



POR Number: POR 078-10
Contract Number: 46558-112341-001-CY
Award Date: 2010-11-24
Cost of the research: \$141,445.69

FINAL REPORT

2011 Taxpayer Attitudinal Segmentation Research

Prepared for Canada Revenue Agency

For further information:
Media Relations/Relations Médias
Canada Revenue Agency/Agence du revenu du Canada
4th Floor 555 MacKenzie Avenue/ 555 avenue MacKenzie 4e étage
Ottawa ON K1A 0L5
media.relations@cra-arc.gc.ca

July 2011

Ce rapport est aussi disponible en français sur demande.

Phoenix SPI is a 'Gold Seal Certified' Corporate Member of the MRIA



1678 Bank Street, Suite 2, Ottawa, ON, K1V 7Y6 T 613-260-1700 F 613-260-1300 E info@phoenixspi.ca

www.phoenixspi.ca



Table of Contents

Executive Summary	i
Sommaire	ix
Introduction	1
Demographic Profile of Respondents	3
Topline Results.....	7
Factor Analysis.....	21
Taxpayer Segmentation	25
Regression Analysis	37
Taxpayer Segments and the Factors – More Detailed Analysis.....	39
Taxpayer Segments and Key Perceptions.....	47
Opportunities for Government Actions and Communications.....	52
Appendix	69



EXECUTIVE SUMMARY

Phoenix SPI was commissioned by the Canada Revenue Agency (CRA) to conduct taxpayer attitudinal segmentation research. A random digit dialling (RDD) telephone survey was conducted with a regionally-disproportionate sample of Canadian residents, 18 years of age and older, who had lived in Canada for at least one year. In total, 3,884 interviews were conducted from January 29th to February 28th, 2011. Based on a sample of this size, the overall findings can be considered accurate to within $\pm 1.9\%$, 19 times out of 20 (adjusted to take into account sample stratification¹). The CRA intends to use the research findings to help develop communications and marketing initiatives aimed at improving voluntary tax compliance.

Factor Analysis – *The Starting Point*

A factor analysis was conducted to support the segmentation work. This synthesis and reduction of the attitudinal survey data resulted in the identification of 11 factors, seven derived from tax-related measures and four from psychographic measures. The seven tax-related factors are:

1. **Rationalization:** This factor summarizes respondents' views on various rationalizations included in the questionnaire on why some people might think it is acceptable to cheat on taxes.
2. **No Big Deal:** The variables included in this factor all suggest that tax cheating is not a big deal. The focus of these items is to determine the extent to which Canadians tend to minimize the importance or significance of tax cheating.
3. **Consequences:** The focus here is on different potential consequences of tax cheating, both on the respondent him-/herself and on others, including society.
4. **Responsible Behaviour:** This factor summarizes perceptions in the area of responsible citizenship as it relates to taxes.
5. **Risky Business:** This factor focuses on the likelihood of getting caught if one is cheating on their taxes.
6. **Tax Fatigue:** Here, the focus is on the level of taxation in Canada, in particular its perceived fairness.
7. **The Others:** The focus here is on a couple of other rationalizations regarding tax cheating, with a focus on 'other' people.

A regression analysis, which was conducted to identify the factors that drive the likelihood of engaging in tax-cheating behaviours, revealed that the two factors that serve as the best predictors are **no big deal** and **consequences**.

The four factors derived from the psychographic measures are: 1. **Traditionalism** (variables associated with traditional values); 2. **Elite Perspective** (variables associated with elitist attitudes and beliefs); 3. **External Control** (variables focused on control issues); and 4. **Hedonism** (variables focused on experimenting or pleasure).

¹ The sample was stratified by province; therefore, the overall margin of error needed to be adjusted to reflect this.

Taxpayer Segmentation – Key Findings

A cluster analysis² segmentation was performed on the survey data using the 11 factors derived from the factor analysis. As a result, six segments of the Canadian population were identified (their proportion of the population in brackets):

- | | |
|-------------------------------|----------------------------------|
| 1. Law Abiders (31%) | 4. Underground Economists (12%) |
| 2. Altruistic Compliers (18%) | 5. Over-Taxed Opportunists (15%) |
| 3. Rationalizers (12%) | 6. Outlaws (13%) |

A two-part risk profile that looked at the likelihood of cheating on taxes in future underpinned this analysis:

- The first part of the risk profile is a composite index of three behaviours: 1. working for cash to avoid paying income tax; 2. knowingly not declaring income on one's tax return; and 3. selling goods or services without reporting the income. In terms of the relative likelihood of doing any of these tax-cheating behaviours, taxpayers were much more likely to say they would work for cash to avoid paying income tax, followed by selling things they make or do without reporting the income. Relatively few said they were likely to knowingly not declare some income on their tax return.
- The second part focuses on paying cash to get a cheaper price by not paying tax. The analysis yielded a **spectrum of risk** in terms of the likelihood of tax cheating, one which runs from those who represent no risk at all, or very limited risk, right up to those who could be considered high risk, at least relative to other taxpayers. Almost everyone in the *outlaws* and *over-taxed opportunists* groups said they were at least somewhat likely to do this, although the former were significantly more likely to say that this was *very* likely. A majority of the *underground economists* also said that they were at least somewhat likely to do this. Very few in the other three segments acknowledged that this is something they are likely to do.

Key findings of the taxpayer segmentation include:

- The two largest segments – *law abiders* and *altruistic compliers* – represent almost half the population (49%) and are low-risk in terms of their propensity to cheat on their taxes.
- Only a relatively small proportion of the population (13%) is very likely to cheat on taxes. At the far end of the risk spectrum, *outlaws* are the most likely to cheat on taxes, including all types of taxes.
- The three middle segments, which make up 39% of the population, are likely of greatest interest to the CRA. *Rationalizers*, *underground economists*, and *over-taxed opportunists* are more of a risk to cheat on their taxes than the two voluntarily compliant groups, but are not as firm non-compliers as the *outlaws*. What distinguishes these segments from one another is the type of tax cheating they are more likely to engage in, and their perceptions or orientations regarding tax evasion.

² Cluster analysis is a form of statistical data analysis that allows for identification of groups of survey respondents who share common characteristics.



The Six Taxpayer Segments – *Summary Descriptions*

Law Abiders

This segment comprises 31% of Canadians and is defined by its low-risk tax-cheating orientation and the fact that its members think it is risky to cheat on taxes.

Law abiders exhibit the lowest risk of cheating on taxes, both overall and with respect to paying cash to get a cheaper price by not paying tax. They are among the least likely to accept or use rationalizations about tax cheating, and are among the most likely to think that tax cheating is a big deal and that there are consequences that flow from tax cheating – to themselves, other individuals and to society.

Not surprisingly, members of this group are more likely than most to embrace responsible behaviour. And, more than anyone else, *law abiders* think it is risky to cheat on taxes – that people who do will get caught. This is a significant defining characteristic of this group, in part because they are also a little more likely than average to think that Canada's taxation levels are too high. In short, they appear to be following the law, in part, because of the risk of getting caught and the consequences that would flow from this.

Demographically, members of the *law abiders* segment are more likely than average to be women, 65 years or older, less educated (high school or less), and retired, as well as to report pension income as their main source of income³. In terms of their psychographic profile, *law abiders* are slightly more likely to lean towards traditional values and elite perspectives.

Altruistic Compliers

In total, 18% of taxpayers are members of this segment. The second lowest of the segments in terms of risk profile, they share many of the same characteristics as *law abiders* and are defined by the fact that they are the least likely of all to think that people who cheat on their taxes will get caught.

Altruistic compliers are among the least likely to accept rationalizations about tax cheating, and they are the most likely to view tax cheating as a big deal as well as to see consequences flowing from tax cheating. Members of this group, along with *law abiders* and *underground economists*, are also more likely than others to embrace responsible behaviour. What sets them apart from *law abiders* is that they are a somewhat greater risk of cheating on taxes, both overall and particularly in terms of paying cash to evade tax. As well, *altruistic compliers* are less likely than their low-risk colleagues, the *law abiders*, to think taxation in Canada is unfair.

The key defining characteristic of this group is that they are the least likely of all to think that people who cheat on their taxes will get caught, hence the 'altruistic' label. They don't abide by the law because they fear getting caught, but rather because it is the right thing to do.

Demographically, members of this segment are more likely than average to be 45-64 years and older, married, working full-time, university educated, higher income earners (household incomes over \$100,000), and to report paid employment as their main source

³ Here, and throughout the report, income refers to 'household' not 'personal' income (i.e., the total income of all persons in the household before taxes for 2010).

of income. In terms of psychographic profile, *altruistic compliers* are slightly more likely to lean towards traditional values, but are less likely to express elite perspectives or hedonistic attitudes, or to feel that control is more with others than themselves.

Rationalizers

Rationalizers represent 12% of taxpayers and are defined by the fact that they embrace rationalizations about tax cheating more than any other group.

Rationalizers are considerably more likely to pursue tax-cheating behaviours than the two low-risk segments, and can be considered a low-to-moderate risk, both overall and with respect to paying cash to evade taxes. The defining characteristic of this segment is that, more than any other group, they embrace the various reasons why some might view tax cheating as acceptable.

As well, *rationalizers* are more likely than most to think that taxation in Canada is unfair, which likely contributes to their rationalizing perspective, and are the least likely of all to embrace views associated with responsible behaviour. Similarly, members of this group are the most likely to think that tax cheating is not a big deal – that a small amount is not so bad, that it is not a real crime, and that the money saved is worth the risk. Perhaps not surprisingly, they are among the least likely to think there are consequences that flow from tax cheating, and are less likely than average to think that tax cheaters will get caught.

Demographically, this segment is the oldest, least-educated, and lowest-income. In addition, members of this segment are more likely to be men, retired, widowed, living in Quebec, born in Canada, and to report pension income as their main source of income. In terms of psychographic profile, *rationalizers* are less likely to lean towards traditional values, and more likely than average to express elite perspectives and hedonistic attitudes, and to feel that control over their lives lies elsewhere.

Underground Economists

This segment comprises 12% of taxpayers. *Underground economists* don't buy into the rationalizations, nor do they think taxes are too high or unfair. But, if they have the opportunity to pay cash to avoid tax, they are a moderate risk to do this.

Underground economists share with *over-taxed opportunists* a greater risk of paying cash for goods or services to evade taxes. They are much more of a risk to do this than any of the preceding segments, but are considerably less of a risk to do this than the *over-taxed opportunists* or *outlaws*. In terms of other types of tax evasion, they pose about the same level of risk as *rationalizers*, although their mindset suggests they should be seen as less of a risk. That is, it may well be that they do not think that paying cash to avoid taxes is anywhere near the same in terms of seriousness as other tax-cheating behaviors.

Underground economists share some of the same orientations as *over-taxed opportunists*. Members of both groups tend to view tax cheating as a serious issue, and to see consequences flowing from it. Neither group is very much into rationalizations to excuse tax cheating, and both are a little more likely than average to indicate that they engage in responsible behaviours. In addition, *underground economists* are less likely than average to think that tax cheating is risky behaviour. They are also the least likely of all the segments to think Canada's taxation is unfair.

Demographically, members of this segment are more likely to be women, under 30 years old, single, students, Ontarians, born outside Canada, higher income earners (household incomes over \$100,000), more educated (university degree), and to report paid employment as their main source of income. In terms of psychographic profile, *underground economists* are a little less likely to articulate attitudes related to any of the psychographic factors.

Over-Taxed Opportunists

This segment represents 15% of the population. As the name implies, *over-taxed opportunists* think they are over-taxed, look for opportunities to pay cash to evade taxes, and think that many others do as well. However, they are not a big risk in terms of adopting other behaviours to cheat on their taxes.

Over-taxed opportunists share some of the same orientations as *underground economists*. Members of both groups tend to view tax cheating as a serious issue, and to think it has consequences. Neither group is into rationalizations to excuse tax cheating (although they do resonate a bit more with this group), while both are a little more likely than average to report responsible behaviours.

However, *over-taxed opportunists* are much more likely than *underground economists* to think that Canadians in general, and themselves personally, are taxed too much. This is one of two big differences between these segments. The other is that *over-taxed opportunists* are much more likely to think that a lot of other people think it's okay to cheat on taxes and that many people would hide income or overstate an expense to pay less tax. They are also more likely than average to think that there is risk of getting caught tax cheating. This is one of the reasons why they are not a big risk in terms of adopting other tax-cheating behaviours.

Demographically, members of this segment are more likely to be women, working full-time, Ontarians, and to report paid employment as their main source of income. In terms of psychographic profile, *over-taxed opportunists* are slightly more likely to lean towards traditional values and express hedonistic attitudes.

Outlaws

Comprising 13% of taxpayers, this is the highest-risk segment in terms of the likelihood of cheating on taxes. They represent a significant risk, both in terms of adopting a broader range of tax-cheating behaviours and, particularly, of paying cash for things to get a cheaper price by evading tax.

Along with *rationalizers*, *outlaws* are the most likely to think of tax evasion as not a big deal, to use or accept the various rationalizations put forward to excuse tax cheating, and to believe that a lot of other people think it's okay to cheat on taxes and that many would hide income or overstate an expense to avoid tax. Both groups are also the least likely to report responsible behaviours.

In addition, *outlaws* are the least likely to see consequences flowing from tax cheating, and are among those least likely to be concerned about getting caught. And, with *over-taxed opportunists*, they are the most likely to think that Canadians are over-taxed, including themselves. In short, *outlaws* not only indicate that they are high risk in terms of adopting all forms of tax cheating, but have the rationalizing mindset to support this, have little concern about getting caught, see limited consequences flowing from their actions,

and likely think it is justified because of the unfairly high levels of taxation to which they feel they are subjected.

Demographically, this segment tends to be the second least-educated and the second lowest-income group. In addition, members of this segment are more likely to be under 30 years of age, men, and self-employed. In terms of psychographic profile, the *outlaws* are the least likely to articulate traditional values and among the most likely to feel that control over their lives lies elsewhere.

Government Actions and Communications

The taxpayer segmentation presents clear opportunities for potential government actions and communications. In terms of government actions to reduce tax cheating, potential penalties tend to be rated as more effective by *law abiders* and *altruistic compliers* compared to others. The two segments that consistently judged these potential penalties as less effective were *rationalizers* and, in particular, *outlaws*, who offered the least positive assessments for all options. In short, a focus on penalties appears to be most effective with the groups that least need attitudinal and behaviour modification in terms of tax cheating, and least effective with the two segments most in need of modification.

The pattern was quite different for the non-penalty potential government actions: providing more information about what tax money is used for, educating people earlier about their tax obligations (e.g. students or newcomers to Canada), and encouraging people to report those they suspect of tax cheating. While *law abiders* consistently assessed the items more positively in terms of their effectiveness, *over-taxed opportunists* were often second in their assessments. The one area in which there was consistency was the potential action rated as the least effective – encouraging Canadians to report those they suspect of tax cheating. This was at the bottom of the list for all of the segments, even when these potential government actions are combined with the potential penalties.

Turning to communications, the research suggests that there is little need to target the compliant segments. Perhaps not surprisingly, the potential motivators tend to be most effective with *law abiders* and *altruistic compliers*. In addition, there may be no need to target the highest-risk group because their attitudes and behaviours suggest that they can be expected to be resistant to messaging designed to achieve attitudinal or behavioural change. With this in mind, the main target audiences for future communications in this area are likely the three 'middle' groups – *rationalizers*, *underground economists*, and *over-taxed opportunists*. The top potential motivators tend to be understanding their tax responsibilities, fear of penalties, and knowing how their tax dollars are spent. Fear of embarrassing others is the least effective potential motivator for all of the segments.

One might think that the degree of self-professed tax-evasion tendencies acknowledged by respondents is understated given the personal, exposing nature of the topic, not to mention the illegality of tax cheating itself. Social desirability (or political correctness) bias - the 'right' posture being to look like a good, honest, tax-paying citizen - may be at play. If so, the proportion of Canadians that are at a greater risk of tax cheating may be higher than that indicated by the data.

This also suggests that when reviewing the responses to specific questions for any of the sets of measures that are part of a particular theme (e.g. questions that combine as part of the 'no big deal' factor), the indicator that leans most towards tax cheating is likely the revealing indicator that might well warrant greater confidence. It might be seen as the "thin



edge of the wedge” – the greater honesty on a sensitive subject that has politically correct answers that could serve as the default responses for some respondents.

One area where this might be particularly relevant is the *type* of tax cheating behaviour in which people are most likely to engage. It is clear that many Canadians are comfortable paying cash for a good or service to avoid paying taxes, but are considerably less so when it comes to the other tax-evasion behaviours. In terms of the likelihood of doing any of the three other behaviours, respondents were more likely to say they would work for cash to avoid paying income tax, followed by selling things they made or do without reporting the income, while relatively few said they were likely to knowingly not declare some income on their tax return (7% vs. 13-16% for the other two). However, the first two measures are essentially the same as the latter one – not declaring income on one’s tax return. This suggests that fraudulently filling out an income tax form is viewed as the more serious of the tax-cheating behaviours, and that many do not make the connection between that and the contributing actions of working or selling things for cash and not declaring it. Communications messaging might help Canadians make that connection.

The above notwithstanding, what is more important than the exact levels of agreement for the various indicators that get at tax cheating, is the *types* of groups or segments that exist among taxpayers, and the relative proportions they represent among the population.

More Information:

Supplier Name: Phoenix Strategic Perspectives Inc.

POR Number: POR 078-10

Contract Number: 46558-112341-001-CY

Award Date: 2010-11-24

Total Cost (including HST): \$141,445.69

To obtain more information on this study, please email media.relations@cra-arc.gc.ca.

SOMMAIRE

L'Agence du revenu du Canada (ARC) a chargé Phoenix SPI d'effectuer une étude de segmentation sur les attitudes des contribuables. En particulier, Phoenix a effectué une enquête téléphonique par composition aléatoire auprès d'un échantillon, disproportionné sur le plan régional, de résidents canadiens ayant 18 ans ou plus et habitant au Canada depuis au moins un an. Au total, 3 884 entrevues ont été réalisées entre le 29 janvier et le 28 février 2011. En se fondant sur la taille de l'échantillon, les résultats globaux peuvent être tenus pour exacts dans une marge de $\pm 1,9\%$, 19 fois sur 20 (avec correction pour tenir compte de la stratification de l'échantillon⁴). L'ARC souhaite utiliser les observations découlant de cette étude pour éclairer l'élaboration d'initiatives de communications et de marketing visant à améliorer l'observation fiscale volontaire.

Analyse factorielle – Le point de départ

La réalisation d'une analyse factorielle visait à soutenir le travail de segmentation. Cette entreprise de synthèse et de réduction des données découlant du sondage sur les attitudes a entraîné la définition de 11 facteurs : sept facteurs provenant de mesures liées aux taxes et impôts et quatre autres facteurs provenant de mesures psychographiques. Voici les sept facteurs liés aux taxes et impôts :

1. **Rationalisation** : Ce facteur résume les points de vue des répondants au sujet des diverses justifications qui exposent dans le questionnaire les raisons pour lesquelles certaines personnes pourraient être d'avis que la fraude fiscale est acceptable.
2. **Rien de grave** : Les variables que réunit ce facteur font toutes penser qu'il ne faut pas faire tout un plat de la fraude fiscale. Ces éléments visent avant tout à établir la mesure dans laquelle les Canadiens et les Canadiennes ont tendance à amoindrir l'importance ou la portée de la fraude fiscale.
3. **Conséquences** : Ce facteur met l'accent sur les différentes conséquences possibles de la fraude fiscale, tant pour ce qui concerne le répondant ou la répondante en particulier, que pour ce qui concerne les autres, y compris à l'échelle de la société.
4. **Comportement responsable** : Ce facteur résume les perceptions dans le domaine du sens civique pour ce qui concerne les taxes et impôts.
5. **Une affaire risquée** : Ce facteur met l'accent sur le risque de se faire prendre si l'on commet une fraude fiscale.
6. **Lassitude fiscale** : Dans ce cas-ci, l'accent est mis sur les taux d'imposition et de taxation au Canada, dont plus particulièrement leur équité perçue.
7. **Les autres** : Ce facteur s'articule autour de quelques autres justifications invoquées pour rationaliser la fraude fiscale, avec accent sur les « autres » personnes.

Une analyse de régression, qui a servi à définir les facteurs qui influent sur la probabilité d'adopter des comportements de fraude fiscale, révèle que ce sont les facteurs **Rien de grave** et **Conséquences** qui constituent les meilleurs prédicteurs à cet égard.

⁴ La marge d'erreur globale a été corrigée pour refléter la stratification de l'échantillon selon la province.

Voici les quatre facteurs provenant de mesures psychographiques : 1. **Traditionalisme** (des variables subordonnées à des valeurs traditionnelles); 2. **Points de vue élitistes** (des variables subordonnées à des attitudes et des croyances élitistes); 3. **Contrôle externe** (des variables mettant l'accent sur des enjeux de contrôle); et 4. **Hédonisme** (des variables mettant l'accent sur l'expérimentation ou le plaisir).

Segmentation des contribuables – Principales observations

Nous avons soumis les données découlant du sondage à un exercice de segmentation fondé sur une analyse typologique⁵ faisant appel aux 11 facteurs découlant de l'analyse factorielle. L'exercice a permis de définir six segments dans la population canadienne (les proportions de la population que les segments représentent sont inscrites entre parenthèses) :

- | | |
|---|----------------------------------|
| 1. Personnes respectueuses de la loi (31 %) | 4. Économes discrets (12 %) |
| 2. Altruistes qui se conforment (18 %) | 5. Opportunistes surtaxés (15 %) |
| 3. Personnes qui rationalisent (12 %) | 6. Hors-la-loi (13 %) |

Un profil de risque en deux volets, qui porte sur le risque de commettre une fraude fiscale à l'avenir, sous-tend cette analyse :

- Le profil de risque comprend d'abord un indice composé réunissant trois comportements : 1. travailler pour de l'argent comptant afin d'éviter l'impôt sur le revenu; 2. éviter consciemment de déclarer une partie de son revenu lors de la déclaration d'impôt; 3. vendre des biens ou fournir des services sans en déclarer le revenu dans la déclaration d'impôt. Pour ce qui concerne la probabilité relative que les contribuables adoptent l'un ou l'autre de ces comportements de fraude fiscale, il appert qu'ils sont beaucoup plus susceptibles d'affirmer qu'ils travailleraient pour de l'argent comptant afin d'éviter l'impôt sur le revenu. Suit la vente de choses qu'ils fabriquent ou de services qu'ils offrent sans en déclarer le revenu. Les contribuables sont relativement peu nombreux à indiquer qu'ils éviteraient consciemment de déclarer une partie de leur revenu dans la déclaration d'impôt.
- Dans un deuxième temps, le profil de risque porte sur la propension à payer comptant afin de payer moins cher en évitant les taxes. L'analyse a produit un **spectre de risque** décrivant les probabilités de commettre une fraude fiscale, des personnes qui ne risquent pas du tout, ou très peu, de le faire, jusqu'à celles auxquelles l'on pourrait subordonner un risque élevé, du moins par rapport aux autres contribuables. C'est pratiquement tous les sujets des groupes des *Hors-la-loi* et des *Opportunistes surtaxés* qui disent qu'il est au moins un peu probable qu'ils le feraient. À noter, toutefois, que les membres du premier groupe sont beaucoup plus enclins à affirmer que ça serait *très* probable. C'est en majorité que les *Économes discrets* indiquent aussi qu'il serait au moins assez probable qu'ils le fassent. Les membres des trois autres segments sont très peu nombreux à indiquer que c'est quelque chose qu'ils seraient susceptibles de faire.

⁵ L'analyse typologique est une forme d'analyse des données statistiques qui permet la définition de groupes de répondants de sondage partageant des caractéristiques en commun.



Voici certaines des principales observations découlant de cet exercice de segmentation des contribuables :

- Les deux segments les plus importants, nommément les *Personnes respectueuses de la loi* et les *Altruistes qui se conforment*, comptent pour près de la moitié de la population (49 %) et présentent un faible risque pour ce qui concerne leur inclinaison à commettre une fraude fiscale.
- Il appert que c'est seulement dans une proportion relativement restreinte (13 %) que les membres de la population sont très susceptibles de faire de la fraude fiscale. À l'autre extrémité du spectre de risque, les *Hors-la-loi* sont les plus susceptibles de commettre une fraude pour ce qui concerne tous les types de taxes et d'impôts.
- Ce sont les trois segments du milieu, qui comptent pour 39 % de la population, qui sont susceptibles de présenter le plus d'intérêt pour l'ARC. En effet, les *Personnes qui rationalisent*, les *Économistes discrets* et les *Opportunistes surtaxés*, s'ils sont plus susceptibles de faire une fraude fiscale que les deux groupes qui se soumettent volontairement à leurs obligations, ne transgressent pas la loi aussi franchement que le font les *Hors-la-loi*. Ce sont les types de fraudes fiscales que leurs membres sont susceptibles de commettre qui distinguent les trois segments les uns des autres, de même que les perceptions ou les orientations des membres des groupes au sujet de la fraude fiscale.

Les six segments de contribuables – Descriptions sommaires

Personnes respectueuses de la loi

Réunissant 31 % de la population canadienne, ce segment se définit par son orientation à l'égard de la fraude fiscale et par le faible risque qu'il représente à cet égard, de même que par l'observation voulant que les membres de ce groupe estiment qu'il est risqué de faire de la fraude fiscale.

Ce sont les *Personnes respectueuses de la loi* qui présentent le plus faible risque de commettre une fraude fiscale, tant dans l'ensemble que pour ce qui concerne plus particulièrement le recours au paiement comptant pour payer moins cher en s'évitant les taxes. Les membres de ce segment comptent parmi les moins susceptibles d'accepter ou d'utiliser des justifications pour rationaliser la fraude fiscale, et comptent parmi les plus susceptibles d'estimer que la fraude fiscale est grave et que des conséquences en découlent – pour eux-mêmes, pour d'autres personnes et pour la société.

Fait dont il ne faut pas se surprendre, les membres de ce groupe sont plus susceptibles que les membres de tout autre segment d'adopter un comportement responsable. En outre, plus que quiconque, les *Personnes respectueuses de la loi* sont d'avis qu'il est risqué de faire de la fraude fiscale – les gens qui le font se feront attraper. Il s'agit d'une importante caractéristique déterminante de ce groupe, en partie parce que ses membres sont aussi un peu plus susceptibles que la moyenne d'estimer qu'au Canada, les taux d'imposition et de taxation sont trop élevés. En bref, les membres de ce segment semblent respecter la loi en partie à cause du risque de se faire prendre et des conséquences qui en découleraient.

Sur le plan démographique, les membres du segment des *Personnes respectueuses de la loi* sont plus susceptibles que la moyenne d'être des femmes, d'avoir 65 ans ou plus,

d'être moins scolarisés (un diplôme d'études secondaires ou moins), d'être à la retraite, de même que de faire état d'une pension comme principale source de revenu⁶. Sur le plan du profil psychographique, les *Personnes respectueuses de la loi* sont légèrement plus susceptibles de tendre vers les valeurs traditionnelles et les points de vue élitistes.

Altruistes qui se conforment

Au total, 18 % des contribuables sont membres de ce segment. Deuxième segment présentant le plus faible profil de risque, ce groupe partage un grand nombre de caractéristiques avec celui des *Personnes respectueuses de la loi*. Ce qui définit les membres de ce segment, c'est l'observation selon laquelle ils sont les moins susceptibles de penser que les gens qui font de la fraude fiscale se feront attraper.

