accuracy of taxpayer reporting by ensuring that corporations file accurate and complete information with the CRA.

The CRA uses tools such as examinations, audits, investigations and international verification and enforcement activities to detect and deter non-compliance within business populations.

AGGRESSIVE TAX PLANNING

Aggressive tax planning (ATP) practices are developed by taxpayers, intermediaries, tax planners and promoters. They involve transactions aimed at helping taxpayers reduce, avoid, or evade Canadian taxes. ATP is on the rise due to greater globalization and labour mobility, both of which have increased the number of international transactions and cross-border investment opportunities. Technology has also made offshore financial transfers and investments more accessible.

The CRA recognizes that the tactics and interventions required to address particular instances of ATP vary from case to case and from situation to situation. The required solutions may be stand-alone or they may utilize multiple tools as part of a more comprehensive strategy including the involvement of other countries. Our strategies include conducting compliance audits, publishing tax alerts, leveraging relationships with

international and domestic partners to exchange information on ATP schemes, being active in groups that work to combat offshore abusive tax schemes, utilizing research and intelligence gathering as a means to support to development of ATP strategies, and refining risk assessment systems so that instances of ATP can be detected in a more effective manner.

| DELIVERABLE | DATE |
|--|---------|
| Identify and address abusive transactions | Ongoing |
| Work with international/domestic bodies, stakeholders and clients to share information and intelligence on ATP | Ongoing |
| Leverage and strengthen existing legislation, designed to reduce participation in ATP schemes | Ongoing |
| Use communication as a compliance tool | Ongoing |

UNDERGROUND ECONOMY

The underground economy (UE) remains a priority for the CRA because it undermines business competitiveness, denies employees of UE operations access to social programs like employment insurance, and makes it difficult for consumers to seek recourse for poor workmanship or the use of inferior materials.

The CRA’s strategy to address the UE engages the CRA’s regions in research, audit and outreach projects that provide vital intelligence to identify emerging UE risks. This intelligence allows the CRA to better understand the risks, the drivers of non-compliant behaviour, and the compliance treatments that would be the most effective in addressing them. In 2012-2013, the CRA will launch 14 new regional UE projects focusing on sectors such as small wineries, scrap metal dealers, construction and service providers to the film industry. In addition each Tax Services Office

| DELIVERABLE | DATE |
|---|-----------|
| Continue to work with partners in the Federal-Provincial-Territorial Underground Economy Working Group (FPTUEWG) to reduce participation in the UE through research, information sharing, communication, education and audit activities | Ongoing |
| Continue to adapt the UE compliance strategy in order to effectively address the constantly evolving UE | Ongoing |
| Report on the UE projects completed in 2011-2012, with specific focus on the Resource Development, Construction Sectors in Small Communities and Construction Site Visits projects | 2012-2013 |

(TSO) must undertake and document a cluster of at least 30 audits to establish a pattern of compliance within an identified taxpayer population; a specific sector; or a specific risk-issue. The sectors they target will vary by TSO, and the information obtained will help build our collective intelligence on emerging issues and risks.

GOODS AND SERVICES/HARMONISED SALES TAX (GST/HST) REGISTRANTS

The GST/HST represents a significant source of tax revenue for both the federal and applicable provincial governments. The CRA will continue to protect GST/HST revenue sources by identifying non-compliant businesses and registrants and through proactive compliance communication. The CRA will increase its knowledge of the GST/HST registrant population, will work to identify trends and patterns of non-compliance and will use this information to enhance risk assessment models so that we can more effectively manage and address compliance risks. The enhancement of risk assessment capabilities is an integral element of the CRA’s ongoing strategy to address GST/HST non-compliance.

| DELIVERABLE | DATE |
|--|-----------|
| Establish centralized GST/HST workload development team(s) in each region and ensure new risks associated with harmonization are addressed | 2012-2014 |
| Implement a National Inventory Approach in the Pre-assessment Program to focus on high risk cases across the country | 2012-2013 |
| Refocus the Large Business Audit Program to address priority issues based on the enhanced GST/HST risk assessments | 2012-2014 |
| Establish a national non-resident GST/HST audit program | 2012-2014 |
| Strengthen High Risk Analysis Program to minimize losses to GST/HST revenue | 2012-2013 |

The CRA will also maintain its presence in the large business registrant community to help deter non-compliance.

