
Policy Forum: Improving the Canada Revenue Agency's Delivery of Social Benefits—A Practitioner's Perspective

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PRÉCIS

Au Canada, le système fiscal est devenu étroitement lié au système de soutien du revenu; de nombreuses prestations clés de soutien du revenu sont versées par l'entremise du système fiscal. D'autres auteurs ont cerné des éléments problématiques dans l'utilisation du système fiscal comme outil d'administration des prestations, ainsi que des préoccupations quant au rôle de l'Agence du revenu du Canada (ARC) en tant qu'organisme de prestations sociales, en plus de son rôle essentiel de percepteur d'impôts, en partie en raison des questions que soulève la réponse du Canada à la pandémie de COVID-19. Les suggestions visant à améliorer la capacité du système fiscal à fournir des prestations comprennent des formulaires d'impôt préremplis et la déclaration en temps réel. Je suggère que, bien que certaines réformes soient pratiques même à court terme, d'autres exigent une perspective à long terme, voire un changement dans la philosophie de notre système fiscal, pour mettre en œuvre des changements comme la réduction du volume des déductions et des crédits, et l'acceptation de demandes standard plutôt que des calculs précis étayés par des reçus et d'autres documents. De plus, étant donné que nous vivons dans une société spécialisée, je suggère que ces objectifs seraient mieux atteints si l'ARC agissait en collaboration avec d'autres groupes, à l'intérieur et à l'extérieur du gouvernement, afin de mieux rejoindre les populations vulnérables et de leur procurer les avantages auxquels elles ont droit.

ABSTRACT

In Canada, the tax system has become closely intertwined with the income support system; many key income support benefits are delivered through the tax system. Other authors have identified problematic elements of the use of the tax system as a benefit administration tool, and concerns about the role of the Canada Revenue Agency (CRA) as a social benefits agency, in addition to its essential role as a tax collector, stemming in part from issues arising from Canada's response to the COVID-19 pandemic. Suggestions to enhance the tax system's ability to deliver benefits include pre-filled tax forms and real-time reporting. I suggest that, while some reforms are practical even in the short

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term, others require a long-term perspective, or even a shift in the philosophy of our tax system, to implement changes such as reducing the volume of deductions and credits, and accepting standard claims rather than precise calculations supported by receipts and other documentation. Additionally, given that we live in a specialized society, I suggest that these goals would be better achieved by the CRA acting in collaboration with other groups, within and outside the government, to better reach vulnerable populations and deliver the benefits that they are entitled to receive.

KEYWORDS: BENEFITS ■ ADMINISTRATION ■ CANADA REVENUE AGENCY ■ SOCIAL POLICY

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INTRODUCTION

At a practitioners' forum I attended shortly after the 2015 federal election,¹ several Canada Revenue Agency (CRA) representatives noted that the mandate letter issued to the new minister of national revenue directed the CRA to reach out to those Canadians who are not receiving tax benefits to which they are entitled.² Both the CRA representatives and the practitioners in attendance noted that this was a somewhat different mandate than that which is traditionally associated with the CRA.

1 The 2016 Banff Small Practitioners' Forum, held in Banff, Alberta on October 22, 2016.

2 Canada, Office of the Prime Minister, Minister of National Revenue Mandate Letter, December 13, 2019.

However, there is no question that the income tax system is used to deliver social benefits, not just to raise revenues to run the country.

While other government departments or agencies could also be tasked with this role (presuming that they received adequate resources),³ they would doubtless face similar challenges. Improving the benefit delivery process, regardless of whoever may be charged with its management, is therefore well worth pursuing.

The two preceding articles in this Policy Forum⁴ provide an excellent discussion of possible improvements and will, I hope, stimulate further contributions on this topic. While I believe that many of the authors' recommendations for enhancing the CRA's ability to deliver benefits merit further review and implementation, I question the practicality of others. I will discuss the reasons for my reservations under the broad themes set out in the two articles.