Les *Altruistes qui se conforment* comptent parmi les personnes les moins susceptibles d'accepter des justifications pour rationaliser la fraude fiscale et les plus susceptibles de tenir la fraude fiscale pour un enjeu important. En outre, les membres de ce groupe sont les plus susceptibles de voir les conséquences découlant de la fraude fiscale. À l'instar des *Personnes respectueuses de la loi* et des *économistes discrets*, les *Altruistes qui se conforment* sont également plus susceptibles que le reste de la population d'adopter des comportements responsables. C'est le risque quelque peu plus important de commettre une fraude fiscale, tant dans l'ensemble que plus particulièrement, pour ce qui concerne le paiement comptant pour s'éviter les taxes, qui distingue les *Altruistes qui se conforment* des *Personnes respectueuses de la loi*. De même, les *Altruistes qui se conforment* sont moins susceptibles que leurs homologues à faible risque, les *Personnes respectueuses de la loi*, d'estimer que les taxes et impôts au Canada ne sont pas équitables.

Dans ce groupe, la principale caractéristique déterminante vient de ce que ses membres sont les moins susceptibles d'être tous d'estimer que les personnes qui font de la fraude fiscale se feront attraper. Voilà d'où vient leur titre d'*Altruistes*. Ce n'est pas parce qu'ils craignent de se faire prendre que les membres de ce groupe respectent la loi. Ils le font parce que c'est ce qu'il faut faire.

Sur le plan démographique, les membres de ce segment sont plus susceptibles que la moyenne d'avoir entre 45 et 64 ans, d'être mariés, de travailler à plein temps, d'avoir fait des études universitaires, de gagner un revenu élevé (c.-à-d. un revenu de ménage supérieur à 100 000 \$) et de faire état d'un emploi rémunéré comme principale source de revenu. Sur le plan du profil psychographique, les *Altruistes qui se conforment* sont légèrement plus susceptibles de tendre vers des valeurs traditionnelles, mais sont moins susceptibles d'exprimer des points de vue élitistes ou des attitudes hédonistes, et moins susceptibles d'avoir l'impression que ce sont davantage les autres qui détiennent le contrôle.

Personnes qui rationalisent

Les *Personnes qui rationalisent* comptent pour 12 % des contribuables. Elles sont plus susceptibles que les membres de tout autre groupe d'épouser des justifications pour rationaliser la fraude fiscale.

⁶ Dans ce cas-ci et tout au long du rapport, le revenu ne désigne pas le revenu personnel, mais bien le revenu du ménage (c.-à-d. le revenu total de toutes les personnes faisant partie du ménage, avant impôts, en 2010).

Les *Personnes qui rationalisent* sont considérablement plus susceptibles d'adopter des comportements de fraude fiscale que les membres des deux segments présentant un faible risque. On pourrait attribuer aux membres de ce groupe un profil de risque faible à modéré, tant pour ce qui est de la fraude fiscale dans son ensemble que pour ce qui concerne la propension à payer comptant pour éviter les taxes. La caractéristique déterminante de ce segment de la population vient de ce que ses membres, plus que ceux de tout autre groupe, recourent aux diverses justifications par lesquelles certains pourraient tenir la fraude fiscale pour acceptable.

De même, les *Personnes qui rationalisent* sont plus enclines que la plupart des gens à estimer qu'au Canada, les taxes et impôts ne sont pas équitables, point de vue susceptible de contribuer à leur perspective de justification. Par ailleurs, les personnes de ce groupe sont les moins susceptibles d'épouser des points de vue subordonnés à l'adoption d'un comportement responsable. Dans la même veine, les membres de ce groupe sont les plus susceptibles d'estimer qu'il ne faut pas faire tout un plat de la fraude fiscale, c.-à-d. qu'il n'est pas si mauvais de faire un peu de fraude fiscale, que ce n'est pas un vrai crime, et que l'argent que la fraude fiscale fait épargner vaut le risque. Fait dont il ne faut peut-être pas se surprendre, les *Personnes qui rationalisent* comptent parmi les moins susceptibles d'estimer que des conséquences découlent de la fraude fiscale. Ces personnes sont aussi moins susceptibles que la moyenne d'estimer que les fraudeurs se feront prendre.

Sur le plan démographique, les membres de ce segment sont les plus vieux et les moins scolarisés. Ce sont aussi ceux qui ont le plus faible revenu. De plus, les membres de ce segment sont plus susceptibles d'être des hommes, d'être à la retraite, d'être veufs, veuves, d'habiter au Québec, d'être nés au Canada, et de faire état d'une pension comme principale source de revenu. Sur le plan du profil psychographique, les *Personnes qui rationalisent* sont moins susceptibles de tendre vers des valeurs traditionnelles, et plus susceptibles que la moyenne d'exprimer des points de vue élitistes et des attitudes hédonistes et d'estimer que le contrôle sur leur vie origine de l'extérieur.

Économes discrets

Ce segment comprend 12 % des contribuables. Les *Économes discrets* n'adoptent pas de justifications pour rationaliser la fraude. Ils ne croient pas, non plus, que les taxes et impôts sont trop élevés, ou qu'ils ne sont pas équitables. Néanmoins, si les *Économes discrets* ont l'occasion de payer comptant pour éviter les taxes, ils sont modérément susceptibles de le faire.

Les *Économes discrets* partagent avec les *Opportunistes surtaxés* un risque plus important de payer comptant pour obtenir des biens ou des services en évitant les taxes. S'ils sont beaucoup plus susceptibles de le faire que les membres de l'un ou l'autre des autres segments dont il vient d'être question, le risque à cet égard est toutefois considérablement moins élevé que dans le groupe des *Opportunistes surtaxés* ou dans le groupe des *Hors-la-loi*. Sur le plan des autres types de fraude fiscale, ils représentent à peu près le même niveau de risque que les *Personnes qui rationalisent*, même si leur mentalité fait penser qu'ils devraient présenter un risque moins important. Cela pourrait venir de ce que les membres de ce groupe ne pensent pas que le paiement comptant pour éviter les taxes se compare, sur le plan de la gravité, avec les autres comportements de fraude fiscale.

Les *Économes discrets* partagent certaines orientations avec les *Opportunistes surtaxés*. En effet, les membres des deux groupes ont tendance à tenir la fraude pour un enjeu grave, et à voir les conséquences qui en découlent. Ni l'un, ni l'autre de ces segments n'ont tendance à adopter des justifications pour excuser la fraude fiscale. De plus, les membres de ces deux groupes sont un peu plus susceptibles que la moyenne d'indiquer qu'ils adoptent des comportements responsables. En outre, les *Économes discrets* sont moins susceptibles que la moyenne d'estimer que la fraude fiscale est un comportement risqué. C'est aussi le segment de la population qui est le moins susceptible d'être d'avis que les taxes et impôts ne sont pas équitables au Canada.

Sur le plan démographique, les membres de ce segment sont plus susceptibles d'être des femmes, d'avoir moins de 30 ans, d'être célibataires, d'être étudiants, d'être Ontariens, d'être nés à l'étranger, de gagner un revenu plus élevé (c.-à-d. un revenu de ménage supérieur à 100 000 \$), d'être plus scolarisés (grade universitaire), et de faire état d'un emploi rémunéré comme principale source de revenu. Sur le plan du profil psychographique, les *Économes discrets* sont un peu moins susceptibles d'exprimer des attitudes liées à n'importe lequel des facteurs psychographiques.

Opportunistes surtaxés

Ce segment représente 15 % de la population. Comme leur nom l'indique, les *Opportunistes surtaxés* estiment qu'ils sont assujettis à des taxes et impôts excessifs, ils cherchent des occasions de payer comptant pour éviter les taxes, et ils sont d'avis qu'un bon nombre d'autres personnes font la même chose. Ceci dit, les membres de ce groupe ne représentent pas un grand risque pour ce qui concerne l'adoption d'autres comportements de fraudes fiscales.

Les *Opportunistes surtaxés* partagent certaines orientations avec les *Économes discrets*. Les membres des deux groupes ont tendance à estimer que la fraude fiscale est un enjeu important, et à être d'avis qu'elle entraîne des conséquences. Ni l'un, ni l'autre de ces groupes n'ont tendance à recourir à des justifications pour excuser la fraude fiscale (encore que les rationalisations entraînent un peu plus de résonances chez les membres de ce groupe). Par ailleurs, les membres des deux groupes sont un peu plus susceptibles que la moyenne de faire état de comportements responsables.

En revanche, par rapport aux *Économes discrets*, les *Opportunistes surtaxés* sont beaucoup plus susceptibles d'estimer que les Canadiens en général, et eux-mêmes, personnellement, en particulier, sont assujettis à un fardeau fiscal trop lourd. C'est l'une des deux grandes différences distinguant ces deux segments. L'autre vient de ce que les *Opportunistes surtaxés* sont beaucoup plus susceptibles d'estimer que beaucoup de gens trouvent que ce n'est pas grave de faire de la fraude fiscale et que plusieurs gens cacheraient de leur revenu ou exagéreraient leurs dépenses pour payer moins de taxes et d'impôts. Ils sont aussi plus susceptibles que la moyenne d'estimer que si l'on commet de la fraude fiscale, il y a un risque de se faire attraper. C'est l'une des raisons pour lesquelles les membres de ce groupe ne présentent pas un grand risque sur le plan de l'adoption d'autres comportements de fraude fiscale.

Sur le plan démographique, les membres de ce segment sont plus susceptibles d'être des femmes, de travailler à plein temps, d'être des Ontariens, et de faire état d'un emploi rémunéré comme principale source de revenu. Sur le plan du profil psychographique, les *Opportunistes surtaxés* sont légèrement plus susceptibles de tendre vers des valeurs traditionnelles et d'exprimer des attitudes hédonistes.

Hors-la-loi

Ce segment, qui compte pour 13 % des contribuables, représente le plus grand risque au chapitre de la probabilité de commettre une fraude fiscale. Il s'agit d'un risque important, tant pour ce qui est de l'adoption d'une vaste gamme de comportements de fraude fiscale, que pour ce qui concerne plus particulièrement le paiement comptant pour obtenir des choses à moindre coût en évitant les taxes.

Avec les *Personnes qui rationalisent*, les *Hors-la-loi* sont les plus susceptibles d'estimer qu'il ne faut pas faire tout un plat de la fraude fiscale, d'utiliser ou d'accepter les diverses justifications énoncées pour excuser la fraude fiscale, et de croire que beaucoup de gens trouvent que ce n'est pas grave de faire de la fraude fiscale et que plusieurs gens cacheraient de leur revenu ou exagéreraient leurs dépenses pour payer moins de taxes et d'impôts. Les membres de ces deux groupes sont aussi les moins susceptibles de faire état de comportements responsables.

De plus, les *Hors-la-loi* sont les moins susceptibles de voir des conséquences découlant de la fraude fiscale, et parmi les moins susceptibles de se préoccuper de l'éventualité de se faire prendre. En outre, avec les *Opportunistes surtaxés*, ils sont parmi les plus susceptibles d'estimer que les Canadiens et Canadiennes, y compris eux-mêmes, sont surtaxés. En bref, non seulement les *Hors-la-loi* indiquent-ils qu'ils posent un risque élevé sur le plan de l'adoption de toutes les formes de fraude fiscale, mais ils sont disposés à rationaliser la fraude, ce qui appuie ces comportements. De plus, ils se préoccupent peu de l'éventualité de se faire prendre, ne perçoivent que des conséquences restreintes découlant de leurs actions, et estiment probablement que ces comportements sont justifiés compte tenu des niveaux injustement élevés d'imposition et de taxation auxquels ils ont l'impression d'être soumis.

Sur le plan démographique, les membres de ce segment ont tendance à constituer le deuxième groupe le moins scolarisé et à afficher le deuxième plus faible revenu. De plus, les membres de ce segment sont plus susceptibles d'avoir moins de 30 ans, d'être des hommes, et d'être travailleurs autonomes. Sur le plan du profil psychographique, les *Hors-la-loi* sont les moins susceptibles d'épouser des valeurs traditionnelles et parmi les plus susceptibles d'être d'avis que le contrôle sur leur vie origine de l'extérieur.

Démarches et communications gouvernementales

L'exercice de segmentation des contribuables fait ressortir des possibilités manifestes d'éventuelles démarches et communications gouvernementales. Au chapitre des mesures gouvernementales pour réduire la fraude fiscale, ce sont généralement les *Personnes respectueuses de la loi* et les *Altruistes qui se conforment* qui estiment que les éventuelles pénalités constituent des démarches efficaces, comparativement aux autres. D'autre part, les deux segments de la population dont les membres sont régulièrement d'accord pour dire que les éventuelles pénalités sont moins efficaces sont les *Personnes qui rationalisent* et, plus particulièrement, les *Hors-la-loi*, lesquels ont présenté les évaluations les moins favorables pour ce qui concerne l'efficacité de toutes les mesures à l'étude. En bref, il semble que l'accent sur les pénalités soit le plus efficace dans les groupes qui ont le moins besoin de se soumettre à une modification d'attitudes et de comportements sur le plan de la fraude fiscale, et le moins efficace dans les deux segments qui ont le plus besoin d'entreprendre ce genre de modification.

La tendance est fort différente pour ce qui concerne les mesures gouvernementales possibles qui ne s'attachent pas à des pénalités : fournir plus d'information sur ce à quoi sert l'argent des contribuables, renseigner les gens plus tôt sur leurs obligations fiscales (p. ex., les étudiants ou les nouveaux arrivants au Canada), et encourager les gens à dénoncer ceux qu'ils soupçonnent de fraude fiscale. Si ce sont les *Personnes respectueuses de la loi* qui présentent régulièrement des évaluations plus favorables au sujet de l'efficacité des mesures à l'étude, les *Opportunistes surtaxés* arrivent souvent seconds au chapitre des évaluations favorables. D'autre part, le domaine dans lequel les évaluations sont uniformes a pour objet l'éventuelle démarche tenue pour la moins efficace, qui vise à encourager les Canadiens et les Canadiennes à dénoncer ceux qu'ils soupçonnent de fraude fiscale. Cette démarche se classe en bas de la liste dans tous les segments, même lorsque l'on associe les éventuelles démarches gouvernementales avec les pénalités possibles.

En ce qui concerne les communications, l'étude fait penser qu'il n'est guère nécessaire de cibler les segments de la population qui se conforment déjà à leurs obligations. Fait dont il ne faut peut-être pas se surprendre, les arguments susceptibles de motiver la population à payer toutes les taxes et tous les impôts sont le plus efficaces auprès des *Personnes respectueuses de la loi* et des *Altruistes qui se conforment*. En outre, il pourrait ne pas être opportun de cibler le groupe présentant le plus grand risque de fraude, parce que les attitudes et les comportements de ses membres font penser qu'il faudrait s'attendre à ce qu'ils résistent aux messages visant à entraîner un changement d'attitude ou de comportement. Compte tenu de ce qui précède, les principaux groupes à cibler dans le cadre de futures communications en la matière sont probablement les trois segments du « milieu », nommément les *Personnes qui rationalisent*, les *Économistes discrets* et les *Opportunistes surtaxés*. En général, voici les éventuels arguments susceptibles de motiver ces groupes qui figurent en tête de liste : la compréhension de la responsabilité qu'on a dans le contexte des taxes et impôts, la crainte des pénalités, et les connaissances au sujet de la façon dont l'argent des contribuables est dépensé. La crainte d'embarrasser les autres est l'argument de motivation le moins efficace dans tous les segments de la population.

D'aucuns pourraient croire que le niveau auto-déclaré de disposition à la fraude fiscale que reconnaissent les répondants est forcément sous-estimé, compte tenu de la nature personnelle et révélatrice du sujet, sans compter l'illégalité de la fraude. Le biais lié à la désirabilité sociale (ou à la rectitude politique), qui touche à la volonté de se présenter comme un bon et un honnête citoyen, qui paie ses taxes, pourrait être en cause. Si c'est le cas, la proportion de Canadiens et de Canadiennes qui présentent un plus grand risque de commettre de la fraude fiscale pourrait être plus élevée que ne l'indiquent les données.

Ces observations font aussi penser qu'à l'examen des réponses s'attachant à des questions précises pour l'un ou l'autre des ensembles de mesures s'inscrivant dans un thème en particulier (p. ex., des questions se conjuguant dans le cadre du facteur « Rien de grave »), l'indicateur tendant le plus vers la fraude fiscale serait vraisemblablement l'indicateur révélateur, qui pourrait bien justifier qu'on lui attribue un plus grand niveau de confiance. Cet indicateur pourrait en quelque sorte constituer la pointe de l'iceberg, dans la mesure où il s'agirait du point de vue le plus honnête dans le contexte d'un sujet sensible qui entraîne des réponses politiquement correctes. L'indicateur pourrait même servir de réponses par défaut pour certains répondants.

Le *type* de comportement de fraude fiscale que les gens sont le plus susceptibles d'adopter est un domaine dans lequel ces observations pourraient se révéler particulièrement pertinentes. S'il ne fait aucun doute que nombre de Canadiens et de



Canadiennes sont à l'aise avec le recours au paiement comptant de biens et de services pour éviter les taxes, la population est considérablement moins à l'aise pour ce qui concerne les autres comportements de fraude fiscale. En ce qui concerne la probabilité d'adopter l'un des trois autres comportements, les répondants se sont révélés plus enclins à affirmer qu'ils travailleraient pour de l'argent comptant afin d'éviter de l'impôt sur le revenu. Suit la vente de choses fabriquées soi-même ou la fourniture de services sans en déclarer le revenu. Par ailleurs, les répondants sont relativement peu nombreux à affirmer qu'ils seraient susceptibles d'éviter consciemment de déclarer une partie de leur revenu (7 % par rapport à 13 % - 16 % pour les deux autres comportements). Toutefois, les deux premiers comportements sont essentiellement pareils à ce dernier. En effet, il s'agit dans tous les cas de ne pas déclarer une partie de son revenu lors de la déclaration d'impôt. Cela fait penser que la production d'une déclaration de revenu frauduleuse est tenue pour plus grave que les autres comportements de fraude à l'étude, et que nombre de personnes ne font pas le lien entre ce comportement, d'une part, et d'autre part, le travail ou la vente de choses sans déclarer les revenus consécutifs, lesquels contribuent pourtant au même phénomène. Dans les stratégies de communications, des messages pourraient aider les Canadiens et les Canadiennes à faire ce lien.

Nonobstant ce qui précède, il appert que les *types* de groupes ou de segments de contribuables, de même que leurs proportions relatives dans la population, revêtent plus d'importance que les niveaux exacts d'adhésion aux divers indicateurs portant sur la fraude fiscale.

Renseignements :

Nom du fournisseur : Phoenix Strategic Perspectives Inc.

Numéro de ROP : POR 078-10

Numéro de contrat : 46558-112341-001-CY

Date d'attribution : 24-11-2010

Coût total (avec TVH) : 141 445,69 \$

Pour obtenir de plus amples renseignements au sujet de cette étude, veuillez adresser un courriel à l'adresse media.relations@cra-arc.gc.ca.



INTRODUCTION

The Canada Revenue Agency (CRA) commissioned Phoenix SPI to conduct taxpayer attitudinal segmentation research.

Background & Objectives

The CRA is planning to develop new communications and marketing initiatives with the goal of improving voluntary tax compliance among Canadians. To support these initiatives, the CRA wanted to undertake a strategic public opinion survey to better understand what motivates Canadians towards compliant and non-compliant behaviour. The main objective of the research was to obtain the behavioural and attitudinal data needed to segment the Canadian population according to compliance-related issues.

More specifically, the research was designed to address the following objectives:

- To segment the Canadian population by their general orientations towards compliance regarding taxation;
- To determine what motivates Canadians to pay or not pay taxes, as well as those motivators and influencers in this area;
- To determine how Canadians define tax cheating;
- To explore Canadians':
 - feelings and perspectives on tax cheating and tax avoidance;
 - perceptions of the value of social benefits and services received as a result of tax compliance;
 - feelings about getting caught tax cheating;
 - feelings towards others who cheat on their taxes; and
 - perceptions of the role of government in informing/marketing to Canadians, using messages promoting the social benefits of tax compliance.

The CRA intends to use the findings related to the social/cultural benefits of compliance to help develop communications and marketing initiatives aimed at improving voluntary tax compliance. As well, the results will be used in the development of messaging for taxpayers based on compliance behaviours and attitudes of segments of the population, as well as assisting in the development of targeted enforcement and service strategies.

Methodology

A random digit dialling (RDD) telephone survey was conducted with a regionally disproportionate sample⁷ of Canadian residents, 18 years of age and older, who had lived in Canada for at least one year. In total, 3,884 telephone interviews were conducted from January 29th to February 28th, 2011. Administered in English and French, interviews averaged 17.15 minutes in length. Based on a sample of this size, the overall findings can be considered accurate to within $\pm 1.9\%$, 19 times out of 20 (*adjusted to take into account sample stratification*⁸).

⁷ This means that the provincial sample sizes are not proportional to the actual population counts of each province (interviews in the territories were allocated as follows: Yukon with British Columbia, Northwest Territories with Alberta, and Nunavut with Ontario). This type of probability sampling was used to ensure sample sizes large enough for analyses at the provincial level.

⁸ The standard margin of error calculation is based on a simple random sample wherein sampling is geographically proportional to ensure that all members of the population have an equal chance of being sampled. Since this sample was not regionally proportional, the margin of error calculation needed to be adjusted to reflect this.



Detailed technical information about the methodology has been appended to this report.

Note to Readers

- All results in the report are expressed as percentages, unless otherwise noted.
- Throughout the report, percentages may not always add to 100 due to rounding.
- At times, the number of respondents (as opposed to the percentage) who answered certain questions or answered in a certain way is provided. The following method is used to denote this: n=100, which means the number of respondents, in this instance, is 100.
- A methodological note and the questionnaires (in French and English) are appended to the report.



DEMOGRAPHIC PROFILE OF RESPONDENTS

The following table presents the characteristics of survey respondents, including age, gender, region, education, employment status, household income, primary source of income, marital status, parental status, and immigration status.

Age	
Base	n=3,884
18-29	19%
30-44	27%
45-64	34%
65+	17%
Refuse	2%
Gender	
Base	n=3,884
Male	48%
Female	52%
Region ⁹	
Base	n=3,884
Alberta	10%
Manitoba	4%
New Brunswick	3%
British Columbia	13%
Prince Edward Island	1%
Saskatchewan	3%
Newfoundland	2%
Ontario	37%
Quebec	24%
Nova Scotia	3%
Education	
Base	n=3,884
Some or completed elementary school	2%
Some high school	10%
Completed high school	20%
Some college/vocational/trade school/CEGEP	6%
Completed college/vocational/trade school/CEGEP	24%
Some university	6%

⁹ BC includes the Yukon Territory, Alberta the Northwest Territories, and Ontario Nunavut.



Education (cont'd.)	
Undergraduate university degree	20%
Graduate or professional university degree	12%
Refused	1%
Employment Status	
Base	n=3,884
Working full-time (i.e., 35 or more hours per week)	37%
Working part-time (i.e., less than 35 hours per week)	8%
Self-employed	9%
Unemployed, but looking for work	5%
A student attending school full-time	6%
Retired	23%
Not in the workforce (e.g. homemaker, unemployed, but not looking)	5%
Employed, but temporarily not working (e.g. maternity/parental leave)	6%
Other	1%
Household Income	
Base	n=3,884
Under \$20,000	8%
\$20,000 to just under \$40,000	18%
\$40,000 to just under \$60,000	15%
\$60,000 to just under \$80,000	14%
\$80,000 to just under \$100,000	10%
\$100,000 to just under \$120,000	7%
\$120,000 to just under \$140,000	4%
\$140,000 to just under \$160,000	2%
\$160,000 and above	5%
Refused	15%
Primary Source of Income	
Base	n=3,884
Paid employment	48%
Pension	21%
Spousal support	8%
Self-employment	8%
Social assistance payments	2%
Employment Insurance (EI) / unemployment insurance (UI)	2%
Investments	2%
Scholarship	1%
Student loan	<1%



Primary Source of Income (cont'd.)	
Insurance	<1%
Other	<1%
No income	1%
Refused	2%
Marital Status	
Base	n=3,884
Married or living as a couple	66%
Single	20%
Widowed	6%
Separated	3%
Divorced	5%
Refused	1%
Children Under 18 in Household	
Base	n=3,884
Yes	33%
No	67%
Immigrated to Canada	
Base	n=3,884
Yes	14%
No	85%
New Canadian Status	
Base	n=446
New Canadian (arrived within last 5 years)	15%
Other immigrant	82%
Refused	2%

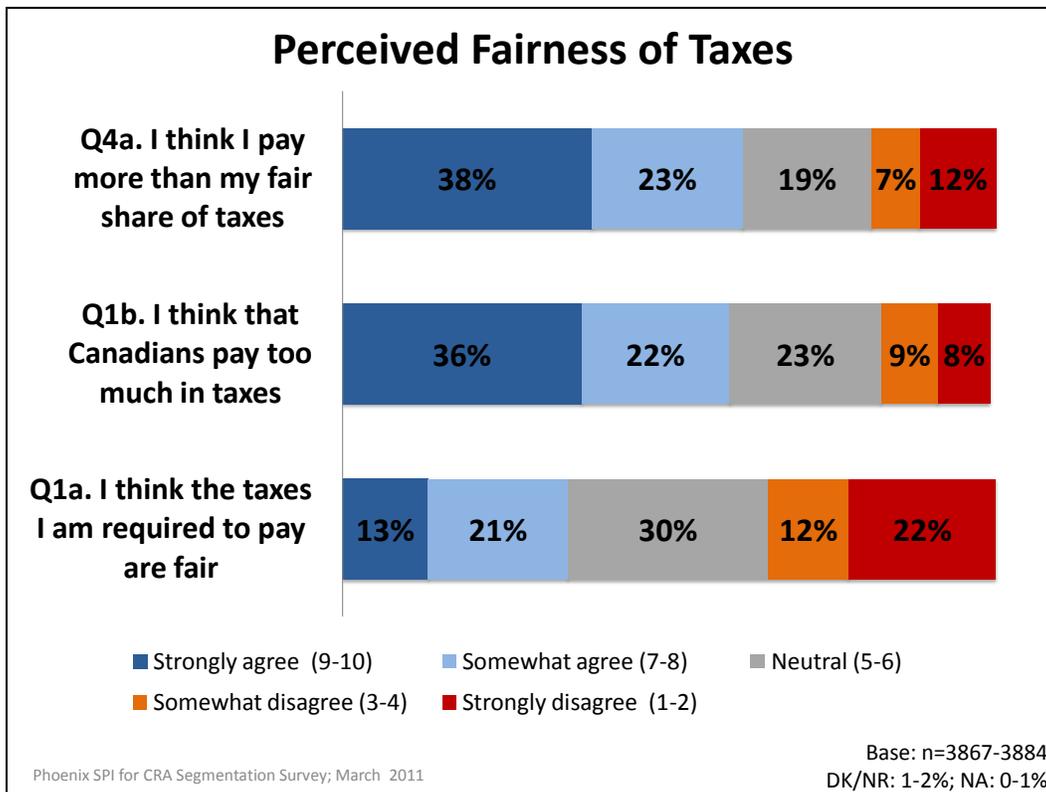


TOPLINE RESULTS

The main purpose of this research is the segmentation of taxpayers according to their likelihood of adopting tax-cheating behaviours and their perspectives on a range of related issues. Accordingly, most of the report focuses on the segmentation and the opportunities it presents the CRA. The purpose of this section is to present the topline, aggregated results to provide context for the segmentation.¹⁰

Relatively Widespread Tax Fatigue

Most Canadians think they pay more than their fair share of taxes. In total, 61% believe they pay more than their fair share of taxes, while slightly fewer (58%) think that Canadians pay too much in taxes. In both cases, more than one-third offered *strong* agreement with these statements. Conversely, only one-third (34%) agreed that the taxes they are required to pay are fair.