EMPLOYERS AND GOODS AND SERVICES/HARMONIZED SALES TAX (GST/HST) REGISTRANTS

Employers and GST/HST registrants are of particular interest to the CRA because of their fiduciary responsibility to collect and remit GST/HST and deductions at source for employees. The GST/HST and payroll deductions represent a significant source of tax revenue for both the federal and applicable provincial governments.

Over the planning period, we will address non-compliance with remittance, filing, and withholding requirements through improvements in our internal quality assurance process, as well as improved file selection for examinations. We will continue to increase our knowledge of the GST/HST program and maximize the risk-assessment capabilities of our compliance programs.

ADMINISTERING THE SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT PROGRAM

The CRA oversees the administration of various tax incentives designed to promote economic growth in Canada. We strive to deliver tax incentives in a timely, consistent, and reliable manner, while ensuring claims comply with tax laws, policies, and procedures.

During 2012-2013, in addition to the deliverables noted, the CRA will develop a formal SR&ED Stakeholders Engagement Strategy that will ensure that the needs and views of stakeholders continue to be considered during the planning, development, and implementation of administrative changes to the program.

| DELIVERABLE | DATE |
|---|-----------|
| Publish the new SR&ED policy documents on the CRA Web site | 2012-2013 |
| Develop an action plan to address the recommendations that are adopted following the government review of the Research and Development (R&D) Review Expert Panel's report | 2012-2013 |
| Review the observations in the Taxpayers' Ombudsman report on the SR&ED Program and develop an appropriate action plan | 2012-2013 |

CHARITIES

The CRA is mandated to promote compliance with income tax legislation and regulations among registered charities to ensure the integrity of the charitable sector.

The CRA Charities Program will work to address identified non-compliance in a timely manner and implement the initiatives announced in Budget 2011, intended to increase the transparency and accountability of entities that are permitted to issue donation receipts for income tax purposes. In addition, the measures provide the CRA with new tools to strengthen the existing regulatory regime for charities, amateur athletic associations, and other qualified donees under the *Income Tax Act*.

| DELIVERABLE | DATE |
|--|-----------|
| Evaluate processes for dealing with charities that file their annual return late | 2012-2013 |
| Evaluate the effectiveness of sanctions and compliance agreements | 2012-2014 |

EXCISE TAX

The CRA is responsible for the interpretation and application of the *Excise Act*, the *Excise Tax Act*, the *Importation of Intoxicating Liquors Act*, the *Air Travellers Security Charge Act* and the *Excise Act, 2001* and the regulations, policies, and administrative procedures associated with these pieces of legislation.

The CRA collects the excise duty on tobacco products manufactured domestically, while the Canada Border Services Agency collects the excise duty on imported tobacco products. The tobacco stamping regime provides the legal framework and ministerial powers for tobacco product stamping, including the authority to limit the possession of tobacco stamps to legal tobacco activities, to impose new penalties for counterfeited stamps, and for stamps that a person cannot account for as being in their possession or affixed to a tobacco product.

During 2012-2013, we will develop an accountability framework and facilitate further provincial adoption of the stamping program.

| DELIVERABLE | DATE |
|--|-----------|
| Develop an accountability framework for the control of stamp issuance and possession | 2012-2013 |
| Facilitate further provincial adoption of the stamping program for provincial purposes | 2012-2014 |

ENFORCEMENT

While the CRA has a sustained audit presence across sectors, suspected significant cases of fraudulent non-compliance are dealt with by the Criminal Investigations Program, which investigates and refers cases for prosecution to the

Public Prosecution Service of Canada. These cases can result in penalties, court fines, and up to five years of incarceration. The Special Enforcement Program undertakes audits and other civil enforcement actions against taxpayers suspected of, or known to be, deriving income from illegal activities.

A program evaluation was recently conducted on the CRA's enforcement programs and the CRA is currently responding to this review and report, through the development and implementation of relevant action plans.

| DELIVERABLE | DATE |
|---|-----------|
| Develop and implement action plans to address report findings | 2012-2015 |

REMITTANCE

Once an assessment is completed through self-assessment, or reassessed through our subsequent verification actions, taxpayers must remit any amounts due. We use various means to collect the amounts that are owed to the Government of Canada.