REACTING FASTER TO ECONOMIC SHOCK WAVES: REAL-TIME INFORMATION

As noted in both articles, the collection of taxpayers' information annually means that benefits are, in large part, payable in arrears rather than as the need actually arises. We have seen this in many of the COVID-19 pandemic relief programs, including the Canada emergency wage subsidy (CEWS) and the Canada emergency rent subsidy (CERS), which adopted four-week periods, rather than being based on the full taxation year, allowing payments to businesses to be delivered more rapidly than if the subsidy was claimed only when income tax returns for the relevant periods were filed. This parallels the four-week periods adopted for the Canada emergency response benefit (CERB) and the two-week periods for the subsequent Canada recovery benefit (CRB), both of which evolved from the model of the employment insurance (EI) system. However, this has led to the payment of benefits without a thorough review of eligibility and the need for post-payment audits and reviews.

Is real-time information, or at least closer to real-time information, a viable option? It seems clear that other countries have managed to implement real-time information in some respects, particularly in the area of employment income.

3 The recent experience of Employment and Social Development Canada being overwhelmed by claims for relief at the onset of the COVID-19 pandemic showed us that few government groups possess the resources available to the CRA.

4 Jennifer Robson and Saul Schwartz, "Policy Forum: Should the Canada Revenue Agency Also Be a Social Benefits Agency?" in this issue of the journal, at 87-98; and Gillian Petit, Lindsay M. Tedds, David Green, and Jonathan Rhys Kesselman, "Policy Forum: Re-Envisaging the Canada Revenue Agency—From Tax Collector to Benefit Delivery Agent," in this issue of the journal, at 99-114.

Employment Income

Employers in Canada are generally required to remit source deductions on a monthly (or more frequent) basis. Providing details of each employee's payroll should therefore be possible. Is it practical?

Small Employers: Quarterly Reporting

I note, first, that some of the smallest employers—generally, those with average source deductions of less than \$3,000 per month—are permitted to remit those deductions quarterly rather than monthly. Therefore, monthly data would not be received from those employers. Employers using this alternative are fairly uncommon. As the amount of minimal monthly remittances suggests, they generally have very few employees, and often have only one. However, these limited remittances also indicate relatively small salaries, and therefore lower-income employees—that is, employees who are most likely to qualify for benefits, and therefore for whom real-time data collection is most useful.

Increased Reporting Burden

Any change to increase the extent of information reported for each payroll remittance period would need to consider the additional burden imposed on employers. The annual process of preparing T4 slips is onerous for some employers, and Canada's system recognizes this in providing a two-month window after the end of each calendar year for the completion of these filings. What costs would be created if similar reporting on a monthly basis were required? Many smaller businesses engage third parties to prepare their T4 slips and would therefore face an increased cost if they were required to file more frequently—especially businesses that maintain manual payroll records, requiring summarization and reconciliation when T4 slips are filed. These business owners (or their payroll services or accountants) would be required to complete monthly, rather than annual, data entry on an employee-by-employee basis.

To the extent that more regular payroll filings were accompanied by simplification measures to offset some of the burden, this approach may be more practical. For example, employers might be permitted to file for each pay period (whether weekly, biweekly, semi-monthly, monthly, or on some other schedule), rather than using standard periods for all employers. This would permit payroll filing to be undertaken with the same data being used for each paycheck—information that employers are already preparing in order to remunerate their employees.

At present, the CRA makes online T4 filing available. Providing a similar online model that would allow employers to enter data and have withholdings and net paycheques computed automatically might make this more practical for computer-literate employers. However, using such a facility would be more problematic for many smaller employers that still maintain manual payroll records and file T4 slips on paper.

Perhaps the CRA might also assume the responsibility of issuing aggregate reporting slips for the tax year in its entirety. Such a model might function best if implemented in conjunction with a “pay-as-you-earn” (PAYE) system (which would eliminate annual tax return filing for many employees) or with the implementation of pre-filled returns, avoiding the need for annual T4 slips.

A review of the various forms of payroll reporting to other government bodies would also be desirable. If data for individual employees must be provided with source deduction remittances, could this also replace the current record of employment filings used for EI purposes? Could the information also be shared with provincial authorities for the purposes of payroll taxes and workers' compensation administrators?