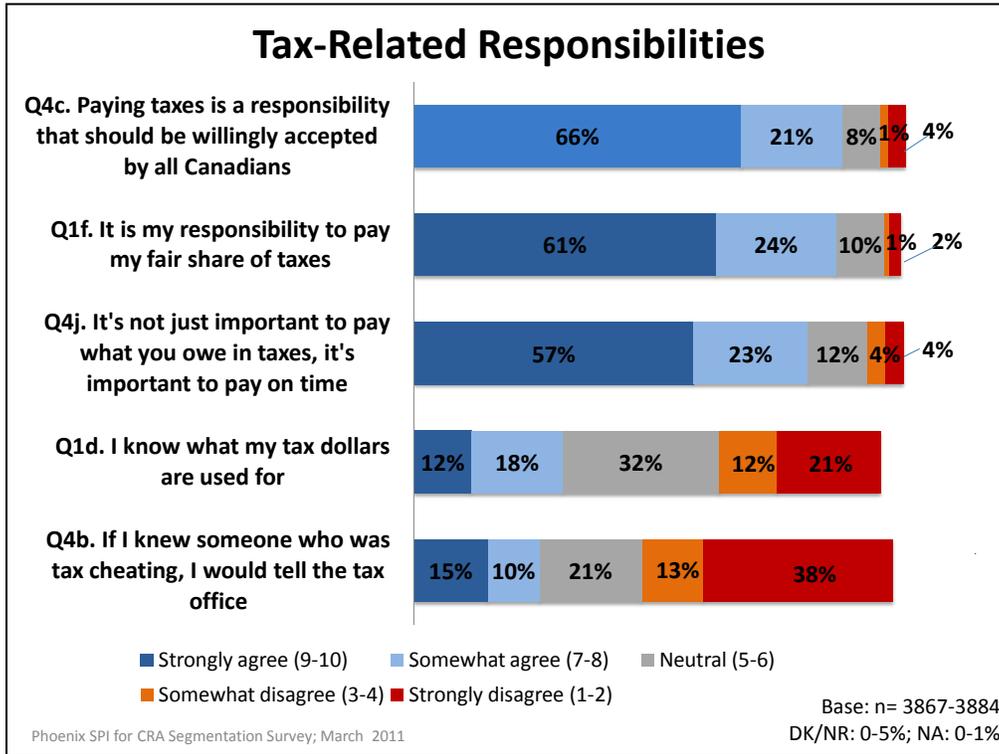


¹⁰ Unless otherwise specified in the text or graph, all numeric scale questions are based on a 10-point rating scale which has been aggregated for reporting purposes as follows: scores of 9-10 (strongly agree), 7-8 (somewhat agree), 5-6 (neutral), 3-4 (somewhat disagree), and 1-2 (strongly disagree).



General Acceptance of Tax Responsibilities

Despite the sense of tax fatigue among Canadians, most appear to take their tax responsibilities seriously. Fully 87% agreed that paying taxes is a responsibility that should be willingly accepted by all Canadians, while almost as many (85%) think it is their responsibility to pay their fair share of taxes. As well, 80% believe it is important not just to pay what they owe, but to pay on time. For each of these, clear majorities expressed strong agreement.

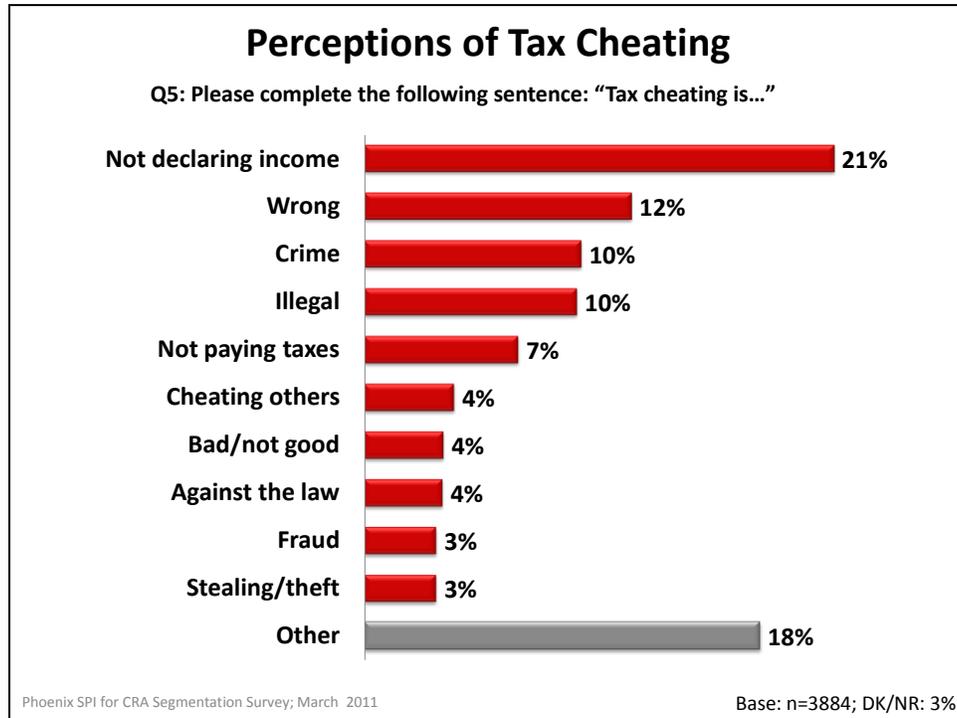


On two other issues, Canadians were much more divided. While almost one-third (30%) think they know what their tax dollars are used for, slightly more (33%) disagreed with this. And while one-quarter agreed that they would tell the tax office if they knew someone who was cheating on taxes, half (51%) disagreed, indicating that they would not do this.



Perceptions of Tax Cheating

To get a sense of the meaning that Canadians attribute to the term “tax cheating”, respondents were asked to complete the following sentence, “Tax cheating is...”. Mentioned most often, by 21%, was not declaring income – a clear focus on income tax, as opposed to being more inclusive of other types of taxation. Approximately equal numbers said simply that tax cheating is wrong (12%), a crime (10%) or illegal (10%). Relatively small numbers (7% or less) pointed to the following: not paying taxes, cheating others, tax cheating simply being bad or not good, and that it is against the law, fraud, or stealing/theft.

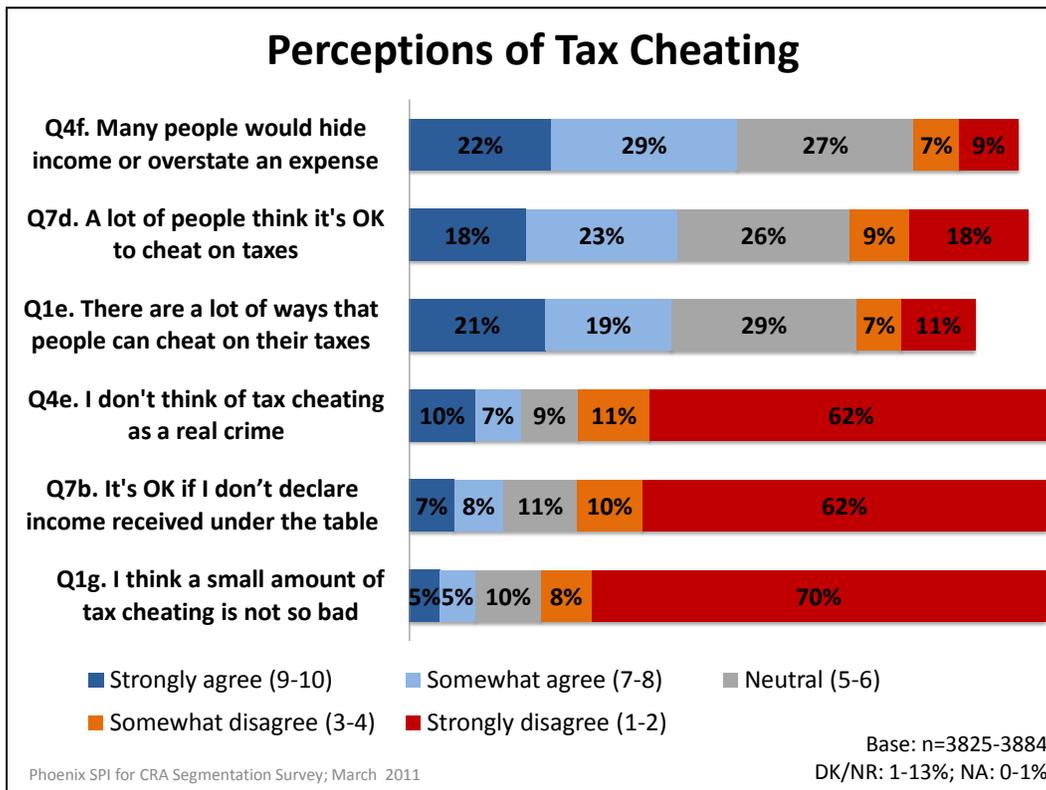




Perceptions of Tax Cheating Vary, Including Seriousness of Crime

Canadians appear to have relatively varied perceptions of tax cheating. For instance, 51% agree that many people would hide income or overstate an expense to pay less tax, 41% agree that a lot of people think it's okay to cheat on taxes, and 40% agree that there are lots of ways that people can cheat on their taxes.

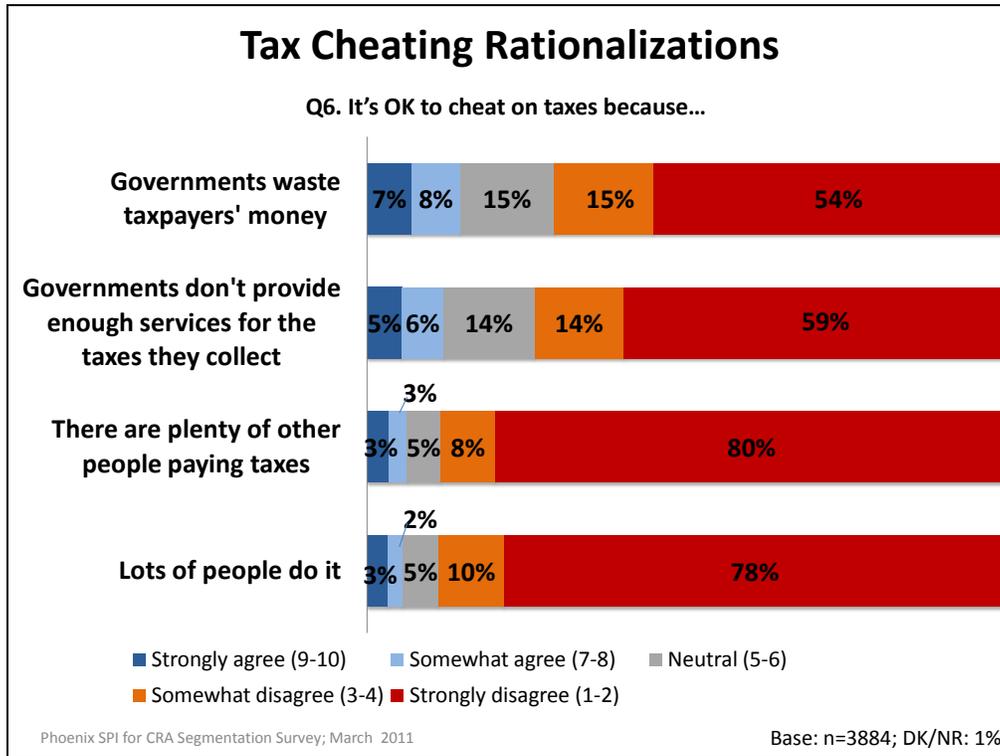
The seriousness of tax cheating as a crime was confirmed by most, but questioned by some. Clear majorities view tax cheating as a real crime, and disagree that it's okay to hide income earned under the table, and that a small amount of cheating is not so bad. However, one-quarter or more are on the other side of each of these issues, either agreeing with statements or having a neutral view.





Government-Focused Rationalizations About Tax Cheating Resonate for Many

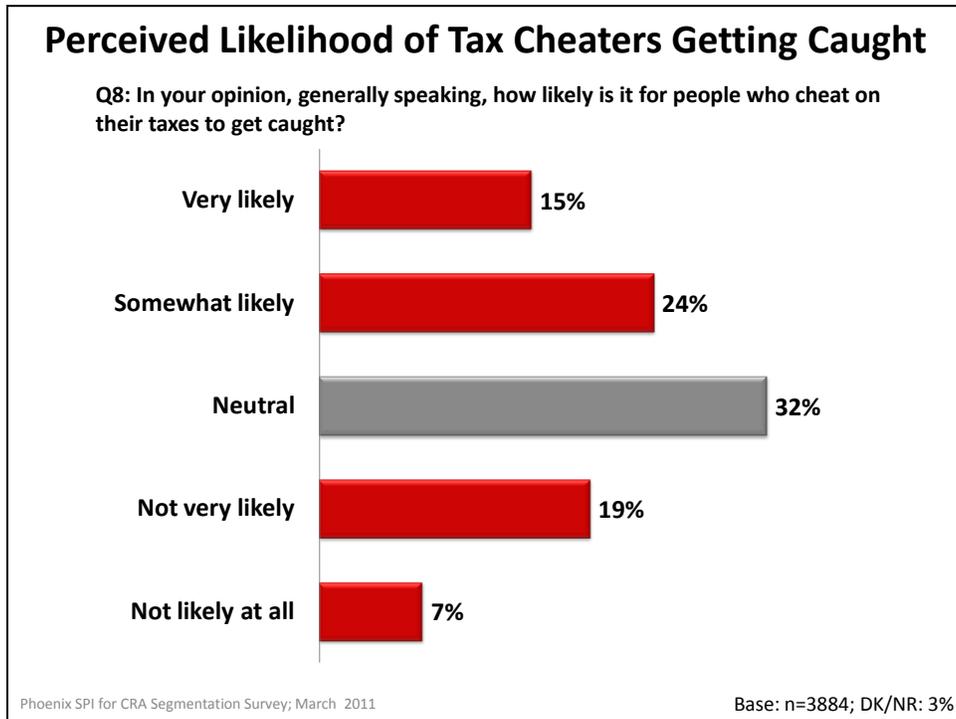
Respondents were asked to identify their level of agreement with a set of reasons why some people might think it's okay to cheat on taxes. The rationalizations that focus on perceived government deficiencies resonated more than the other potential reasons. For instance, 15% agreed that it's okay to cheat because governments waste taxpayers' money, and 11% agreed that it's okay to cheat because governments don't provide enough services for the taxes they collect. Only 6% agreed that tax cheating is okay because there are plenty of other people paying taxes, and only 5% agreed that it's okay to cheat because lots of people do it.





Mixed Views on Likelihood of Getting Caught Tax Cheating

There is no consensus among Canadians in terms of the likelihood of people who cheat on their taxes getting caught. In total, 39% think it is at least somewhat likely that people who cheat on their taxes will get caught while 26% think this is not very likely or not likely at all.



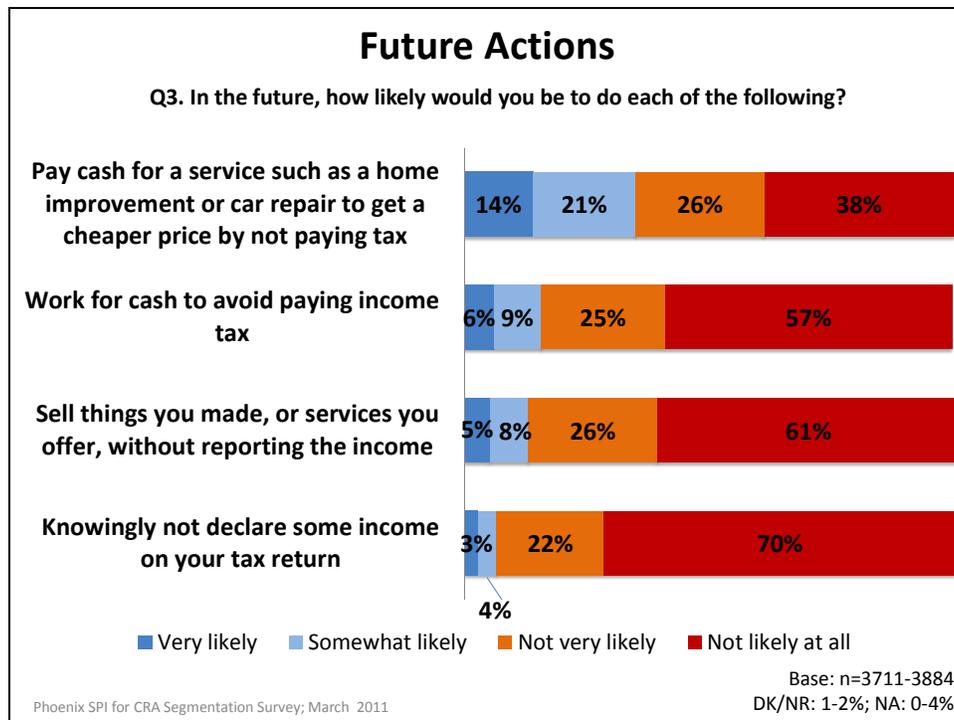


Greatest Likelihood of Tax Cheating – Paying Cash to Avoid Tax

Respondents were asked how likely they would be, in future, to do each of the following:

- Pay cash for a service such as a home improvement or car repair to get a cheaper price by not paying tax.
- Work for cash to avoid paying income tax.
- Knowingly not declare some income on your tax return.
- Sell things you made, or services you offer, without reporting the income.

Perhaps not surprisingly, they were most likely to acknowledge that they might pay cash to get a cheaper price by not paying tax. Over one-third said they are very (14%) or somewhat (21%) likely to do this. Significantly fewer said they were likely to work for cash to avoid tax (15%) or to sell things without reporting the income (13%). Few (7%) think it likely that they would knowingly not declare some income on their tax return.

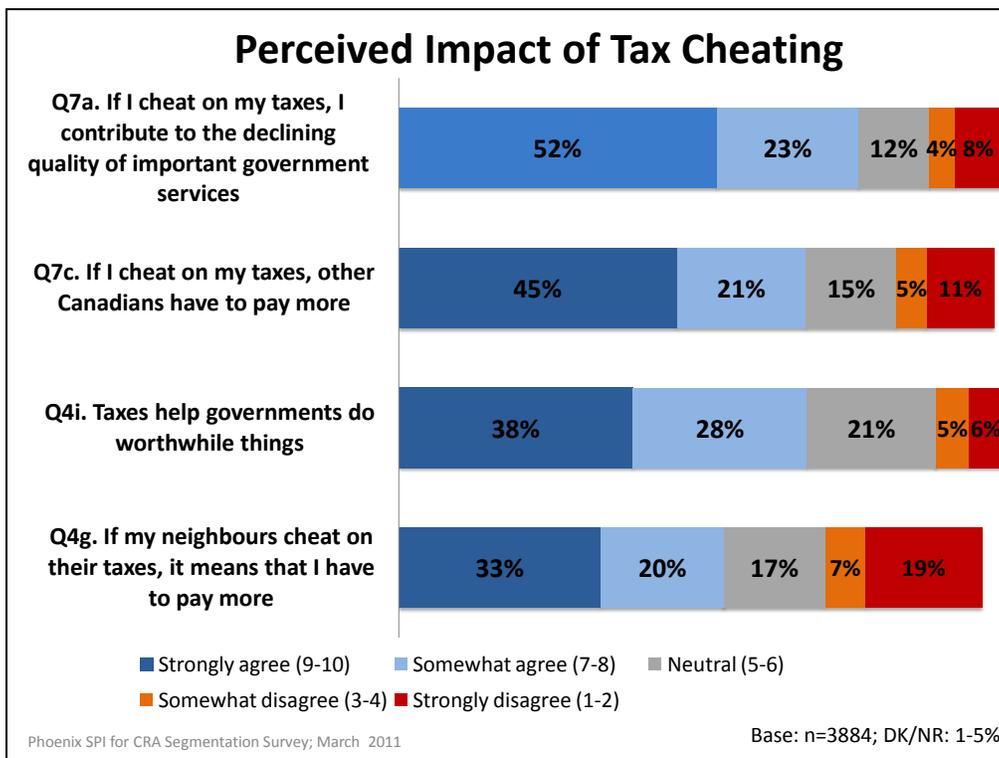




Most Recognize Impacts of Tax Cheating, But Significant Numbers Resistant

Tax cheating was seen by most Canadians to have a range of consequences. Three-quarters agreed that if they cheat on their taxes, they are contributing to the declining quality of important government services (52% expressed *strong* agreement). Two-thirds agreed that if they cheat on their taxes, other Canadians will have to pay more, and that taxes help government do worthwhile things. Just over half (53%) agreed that if their neighbours cheat on their taxes, they themselves would have to pay more.

What is perhaps most important is not the proportion of Canadians that agree with each of these consequences of tax cheating, but rather the proportion that either disagrees or is neutral. This ranges from 24% for contributing to the declining quality of important government services to 43% for the effect their neighbours' cheating on taxes has on the amount that they pay.

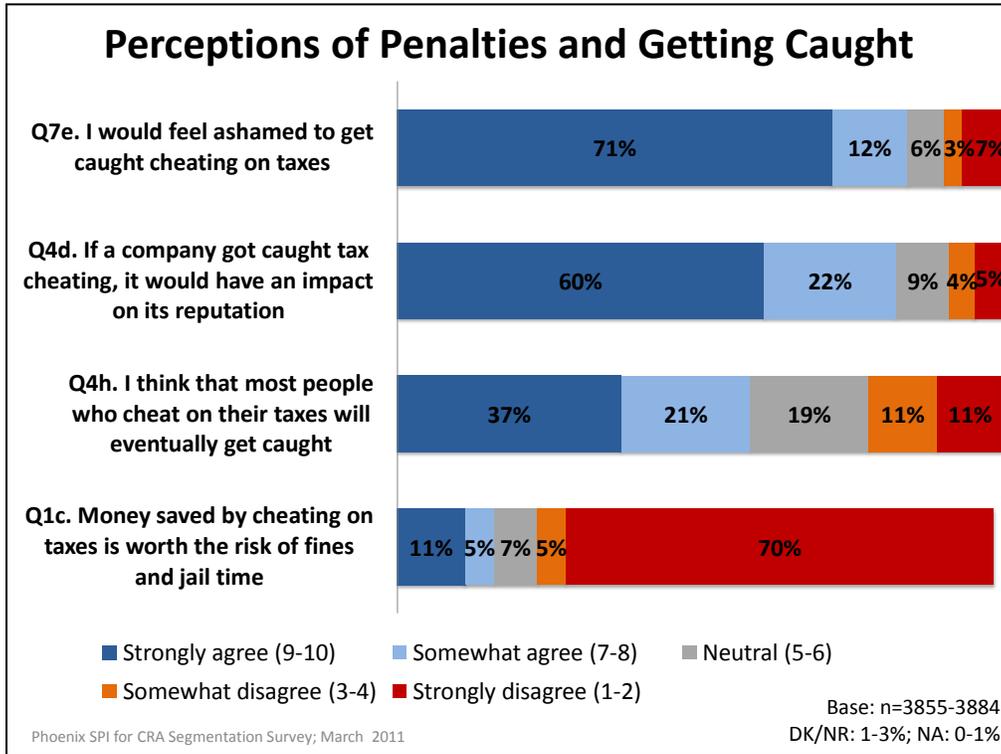


Perceptions of Penalties and Getting Caught Tax Cheating

The large majority of Canadians (83%) would feel ashamed if they got caught cheating on taxes, with almost three-quarters, 71%, *strongly* agreeing with this. Almost as many (82%) think that if a company got caught tax cheating, it would have an impact on its reputation.

Opinion was divided as to whether most people who cheat on their taxes will eventually be caught. While 58% agreed with this (37% offered strong agreement), 19% were neutral, and 22% did not agree that most tax cheaters would eventually be caught.

Three-quarters did not agree that money saved by cheating on taxes is worth the risk of fines and jail time, almost all of whom expressed strong disagreement.



Perceived Effectiveness of Potential Government Actions

Respondents were asked to assess the effectiveness of a number of potential government actions in terms of reducing tax cheating. The potential government actions that were assessed were:

- Better informing Canadians of the penalties for tax cheating.
- Increasing the use of audits and penalties.
- Providing more information about what tax money is used for.
- Publishing the names of people caught tax cheating.
- Increasing fines or jail time for tax cheating.
- Encouraging people to report those they suspect of tax cheating.
- Educating people earlier about their tax obligations, such as students or newcomers to Canada.
- Publishing the names of businesses caught tax cheating.

The results in this area will be reviewed first in terms of potential penalties, and then with respect to the other potential government actions.

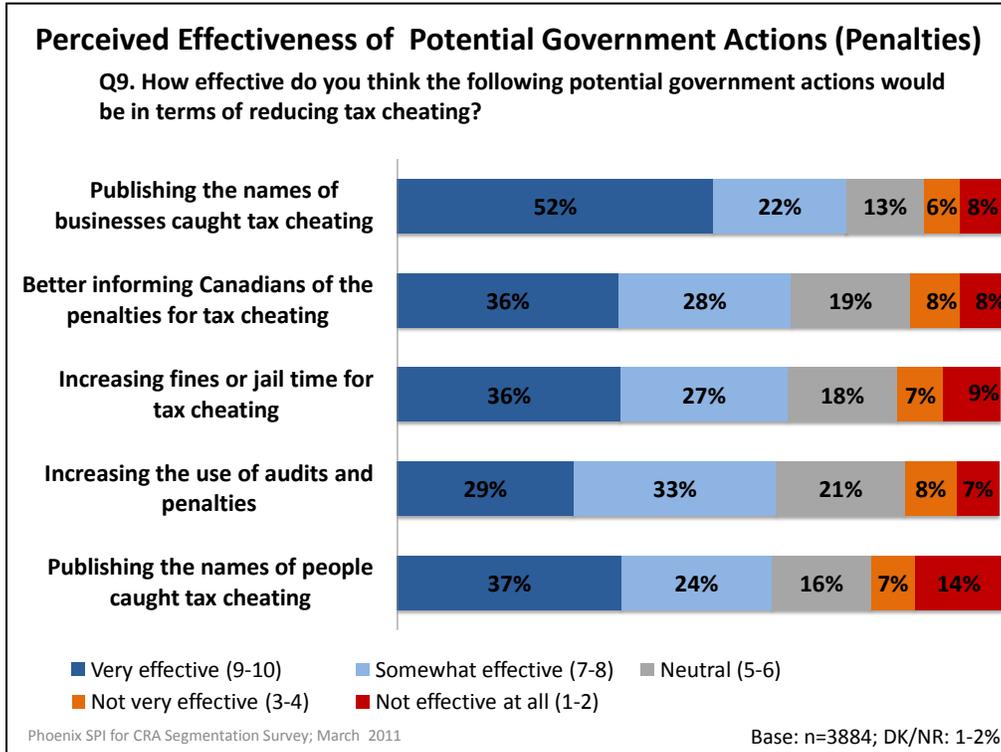
In terms of the potential penalties, publishing the names of businesses caught tax cheating topped the list in terms of perceived effectiveness: three-quarters (74%) view this as effective, including 52% who rated it *very* effective. Six in ten rated publishing the names of people caught tax cheating as effective. These were the top-rated and lowest-rated potential penalty actions in terms of perceived effectiveness.