PAYMENT NON-COMPLIANCE

The accumulation of new debt depends on factors that are outside of our control. They include domestic and international economic conditions, aggressive tax planning and strategic insolvencies, and socio-economic factors that may influence taxpayer compliance behaviour. We will continue to coordinate and reinforce CRA efforts to educate taxpayers about their obligations, and use business intelligence to collect outstanding returns and payments in an effort to positively influence taxpayer compliance behaviour. We will continue to further develop business intelligence reporting to improve our ability to identify non-compliance and evaluate the effectiveness and efficiency of our operational actions, and to match results to actions taken.

COLLECTIONS

Early determination of the most effective course of action facilitates both timely and efficient debt collection. The longer a debt exists, the more difficult and expensive it is to collect. We continue to optimize the use of our Debt Management Call Centre (DMCC) which addresses high volume, low-risk tax debt at a minimal cost. Use of our DMCC allows our collection officers to focus on addressing more complex, higher risk accounts that involve the use of escalating collections measures, including legal and enforcement actions to deal with non-compliant taxpayers.

The amalgamation of our regional and national pools into a single national accounts receivable inventory enables us to address higher-risk accounts without regard to geographic boundaries. Preliminary results have indicated a positive trend in the level of recoveries. We will continue to monitor the results of this initiative and apply best practices to more complex accounts.

Our operating environment continues to evolve rapidly resulting in shifting priorities and the need to build capacity for the future. Over the planning period our primary focus will be on maintaining the sustainability of our collections program by monitoring recently implemented initiatives and identifying opportunities for efficiencies.

| DELIVERABLE | DATE |
|---|-----------|
| Implement the payment non-compliance action plan to address future arrears | 2012-2014 |
| Strengthen partnerships within the CRA to manage new debts arising from our reporting compliance activities | 2012-2014 |
| Implement risk assessment and tailor strategies to better manage new and existing debt | 2012-2014 |
| Strengthen field infrastructure to identify and address repeat payment non-compliance | 2012-2013 |
| Develop and validate baseline measurements for initiatives specific to payment non-compliance | 2012-2014 |

OUR PERFORMANCE INDICATORS – ADDRESSING NON-COMPLIANCE

These indicators will demonstrate whether we are making measurable improvements in achieving this core business outcome.

| Our core business outcome – Identified non-compliance is addressed | | |
|---|--|------------------------|
| Activity | Performance indicator | Expected result |
| Filing and registering non-compliance | Percentage of corporations and individuals who filed their return on time | 90% |
| | Percentage of Canadian businesses that were registered for the GST/HST | 90% |
| Reporting non-compliance | Fiscal impact ¹ generated per audit FTE for international and large business program - Income Tax Programs | \$2.7 million |
| | Fiscal impact ¹ generated per audit FTE for small and medium-sized enterprises - Income Tax Programs | \$0.35 million |
| | Total dollar value of assessments related to Employer, GST/HST and Part XIII compliance activities | No change |
| | The dollar value of estimated assessments related to GST/HST Non-Registration and Non-Filer activities for individuals, trust and corporations resolved at the Tax Centre/Tax Service Office level | 5-year trend |
| Remittance | Percentage of TSO intake resolved in the year of intake | 60% |
| | Percentage of TSO tax accounts receivable aged inventory (>5 years) compared to closing TSO inventory | 18% |

¹ Fiscal impact includes current and future tax revenues identified from our audit efforts, including penalties and interest, but excluding the impact of Appeals reversals and payment non-compliance.

TOTAL PLANNED SPENDING

| (thousands of dollars) | FORECAST SPENDING 2011-2012 | PLANNED SPENDING 2012-2013 | PLANNED SPENDING 2013-2014 | PLANNED SPENDING 2014-2015 |
|------------------------|--|---|---|---|
| | 368,088 | 367,546 | 372,080 | 376,487 |

The CRA supports federal, provincial, and territorial governments by administering benefits and credits that contribute to the economic and social well-being of individuals, low- and moderate-income households, and persons with disabilities. In 2010-2011, we issued 110 million benefit payments totalling almost \$22.3 billion to almost 12 million recipients.