If increased real-time payroll reporting also extended the benefits of reduced reporting for other purposes, employers might well embrace, rather than resist, these changes. If the various government departments (federal, provincial, and territorial) are challenged by the implementation of a single reporting system, perhaps this might highlight the administrative burden currently faced by employers that are expected to comply with the requirements of multiple departments.

Basis of Payroll Reporting

Would real-time reporting deliver the desired results? As is the case with most tax issues, the answer is, I suggest, “It depends.”

Payroll remittances, and therefore payroll reporting, are required on a cash basis (that is, “as paid”). The CEWS program is based on remuneration paid in respect of a period (that is, on an accrual or “as-earned” basis). The use of a different basis for payroll-related benefits than for payroll reporting requires employers to report on two different bases, imposing a significant additional burden.

There have been many complaints from employers regarding the added administration required to allocate payroll to four-week periods for CEWS claims. Allocating the earnings of an employee who is paid monthly to four-week periods is a more obvious issue. However, even employers with weekly or biweekly pay periods have found that their pay periods seldom align with the four-week, Sunday to Saturday periods required to be used for CEWS purposes.

This does not sound like much of a problem, but consider the apportionment of a monthly salary earned, say, from November 22 to December 19, 2020 (one of the four-week CEWS periods). Is the correct allocation $\frac{1}{13}$ of the annual salary? This would omit one day a year (two days in leap years), since $52 \times 7 = 364$. Would the allocation more correctly be $\frac{2}{30}$ of November's salary plus $\frac{1}{31}$ of December's, or $\frac{28}{365}$ of an annual salary? Now toss in an annual bonus or quarterly commission payment. Or consider a restaurant owner who has a biweekly payroll for hourly workers, from Monday to Sunday during the weeks of November 16-29, November 30-December 13, and December 14-27, and is required to recalculate those periods to align with the CEWS period.

Designing future programs to be compatible with existing payroll requirements would reduce the administrative costs of accessing CEWS and similar benefits.

Impact of the Administrative Burden

Taken alone, none of the individual elements of payroll seems overly onerous. However, as each element builds on the others, the result (as described by more than one small employer) grows into “death by a thousand cuts.”

Many businesses have attempted to transition some or all of their workforce from employee to independent contractor status, in some cases motivated in whole or in part by a desire to avoid the existing burdens of payroll administration. Increasing that burden would encourage more businesses to attempt to classify their workforce as self-employed contract workers, rather than as employees. These workers lose access to labour protections such as EI,⁵ parental and similar leave, workers’ compensation, etc.⁶ As well, many such arrangements likely remain employment at law. The Tax Court of Canada already hears numerous “employee versus independent contractor” cases each year, and reclassification can result in a significant, and unanticipated, cost to a business that is found to be an employer.

Self-Employment Income

As noted by both Robson and Schwartz, and Petit et al., the challenges of gathering real-time data are greater for the self-employed than for employees.

Goods and Services Tax/Harmonized Tax (GST/HST) Returns

Petit et al. suggest the use of GST/HST filings as a source of information on self-employment income. In my view, several issues render this a less-than-viable solution.

Many smaller businesses file GST/HST returns on a quarterly or annual basis, reducing or eliminating the desired real-time reporting. For example, although Uber and Lyft drivers must register, they will not typically file monthly GST/HST returns. Many of the smallest businesses are small suppliers and are not required to register for GST/HST. Child-care providers and other domestic workers are common examples. The proprietors of these, the smallest businesses, include many low-income individuals who are most in need of social benefits.

5 Although self-employed individuals can opt into special benefits under the EI program, in practice this is seldom done. The September 2020 speech from the throne announced the intention to transition to a new EI system that will include the self-employed: Canada, Governor General, *A Stronger and More Resilient Canada: Speech from the Throne To Open the Second Session of the Forty-Third Parliament of Canada*, September 23, 2020, at 12.

6 In at least some provinces, self-employed individuals can purchase workers’ compensation coverage on their own account.