Beyond publishing the names of tax cheating businesses, there was limited variance in terms of the number of respondents that rated the other potential penalties as at least



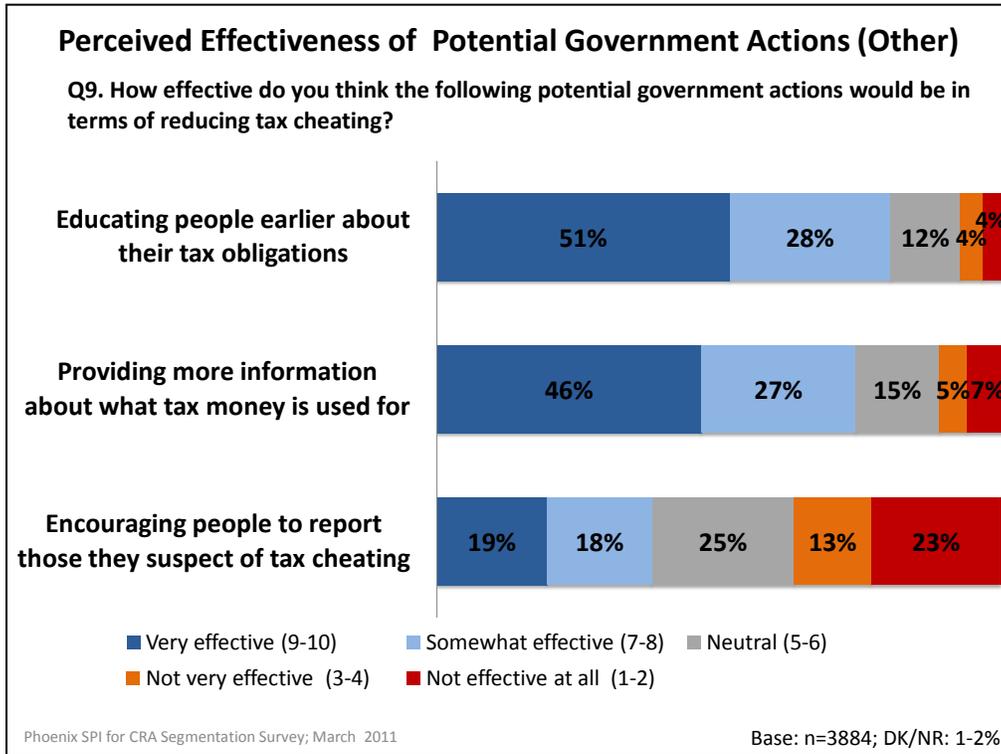
moderately effective, ranging from 61% to 64%. This includes better informing Canadians about the penalties for tax cheating, increased fines or jail time for tax cheating, and increased use of audits and penalties.

For all of these potential measures, between 14% and 21% rated them as not effective.



For non-penalty potential actions, heading the list in terms of perceived effectiveness is educating people earlier about their tax obligations. In total, 79% rated this as at least somewhat effective (51% said *very* effective). Almost three-quarters (73%) said this about providing more information about the use of tax money.

Significantly fewer (37%) rated as effective encouraging people to report on those they suspect of tax cheating.



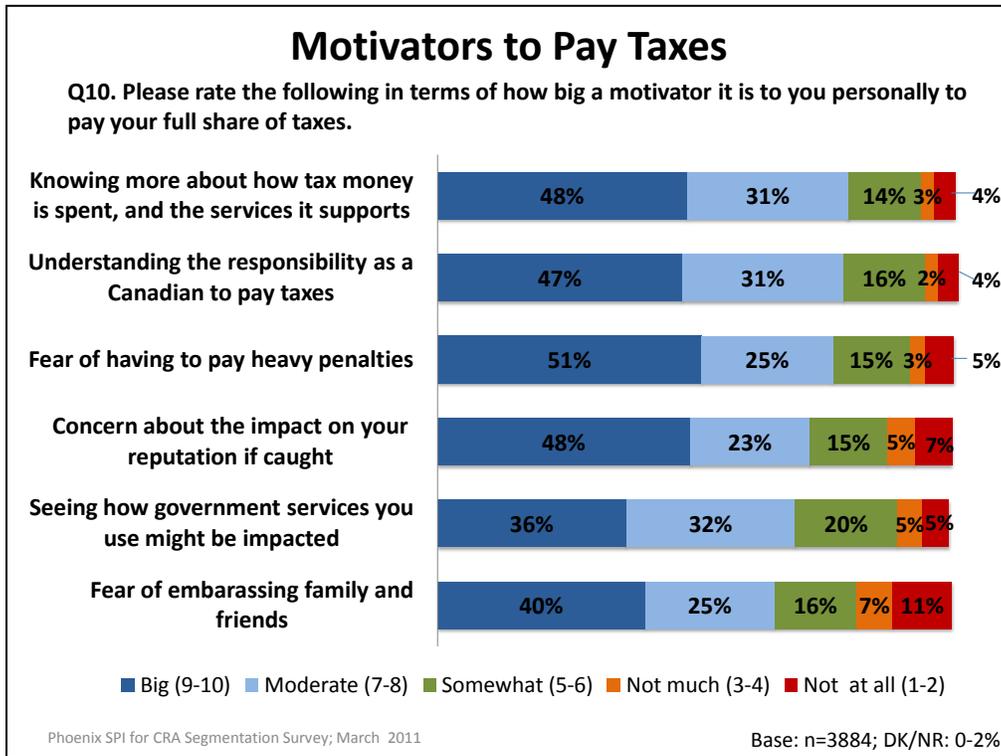
Potential Motivators to Encourage Tax Compliance

Respondents were informed that there are a number of things that might motivate or encourage people to pay their full share of taxes. They were then asked to rate six items in terms of how big a motivator each is to them personally. The potential motivators were:

- Understanding the responsibility as a Canadian to pay taxes.
- Knowing more about how tax money is spent, and the services it supports.
- Concern about the impact on my reputation if I'm caught cheating on taxes.
- Seeing how government services you use might be impacted if there is more tax cheating.
- Fear of embarrassing family and friends.
- Fear of having to pay heavy penalties.

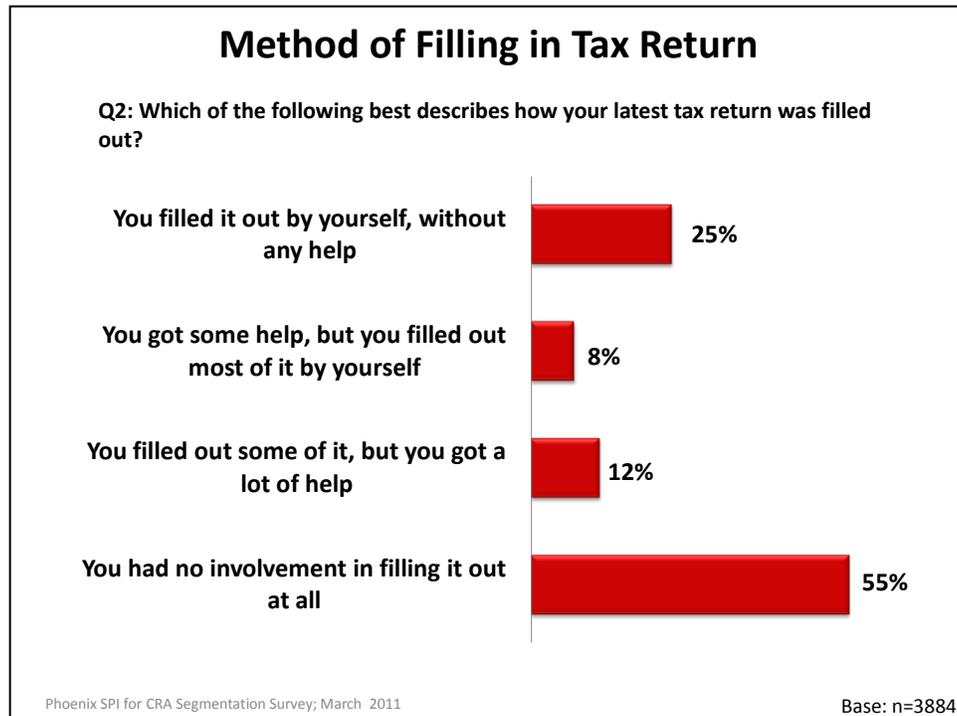
Slightly more than three-quarters assessed three of the items as being at least moderately effective in motivating them: knowing more about how tax money is spent and for what, understanding the responsibility as a Canadian to pay taxes, and fear of having to pay heavy penalties. Moreover, for each of these, approximately half rated them as big motivators.

Slightly fewer (71%) said that concern about the impact on their reputation if caught tax cheating was at least a moderate motivator, while approximately two-thirds said this about seeing how government services that they use might be impacted (68%), and fear of embarrassing family and friends (65%).



Most Had No Involvement Filling Out Personal Tax Return

When it came to how their latest tax return was filled out, a little more than half (55%) of the respondents said they had no involvement in filling it out. One-quarter filled it out by themselves, without any outside help, while 8% got some help but did most of it on their own. Twelve percent filled out some of it, but got a lot of help to complete their return.



Sources of Learning About Tax Obligations for New Canadians

Fourteen percent of respondents immigrated to Canada from other countries, of whom 15% arrived within the last five years. These new Canadians (n = 45) were asked to identify how they learned about their tax obligations in Canada. Fourteen new Canadians identified family and friends, followed by thirteen who pointed to their accountant. Relatively few respondents mentioned other sources: official government documents, tax forms and related information (n = 7), the immigration process (n = 6), the workplace or their employer (n = 6), the media (i.e. newspaper, Internet, television, etc.) (n = 5), or their school (n = 2).

FACTOR ANALYSIS

A wide variety of items were included in the questionnaire to explore Canadians' attitudes about paying taxes, tax cheating, and related issues. In order to synthesize and reduce the large amount of information, and present it in a more cohesive and comprehensible way, a factor analysis was performed. This also paved the way for the segmentation analysis to follow.

In order to locate underlying dimensions (i.e. factors) and limit redundancy in the measurement variables, most of the scale-based questions in the survey were included in the factor analysis. As a result of this analysis, 11 factors or dimensions were identified, seven derived from tax-related measures in the questionnaire, and four derived from a battery of psychographic questions.

The seven tax-related factors are:

1. **Rationalization:** This factor summarizes respondents' views on various rationalizations included in the questionnaire on why some people might think it is acceptable to cheat on taxes. Variables constituting this factor are:
 - It's OK to cheat on taxes because lots of people do it.
 - It's OK to cheat on taxes since governments don't provide enough services for the taxes they collect.
 - It's OK to cheat on taxes since governments waste taxpayers' money.
 - It's OK to cheat on taxes because there are plenty of other people paying their taxes.
2. **No Big Deal:** The variables included in this factor all suggest that tax cheating is not a big deal. That is, the focus of these items is to determine the extent to which Canadians tend to minimize the importance and significance of tax cheating. Variables include:
 - Money saved by cheating on taxes is worth the risk of fines and jail time.
 - I think a small amount of tax cheating is not so bad.
 - I don't think of tax cheating as a real crime.
 - It's OK if I don't declare income received under the table on my tax return.
3. **Consequences:** The focus here is on different potential consequences of tax cheating, both on the respondent him-/herself and on others. Variables included in this factor are:
 - If my neighbours cheat on their taxes, it means that I have to pay more.
 - If I cheat on taxes, other Canadians have to pay more.
 - If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education.
 - I would feel ashamed to get caught cheating on taxes.
4. **Responsible Behaviour:** This factor summarizes perceptions in the area of responsible citizenship as it relates to taxes. Variables include:
 - Paying taxes is a responsibility that should be willingly accepted by all Canadians.
 - It is my responsibility to pay my fair share of taxes.



- Taxes help governments do worthwhile things.
 - It's not just important to pay what you owe in taxes, it's important to pay on time.
5. **Risky Business:** This factor focuses on the likelihood of getting caught if one is cheating on their taxes. Variables constituting this factor are:
- I think that most people who cheat on their taxes will eventually get caught.
 - How likely is it for people who cheat on their taxes to get caught? (10-point scale, where 1 = not likely at all, 10 = very likely).
6. **Tax Fatigue:** Here, the focus is on the level of taxation in Canada, in particular its perceived fairness. Variables include:
- I think the taxes I am required to pay are fair.
 - I think that Canadians pay too much in taxes.
 - I think I pay more than my fair share of taxes.
7. **The Others:** The focus here is on a couple of other rationalizations regarding tax cheating, with a focus on 'other' people. Variables included in this factor are:
- Many people would hide income or overstate an expense to pay less tax.
 - A lot of people think it's OK to cheat on taxes.

The four factors derived from the psychographic questions are:

8. **Traditionalism:** The focus of this factor is on perspectives associated with traditional values. Included in this factor are:
- It is important to me to be an honest, law-abiding person.
 - People should never intentionally harm others even to a small degree.
 - When I get what I want, it's usually because I worked hard for it.
9. **Elite Perspective:** The variables in this factor can generally be grouped as elitist attitudes and beliefs:
- I feel it is important to have a lot of money.
 - My social status is an important part of my life.
 - Most decisions should be left to experts.
10. **External Control:** This focus here is loosely on control issues, and particularly who is in control. Included in this factor are:
- I feel like what happens in my life is mostly determined by powerful people.
 - If they get a chance, most people would try to take advantage of you.
11. **Hedonism:** This factor includes variables that focus on experimenting or pleasure above other things:
- I like to try new things rather than doing the usual.
 - I always enjoy myself and generally seek fun and pleasure above other things.



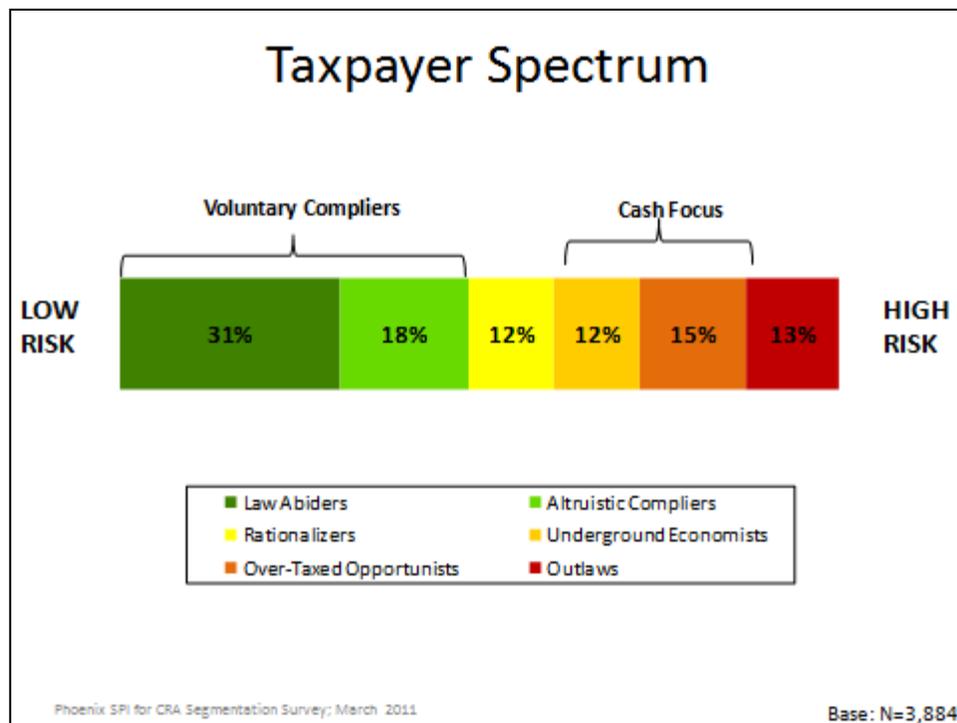
Once the factor analysis was completed, the results were used to support the segmentation work using cluster analysis. The purpose was to identify mutually-exclusive, homogenous and interpretable groups of individuals defined by their attitudes and opinions with respect to tax cheating and related issues. The results of the segmentation are presented in the next section of the report.

TAXPAYER SEGMENTATION

The segmentation analysis resulted in six segments, dividing taxpayers according to their likelihood or risk of cheating on taxes, as well as their orientations toward a range of related issues. While a considerable number of factors were included in the analysis, the core of the segmentation – the spine underpinning the tax-cheating spectrum – was risk of evading taxes.

The six segments, and their proportion of the Canadian population, are:

1. Law Abiders (31%)
2. Altruistic Compliers (18%)
3. Rationalizers (12%)
4. Underground Economists (12%)
5. Over-Taxed Opportunists (15%)
6. Outlaws (13%)



Descriptions of these segments are presented below, including the key characteristics that define them. Before discussing specific segments, however, it is important to note that the likelihood, or risk, of cheating on taxes in future, which underpins this analysis, is essentially a two-part risk profile.

- The *first part* focuses on three types of behaviours (drawn from Q3¹¹), including working for cash to avoid paying income tax, knowingly not declaring income on one's tax return, and selling goods or services without reporting the income.¹²

¹¹ For the wording and format of Question 3, please see the appended survey questionnaire.

¹² Respondents for whom selling goods or services did not apply were excluded from the measure.

- The second part of the risk profile focuses solely on paying cash for things like home improvements or car repairs to get a cheaper price by not paying tax (also part of Q3). This latter behaviour was initially included with the other three as part of one overall, composite measure¹³ of the likelihood of cheating on taxes. However, it was pulled out and looked at separately because the analysis revealed that the likelihood of cheating on taxes was not a simple linear progression from medium risk to high risk. There were two types of higher-risk individuals:
 1. There were individuals who had a higher likelihood of paying cash to avoid paying tax, but were unlikely to engage in the other tax-cheating behaviours, and;
 2. Another group who were more likely to engage in all forms of tax-cheating behaviour. In order to capture this bifurcation or split of tax evaders at the higher end of the spectrum of risk, the likelihood of paying cash to avoid tax was separated from the likelihood of adopting other tax-cheating measures.

Taxpayer Spectrum of Risk – Likelihood of Tax Cheating

The segmentation analysis yielded a spectrum of risk in terms of the likelihood of tax cheating, which runs from those who represent no risk at all, or very limited risk, right up to those who could be considered high risk, at least relative to other taxpayers.

Of the six segments, two can be considered voluntary compliers, who are low risk in terms of their propensity to cheat on their taxes – the *law abiders* and the *altruistic compliers*. Together, they make up approximately half of the population. The group at the other end of the spectrum – the *outlaws* – is, as would be expected, the most likely to cheat on taxes, including all types of taxes.

The three middle groups are likely of greatest interest to the CRA. These people are more at risk of cheating on their taxes than the two voluntarily compliant groups, but are not as firm non-compliers as the *outlaws*. What distinguishes the middle groups from one another is the type of tax cheating people are more likely to engage in, and their perceptions or orientations regarding tax evasion. One group – the *rationalizers* – are more at risk of using different ways to cheat on their taxes, but not in terms of paying cash to avoid tax. This group also has the rationalizing mindset to support such behaviour. The other two groups – *underground economists* and *over-taxed opportunists* – are much more likely to pay cash to avoid paying tax than to use other means to evade tax.

Taxpayer Segments

Presented below is a description of each of the segments.

Law Abiders

This segment comprises 31% of Canadians. They exhibit the lowest risk of cheating on taxes, both overall and with respect to paying cash to get a cheaper price by not paying tax. These taxpayers, along with their low-risk colleagues in the *altruistic compliers* group, are the least likely to accept or use rationalizations about tax cheating, and are among the most likely to think that tax cheating is a big deal and that there are consequences that flow from tax cheating – to themselves, other individuals and to society. *Law abiders* are

¹³ Questions 3b, 3c, and 3d were combined to create one aggregate variable or measure.



also among the least likely to think that a lot of other people think it's okay to cheat on taxes and that many Canadians would hide income or overstate an expense to pay less tax.

Not surprisingly, members of this group are more likely than most to embrace responsible behaviour. And, more than anyone else, *law abiders* think it is risky to cheat on taxes – that people who do so will get caught. This is a significant defining characteristic of this group, in part because they are also a little more likely than average to think that Canada's taxation levels are too high. In short, they appear to be following the law, in part because of the risk of getting caught and the consequences that flow from tax cheating.

In terms of their psychographic profile, *law abiders* are slightly more likely to lean towards traditional values and elite perspectives, and less likely to articulate hedonistic attitudes.

Demographically¹⁴, members of the *law abiders* segment are more likely than average to have the following characteristics:

- 65 years or older**¹⁵
- Lower education** (high school or less)
- Women (57% vs. 43% men)
- Pension income as main source of income**

They are less likely to be:

- Under 30 years old**
- Higher income** (over \$100,000)

Altruistic Compliers

In total, 18% of Canadians are members of this group. As can be seen from the description above about *law abiders*, *altruistic compliers* share many of the same characteristics – they are among the least likely to accept rationalizations about tax cheating, and are the most likely to view tax cheating as a big deal as well as to see consequences flowing from tax cheating. Members of this group, along with *law abiders* and *underground economists*, are also more likely than others to embrace responsible behaviour. However, compared to their low-risk colleagues, *law abiders*, they are less likely to think taxation in Canada is unfair.

What sets them apart from *law abiders* is that they are at somewhat greater risk of cheating on taxes, both overall and particularly in terms of paying cash to evade tax. That said, they are still the second lowest of the segments in terms of risk profile.

The key defining characteristic of this group is that they are the least likely of all to think that people who cheat on their taxes will get caught, hence the 'altruistic' label. They don't abide by the law because they fear getting caught, but rather because it is the right thing to do.

¹⁴ Demographic summaries are provided for each taxpayer segment. This summary, and the others that follow, describe how members of each segment differ demographically from the general population of Canadians. For example, women comprise approximately 52% of Canadians. Among *law abiders*, women are slightly over-represented given that 57% of the segment is female (compared to 52% of the general population).

¹⁵ Asterisks are included for a specific characteristic when a segment ranks 1st (*) or 2nd (**) among the six segments. The exception is when the differences among the segments are very small and not statistically significant.

In terms of psychographic profile, *altruistic compliers* are slightly more likely to lean towards traditional values, but are less likely than average to express elite perspectives or hedonistic attitudes, or to feel that control is more with others than themselves.

Demographically, members of this segment are more likely to have the following characteristics:

- 45-64 years olds*
- Married*
- Working full-time*
- Higher education** (university degree)
- Higher income** (over \$100,000)

Altruistic compliers are less likely to be:

- Under 30 years old*
- Lower income* (\$40,000)
- Lower education* (high school or less)

Rationalizers

This group, the *rationalizers*, represents 12% of Canadians. They are considerably more likely to pursue tax-cheating behaviours when compared to the two low-risk segments, but should only be considered a low-to-moderate risk overall and with respect to paying cash to evade taxes. The defining characteristic of this group is that they embrace rationalizations about tax cheating more than any other group, including the high-risk group, the *outlaws* (who are second in this area). That is, the various reasons why some might view tax cheating as acceptable – that it's okay because lots of people do it, because there are plenty of others paying taxes, and because governments waste money and don't provide enough services – resonate more with members of this group than with any others, and by a considerable margin. They are also more likely than most to think that a lot of other people think it's okay to cheat on taxes and that many Canadians would hide income or overstate an expense to pay less tax.

In short, these taxpayers are predisposed to this type of thinking. As well, they are more likely than most to think that taxation in Canada is unfair, which likely contributes to their rationalizing perspective, and are the least likely of all the segments to embrace views associated with responsible behaviour.

Similarly, members of this group are the most likely, again more than high-risk *outlaws*, to think that tax cheating is not a big deal – that a small amount is not so bad, that it is not a real crime, and that the money saved is worth the risk. Perhaps not surprisingly, they are among the least likely to think there are consequences that flow from tax cheating, and are less likely than average to think that tax cheaters will get caught.

In terms of psychographic profile, *rationalizers* are less likely to lean towards traditional values, and more likely than average to express elite perspectives and hedonistic attitudes and feel that control over their lives lies elsewhere.

Demographically, this segment is the oldest, least-educated, and lowest-income. More specifically, members of this segment are more likely to have the following characteristics:



- 65 years or older*
- Retired*
- Live in Quebec*
- Born in Canada*
- Men** (57% vs. 43%)
- Widowed*
- Lower education* (high school or less)
- Lower income* (\$40,000 or less)
- Pension income as main source of income*

Rationalizers are less likely to be:

- Higher education* (university degree)
- Live in Ontario
- Married*
- Higher income* (over \$100,000)

Sub-segment: Senior Rationalizers

Within the *rationalizers* segment, which accounts for 12% of the population, is a sub-segment that is even more likely to consist of seniors, even though the segment as a whole is already the oldest segment. This sub-segment, *senior rationalizers*, accounts for 4% of the Canadian population and shares most of the orientations and characteristics of the *rationalizers* segment as a whole (described above). However, they are more likely to rate higher than others in the core segment group for every factor, except for tax fatigue. In other words, they share the characteristics of the core segment, to which they belong, but those characteristics are more pronounced with this group in key areas, but less so in others.

Differences between the views of the *senior rationalizers* sub-segment and those articulated by members of the core segment are most pronounced in terms of the perceived risk of getting caught, the rationalizations used to explain why some might view tax cheating as acceptable, recognition of the consequences of tax cheating, and viewing tax cheating as no big deal. In most of these areas, *senior rationalizers* are significantly more likely to articulate views that help define the segment itself. However, their greater recognition of consequences and their more positive perceptions in the area of responsible behaviour tend to mitigate or lessen the tendencies of *rationalizers*. *Senior rationalizers* are somewhat less likely to adopt various tax-cheating behaviours in the future.

Demographically, *senior rationalizers*, compared to their core segment colleagues, are significantly more likely to be female, over 65 years of age, retired, to have pension income as their main source of income (spousal support also, but to a lesser extent), to be widowed, separated or divorced, to have no children under 18 living with them, less educated (high school diploma or less), with less income (under \$40,000), and to live in Quebec.

Underground Economists

This segment comprises 12% of Canadians. What members of this group share with *over-taxed opportunists* is greater risk of paying cash for goods or services to evade taxes.



They are much more of a risk to do this than any of the segments described above, but are considerably less of a risk to do this than the *over-taxed opportunists* or *outlaws*. In terms of other types of tax evasion, they pose about the same level of risk as *rationalizers*, but their mindset (see below) suggests they should be seen as less of a risk. Mindset aside, *underground economists* rank higher on the risk spectrum than *rationalizers* due to their much higher propensity to pay cash to evade taxes.

Underground economists share some of the same orientations as *over-taxed opportunists*. Members of both groups tend to view tax cheating as a serious issue, and to see its consequences. Neither group is very much into rationalizations to excuse tax cheating, while both are a little more likely than average to report responsible behaviours.

In addition, *underground economists* are less likely than average to think that tax cheating is risky behaviour (i.e. risk of getting caught), and are the least likely to think Canada's taxation is unfair. They are also the least likely to think that a lot of other people think it's okay to cheat on taxes and that many people would hide income or overstate an expense to pay less tax.

In short, this group doesn't buy into the rationalizations, nor do they think Canada's taxation is too high or unfair. But, if they have the opportunity to pay cash to save taxes and money, they are at moderate risk of doing this – but much more of a risk than any of the preceding segments.

For this group, and their cash-paying colleagues, the *over-taxed opportunists*, while they do not 'rationalize' overall to excuse tax cheating, it may well be that they don't think paying cash to avoid paying tax is as serious as other forms of tax-cheating, or that this is wrong. Simply put, they do not adopt rationalizations about tax cheating in general, but they do present a risk when it comes to tax evasion because of their propensity to pay cash to avoid paying tax.

In terms of psychographic profile, *underground economists* are a little less likely to articulate attitudes related to any of the psychographic factors – traditional values, elite perspectives, hedonistic attitudes, or external control.