Our objective is to ensure Canadians have access to the benefits to which they are entitled, and that related payments are timely and correct. To achieve this, the CRA administers and issues benefits for three core federal programs: the Canada Child Tax Benefit (CCTB), the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit, and Children's Special Allowances. The CRA also delivers the Universal child care benefit on behalf of Human Resources and Skills Development Canada, the Disability Tax Credit, and numerous ongoing and one-time benefit and credit programs and services, on behalf of provincial, territorial, and federal government clients.

The CRA will successfully administer benefit programs by:

- ensuring that all eligible recipients have access to benefit and credit information and application or registration tools;
- providing Canadians with the benefits and credits to which they are entitled within established timeframes; and
- adding new programs and services where possible without jeopardizing the sustainability of current program delivery, while lowering the overall cost to governments by reducing duplication in benefit and credit administration.

The Corporate Risk Profile has identified a risk to the CRA should we not be able to comply with our benefits related obligations and to maintain positive relations with benefit recipients. We are implementing a series of technology solutions through our Benefit Renewal Project that will ensure the sustainability of our benefit delivery system.

MAINTAIN SERVICE

The CRA is a leader in providing tax and benefit services, and we continually explore ways to improve the services that we provide by enhancing the information and tools available to Canadians, to help them apply or register for programs. We offer a variety of formats to make it easier for people to access the benefits and credits to which they are entitled. We do this with the understanding that Canadian's expectations of service delivery continue to rise, government program delivery is subject to increasing levels of scrutiny and accountability, and the pace of innovation and the complexity of our delivery infrastructures are intensifying.

BENEFIT RENEWAL PROJECT

In 2011 the CRA launched the benefit renewal project which will be completed in phases over the next seven years. This work is being done to enhance our ability to maintain core business processes, respond to opportunities for growth in program and service delivery, and ensure that eligible families and individuals receive timely and correct benefit payments. The project will incorporate modern technologies and cost containment initiatives to address weaknesses in the benefits delivery system, and to ensure uninterrupted delivery of benefit programs and services.

PAYMENT ACCURACY AND TIMELINESS

The correct calculation of benefits and credits relies on up to date information from the recipients. It is the responsibility of recipients to provide us with complete and accurate information to maintain their eligibility and receive the proper amount of benefits. Ongoing validation activities, in both prevention and detection, are carried out to make sure that the CRA issues accurate payments to entitled individuals.

ENSURE ACCURATE PAYMENTS

We are responsible for ensuring that eligible individuals are receiving accurate payments on-time. We carry out validation and control activities specifically targeting accounts identified as high-risk for potential overpayments or underpayments. We also validate information about 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, we aim to enhance our enforcement presence by our efforts to move cases of misrepresentation toward prosecution.

We have developed and refined a validation strategy over a number of years based on research, risk assessment, and investigation of trends within the benefit recipient community. We will continue to improve our targeting to achieve greater program effectiveness and quantify the results achieved by our validation program to ensure that we are applying our resources in the most efficient and effective manner.

| DELIVERABLE | DATE |
|---|-----------|
| Maintain and refine the validation program to ensure that compliance risks are identified and addressed | 2012-2014 |

WORKING TOGETHER

Our legislation, in conjunction with the adaptability of our systems, enables us to use our infrastructure to accurately and efficiently deliver benefits and credits on behalf of government clients. Legislation also allows us, in certain instances, to provide information to support programs administered by other governments.

The number of programs and services provided by the CRA on behalf of other federal departments or other levels of government continues to increase. Given the broad implications of our current renewal of our IT infrastructure and the potential resource constraint, additional programs will only be considered where feasible, until our renewal project is fully implemented in 2016-2017.

| DELIVERABLE | DATE |
|---|-----------|
| Enhance e-Services (information for benefits on My Account) | 2012-2014 |
| Increase the number of provinces and territories using the Automated Benefits Application service | 2012-2014 |

MANAGE PARTNERSHIPS

Our flexibility as an agency and the adaptability that we have built into our systems enables us to lever our federal delivery infrastructure to administer a range of programs and other services on behalf of 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.