Requiring all registrants to file monthly would create a substantial administrative burden. Even annual returns can be onerous for many businesses—asking for monthly returns is simply not realistic.

Further, GST/HST returns currently report revenues but not expenses. Expenses cannot be reliably extrapolated from input tax credit (ITC) claims. Not all expenses generate ITCs, and not all ITCs arise from expenses (such as those relating to capital asset acquisitions). As well, significant sectors of the economy are GST-exempt (for example, many suppliers in the health-care and financial sectors). Expanding reporting to include both revenues and expenses would essentially require businesses to prepare monthly, rather than annual, income tax filings. I suggest that this is a key reason why pandemic-related relief measures have focused on revenue declines and not on more detailed computations such as cash flow or income.

Third-Party Reporting

A second approach to the collection of information on self-employment income is third-party reporting, such as the T4A slip. Both Robson and Schwartz, and Petit et al. note the possibility of expanding this reporting. In my opinion, that suggestion is largely impractical. For many years now, T4A slips have included a box to report fees for services. At present, the CRA does not penalize failures related to that box, and it has been unable to provide guidance as to exactly what is expected to be reported. The CRA has never suggested that it requires strict compliance, in that it has always limited this reporting requirement to business-to-business services.

Owing, at least in part, to this lack of clarity and enforcement, other filings noted by Petit et al. have been implemented. These include slips currently issued to federal government contractors and mandatory reporting slips to be issued by businesses in the construction sector (the T5018).⁷

A substantial portion of self-employment income is earned from individual consumers. It is sobering to consider that, if the T4A filing requirement were strictly enforced, it would require Canadians to file these forms for such services as accounting, law, medicine, landscaping, snow removal, taxi services, post-secondary education, and housecleaning, to mention only a tiny sample. As one example, I have practised public accounting for more than 30 years, and have never heard of anyone (business or consumer) issuing a T4A for the fees that he or she pays for accounting services.

Even if the T4A requirements were strictly enforced, they would still not cover all self-employment situations. For example, only fees for services are reported; there is no reporting requirement for retail purchases. Full enforcement of the T4A requirements would result in a vast increase in required filings, carrying a significant administrative burden, but it would still fall well short of delivering the kind of information required to accurately assess the self-employment income of individual Canadians.

7 CRA form T5018, “Statement of Contract Payments.”

Here too, however, only revenue information would be obtained. With no knowledge of the expenses incurred to earn this revenue, the taxpayer's need and eligibility for benefits cannot be readily determined. In my view, there is no escaping the need for a self-assessment system for this part of the population under the current tax regime for self-employment income. I address suggested changes to that regime, such as the use of standard deductions, below.

Other Income Sources

The discussion above focuses on employment and self-employment income. Many other forms of income could be addressed similarly. For example, pensions, investment earnings, and social assistance could certainly be reported more frequently, like payroll information. Reporting of these other forms of income would raise challenges similar to the recognition of self-employment expenses—in this case, how to recognize carrying charges relating to investment income, for example, or the cost of securities in determining capital gains. Rental income is similar to self-employment income; while reporting on a form like a T4A could be mandated, extending such a requirement to every residential tenant in Canada seems less than practical, and again expenses related to the rental income would not be captured. Investment income is often registered as payable to one individual when the investment property (for example, an account holding a securities portfolio) is actually owned by multiple taxpayers, often family members. In some instances, the registered owner has no interest in the investment. For example, investments originally acquired for children are often held in their parents' names.

Petit et al. cite the example of Denmark, where (as of 2021) all rental activity must be undertaken through an agency, which must report revenues to the tax authorities. The concept of requiring all individuals earning rental income to engage an agency, presumably incurring additional costs, may not be well received by Canadian landlords. I would be curious to know the extent of known or suspected non-compliance with these requirements in Denmark. For a landlord unwilling to incur the costs of an agency, would this prove a further incentive to fail to report rental income at all?