Demographically, members of this segment are more likely to have the following characteristics:

- Under 30 years old**
- Women (57% vs. 43%)
- Student*
- Born outside Canada*
- Single*
- Live in Ontario**
- Higher income* (over \$100,000)
- Higher education* (university degree)
- Paid employment as main source of income



They are less likely to be as follows:

- 65 years or older
- Lower income** (under \$40,000)
- Lower education** (high school or less)

Over-Taxed Opportunists

This segment represents 15% of the Canadian population. *Over-taxed opportunists* are almost as much of a risk to pay cash for goods/services to evade tax as the high-risk *outlaws*. But, like *underground economists*, they are not a big risk in terms of adopting other behaviours to cheat on their taxes.

As noted above, *over-taxed opportunists* share some of the same orientations as their cash-paying colleagues, the *underground economists*. Members of both groups tend to view tax cheating as a serious issue, and to think it has consequences. Neither group is into rationalizations to excuse tax cheating (although they do resonate a bit more with this group), while both are a little more likely than average to report responsible behaviours.

However, *over-taxed opportunists* are much more likely than *underground economists* to think that Canadians in general, and themselves personally, are taxed too much. This is one of two big differences between them and *underground economists*. The other is that they are much more likely to think that a lot of other people think it's okay to cheat on taxes and that many people would hide income or overstate an expense to pay less tax (they are the most likely of all to think this, while *underground economists* are the least likely). They are also more likely than average to think that there is risk of getting caught tax cheating.

In short, members of this segment think they are over-taxed, look for opportunities to pay cash to evade taxes, and think that many others do as well. This may be, in part, because they are concerned about getting caught cheating on tax, and see paying cash to avoid taxes as not only a commonplace activity, but also one that is lower-risk in terms of the chances of getting caught.

As noted, while *over-taxed opportunists* do not buy into the rationalizations about tax cheating in general, it may well be that they do not recognize paying cash to avoid taxes as tax cheating. Alternatively, they may have their own rationalizations to justify such behaviour – rationalizations that were not tested through the survey.

In terms of psychographic profile, *over-taxed opportunists* are slightly more likely to lean towards traditional values and express hedonistic attitudes, but are right in the middle in terms of the other two dimensions: elite perspectives and external control.

Demographically, members of this segment are more likely to have the following characteristics:

- Working full-time**
- Women* (60% vs. 40%)
- Live in Ontario*
- Paid employment as main source of income*

Over-taxed opportunists are less likely to be:

- 65 years or older*

Outlaws

This is the highest-risk segment in terms of the likelihood of cheating on taxes, comprising 13% of Canadians. They represent a significant risk, both in terms of adopting a broader range of tax-cheating behaviours – working for cash to avoid paying tax, knowingly not declaring income on their tax return, and selling goods/services without reporting the income – and, particularly, of paying cash for things like home improvements to get a cheaper price by evading tax.

Along with *rationalizers*, *outlaws* are the most likely to think of tax evasion as not a big deal, to use or accept the various rationalizations put forward to excuse tax cheating, and to believe that a lot of other people think it's okay to cheat on taxes and that many would hide income or overstate an expense to avoid tax. Both groups are also the least likely to report responsible behaviours.

In addition, the *outlaws* are the least likely to see consequences flowing from tax cheating, and are among those least likely to be concerned about getting caught (second only to *altruistic compliers*). And, with *over-taxed opportunists*, they are the most likely to think that Canadians are over-taxed, including themselves.

In short, the *outlaws* not only indicate that they are high risk in terms of adopting all forms of tax cheating, but have the rationalizing mindset to support this, have little concern about getting caught, see limited consequences flowing from their actions, and likely think tax cheating is justified because of the unfairly high levels of taxation to which they feel they are subjected.

In terms of psychographic profile, the *outlaws* are the least likely to articulate traditional values and among the most likely to feel that control over their lives lies elsewhere. They are right in the middle in terms of the other two dimensions: elite perspectives and hedonistic attitudes.

Demographically, this segment tends to be the second least-educated and lowest-income group (after *rationalizers*). More specifically, members of this segment are more likely to have the following characteristics:

- Under 30 years of age**
- Men* (63% vs. 37%)
- Self-employed*
- Lower education** (high school or less)
- Lower income** (\$40,000 or less)

Outlaws are less likely to be:

- 65 years and older*
- Higher education* (university degree)
- Higher income** (\$100,000)

Sub-segment: Young Outlaws

Within the *outlaw* segment, which accounts for 13% of the population, is a sub-segment that is even more likely to be young and male, even though the segment as a whole is already one of the youngest and is the most male dominated. This sub-segment, *young outlaws*, accounts for 4% of the Canadian population and shares the orientations and characteristics of the *outlaws* segment as a whole (described above).

Young outlaws are more likely to rate lower than others in the core segment for every factor. In other words, they share the characteristics of the core segment, to which they belong, but those characteristics are somewhat less pronounced with this group in all areas. As well, *young outlaws* represent a somewhat lower risk of adopting tax-cheating behaviours in future.

Demographically, *young outlaws*, compared to their core segment colleagues, are more likely to be male, under 30 years old, students, have self-employment or family support as their main source of income, be single or divorced, with no children under 18 living with them, be more educated (i.e. have at least some university), born in Canada, and to live in Quebec.

Summary of Demographic Characteristics

The table on the next page pulls together in one place the demographic profiles for each of the segments.

When reviewing the profiles, readers should note the following:

- Two of the four higher risk groups are over-represented in Ontario, and one is over-represented in Quebec.
- Two of the three segments that are the most likely to pay cash to evade tax have the youngest profiles. Conversely, members of the two voluntarily compliant groups are the least likely to be under 30 years of age.
- The two best-educated segments are the *altruistic compliers* and *underground economists*. These are also the two highest-income groups.
- The two segments with the lowest levels of education are the *rationalizers* and *outlaws*. These are also the two lowest-income groups.



Summary of Demographic Characteristics	
<p>Law Abiders</p> <p>65 years or older** Lower education Pension income – main source** Women</p>	<p>Altruistic Compliers</p> <p>45-64 years* Married* Working full-time* Higher education** Higher income**</p>
<p>Rationalizers</p> <p>65 years or older* Retired* Live in Quebec* Born in Canada* Widowed* Lower education* Lower income* Pension income - main source* Men**</p>	<p>Underground Economists</p> <p>Under 30 years* Born outside Canada* Students* Higher income* Higher education* Live in Ontario** Single** Women** Paid employment - main source**</p>
<p>Over-Taxed Opportunists</p> <p>Women* Live in Ontario* Paid employment - main source* Working full-time**</p>	<p>Outlaws</p> <p>Men* Single* Self-employed* Under 30 years ** Lower education** Lower income**</p>

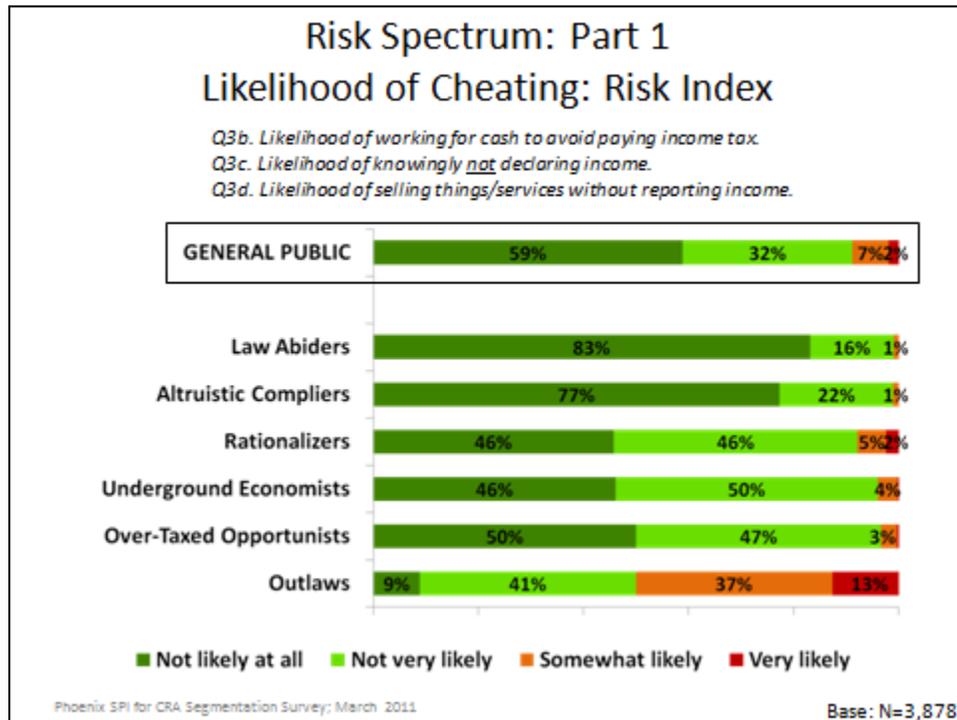
Revisiting the Taxpayer Risk Spectrum

As noted, the core of the risk spectrum is a two-part risk profile based on the likelihood, or risk, of cheating on taxes in future. The first part focuses on three types of behaviours: working for cash to avoid paying income tax, knowingly not declaring income on one's tax return, and selling goods or services without reporting the income. The second part focuses on paying cash for things like home improvements or car repairs to get a cheaper price by not paying tax.

The following two graphs show how the six segments line up in terms of their risk of tax cheating, presenting the percentage of respondents who indicated how likely they were to engage in such behaviours in future.

In terms of the first part of the risk profiling¹⁶ – the composite index of the three behaviours – fully half of the *outlaws* group indicated that they are either somewhat (37%) or very (13%) likely to engage in these types of tax-evasion behaviours in future. No more than 7% of the taxpayers in any of the middle segments acknowledged that they were at least somewhat likely to do this: *rationalizers* (7%), *underground economists* (4%), and *over-taxed opportunists* (3%).

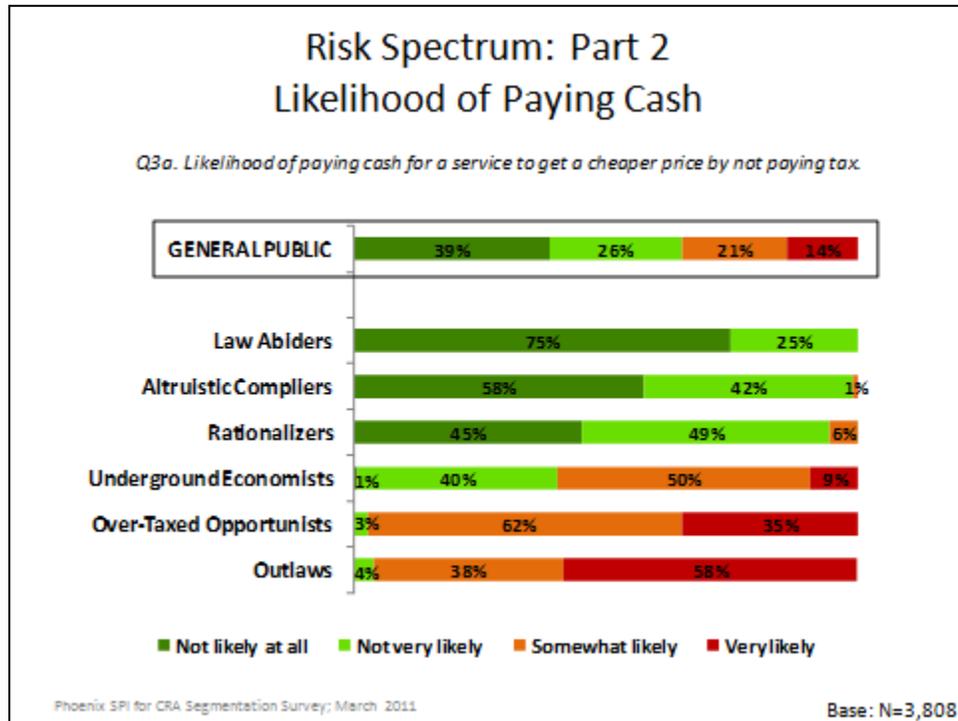
¹⁶ For this measure, an index was created that combined the three separate questions (Q3b, Q3c, and Q3d) and converted them to a 10-point scale for use in the segmentation. This was based on reverse coding; as the number increases from 1 to 10, so too does the risk of cheating.



At the low-risk end of the spectrum, virtually all of the *law abiders* and *altruistic compliers* said that they were not very or not likely at all to adopt these tax-cheating behaviours, with the large majority in each case saying that this was not at all likely.

In terms of the relative likelihood of doing any of the three separate behaviours, respondents were much more likely to say they would work for cash to avoid paying income tax, followed by selling things they made or do without reporting the income. Relatively few said they were likely to knowingly not declare some income on their tax return.

Turning to the second part of the risk profiling – the likelihood of paying cash to get a cheaper price by not paying tax – almost everyone in the *outlaws* and *over-taxed opportunists* groups said they were at least somewhat likely to do this (96% and 97% respectively), although the former were significantly more likely to say that this was *very* likely (58% vs. 35%). A majority of the *underground economists* (59%) also said that they were at least somewhat likely to do this (but only 9% said very likely). Very few in the other three segments acknowledged that this is something they are likely to do.



REGRESSION ANALYSIS

A regression analysis was conducted to identify the factors that drive the likelihood of engaging in tax-cheating behaviours. In undertaking this analysis, the seven tax-related factors and four psychographic factors that were identified through the factor analysis were used to determine the best predictors of behaviour in this area.

As noted, the likelihood or risk of cheating on taxes in future, which underpins the segmentation analysis, is essentially a two-part risk profile. The first part focuses on three types of behaviours (drawn from Q3¹⁷), including working for cash to avoid paying income tax, knowingly not declaring income on one's tax return, and selling goods or services without reporting the income. The second part of the risk profile focuses solely on paying cash for things like home improvements or car repairs to get a cheaper price by not paying tax (also part of Q3). When undertaking the regression analysis, this two-part risk assessment was combined to form one composite measure. That is, the sum of the four parts of question 3 were tallied and converted to a 10-point scale.

The seven tax-related factors are:

1. **Rationalization:** This factor summarizes respondents' views on various rationalizations included in the questionnaire on why some people might think it is acceptable to cheat on taxes.
2. **No Big Deal:** The variables included in this factor all suggest that tax cheating is not a big deal. That is, the focus of these items is to determine the extent to which Canadians tend to minimize the importance and significance of tax cheating.
3. **Consequences:** The focus here is on different potential consequences of tax cheating, both on the respondent him-/herself and on others.
4. **Responsible Behaviour:** This factor summarizes perceptions in the area of responsible citizenship as it relates to taxes.
5. **Risky Business:** This factor focuses on the likelihood of getting caught if one is cheating on their taxes.
6. **Tax Fatigue:** Here, the focus is on the level of taxation in Canada, in particular its perceived fairness.
7. **The Others:** The focus here is on a couple of other rationalizations regarding tax cheating, with a focus on 'other' people.

The four factors derived from the psychographic measures are: 1. **Traditionalism** (variables associated with traditional values); 2. **Elite Perspective** (variables associated with elitist attitudes and beliefs); 3. **External Control** (variables focused on control issues); and 4. **Hedonism** (variables focused on experimenting or pleasure).

Overall, the regression analysis reveals that the two factors that serve as the best predictors are the tax-related factors, no big deal and consequences. All other factors included in the regression – tax-related and psychographic – had very little to no influence as a predictor of tax cheating. In descending order of importance, factors that had at least some power included: "the others", rationalization, traditionalism, hedonism, and responsible behaviour. Interestingly, the factor risky business – i.e. perceptions of the

¹⁷ For the wording and format of Question 3, please see the appended survey questionnaire.



chances of getting caught tax cheating – does not work well as a predictor of the likelihood of cheating. That is, there is only a weak relationship between perceived risk and the likelihood of tax cheating.

Turning to the table below, together no big deal and consequences explain 16.9% of the variance in the overall risk of cheating variable, using the adjusted R square. Relatively little additional variance is explained when other factors are included in the analysis (see the last column on the right in the table below). In total, 20% of the variance in the overall likelihood of tax cheating is explained by this regression model. Based on the unstandardized coefficients from the model, for every one point increase in the no big deal factor, there was a corresponding increase in the overall risk of cheating measure of .23, and for the consequences factor, the change was -.20. Combined, an increase of one rating point on these two measures was associated with a shift of approximately .4 on the risk measure.

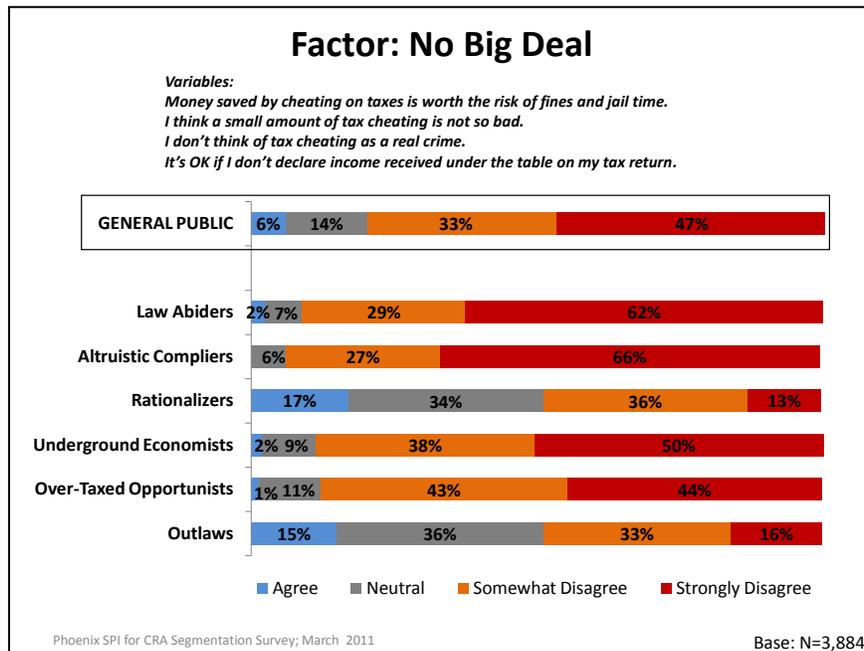
Regression Analysis					
Best Predictors: <i>No Big Deal and Consequences</i>					R Square Increase (Increase in Percent of Variance Explained)
Factor:	R	R Square	Adjusted R Square	Unstandardized Coefficients	
No Big Deal	.346	.120	.119	.228	.120
Consequences	.412	.170	.169	-.197	.050
The Others	.431	.185	.185	.105	.016
Rationalization	.439	.193	.192	.084	.007
Traditionalism	.444	.197	.196	-.144	.004
Hedonism	.450	.202	.201	.084	.006
Responsible Behaviour	.452	.204	.203	-.061	.002

TAXPAYER SEGMENTS AND THE FACTORS – MORE DETAILED ANALYSIS

As discussed earlier, a factor analysis was conducted in order to synthesize and reduce the data collected about Canadians’ attitudes vis-à-vis paying taxes, tax cheating, and related issues (see pages 21-23: *Factor Analysis*). As a result of the analysis, 11 factors were identified, seven derived from tax-related measures and four from psychographic measures. The relationship between the factors and the taxpayer segments is described below.¹⁸ The 11 factors are presented in declining order of importance in terms of predicting tax-cheating behaviours.

Factor: No Big Deal

What is most noteworthy about this factor is the way *rationalizers* and *outlaws* stand apart from the general public, and from the other segments, in their attitudes in this area. Only 6% of the general public holds the attitude that tax cheating is no big deal (14% are indifferent or uncertain). In contrast, *rationalizers* and *outlaws* are much more likely to feel this way (17% and 15% respectively agreed somewhat or strongly that tax cheating is not a big deal) or to express indifference or uncertainty about the issue (34% and 36% respectively).¹⁹



Factor: Consequences

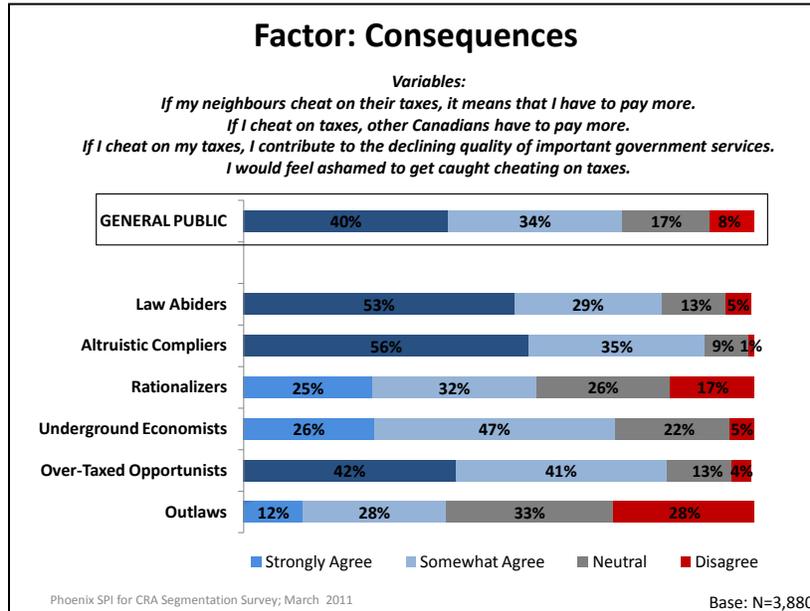
The potential consequences of tax cheating resonate fairly strongly with *altruistic compliers*, *over-taxed opportunists*, and *law abiders*. Compared to *outlaws* at one end of the continuum at 40%, for 91% of *altruistic compliers*, 83% of *over-taxed opportunists*, and 82% of *law abiders* the potential consequences of tax cheating are deterrents (i.e., they

¹⁸ All data in this section are based on a 10-point scale which has been aggregated for reporting purposes as follows: scores of 9-10 (strongly agree), 7-8 (somewhat agree), 5-6 (neutral), 3-4 (somewhat disagree), and 1-2 (strongly disagree).

¹⁹ In this graph, there are only four (not five) categories on the scale. Due to small numbers, scores of 7-10 have been aggregated and presented as the 'Agree' category.



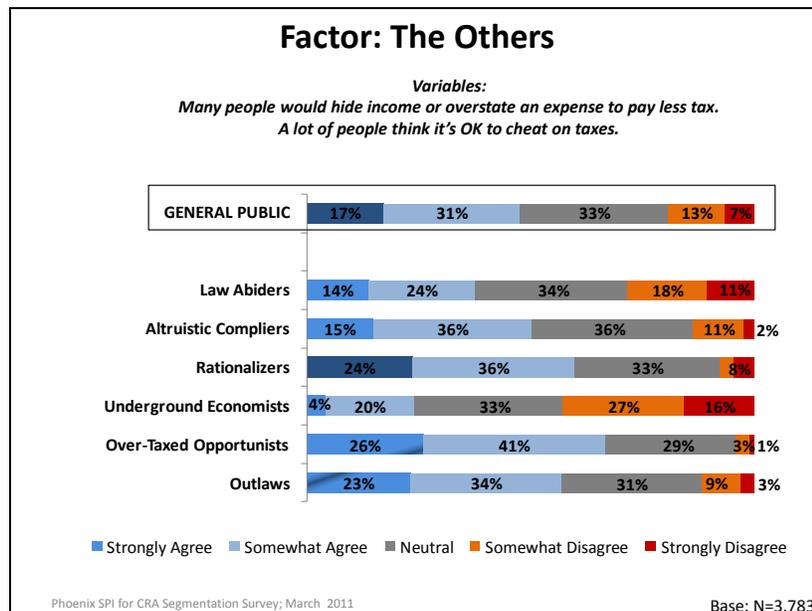
were more likely to agree with the four statements that make up this factor). This factor has a fairly large impact on these three segments relative to the other segments.²⁰



The fact that consequences are important to the voluntary compliers – *law abiders* and *altruistic compliers* – is not that surprising. What is interesting, though, is the degree of influence this factor has on *over-taxed opportunists*. While they are likely to pay cash to avoid paying taxes, the risk this presents is mitigated by the fact that *over-taxed opportunists* tend to think tax cheating has consequences (which might act as a deterrent).

Factor: The Others

This factor deals with rationalizations regarding tax cheating, but this time, with a focus on ‘other’ people. What stands out with this factor is how little *underground economists* accept rationalizations to excuse tax cheating – 24% vs. close to half (48%) of the general public.

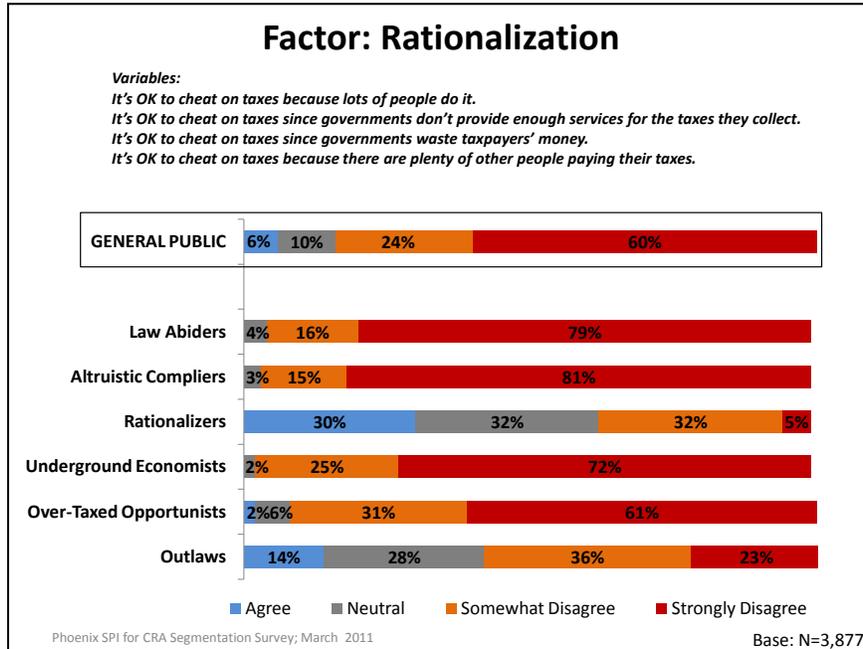


²⁰ In this graph, there are only four (not five) categories on the scale. Due to small numbers, scores of 1-4 have been aggregated and presented as the ‘Disagree’ category.



Factor: Rationalization

This factor summarizes respondents' views on various rationalizations for why people might think it is acceptable to cheat on taxes. As the graph below²¹ indicates, this factor has far more resonance among *rationalizers* and *outlaws*. The strong majority (84%) of the general public disagreed somewhat or strongly with the collection of statements comprising this factor compared to only 37% of *rationalizers* and 59% of *outlaws*.



As the name implies, this factor is a defining characteristic of *rationalizers*, who embrace rationalizations about tax cheating far more than any of the other segments. For *outlaws*, however, rationalization is just one of several factors that, together, define this high-risk segment of taxpayers. While a rationalizing mindset supports *outlaws'* propensity for engaging in tax-cheating behaviours, other factors, such as 'risky business' and 'no big deal', also have an influence on the segment.