A good example of working together is our ongoing collaboration with provinces and territories in offering the Automated Benefits Application (ABA) service which is a quick, easy, and secure way to apply for all child benefit programs for newborns. This coordinated approach shows that we are working closely with our federal, provincial, and territorial partners to make it easier for new parents to access government programs. 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. In addition to the six provinces already using ABA, we expect four additional provinces to begin using the service between 2012 and 2013.

We will maintain current programs and services and expand our service and data exchange opportunities where possible, without jeopardizing the sustainability of current program delivery.

| DELIVERABLE | DATE |
|---|-----------|
| Implement new benefit programs, where feasible | 2012-2014 |
| Expand data exchange opportunities where possible | 2012-2014 |

OUR PERFORMANCE INDICATORS – ADMINISTERING BENEFITS

These indicators will demonstrate whether we are making measurable improvements in achieving this core business outcome.

| Our core business outcome – Canadians have access to the benefits and credits to which they are entitled and related payments are timely and correct | | |
|--|--|---------------------------|
| Activity | Performance indicator | Expected result |
| Maintain service | Number of visits to My Account (Benefits) | Upward trend ¹ |
| Payment accuracy and timeliness | CCTB overpayment debt as a percentage of payments issued | <0.4% |
| | Percentage of benefit payments that were issued on time | 99% |
| Working together | Number of payment programs administered | Upward trend ¹ |
| | Number of jurisdictions using the Automated Benefits Application service | Upward trend ¹ |

¹ The objective is to show an increase.

ENABLING CORE BUSINESS OPERATIONS

The CRA internal management services ensure the use of effective human resources practices and rigour in our reporting to Parliament, and provinces and territories. They also sustain and advance information technology (IT) functions, provide financial and administrative services, ensure open communications with employees and the public, and a systematic and comprehensive approach to managing risk. We will undertake the following initiatives to respond to the challenges we face in enabling our core business operations.

ENTERPRISE RISK MANAGEMENT

We will focus our risk management efforts on maintaining the Corporate Risk Profile, supporting the CRA's transformation agenda, and strengthening risk monitoring and reporting capacity through the development of risk tolerance levels that facilitate risk oversight.

BUSINESS INTELLIGENCE

The CRA will continue to enhance its business intelligence capacity through the development of strategic approaches for research and analytics, the development of a business intelligence roadmap, and improvements in our ability to re-use data.

HUMAN RESOURCES

The CRA will use a collaborative and horizontal approach to develop workforce plans at the corporate, branch and regional levels that will identify human resources gaps and priorities. The gaps outlined in the various plans will be addressed through the development of HR strategies and action plans that will include: acquisition, development and knowledge transfer, and succession planning, as needed. We will also identify and implement approaches to lead transformation, manage change, and engage employees while fostering a healthy and respectful workplace. The CRA will continue to manage the HR impacts of business decisions related to the return to GST and PST in British Columbia.

- | Priority |
|--|
| Manage talent through planning, acquisition, development, retention and mobilization |
| Sustain a healthy, respectful, and innovative workplace |
| Manage transition of provincial employees |

IT RESPONSIVENESS AND SUSTAINABILITY

IT is integral to our capacity to deliver programs and services to Canadians. We must ensure that our systems and infrastructure are robust, secure, reliable, and recoverable. The CRA will develop technologies to improve productivity and support the CRA's Information Management Strategy. We will evolve CRA's IT Security program to ensure compliance with federal requirements. Over multiple planning periods, CRA will reengineer the T1 and Benefits systems to allow the modernization of our business processes for the individual income tax program, and ensure timely and accurate benefit payments to Canadians. We will also manage the CRA's relationship with Shared Services Canada by strengthening our expertise in service management and ensure quality IT services and value for CRA and taxpayers and benefit recipients.