Deductions and Credits

Similar to the reporting of income, the CRA would need mechanisms to capture deductions and credits. Alternatively, it would be left up to the taxpayer to make these claims. Persons with disabilities are a key vulnerable group to be encouraged to claim the benefits available to them. However, as addressed below, the problem of ensuring that benefits such as the disability tax credit (DTC) are claimed cannot be resolved solely by addressing non-filers, such as parents who fail to claim the Canada child benefit.

At present, few deduction or credit claims are subject to third-party reporting to the CRA. While this policy may be logical from the perspective of a tax agency focused on revenue collection, it does not assist in ensuring that benefits are delivered.

Outside the income tax system, low-income families can obtain grants and bonds for registered education savings plans for their children, and for registered disability savings plans where an individual is eligible for the DTC. A CRA program to make lower-income individuals and persons with disabilities more aware of these options presents an opportunity for partnering with intermediaries (discussed in further detail below)—in this case, financial institutions or investment advisers, who would assist these individuals in opening appropriate accounts and accessing these funds.

The CRA's ability to determine income without reference to an income tax return is, in my view, markedly impeded by the numerous minor deductions and credit items potentially relevant to each taxpayer. Streamlining the system would greatly facilitate the use of pre-filled returns. While I cannot speak to the tax systems of many other countries, I have had frequent informal discussions with staff at an organization that operates in Canada, Australia, and New Zealand, and offers a service that will pay for the costs of responding to information requests from the relevant tax agency. Staff have observed that the array of minor deductions and credits in Canada, as well as the Canadian tendency to deliver social programs through the income tax system, is unusual.

Standard Deductions/Credits

Petit et al. refer to Denmark's provision of a standard deduction, rather than itemized expenses, against rental income, which facilitates the tax agency's determination of income without reference to a taxpayer-filed return (since Denmark uses pre-filled returns). Essentially, the Danish model provides a base deduction of approximately Cdn\$6,000 and taxes only 60 percent of the remainder; presumably, the other 40 percent is a proxy for further expenses. It seems fairly clear that, under such a system, the taxpayer would be motivated to claim actual expenses on heavily financed properties, or in years of substantial repairs, and would use the standard model in years of lower costs.

The Canadian tax system tends to a "fairness above all" philosophy, which allows only real, supported expenses to be claimed. The CRA resists even a per-kilometre proxy for driving costs, instead requiring that each expense be documented with receipts and allocated between income-generating and personal costs based on detailed mileage records. The CRA's recent guidance on the apportionment of Internet fees between personal and employment use, as communicated through CPA Canada, provides another example of this philosophy.⁸ Clearly, a significant philosophical shift would be essential to move to more standardized deductions.

Certainly, many taxpayers would receive a larger standard claim than itemization might provide. This would be an inequity in the system. However, the administrative savings if Canadians could choose a single, standardized deduction and/or credit in lieu of many of the specific amounts afforded under our tax system may

⁸ See <https://www.cpacanada.ca/en/business-and-accounting-resources/taxation/blog/2021/january/employee-home-office-expenses-2020>.

merit acceptance of such an inequity. If the standard amount were comparable to, or greater than, the claims of, say, 75 percent of the population, how many more Canadians would choose the path of simplicity and certainty, even if they may forgo some minor tax benefits? There would be a loss of tax revenue, to be sure, but also a reduction in the expense of administering and enforcing the tax system. This, too (at least in my opinion), merits consideration.

It would be necessary to determine which expenses would be encompassed in any standard claim, and it is unlikely that this treatment could be extended to all forms of credits or deductions. For example, a standard deduction sufficient to enable many taxpayers to forgo the deduction of child-care and moving expenses would provide a substantial benefit for many taxpayers incurring no such costs, or would fall well short of the real expenses incurred by many Canadians in this regard.

While I believe that the alternative should be reviewed, in my opinion it would be preferable to move away from the “micro-credit” approach that characterizes the current tax system. Practically, much of the complexity that deters some filings arises from the array of credits for digital news services, teachers providing school supplies, volunteer firefighting and search-and-rescue work, and so on. Each of these credits adds another item that the CRA cannot realistically determine without taxpayer input. Even the ability to contribute to a registered retirement savings plan and claim the deduction in the current or a subsequent year reduces the CRA’s ability to accurately determine income without taxpayer input.