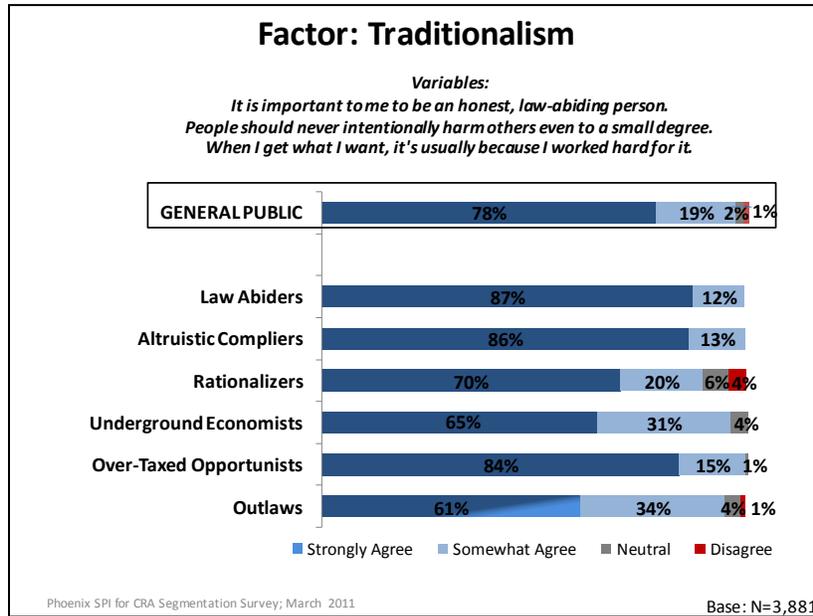
It is important to note that while these rationalizations do not resonate well with *underground economists* and *over-taxed opportunists*, it may be that they do not think that paying cash to avoid paying tax is anywhere near the same in terms of seriousness as the other tax-cheating behaviors, and may not think that this is wrong, or at least not very wrong. In short, they do not appear to adopt rationalizations about tax cheating in general, but they may not see paying cash to avoid paying tax as tax cheating, or may have their own rationalizations about it specifically.

²¹ In this graph, there are only four (not five) categories on the scale. Due to small numbers, scores of 7-10 have been aggregated and presented as the 'Agree' category.



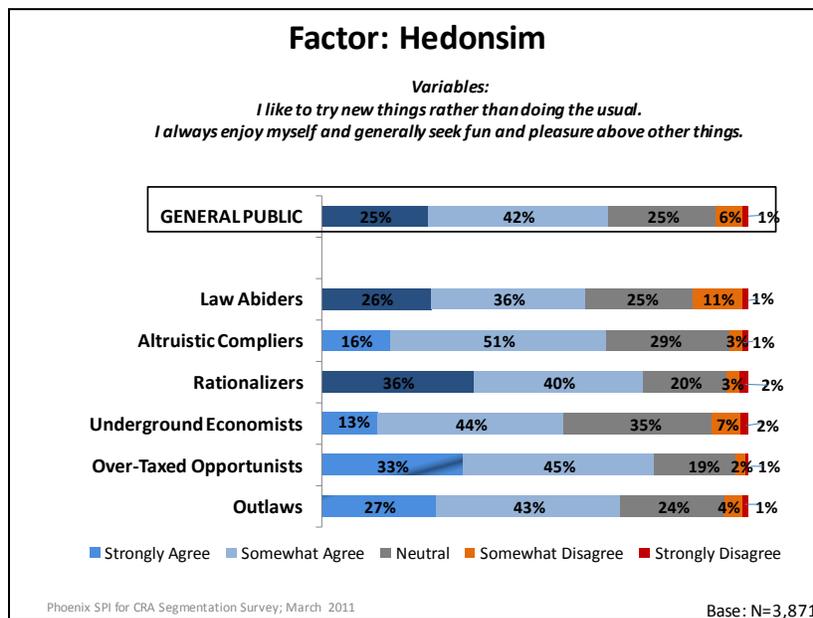
Factor: Traditionalism

When it comes to the psychographic variables, traditionalism was the best predictor of tax-cheating behaviour. Among the segments, *rationalizers* are the least likely to hold traditional values.²²



Factor: Hedonism

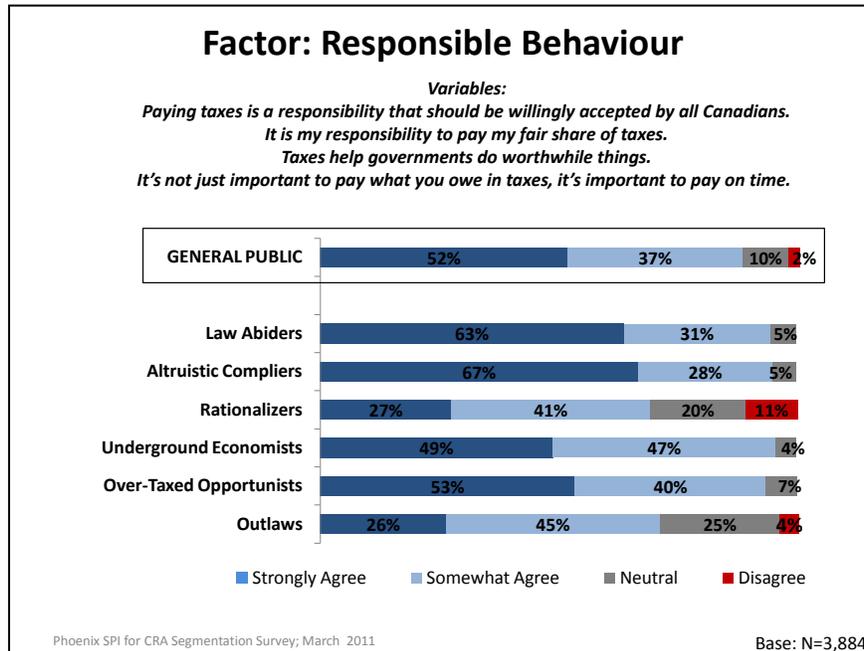
What is notable about this factor is the extent to which *over-taxed opportunists* (78%) and *rationalizers* (76%) are guided by hedonism compared to the other segments and the general public.



²² In this graph, there are only four (not five) categories on the scale. Due to small numbers, scores of 1-4 have been aggregated and presented as the 'Disagree' category.

Factor: Responsible Behaviour

Turning to the next factor, *rationalizers* and *outlaws*, once again, tend to stand apart from the other segments, and from the general public.²³ These two groups are far less likely to hold positive views in the area of responsible citizenship and taxes: 68% and 71% respectively compared to 89% of the general public.



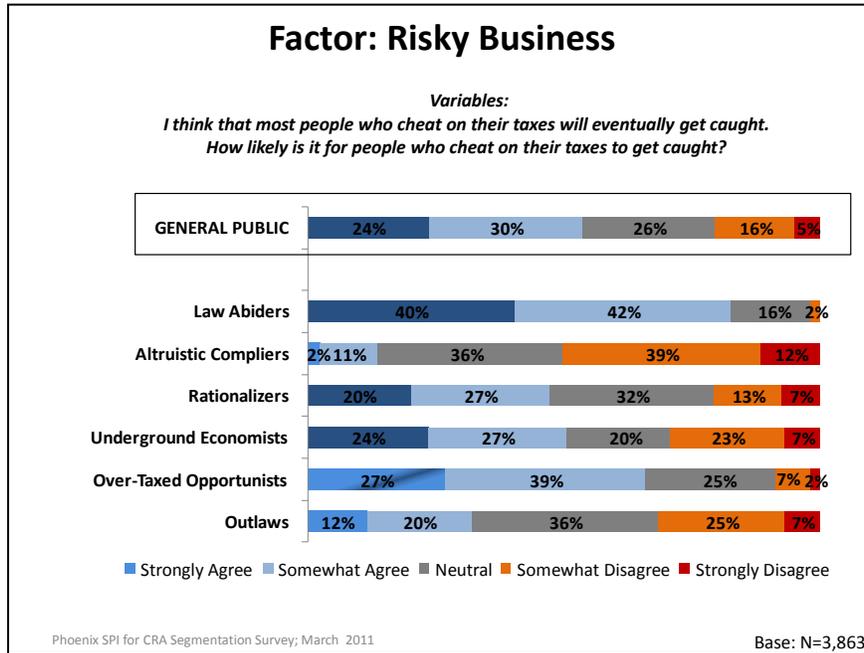
Not only are *rationalizers* and *outlaws* less likely to report responsible behaviours, recall that they are also more apt to be defined by the ‘rationalization’ and ‘no big deal’ factors, suggesting that they should be considered fairly high risk segments when it comes to tax cheating.

Factor: Risky Business

There is a great deal of variation among the segments when the focus is on the likelihood of getting caught tax cheating. However, more than anyone else, *law abiders* think it is risky to cheat on taxes – 82% compared to 54% of the general public.

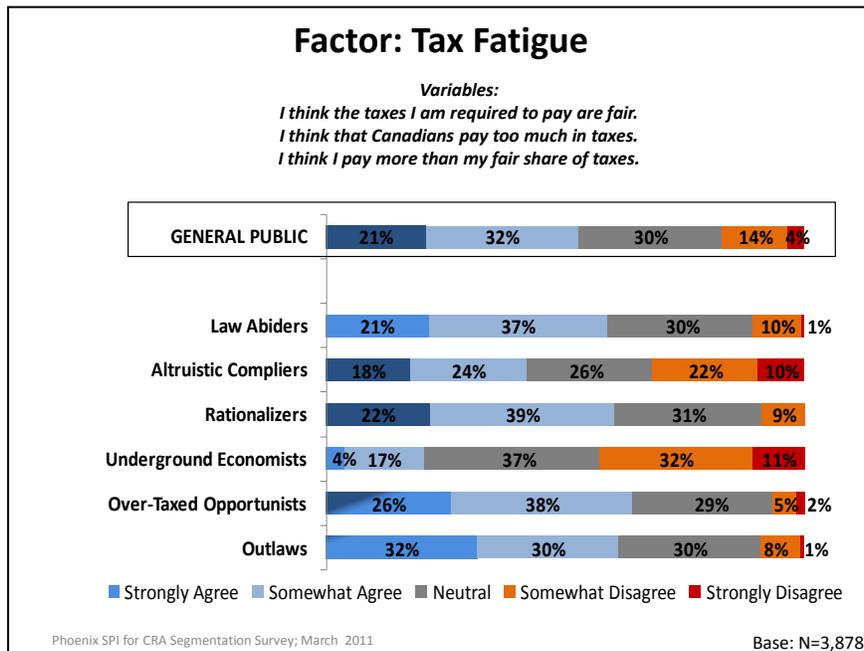
What is also noteworthy is the relationship between this factor and the likelihood of tax cheating. With the exception of the two segments anchoring the two ends of the taxpayer spectrum – *law abiders* and *outlaws* – the likelihood of being concerned about getting caught tax cheating increased with the likelihood of cheating, from 13% of *altruistic compliers* to 66% of *over-taxed opportunists*.

²³ In this graph, there are only four (not five) categories on the scale. Due to small numbers, scores of 1-4 have been aggregated and presented as the ‘Disagree’ category.



Factor: Tax Fatigue

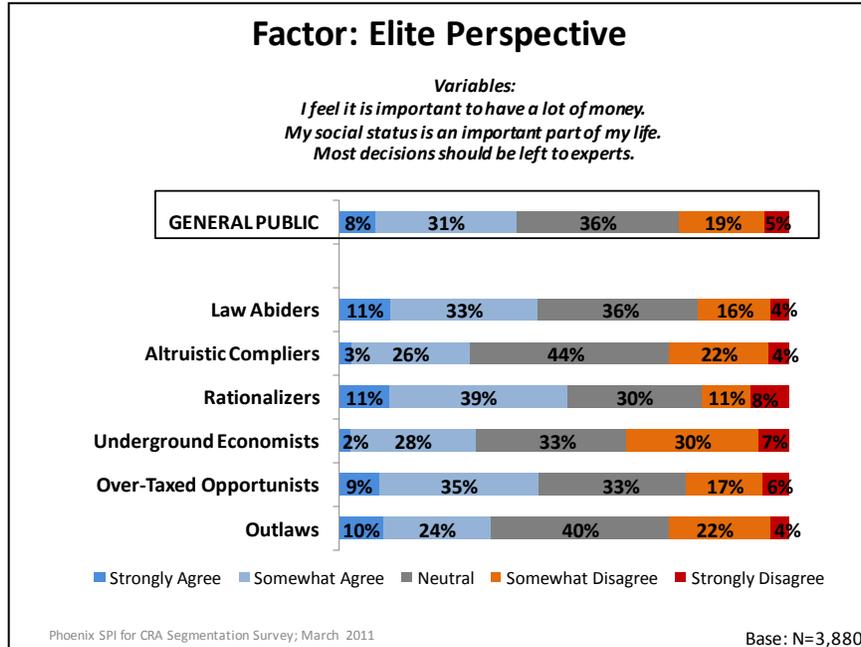
The likelihood of expressing views consistent with this factor is higher among *over-taxed opportunists* and *rationalizers*. In fact, for *over-taxed opportunists*, this factor helps define the segment – the belief that Canadians in general, and themselves personally, are taxed too much. Conversely, *underground economists*, by far, were the least apt to believe that Canada’s taxation is too high or unfair.





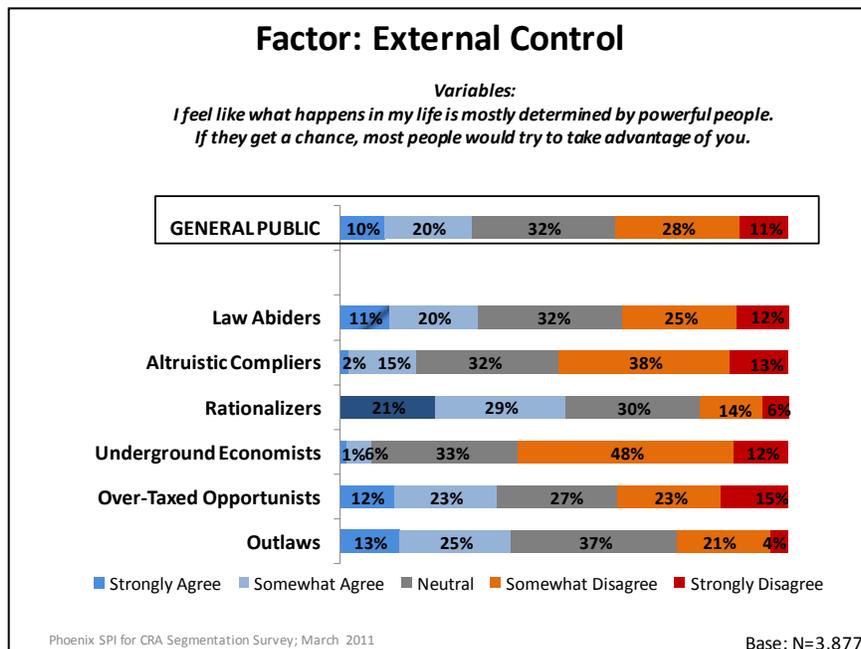
Factor: Elite Perspective

Rationalizers are the segment most likely to hold elitist attitudes and beliefs.



Factor: External Control

There is a great deal of variation when it comes to this psychographic variable. That said, the likelihood of expressing views consistent with this factor is higher among *rationalizers* and lower among *underground economists*.





Summary

The table below provides a snapshot of key, or particularly defining, differences by segment – the factors that resonate more/less with each segment, setting them apart from the other segments, and from the general public.

<p>Law Abiders</p> <p>+Risky Business +Consequences</p>	<p>Altruistic Compliers</p> <p>+Consequences --Risky Business --No Big Deal</p>	<p>Rationalizers</p> <p>+Tax Fatigue --Responsible Behaviour +Rationalization +No Big Deal --Consequences</p>
<p>Underground Economists</p> <p>--Tax Fatigue --The Others --Rationalization</p>	<p>Over-Taxed Opportunists</p> <p>+Tax Fatigue +Consequences</p>	<p>Outlaws</p> <p>--Responsible Behaviour --Consequences +Rationalization +No Big Deal</p>

(+) more important when compared to the general public.

(--) less important when compared to the general public.

TAXPAYER SEGMENTS AND KEY PERCEPTIONS

This section presents, on a segment-by-segment basis, the results for the questions that were included in each of the factors (i.e. what is driving attitudes in a particular area), as well as the perceptions of taxpayers within a segment on questions that were not included in any of the factors that resulted from the factor analysis (see pages 21-23: *Factor Analysis*). This information rounds out our understanding of the different segments and the attitudes that they hold.

Law Abiders

Law abiders exhibit the lowest risk of cheating on taxes:

- Not surprisingly, the potential consequences of tax cheating resonate fairly strongly with this segment. In all areas, their views exhibit greater recognition of those consequences than the attitudes of the general public:
 - “If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education”: 68% strongly agreed²⁴ compared to 52% of the general public.
 - “If I cheat on taxes, other Canadians have to pay more”: 57% strongly agreed vs. 45% of the general public.
 - “I would feel ashamed to get caught cheating on taxes”: 83% vs. 71% of the general public.
 - “If my neighbours cheat on their taxes, it means that I have to pay more”: 41% vs. 33% of the general public.
- *Law abiders* embrace responsible behaviour:
 - “Paying taxes is a responsibility that should be willingly accepted by all Canadians”: 76% vs. 66% of the general public.
 - “It’s not just important to pay what you owe in taxes, it’s important to pay on time”: 71% vs. 57% of the general public.
 - “Taxes help governments do worthwhile things”: 46% vs. 38% of the general public.
- More than any other segment, *law abiders* think it is risky to cheat:
 - “I think that most people who cheat on their taxes will eventually get caught”: 60% vs. 37% of the general public.
 - “How likely is it for people who cheat on their taxes to get caught?”: 26% vs. 15% of the general public.
- Compared to the general public, *law abiders* were slightly less apt to think that tax cheating is no big deal:
 - “Money saved by cheating on taxes is worth the risk of fines and jail time”: 77% of *law abiders* disagreed with this statement compared to 70% of the general public.
 - “I think a small amount of tax cheating is not so bad”: 82% disagreed vs. 70% of the general public.
 - “I don’t think of tax cheating as a real crime”: 77% vs. 62% of the general public disagreed.

²⁴ Unless noted otherwise, all percentages are based on the top two boxes of a 10-point scale, or the aggregate of scores of ‘9’ and ‘10’ on the scale.

- “It’s OK if I don’t declare income received under the table on my tax return”: 83% vs. 62% of the general public disagreed.
- Although important, rationalization, tax fatigue, and “the others” are not necessarily defining factors for *law abiders*.

Altruistic Compliers

Altruistic compliers are quite similar to *law abiders* in terms of attitudes and beliefs.

- Like *law abiders*, recognizing the consequences of tax cheating is an important characteristic of this segment:
 - “If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education”: 66% strongly agreed compared to 52% of the general public.
 - “If I cheat on taxes, other Canadians have to pay more”: 63% strongly agreed vs. 45% of the general public.
 - “I would feel ashamed to get caught cheating on taxes”: 84% vs. 71% of the general public.
 - “If my neighbours cheat on their taxes, it means that I have to pay more”: 45% vs. 33% of the general public.
- Like *law abiders*, *altruistic compliers* embrace responsible behaviour:
 - “Paying taxes is a responsibility that should be willingly accepted by all Canadians”: 76% vs. 66% of the general public.
 - “It’s not just important to pay what you owe in taxes, it’s important to pay on time”: 65% vs. 57% of the general public.
 - “Taxes help governments do worthwhile things”: 48% vs. 38% of the general public.
 - “It is my responsibility to pay my fair share of taxes”: 70% vs. 61% of the general public.
- The defining characteristic of *altruistic compliers* is that they are the least likely to consider tax cheating to be risky business. Compared to the general public, *altruistic compliers* were far less apt to think that most people who cheat on their taxes will eventually get caught (9% vs. 37%).
- *Altruistic compliers* were the least likely to think that tax cheating is no big deal:
 - “Money saved by cheating on taxes is worth the risk of fines and jail time”: 79% of *altruistic compliers* disagreed with this statement compared to 70% of the general public.
 - “I think a small amount of tax cheating is not so bad”: 87% disagreed vs. 70% of the general public.
 - “I don’t think of tax cheating as a real crime”: 80% vs. 62% of the general public disagreed.
 - “It’s OK if I don’t declare income received under the table on my tax return”: 77% vs. 62% of the general public disagreed.
- As was the case for *law abiders*, rationalization, tax fatigue, and “the others” are important, but not necessarily defining, factors for *altruistic compliers*.



- Also of note, *altruistic compliers* are more likely than the general public to have filled out their latest tax return on their own without any help: 30% vs. 25% of the general public.

Rationalizers

- *Rationalizers* are considerably more likely to engage in tax-cheating behaviours than the two voluntary compliance segments. The defining characteristic of this group is that they embrace rationalizations about tax cheating more than any other group. Across all the rationalization measures, *rationalizers* were more likely than the general public to think it is okay to cheat on taxes for various reasons, with the most significant differences reported for:
 - “It’s OK to cheat on taxes since governments don’t provide enough services for the taxes they collect” (24% vs. 5%) .
 - “It’s OK to cheat on taxes since government waste taxpayers’ money (25% vs. 7%)”.
- Turning to the factor, no big deal, *rationalizers* were more apt than the general public to agree with all the measures incorporated in this factor. They were more than twice as likely as the general public to think that:
 - Tax cheating is not a real crime (28% vs. 10%).
 - It’s okay if they don’t declare income received under the table (16% vs. 7%).
 - A small amount of cheating is not so bad (13% vs. 5%).
- In addition, this segment is more likely than the general public to not be deterred by the penalties associated with tax cheating – 21% think that money saved by cheating on taxes is worth the risk of fines and jail time (vs. 11%).
- When it comes to consequences, *rationalizers* were less likely than the general public to agree with all the measures. The most notable variations are for:
 - “I would feel ashamed to get caught cheating on taxes” (47% vs. 71% of the general public)
 - “If I cheat on my taxes, I contribute to the declining quality of important government services” (33% vs. 52% of the general public).
- *Rationalizers* were less apt than the general public to embrace responsible behaviour. For all the measures incorporated in this factor, *rationalizers* were less likely to agree that paying taxes is a responsibility that should be willingly accepted (48% vs. 66%), that it is their responsibility to pay their fair share of taxes (45% vs. 61%), that taxes help governments do worthwhile things (22% vs. 38%), and that it is important to pay taxes on time (42% vs. 57%). In terms of the relative influence of each measure, the results suggest that the first two dealing with personal responsibility are the most influential.
- Focusing on tax fatigue, *rationalizers’* identification with this factor is driven by their perceptions of fairness and taxation more than any other measure. Compared to the general public (38%), closer to half of the *rationalizers* (46%) think that they pay more than their fair share of taxes.

- Risky business and “the others” were important, but not defining, factors for *rationalizers*.
- When it comes to how they completed their latest tax return, *rationalizers* were more apt than the general public to have had no involvement in filling it out: 61% vs. 55% of the general public.

Underground Economists

- Given the opportunity to pay cash to save taxes and money, *underground economists* are at a moderate risk of doing this. The two factors of most salience to *underground economists* are tax fatigue and “the others”.
 - Turning first to tax fatigue, this segment was more likely than the general public to strongly agree that the taxes they pay are fair (22% vs. 13%) and less apt to think that Canadians pay too much in taxes (14% vs. 36%) or that they pay more than their fair share (11% vs. 38%). Such views on taxes may result, at least in part, from this group’s preference for cash transactions.
 - Consistent with the features of their profile, *underground economists* were more apt to think people do not hide income or overstate expenses (16% strongly disagreed vs. 9%) and do not think it is okay to cheat on taxes (31% strongly disagreed vs. 18%).
- Notably, *underground economists* were slightly more apt than the general public to have completed their latest tax return on their own, without any help: 29% vs. 25% of the general public.

Over-Taxed Opportunists

- While they are at risk of paying cash to avoid paying taxes, *over-taxed opportunists* are not at a big risk of adopting other tax-cheating behaviours. This may be due to the fact that recognizing the consequences of tax cheating is an important characteristic of this segment.
 - Across all the measures, *over-taxed opportunists* consistently vary from the general public, although not significantly, with differences varying by no more than two percentage points. The one exception, and the measure of most influence, is personal shame: 77% of *over-taxed opportunists* would feel ashamed to get caught cheating on taxes (vs. 71% of the general public).
- The other important factor for this segment is tax fatigue:
 - *Over-taxed opportunists* tend to think that Canadians pay too much in taxes (41% vs. 36% of the general public) and that they, personally, pay more than their fair share (48% vs. 38%).
- While the rationalization factor was not a good fit with this segment, measures in “the others” factor did tend to resonate with *over-taxed opportunists*:



- 32% strongly agree that people would hide income or overstate an expense to pay less tax (vs. 22% of the general public), and
- 25% strongly agree that a lot of people think it's okay to cheat on taxes (vs. 18%).
- Over-taxed opportunists did not differ from the general public in any significant way when it came to how they completed their latest income tax return.

Outlaws

- *Outlaws* are the highest-risk segment in terms of the likelihood of cheating on taxes. An important factor for this segment is responsible behaviour. *Outlaws* are less likely than the general public to hold positive views in the area of responsible citizenship and taxes:
 - “Paying taxes is a responsibility that should be willingly accepted by all Canadians”: 47% vs. 66% of the general public.
 - “It is my responsibility to pay my fair share of taxes”: 46% vs. 61% of the general public.
 - “It's not just important to pay what you owe in taxes, it's important to pay on time”: 35% vs. 57% of the general public.
 - “Taxes help governments do worthwhile things”: 21% vs. 38% of the general public.
- When the focus is on consequences, the same pattern emerges. Compared to the general public, outlaws are less likely to strongly agree with all the reasons:
 - “If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education”: 19% strongly agreed compared to 52% of the general public.
 - “If I cheat on taxes, other Canadians have to pay more”: 18% strongly agreed vs. 45% of the general public.
 - “I would feel ashamed to get caught cheating on taxes”: 37% vs. 71% of the general public.
 - “If my neighbours cheat on their taxes, it means that I have to pay more”: 16% vs. 33% of the general public.
- Not only do *outlaws* not think much about the consequences of tax cheating, they also tend not to see it as risky business – only 19% strongly agreed that most people who cheat will eventually get caught compared to 37% of the general public.
- *Outlaws* are more likely than members of the general public to think that it is okay if they don't declare income received under the table (15% vs. 7%), that Canadians pay too much in taxes (44% vs. 36%), that they pay their fair share of taxes (43% vs. 38%), and that people hide income or overstate expenses (28% vs. 22%).
- Compared to the general public, *outlaws* were slightly more likely to have had no involvement in filling out their latest income tax return: 60% vs. 55% of the general public.

OPPORTUNITIES FOR GOVERNMENT ACTIONS AND COMMUNICATIONS

This section of the report discusses the taxpayer segmentation in terms of its opportunities for potential government actions and communications.