- | Priority |
|--|
| Sustain IT applications and infrastructure |
| Continue to evolve our security posture |
| Reengineer our systems |

FINANCE AND ADMINISTRATION

The CRA will continue to focus on resource optimization through operational savings and program efficiencies, thereby maintaining the financial capacity to deliver its mandate. We will further improve reporting on internal financial controls and enhance the management of our assets through new provision of office space. The CRA will keep on building and preserving public trust through a variety of security safeguards, internal controls, and by ensuring that all employees protect CRA's information. Namely, we will invest in security training and awareness programs, and we will work to enhance security policies, systems, and services.

| | |
|-----------------|--|
| Priority | Ensure sound management of financial resources |
| | Enhance CRA asset management |
| | Enhance security awareness and other security measures |

MESSAGE FROM THE CHAIR

In its last few budgets, one of the Government of Canada's priorities has been to reduce government spending while continuing to provide quality services to Canadians. In response to this priority and to keep pace with technology and evolving taxpayer expectations and behaviours, the CRA has developed a long term strategic vision – Vision 2020 – which is an ambitious transformation agenda aimed at strengthening and modernizing how the CRA administers tax and benefits for Canadians.

Given the transformation agenda the CRA has set for itself, to ensure the continued success of the Agency, the Board's goal for the next three years is twofold: first, to ensure that the CRA has the robust framework it needs to support core program delivery and transformation; second, that sound management, monitoring and reporting practices are in place. To meet this goal, a key role of the Board will be to oversee the CRA's management of the transformative initiatives it will launch over the planning period. In doing so, the Board will assure itself that the CRA adopts an enterprise-wide management approach to transformation, including: a strong governance structure; comprehensive communication and human resources strategies; and the performance indicators needed to track and measure success.

It will be critical for the Board to assure itself that CRA services continue to meet the needs of Canadians, while remaining aligned with Vision 2020, which is to have Canadians deal with their tax matters on-line, when and how they choose; this will be possible through the CRA's use of technology. The Board will continue to focus on, and strive for excellence, in information technology (IT) initiatives designed to enhance the CRA's suite of self-service applications. Furthermore, given the government's recent creation of Shared Services Canada (SSC), the Board will monitor the service management model the CRA enters into with SSC to ensure the organization continues to be well served, with quality and cost effective IT infrastructure services.

The Board will also continue to provide oversight in all other areas for which it has statutory responsibilities. In this respect, it will work with CRA senior management to pursue enhancements to the Board of Management Oversight Framework to enable the Board to assess CRA management processes, practices, and results against a clear set of expectations.

Finally, I am confident that the open and productive relationship between the Board and senior management will help the CRA deliver its mandate and meet its ambitious transformation agenda. On behalf of the CRA Board of Management, I am pleased to recommend the CRA's *Summary of the Corporate Business Plan 2012-2013 to 2014-2015* to the Honourable Gail Shea, Minister of National Revenue.



Susan J. McArthur
Chair, Board of Management

AGENCY GOVERNANCE AND THE BOARD OF MANAGEMENT

The Board's goal for the period is twofold: first, to ensure that the CRA has a robust strategic framework to support the core programs it delivers and the implementation of its long-term strategic direction –Vision 2020; second, that sound management, monitoring and reporting practices are in place. While the Board will continue to provide oversight in all areas for which it has statutory responsibilities, it will focus its oversight on the CRA's management of the transformative initiatives that will be launched to advance Vision 2020 and those that will be coming out of the spending review as part of the Government's efforts to reduce the deficit.

Strategic outlook and oversight of the change agenda

- The Board will assure itself that the CRA adopts an enterprise-wide change management approach to manage the multiple transformative initiatives that will be launched over the planning period.
- Continue to monitor work underway towards the development of performance indicators that will enable the Board to assess the overall performance of the CRA.
- Pursue enhancements to the Board of Management Oversight Framework, which continues to be a valuable tool designed to enable the Board to assess, in those areas under the Board's purview, the CRA's management processes, practices and results against a clear list of management expectations.
- Ensure that the CRA has a robust enterprise risk management program that provides current and relevant information that can be used to inform decision making and planning.
- Set performance objectives for the Commissioner-Chief Executive Officer (CEO) and conduct both a mid-year review and an annual performance assessment, to complement the federal government's overall assessment.
- Provide input into the performance objectives and assessments of key CRA senior executives to ensure that their accountabilities are aligned with CRA priorities.
- Oversee the CRA's resources through reviewing and monitoring the CRA's Resource Management Strategy and Strategic Investment Plan, and ensure that sound financial controls are in place, including the CEO/Chief Financial Officer certification process of internal controls over financial reporting.