A standard deduction model could still afford taxpayers the choice to claim the detailed deductions and credits available. Perhaps this might come with the caveat that if, on audit or review, the supported claims fell short of the standard amounts, only those lower claims would be permitted. A return to the standard claim would not be permitted once the taxpayer chose to impose the higher costs of administration on the tax system.

On December 15, 2020, the CRA announced that it would permit the deduction of a temporary flat rate claim for individuals working from home in 2020.⁹ Alternatively, individuals may compute a claim under the normal rules for such deductions. While such claims are comparatively modest, experience from this initiative may provide some lessons to guide the implementation of similar “flat rate with no receipts” alternatives to fully documented and supported deduction claims—or may indicate that the benefits of such an approach are not sufficient to justify its adoption.

Pre-Filled Tax Returns

Petit et al. echo a common suggestion that Canada could consider moving to pre-filled tax returns. Many of the issues discussed above, particularly in respect of income

9 Canada Revenue Agency, “Introducing a Simplified Process for Claiming the Home Office Expenses for Canadians Working from Home due to the COVID-19 Pandemic,” *News Release*, December 15, 2020.

reporting and numerous credits and deductions, pose similar challenges to the adoption of this reform.

A focus on sending a pre-filled paper return to the taxpayer also ignores the efficiencies of electronic filing. The CRA has indicated that over 90 percent of 2019 tax returns were filed electronically.¹⁰ The data that the CRA would use for pre-filled returns are available through its “Auto-fill” service, and are more current when accessed in March or April than they could be if the CRA printed pre-filled forms to be sent to taxpayers and returned in accordance with the present filing deadlines.

Practically, if the CRA had the timely information needed to pre-fill a return with confidence that it could be accepted without further review, those data could be used for direct outreach to individuals who are entitled to benefits, with no return being required at all. As a consequence, the question of moving to pre-filled returns is largely separate from the issue of how to encourage individuals, especially non-filers in vulnerable populations, to claim available benefits. Accordingly, with some regret, I will leave the topic of pre-filled returns for future discussion.

VULNERABLE POPULATIONS: ADDRESSING THE PROBLEM OF NON-FILERS

Many Canadians who do not file tax returns are failing to comply with a legal obligation to do so, and that legal obligation could certainly be extended to all Canadians who are currently losing access to benefits as a result of their failure to file. However, it seems counterproductive to assess a financial penalty against Canadians who fail to claim financial benefits. The point is to distribute benefits, not collect cash.

As Robson and Schwartz note, invitations to file have experienced limited success. It may be interesting to ask the CRA how many of the 950,000 Canadians invited to use “File My Return” instead filed their returns in more conventional fashion. Surely they were not all non-filers. Still, some Canadians received benefits that they otherwise would have forfeited, averaging approximately \$800 each.¹¹ Perhaps that will motivate future filings—for example, if those individuals encourage non-filing friends and family to claim their benefits. This might be a suitable topic for the annual series of government advertisements during the personal tax filing season.

Focusing Outreach Efforts

Many of the Canadians not receiving the benefits to which they are entitled are members of vulnerable populations. As noted by both Robson and Schwartz, and Petit et al., these are primarily lower- and modest-income Canadians, including

10 See Canada Revenue Agency, www.canada.ca/en/revenue-agency/corporate/about-canada-revenue-agency-cra/individual-income-tax-return-statistics.html.

11 See Robson and Schwartz, *supra* note 4, text accompanying note 21.

marginalized individuals, who are in greatest need of assistance. I submit that addressing this issue should be the most immediate focus. Any expansion of information reporting, a PAYE system, and/or pre-filled returns will not come quickly. More rapid action can be taken to reach out to vulnerable Canadians.

I will confess to a certain temptation to refer to the ivory towers of academia in my comments. However, my own tower of glass and steel affords me no greater insights into the circumstances, or the perspective, of Canadians who rely on or need social assistance or income support in the form of tax benefits. Likewise, I am far from certain that well-paid, housing-secure individuals such as specialists in taxation and economics, or civil servants at the Department of Finance or the CRA, are best suited to assess how government outreach to these communities could be made more effective.