Perceived Effectiveness of Potential Government Actions

Respondents were asked to assess the effectiveness of a number of potential government actions in terms of reducing tax cheating. The potential government actions that were assessed were:

1. Penalties:

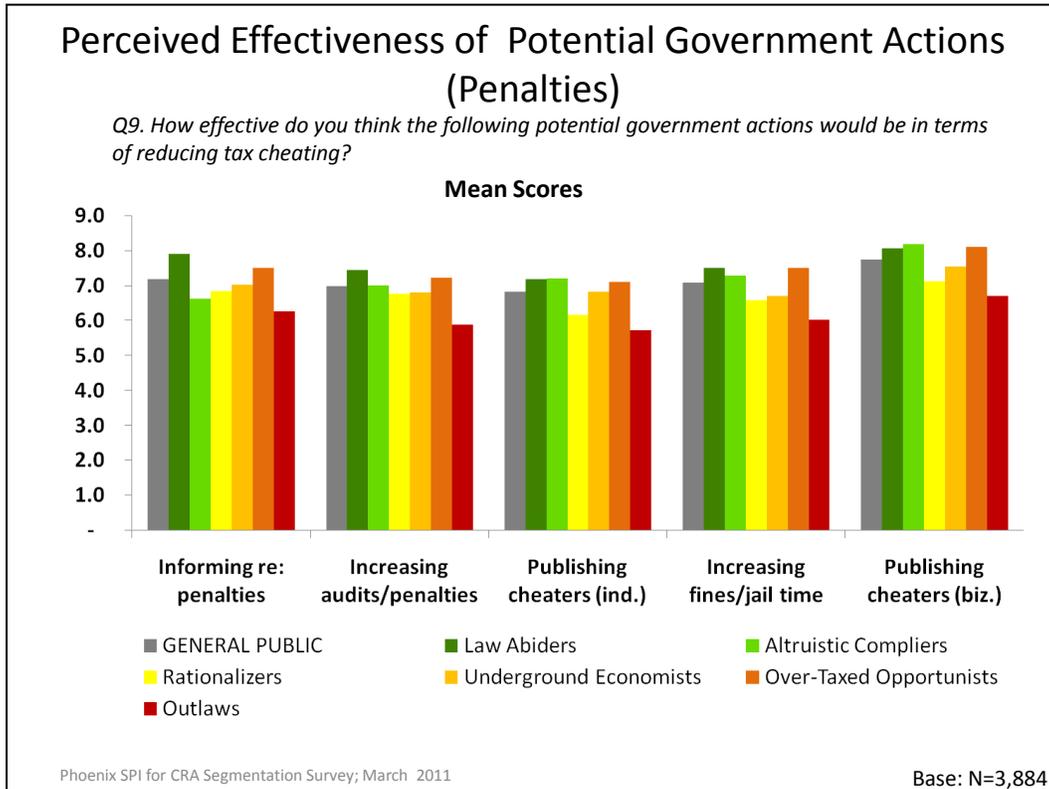
- Better informing Canadians of the penalties for tax cheating.
- Increasing the use of audits and penalties.
- Publishing the names of people caught tax cheating.
- Increasing fines or jail time for tax cheating.
- Publishing the names of businesses caught tax cheating.

2. Others:

- Providing more information about what tax money is used for.
- Educating people earlier about their tax obligations, such as students or newcomers to Canada.
- Encouraging people to report those they suspect of tax cheating.

The two graphs below present the results in this area for each of the segments, divided into two parts: first in terms of potential penalties, and then with respect to other potential government actions. Following this comparison of the effectiveness of these potential actions across the segments, the results will be presented and discussed on a segment-by-segment basis.

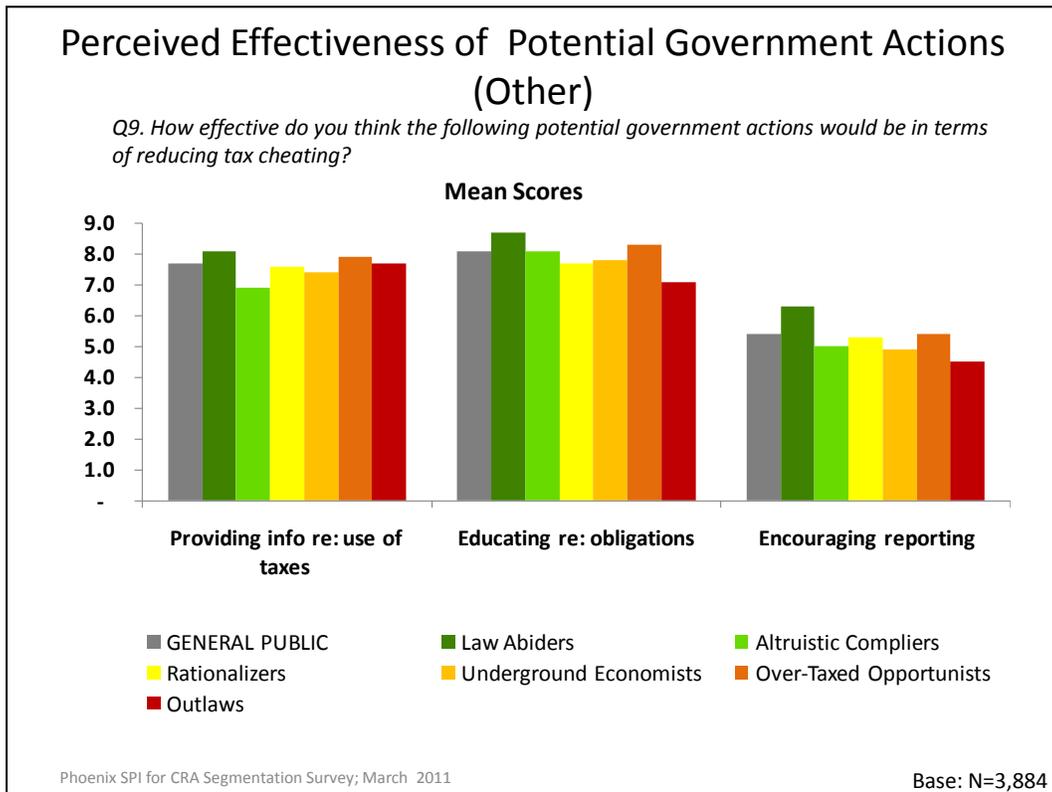
Potential penalties tend to be rated as more effective by members of the two compliance segments – the *law abiders* and *altruistic compliers* – compared to others. That said, *over-taxed opportunists* were often not far behind in their assessments of the options and even provided the most positive ratings for two. The two segments that consistently judged these potential penalties as less effective were the *rationalizers* and, in particular, the *outlaws*, who offered the least positive assessments for all options.



In terms of the other potential government actions, the pattern was quite different. While the *law abiders* consistently assessed the items more positively in terms of their effectiveness, *over-taxed opportunists* were often second in their assessments of the options. Moreover, there was no consistency in terms of which groups judged the items to be least effective. However, there was consistency in terms of which potential action was rated as the least effective – encouraging Canadians to report those they suspect of tax cheating. This was at the bottom of the list for all of the segments, even when these potential government actions are combined with the potential penalties.



Both sets of potential government actions – those related to penalties and those that are not – are combined into a single graph for each segment in the analysis that follows.



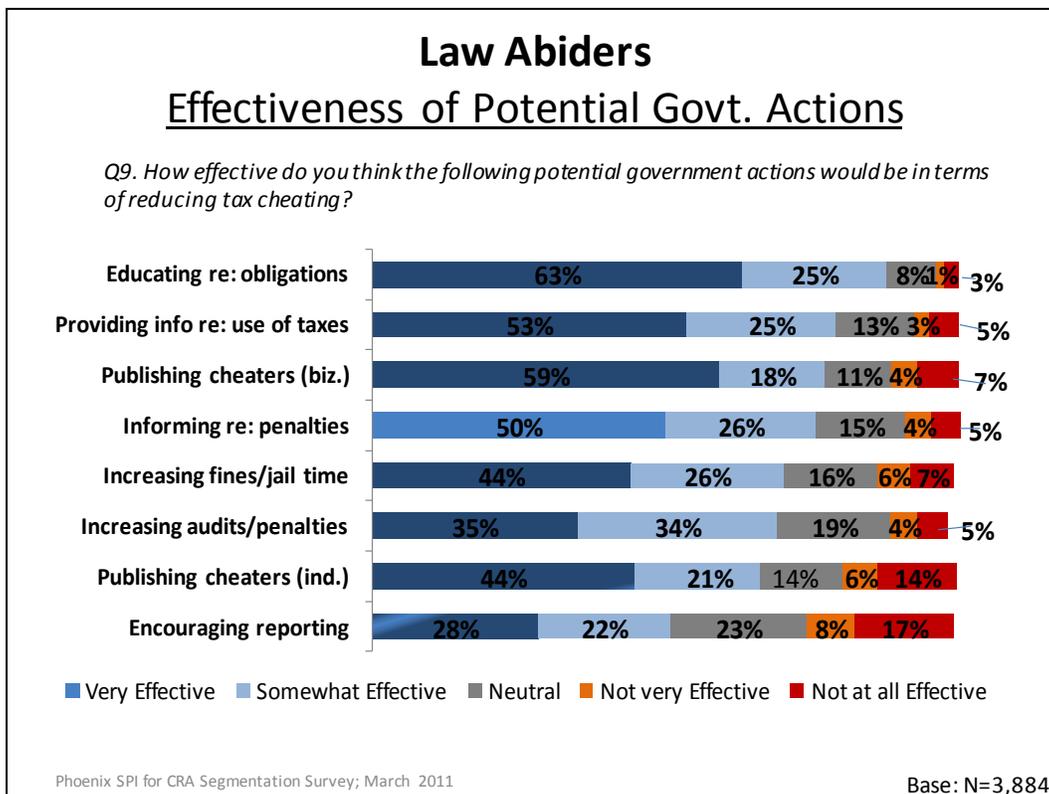


Segment-By-Segment Review

Law Abiders

Law abiders offered the most positive ratings in terms of perceived effectiveness for almost all of the potential actions. They were most likely to view as effective educating people earlier about their tax obligations – fully 88% assessed this as being at least somewhat effective. This was followed by providing more information about what tax money is used for (78%), publishing the names of businesses caught cheating (77%), and better informing Canadians of the penalties for tax cheating (76%).

Fewer assessed as somewhat effective increasing fines or jail time for tax cheating (70%) and increasing the use of audits and penalties (69%). Least effective were publishing the names of individuals caught tax cheating (65%) and encouraging people to report those they suspect of cheating (50%).

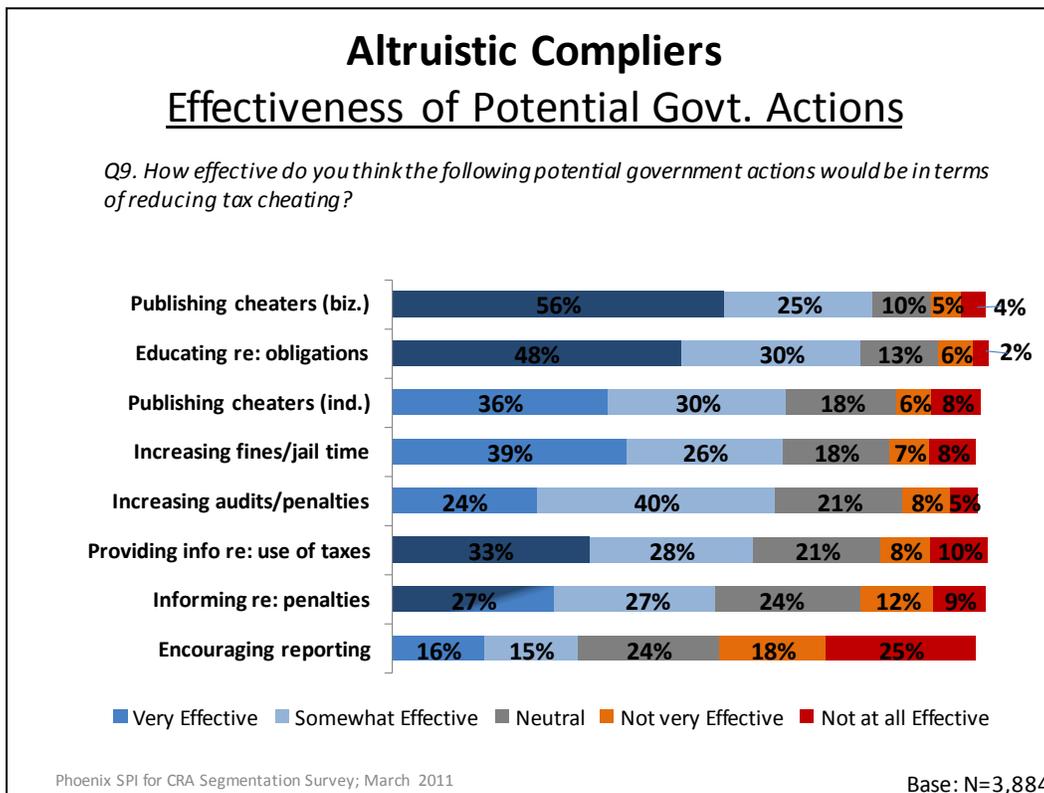




Altruistic Compliers

Altruistic compliers offered assessments that were very varied, with the top-rated action being seen as at least somewhat effective by 81% – publishing the names of businesses caught tax cheating – and the lowest-rated item being seen as effective by only 31% – encouraging people to report those they suspect of cheating. A high proportion also assessed as effective educating people earlier about their tax obligations (78%).

Beyond this, the next three potential actions were judged to be at least somewhat effective by similar numbers: publishing the names of individuals caught tax cheating (66%), increasing fines or jail time for tax cheating (65%) and increasing the use of audits and penalties (64%). Fewer assessed as moderately effective providing more information about what tax money is used for (61%), and better informing Canadians of the penalties for tax cheating (54%).



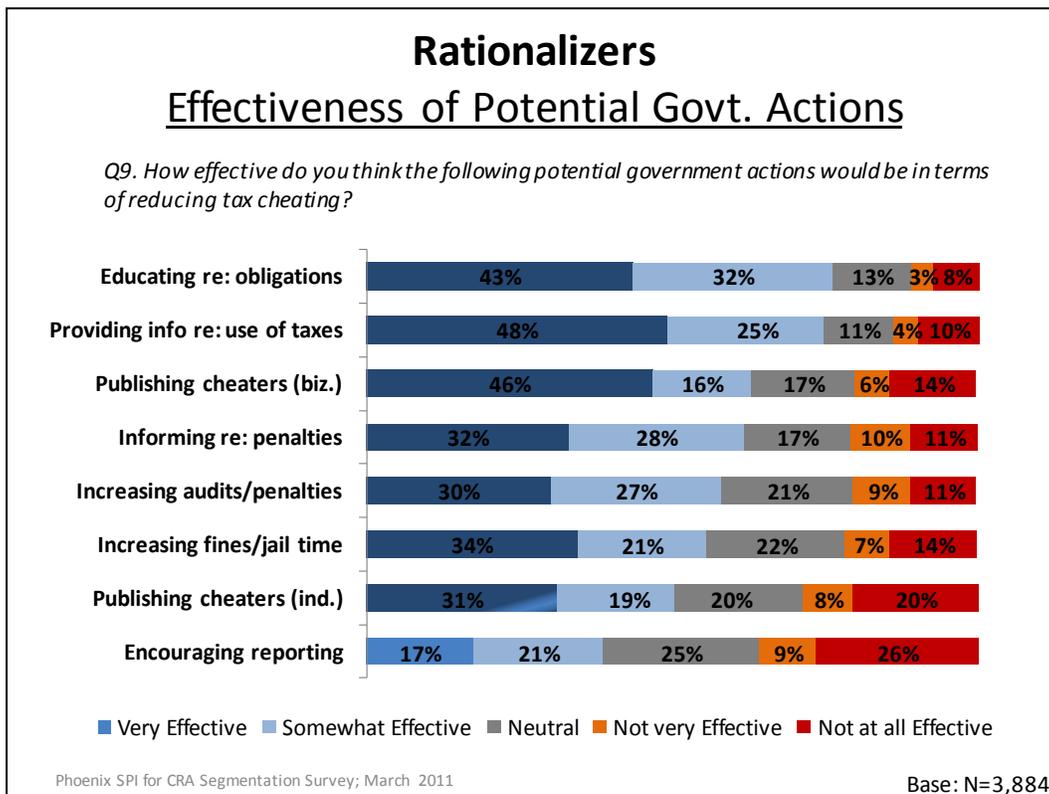


Rationalizers

For *rationalizers*, two potential government actions were seen to be more effective than the others: educating people earlier about their tax obligations (75%) and providing more information about the use of tax money (73%).

The next four potential actions in terms of perceived effectiveness cluster together: 62% rated as at least somewhat effective publishing the names of businesses caught tax cheating, 60% said this for better informing Canadians of the penalties for tax cheating, 57% for increasing the use of audits and penalties, and 55% for increasing fines or jail time for tax cheating.

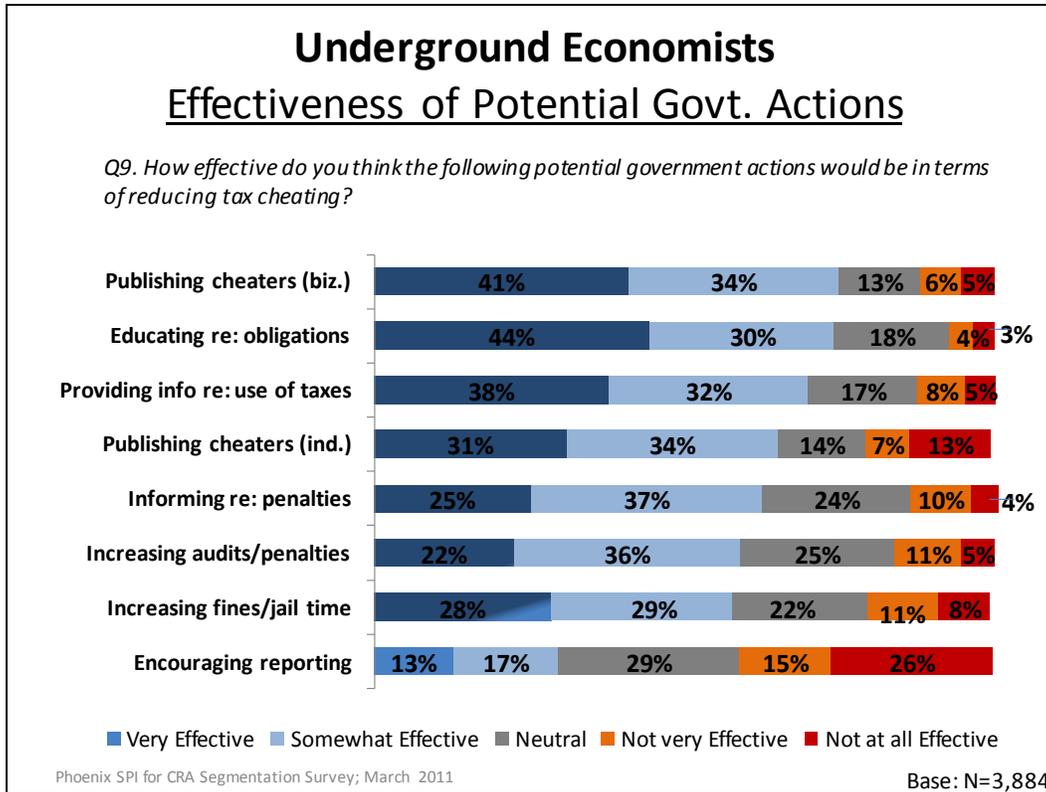
Fewer assessed as moderately effective publishing the names of individuals caught tax cheating (50%), and encouraging people to report those they suspect of cheating (38%).





Underground Economists

Underground economists rated as most effective publishing the names of businesses caught tax cheating (75%) and educating people earlier about their tax obligations (74%). This was followed by providing more information about the use of tax money (70%), publishing the names of individuals caught tax cheating (65%), better informing Canadians of the penalties for tax cheating (62%), increasing the use of audits and penalties (58%), and increasing fines or jail time (57%). Relatively few assessed as least somewhat effective encouraging people to report those they suspect of cheating (30%).



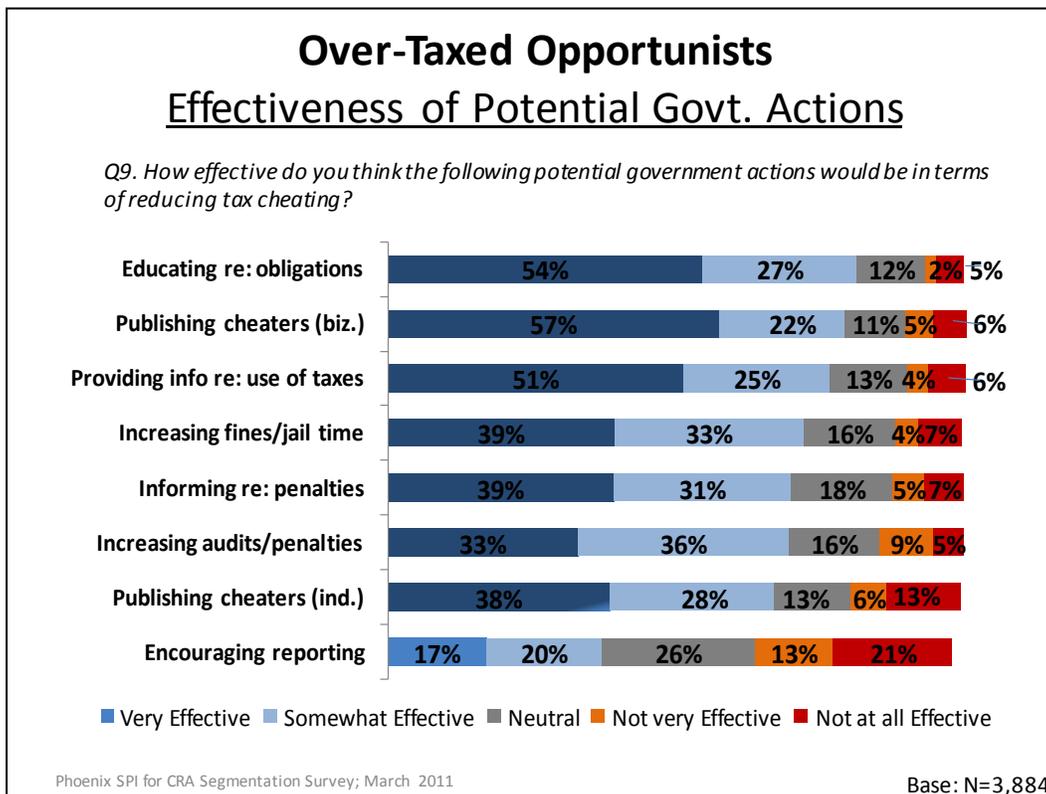


Over-Taxed Opportunists

Over-taxed opportunists offered more positive assessments of many of the potential government actions compared to members of the other segments. Heading the list in terms of perceived effectiveness were educating people earlier about their tax obligations (81%) and publishing the names of businesses caught tax cheating (79%).

Significant numbers also rated as at least moderately effective many of the other potential actions, including providing more information about the use of tax money (76%), increasing fines or jail time for tax cheating (72%), better informing Canadians of the penalties for tax cheating (70%), increasing the use of audits and penalties (69%), and publishing the names of individuals caught tax cheating (66%).

Once again, relatively few assessed as somewhat effective encouraging people to report those they suspect of cheating (37%).

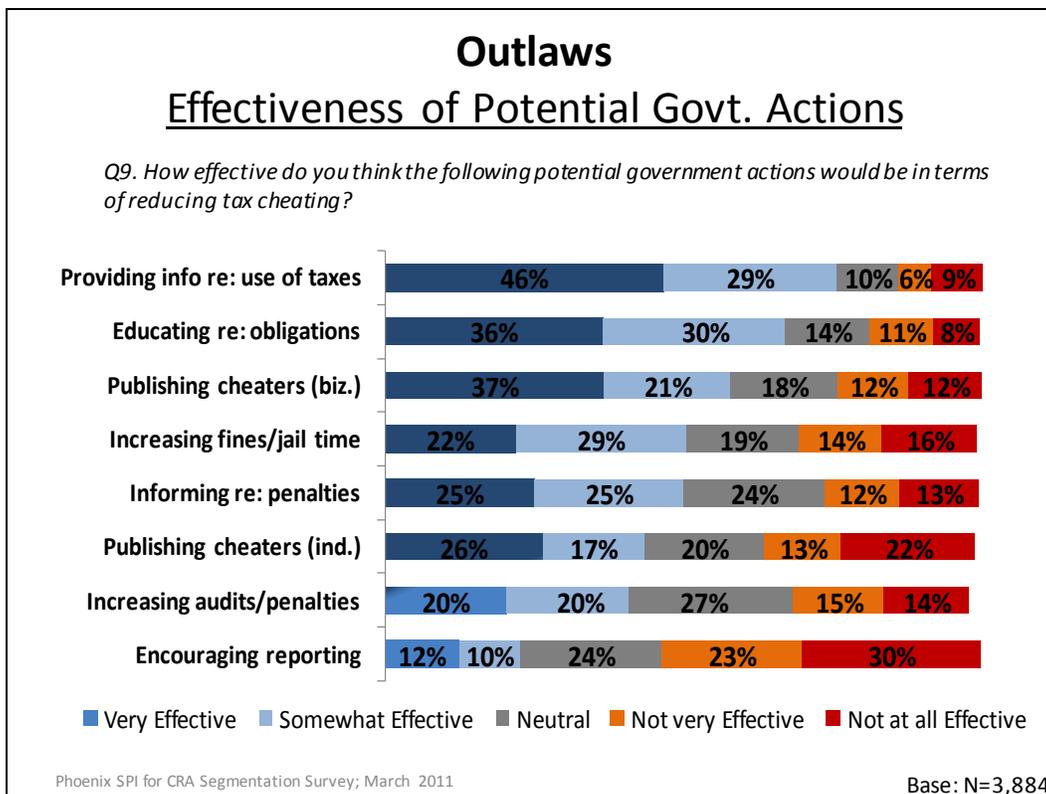




Outlaws

Members of the *outlaws* segment generally offered the lowest ratings of the potential government actions in terms of their perceived effectiveness. More than half of the potential actions were assessed as being at least moderately effective by no more than 51%. Starting with those actions that were assessed least positively, this includes encouraging people to report those they suspect of cheating (22%), increasing the use of audits and penalties (40%), publishing the names of individuals caught tax cheating (43%), better informing Canadians of the penalties for tax cheating (50%), and increasing fines or jail time (51%).

Judged as being more effective were providing more information about the use of tax money (75%), educating people earlier about their tax obligations (66%), and publishing the names of businesses caught tax cheating (58%).

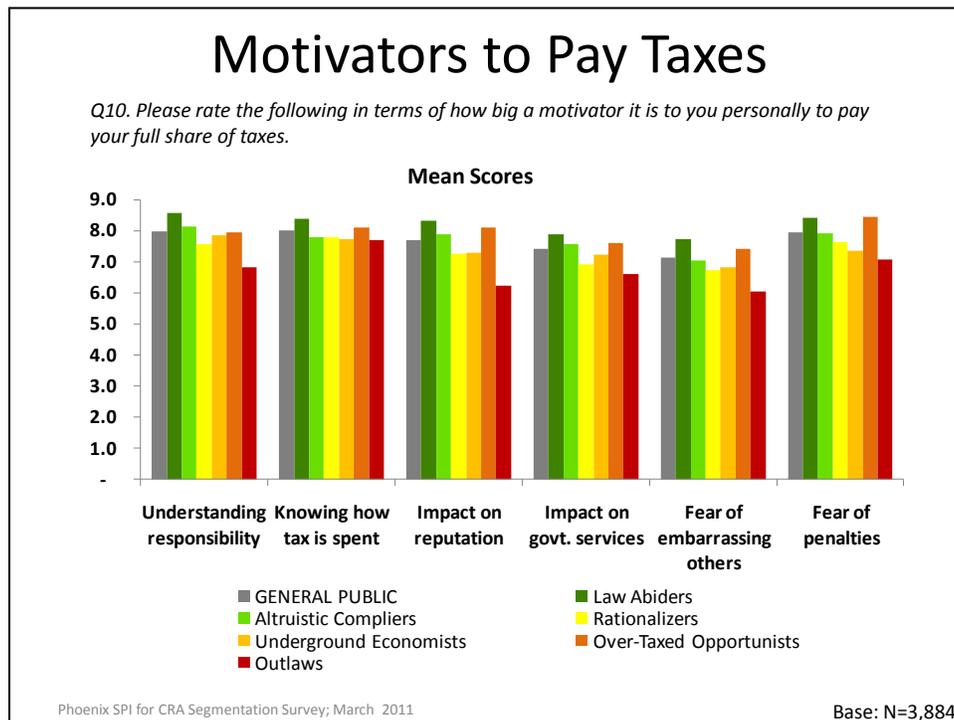


Potential Motivators to Encourage Tax Compliance

Respondents were informed that there are a number of things that might motivate or encourage people to pay their full share of taxes. They were then asked to rate six items in terms of how big a motivator each is to them personally. The potential motivators were:

- Understanding the responsibility as a Canadian to pay taxes.
- Knowing more about how tax money is spent, and the services it supports.
- Concern about the impact on my reputation if I'm caught cheating on taxes.
- Seeing how government services you use might be impacted if there is more tax cheating.
- Fear of embarrassing family and friends.
- Fear of having to pay heavy penalties.