Meeting service needs

- Oversee the CRA's provision of services to ensure the needs of Canadians are met in a fair, professional and respectful manner.
- Seek assurance that the CRA makes optimal use of technology to provide timely and accessible service offerings, and uses an integrated multi-channel approach that directs Canadians to the most effective channel.

Information technology responsiveness and sustainability

- Pay particular attention to major information technology (IT) initiatives designed to further enhance the CRA's suite of electronic self-service applications, and those required to sustain the CRA's IT infrastructure.
- Monitor the evolution of the CRA's Protocol and service management model with Shared Services Canada to ensure that the CRA's business programs continue to be well served, with quality and cost effective IT infrastructure services.
- Oversee the management of IT risks and initiatives to ensure that the CRA has sound IT systems and infrastructure to support new and ongoing business needs.

Workforce and workplace of the future

- Monitor the CRA's human resources change management strategy to assure itself that the CRA adopts a continuous and enterprise-wide approach to manage the people dimension of change while sustaining a healthy, respectful and innovative workplace.
- Provide input into the development of strategies and policies related to recruitment, retention, succession planning, talent management, and knowledge transfer.
- Assure itself that the CRA's management of human resources fosters a culture of excellence and integrity.
- Oversee, review, and approve the CRA's negotiating mandate and collective agreements with its unions – the Professional Institute of the Public Service and the Public Service Alliance of Canada – as required.

BOARD GOVERNANCE

The Board will ensure that it continues to function in an effective and efficient manner that successfully supports the operations and transformation agenda of the CRA. In doing so, it will work with senior management to review how it can fully lever the Board's expertise and facilitate more focused and strategic discussions. The Board will also continue to enhance its planning, processes and practices to strike an ideal balance among key Board responsibilities.

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 March 2012.

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

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

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 & 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

Fauzia Lalani, P.Eng.

Executive Consultant
Calgary, Alberta

Robert (Bob) Manning, BBA

Associate
Owens MacFadyen Group
Saint John, New Brunswick

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

Corporate Director
Ottawa, Ontario

Luce Samoisette, LL.M., MS Taxation, DDN, LL.B.

President, Université de Sherbrooke
Sherbrooke, Quebec

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

Director of Professional Services
Hewlett Packard
Toronto, Ontario

Richard (Rick) Thorpe, CMA, FCMA

Corporate Director
Penticton, British Columbia

Linda Lizotte-MacPherson, B.Comm.

Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

PLANNED SPENDING

| (thousands of dollars) | Forecast spending 2011-2012 | Planned spending 2012-2013 ¹ | Planned spending 2013-2014 ^{1,2} | Planned spending 2014-2015 ^{1,2} |
|---|--------------------------------|--|--|--|
| Promoting compliance | 197,738 | 191,169 | 186,045 | 185,829 |
| Meeting service needs | 816,388 | 808,907 | 820,321 | 837,425 |
| Addressing non-compliance | 1,629,677 | 1,732,162 | 1,436,586 | 1,429,060 |
| Administering benefits | 368,088 | 367,546 | 372,080 | 376,487 |
| Enabling core business operations | 1,529,954 | 1,271,936 | 1,240,544 | 1,242,339 |
| Canada Revenue Agency (excluding Taxpayers' Ombudsman) | 4,541,845 | 4,371,720 | 4,055,576 | 4,071,139 |
| Plus: | | | | |
| Taxpayers' Ombudsman ³ | 3,323 | 3,232 | 3,232 | 3,232 |
| Total planned spending⁴ | 4,545,168 | 4,374,952 | 4,058,808 | 4,074,371 |

¹ Planned spending does not include certain technical adjustments made in 2011-2012, primarily carry forward from the previous year (\$178M) and maternity and severance benefits (\$80M). 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 and \$280M in 2012-2013).

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 2011-2012 | Planned spending 2012-2013 | Planned spending 2013-2014 | Planned spending 2014-2015 |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Types of transfer payments | | | | |
| Children's Special Allowance payments | 227,000 | 233,000 | 236,000 | 240,000 |
| Disbursements to provinces under the <i>Softwood Lumber Products Export Charge Act, 2006</i> | 140,000 | 280,000 | - | - |
| Total transfer payments | 367,000 | 513,000 | 236,000 | 240,000 |

For supplementary financial information, please visit our website:

www.cra.gc.ca/rppe