We as tax experts are quick to note the need for specialist advice on complex tax issues. What would lead us to believe that we also possess the appropriate expertise to provide outreach, guidance, assistance, and support to vulnerable Canadians? That requires a very different skill set, one that is just as specialized. Perhaps the skills and experience of individuals drawn from and working with those communities would be a more valuable resource in any outreach effort.

While I believe that I was invited to write this article because of my activity in the tax community, as both a practitioner and a former governor of the Canadian Tax Foundation, I find myself wondering if my role as a member of the Board of the Center for Public Legal Education of Alberta might afford more useful insights.

That organization's experience over many years has shown that legal experts reaching out to vulnerable populations generally fall short. But outreach to intermediaries who deal directly with members of those vulnerable populations has proved to be far more effective. As Robson and Schwartz, and Petit et al. observe, the CRA's previous efforts to encourage more filings by lower- and modest-income Canadians have been largely unsuccessful.

Leveraging Other Intermediaries

Practically, the CRA is already highly compartmentalized. Auditors faced with more complex tax issues regularly obtain advice from the Rulings Division. A group within the CRA could liaise with intermediaries who work with vulnerable Canadians, providing technical support and engaging the assistance of individuals with more specialized knowledge as needed.

For example, instead of sending letters to individual non-filers in First Nations communities, could the CRA work with chiefs, councils, and elders to organize on-reserve groups of residents who could help members of their communities to access benefits? Similarly, given the difficulty of reaching homeless individuals directly, the CRA might work with local organizations, enhancing the ability of intermediaries to assist vulnerable Canadians with whom they already interact in identifying and accessing benefits. Likewise, groups that work with disabled persons can more effectively reach those individuals. Since social workers already support individuals and families receiving social assistance, could they not assist their clients in

accessing benefits to which they are entitled under the income tax system? Provincial social assistance offices, Service Canada, child protection services—the list of groups that already work with vulnerable populations is extensive, and they possess skills, knowledge, and contacts that could be invaluable in bridging the gap between the CRA and the individuals it needs to reach.

Bridging the Complexity Gap

I suggest that an eight-page tax return, backed up by a guide that is more than 50 pages long and contains references to a myriad of other publications, may intimidate intermediaries and their clients alike. Free software packages, as noted below, might be a less intimidating choice. The infrastructure currently used to engage tax professionals in volunteer tax clinics could be repurposed to enable those on the front lines who are working with vulnerable Canadians to assist with tax preparation directly, expanding the reach of current volunteer tax clinic initiatives.

The organizers of many volunteer initiatives provide simplified guidance and brief training sessions to assist volunteer tax preparers. These could also assist intermediary groups, and could focus on issues most relevant to each specific group. Existing volunteers might be willing to act as telephone or e-mail contacts where more complex tax issues are encountered. Alternatively, or additionally, the CRA might provide intermediaries with direct e-mail or telephone access to appropriate CRA resources to address any questions—or might fund one or more appropriate non-profit organizations to fill this role.

This needs to be a two-way street. The CRA needs to listen to those intermediaries, and learn what impediments discourage or prevent vulnerable Canadians from accessing available benefits. Neither we, nor the CRA, understand what these impediments are—otherwise, outreach programs overcoming them would have been undertaken—so we need to ask. Once the barriers to access have been identified, they need to be removed. Whether or not we, the CRA, or anyone else believes that they are valid reasons for not filing, they are preventing benefits from reaching their intended recipients.

Overall, I suggest that the CRA's efforts to encourage members of vulnerable populations who are not currently receiving benefits to which they are entitled will be more successful if the CRA stops trying to go it alone. Collaboration with people and organizations that better understand these vulnerable populations will leverage their existing knowledge, expertise, and connections to those populations. The CRA could focus its efforts on enhancing the ability of intermediaries to assist vulnerable Canadians in identifying and accessing the benefits to which they are entitled. As with the impediments to access to benefits, we need to identify the tools that would assist the intermediaries in more effectively helping these populations—whether those tools are in the form of funding, time, information, or something else that I have not even considered. Again, if we don't ask, we will never know.

As Robson and Schwartz note, one concern that is commonly raised is the CRA's substantial withdrawal of in-person service options. This concern tends to be raised more frequently by those delivering tax services in major centres, where CRA offices

were historically located, than by those practising in rural areas, which have always lacked convenient access to CRA offices. I am curious to know whether non-filing, especially among more vulnerable Canadians entitled to benefits, has grown since these in-person options were eliminated. This seems to be an area that could be reviewed by the CRA.

A greater concern may be the lack of access to computer and Internet services for many vulnerable Canadians. This could also be addressed by making greater use of the services of intermediaries. While Robson and Schwartz note that Employment and Social Development Canada maintains 611 local offices, I question what proportion of vulnerable Canadians can be served by these offices. By comparison, Canada Post has approximately 6,100 offices, reflecting much broader coverage.¹² Public libraries and community centres may be other viable locations.

If some form of in-person/local office is considered valuable, perhaps these locations could be equipped with computer kiosks and direct phone lines to CRA agents. Of course, security and confidentiality issues would need to be addressed. However, given the limited success of outreach efforts to vulnerable populations, it seems unreasonably optimistic to expect that the provision of additional venues that the taxpayer must choose to visit will have a significant impact.

Facilitating Tax Return Filing

Could the CRA provide taxpayers, and/or the intermediaries discussed above, with an online calculator in some form? This could be provided within the My Account portal or through the locations suggested above, and/or could be made available to appropriate intermediaries. With the necessary safeguards for data security, the filer could effectively import the same information currently available through the Auto-fill My Return process into an electronic calculator and attest that it reflects all of the individual's income. The CRA's electronic calculators released for CEWS and CERS demonstrate that this is feasible, although a calculator capable of handling a full personal tax return would be much more ambitious. The calculator could be limited to income, expenses, and credits, and need not compute a balance payable or a refund, although this seems a simple enough inclusion.

An "authorized intermediary" status could be created, which would require an intermediary to obtain a signed authorization from the individual whom it is assisting, allowing the intermediary to (1) access the individual's tax-related data (similar to "Represent a Client" access), which can be filed through tax software almost instantaneously; (2) transfer data to a calculator for the individual; and (3) attest that the individual has authorized the filing.

Some system that is practical for taxpayers and intermediaries, and that addresses the well-founded privacy and security concerns that the CRA would doubtless have, would need to be developed.

12 As reported in Canada Post's 2019 annual report (www.canadapost.ca/cpc/en/our-company/about-us/financial-reports/2019-annual-report/story-of-2019.page).

It bears noting that the CRA's website provides links to a diverse array of tax preparation software programs, some of which are accessible free of charge.¹³ Perhaps the CRA might provide non-filers and/or intermediaries with a list of software that has been certified for netfiling, and is available at no cost, rather than the CRA itself creating a calculator to serve this purpose.

OVERALL CONCLUSIONS

My own view is that outreach to non-filers to bring them into the fold, and deliver their benefits, can be implemented more simply and more rapidly than a shift to real-time information across the economy. This would work toward the more pressing objective of delivering benefits not currently reaching vulnerable Canadians in need of such support.

A shift to increased real-time information is more challenging. That is not to say that it does not merit pursuit, but it may require a longer-term focus. A first step would be evaluating the problems encountered in the delivery of benefits implemented during the COVID-19 pandemic, identifying the key points where difficulties were encountered, and designing better systems to overcome such difficulties in the future.

The development of any new system needs to be the subject of detailed stakeholder consultation, input, and feedback. Imposing an excessive burden on any stakeholder group will only serve to build resentment and reduce compliance, ultimately undermining the effectiveness of any new measures.

13 Canada Revenue Agency, "File Your Taxes Online: Certified Tax Software" (www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/netfile-overview/certified-software-netfile-program.html).