The graph below presents the results in this area for each of the segments. Following this comparison of the effectiveness of these potential motivators across the segments, the results will be presented and discussed on a segment-by-segment basis.



Perhaps not surprisingly, the potential motivators tend to be most effective with the two compliance segments – the *law abiders* and *altruistic compliers*. That is, they are judged to be motivating by those who least need motivation in this area, and who are already embracing their taxpaying responsibilities. Likewise, each of the potential motivators performs least well with the group that appears to be most in need of perceptual and behavioural change – the *outlaws*. One can also see from the graph that many of the potential motivators are judged to be particularly effective by *over-taxed opportunists* compared to others.

The research suggests that, in communications terms, there is little need to “preach to the converted” and target the compliance segments. To a large degree, members of these groups already adopt appropriate behaviours and have tax-supportive mindsets. As such,



only minimal gains would be realized by targeting these two segments. In addition, it might well be a “lost cause” to target the highest-risk group because their attitudes and behaviours suggest that they can be expected to be resistant to messaging that strives to achieve attitudinal or behavioural change. With this in mind, the main target audiences for future communications in this area are the three ‘middle’ groups – the *rationalizers*, *underground economists*, and *over-taxed opportunists*. Greater attention will therefore be paid to these groups in this analysis.

In terms of their ranking, the top potential motivators tend to lead the list for each of the segments, although sometimes in different orders. These tend to be understanding of their tax responsibilities, fear of penalties, and knowing how their tax dollars are spent. Fear of embarrassing others is the least effective potential motivator for all of the segments.

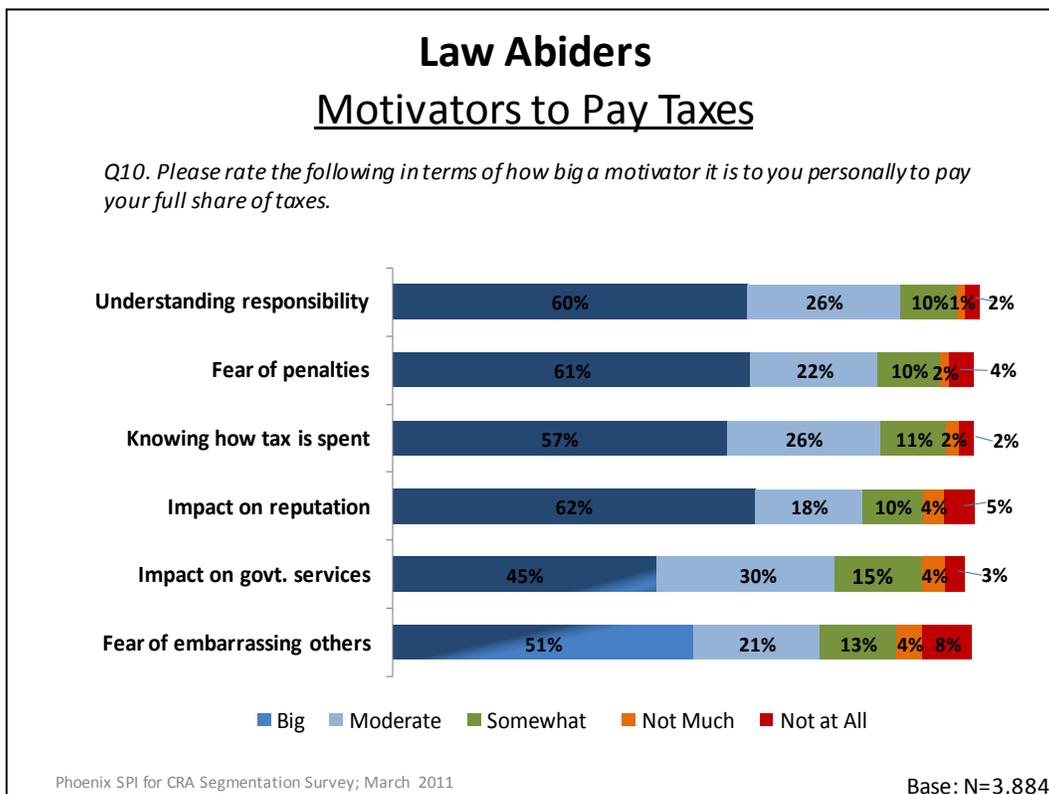


Segment-By-Segment Review

Law Abiders

For *law abiders*, most of the potential motivators are effective in terms of encouraging them to pay their full share of taxes. Approximately three-quarters or more rated each of these items as at least moderately effective. Moreover, there is relatively little differentiation between the items in terms of their motivational power.

Heading the list is understanding their responsibilities (86%), fear of penalties (83%), and knowing how tax dollars are spent (83%), followed by the impact on their reputation (80%), knowing how government services they use are impacted (75%), and fear of embarrassing others (72%).

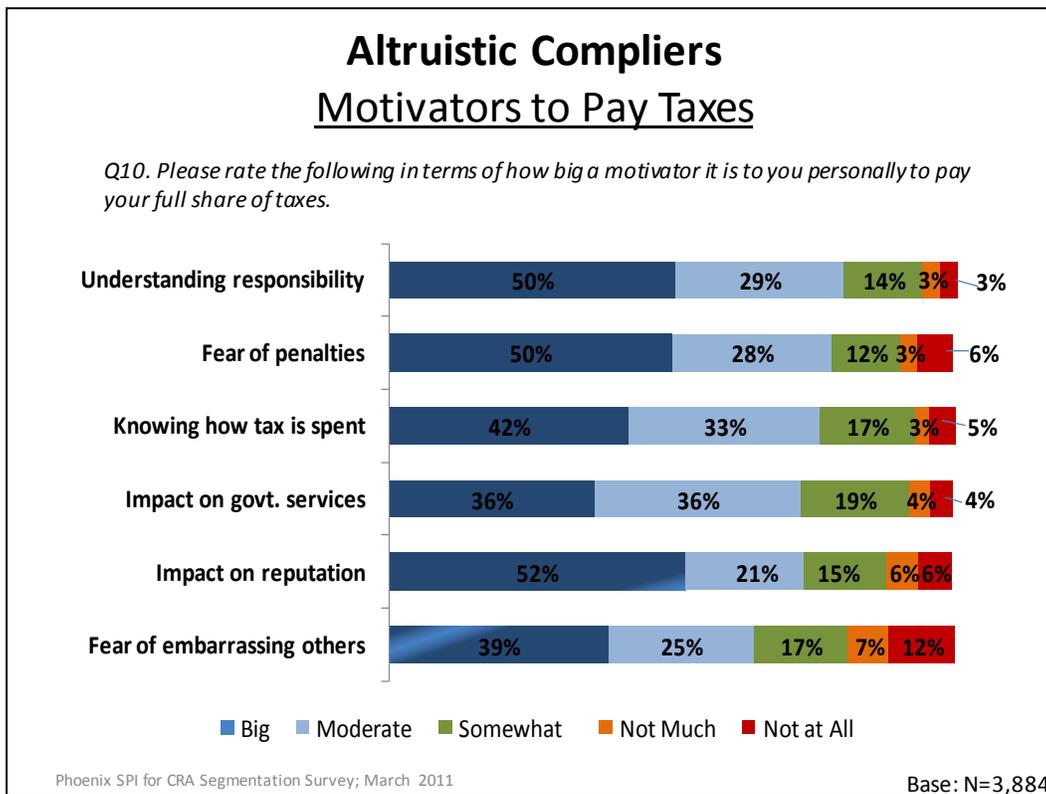




Altruistic Compliers

As was the case for *law abiders*, for *altruistic compliers* most of the potential motivators are at least somewhat effective in terms of encouraging them to pay their share of taxes. For five of the six items, 72% or more rated each of the items as moderately effective or better. For these items, there is also relatively little differentiation between the items in terms of their motivational power. The order of the items in terms of perceived effectiveness is almost the same for the two compliance segments.

Judged most effective is understanding their responsibilities (79%) and fear of penalties (78%), followed by knowing how tax dollars are spent (75%), the impact on their reputation (73%), and knowing how government services they use are impacted (72%). Rated noticeably less effective is fear of embarrassing others (64%).

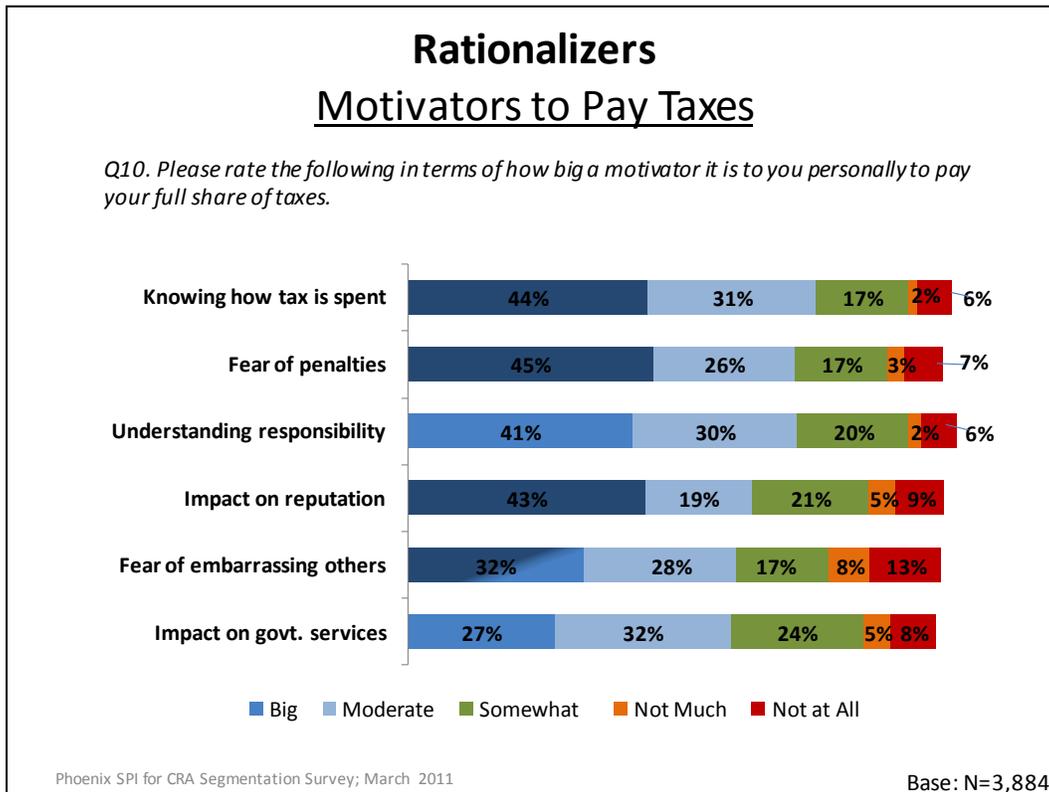




Rationalizers

For *rationalizers*, the first of the 'middle segments' that represent the primary target audiences, the potential motivators can be divided into two groups. For the top set of items, their motivational impact is similar, albeit somewhat lower, to the perceived impact with the two compliance segments. The top three items are also the same, although in a different order. This includes knowing how tax dollars are spent (75%), fear of penalties (71%), and understanding their responsibilities (71%).

The second set of potential motivators is noticeably less effective: impact on their reputation (62%), fear of embarrassing others (60%), and knowing how government services they use are impacted (59%).

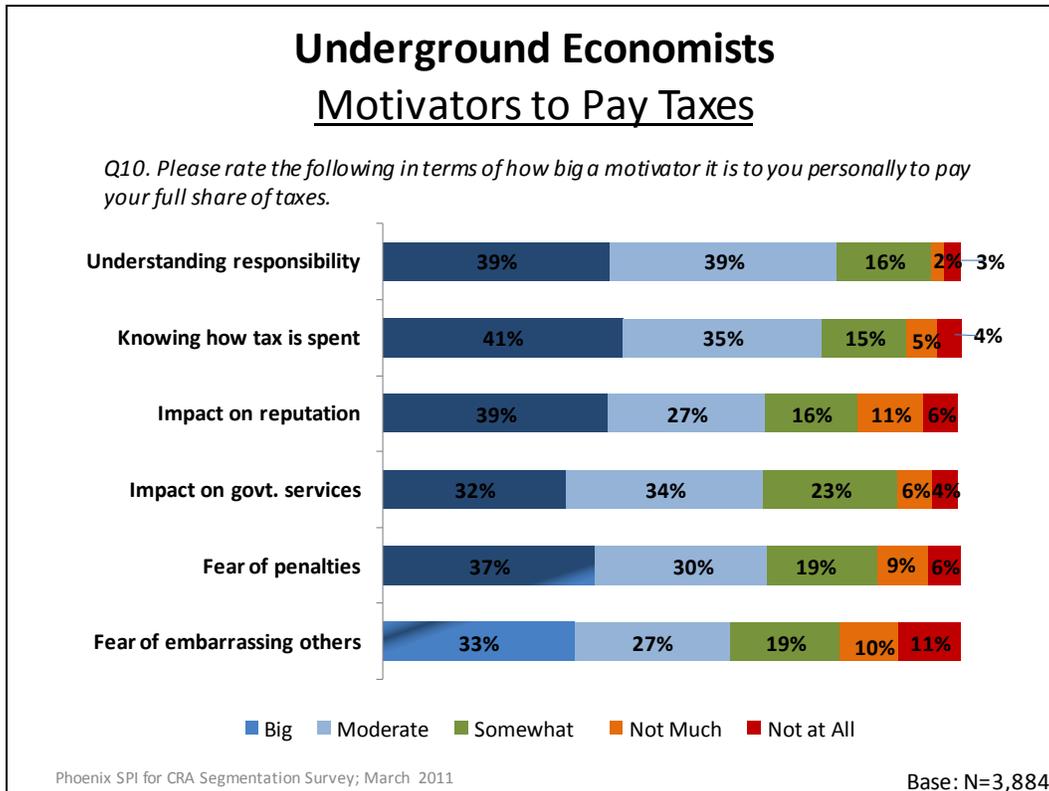




Underground Economists

For *underground economists*, the second of the ‘middle segments’ that represent the primary target audiences, the potential motivators can be divided into three groups. The top items are both informational: understanding their responsibilities (78%) and knowing how tax dollars are spent (76%).

The next group of potential motivators, noticeably less effective, includes knowing fear of penalties (67%), impact on their reputation (66%), and how government services they use are impacted (66%). Judged least motivational is fear of embarrassing others (60%).

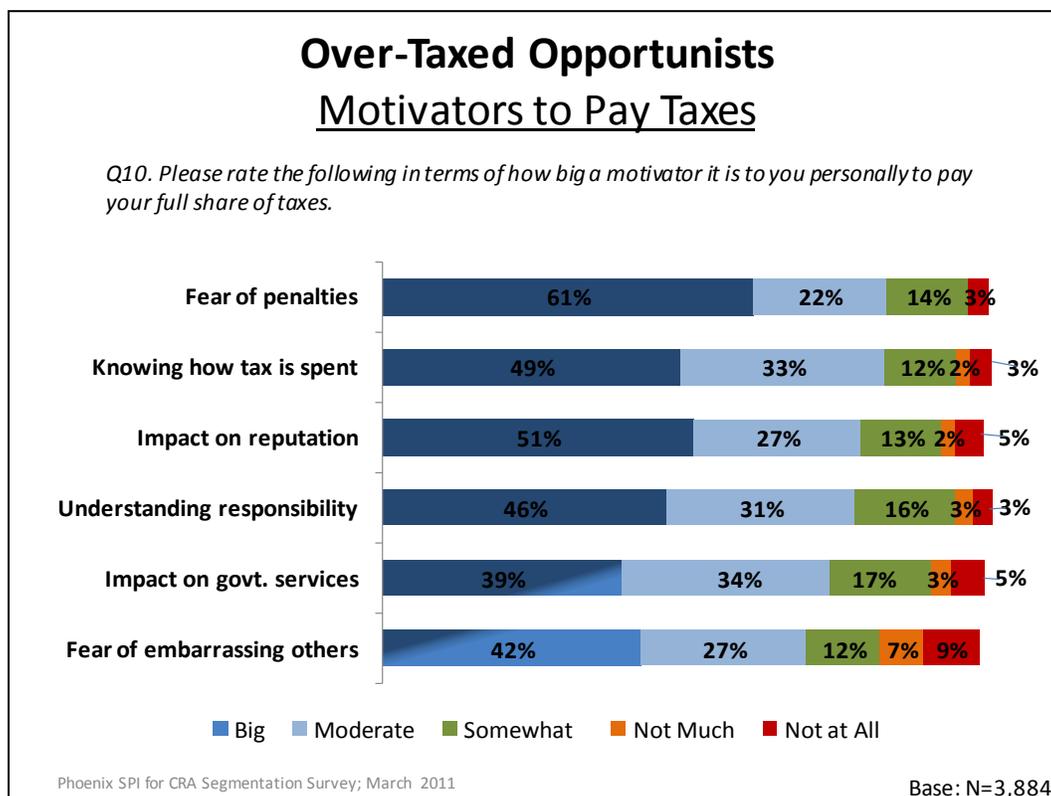




Over-Taxed Opportunists

Over-taxed opportunists, the third of the three 'middle segments' that represent the primary target audiences, rated most of the potential motivators as effective in terms of encouraging them to pay their full share of taxes. They appear to be more effective with members of this segment than for the other two 'middle' groups. Approximately three-quarters or more rated all but one of these items as at least somewhat effective. For the top four items, there is relatively little differentiation between them in terms of their motivational power.

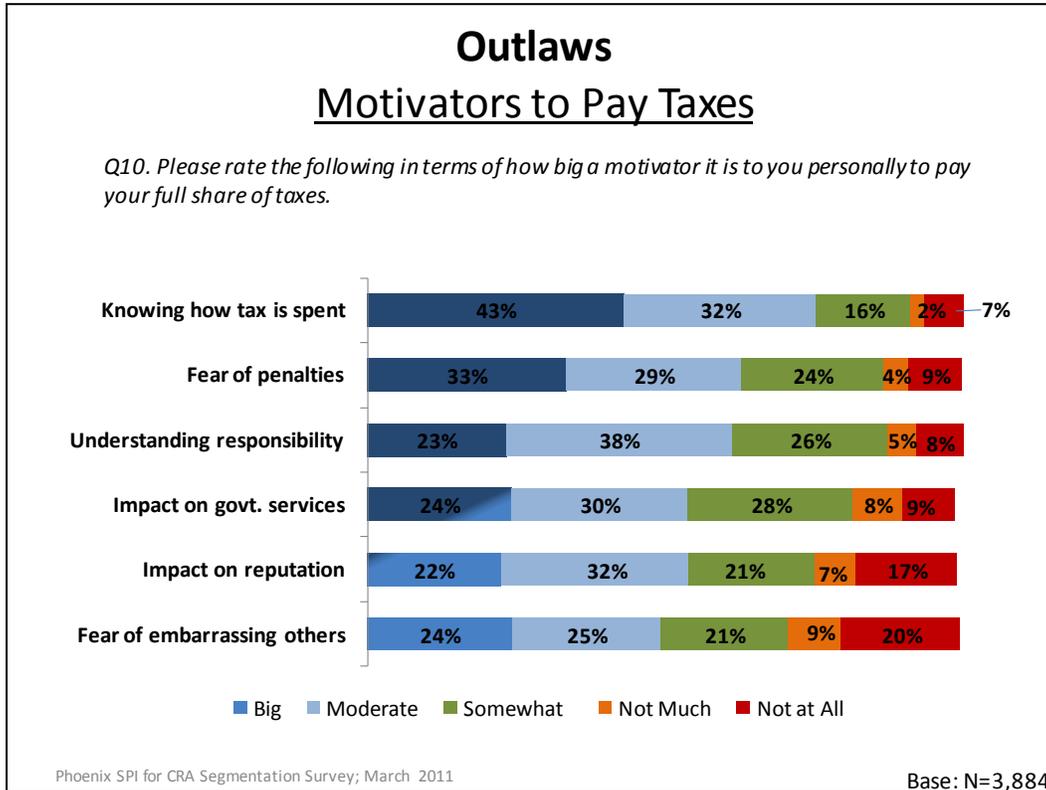
Heading the list is fear of penalties (83%) and knowing how tax dollars are spent (82%), followed by the impact on their reputation (78%), understanding their responsibilities (77%), and knowing how government services they use are impacted (73%). Once again, fear of embarrassing others is at the bottom of the list in terms of perceived effectiveness (69%).





Outlaws

Members of the *outlaws* segment, the highest risk group, tended to rate the potential motivators as being considerably less effective compared to people in other segments. One item was rated significantly more effective than any others in terms of motivational impact – knowing how tax dollars are spent (75%). Next in perceived effectiveness were fear of penalties (62%) and understanding their tax responsibilities (61%), followed by knowing how government services they use are impacted (54%) and the impact on their reputation (54%). Fear of embarrassing others is once again at the bottom of the list in terms of perceived effectiveness (49%).





APPENDIX



Detailed Methodological Note

Below we provide detailed technical information about the methodology and data analysis, followed by a non-response analysis.

1. Research Specifications

A random digit dialling (RDD) telephone survey was conducted with a regionally disproportionate sample of 3,884 Canadian residents, 18 years of age and older, who had lived in Canada for at least one year. The overall findings can be considered accurate to within $\pm 1.9\%$, 19 times out of 20. The standard margin of error calculation is based on a simple random sample wherein sampling is geographically proportional to ensure that all members of the population have an equal chance of being sampled. Since this sample was not regionally proportional, the margin of error calculation was adjusted to reflect this.

The following specifications applied to this research:

- The telephone sample source was RDD sample from ASDE Survey Sampler. Random B RDD methodology was used to generate the sample according to area codes.
- The telephone sample was geographically disproportionate in order to improve the accuracy of regional/provincial results. The distribution of interviews by province, as well as the associated margin of error, is outlined in the following table:

	Sample Size (n)	Margin of Error* (%)
Canada	3,884	$\pm 1.9\%$
Newfoundland and Labrador	300	$\pm 5.7\%$
Prince Edward Island	300	$\pm 5.7\%$
Nova Scotia	300	$\pm 5.7\%$
New Brunswick	300	$\pm 5.7\%$
Quebec	578	$\pm 4.1\%$
Ontario	804	$\pm 3.5\%$
Manitoba	302	$\pm 5.6\%$
Saskatchewan	300	$\pm 5.7\%$
Alberta	350	$\pm 5.2\%$
British Columbia	350	$\pm 5.2\%$

*95% confidence level

- No area codes were left out, including the territories. For the analysis, the territories were included as follows: Yukon with British Columbia, Northwest Territories with Alberta, and Nunavut with Ontario.
- Upon completion of the fieldwork, weights were applied to the survey data to ensure the results reflected the actual distribution of Canadians across the country. Weighting included age, gender and province of residence.
- A telephone pre-test was conducted in both official languages (12 in English, 10 in French). Members of the Phoenix and CRA project teams listened to the interview recordings. As well, data from the pre-test were reviewed before the full fieldwork began to ensure the proper functioning of the research instrument. No significant changes resulted from the pre-test; therefore, the data were retained and included

in the final dataset. The results of the pre-test are presented in a summary report (under separate cover).

- Fieldwork was conducted at Elemental Data Collection Inc.'s (EDCI) facilities in Ottawa using computer-assisted telephone interviewing (CATI) technology.
- Field supervisors were present at all times to ensure accurate interviewing and recording of responses. A minimum of 10% of each interviewer's work was monitored for quality control.
- Interviewing was conducted in both French and English.
- Calling was conducted from 5:00 pm to 9:00 pm (local time) on weekdays, and from 1:00 to 6:00 pm on weekends (local time).
- A minimum of eight call backs were attempted before a record was retired.
- The fieldwork for this study was conducted January 29th to February 28th, 2011.
- The survey averaged 17.15 minutes in length.
- Sponsorship of the study was revealed (i.e. Government of Canada).
- The survey was registered with the Marketing Research and Intelligence Association's (MRIA) National Survey Registration System.
- The survey was conducted in accordance with the standards set out by the MRIA, as well as applicable federal POR standards and legislation, including the *Personal Information Protection and Electronic Documents Act* (PIPEDA), Canada's private sector privacy law.

2. Response Rate

The following table presents information about the final call dispositions for this survey, as well as the associated response rate (using the MRIA formula). The MRIA response rate formula is as follows: $[R=R/(U+IS+R)]$. This means that the response rate is calculated as the number of responding units [R] divided by the number of unresolved [U] numbers plus in-scope [IS] non-responding households and individuals plus responding units [R].

Call Disposition Table	
Total Numbers Attempted	56,256
Out-of-scope - Invalid	11,036
Unresolved (U)	25,064
<i>No answer/Answering machine</i>	25,064
In-scope - Non-responding (IS)	15,872
<i>Language barrier</i>	730
<i>Incapable of completing (ill/deceased)</i>	361
<i>Callback (Respondent not available)</i>	1,456
<i>Refusal</i>	13,091
<i>Termination</i>	234
In-scope - Responding units (R)	4,284
<i>Completed Interview</i>	3,884
<i>Not Qualified - has not lived in Canada for more than 1 year</i>	41
<i>Not Qualified - INDUSTRY</i>	102
<i>Quota Full</i>	257
Response Rate	9.5%

3. Data Analysis

As noted earlier, the main objective of the research was to segment the Canadian population according to tax compliance-related issues. To accomplish this, several different, but complementary, types of analyses were performed on the survey data. Each is described below.

3.1. Factor Analysis

The segmentation began with a factor analysis to synthesize and reduce the attitudinal questions to a core set of underlying dimensions or factors. As a result of this analysis, 11 factors were identified: seven of these factors were derived from tax-related measures in the questionnaire, and four from a battery of psychographic questions.

The seven tax-related factors are:

1. Rationalization:

- **Q6a:** *It's OK to cheat on taxes because lots of people do it.*
- **Q6b:** *It's OK to cheat on taxes since governments don't provide enough services for the taxes they collect.*
- **Q6c:** *It's OK to cheat on taxes since governments waste taxpayers' money.*
- **Q6d:** *It's OK to cheat on taxes because there are plenty of other people paying their taxes.*

2. No Big Deal:

- **Q1c:** *Money saved by cheating on taxes is worth the risk of fines and jail time.*
- **Q1g:** *I think a small amount of tax cheating is not so bad.*
- **Q4e:** *I don't think of tax cheating as a real crime.*
- **Q7b:** *It's OK if I don't declare income received under the table on my tax return.*

3. Consequences:

- **Q4g:** *If my neighbours cheat on their taxes, it means that I have to pay more.*
- **Q7c:** *If I cheat on taxes, other Canadians have to pay more.*
- **Q7a:** *If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education.*
- **Q7e:** *I would feel ashamed to get caught cheating on taxes.*

4. Responsible Behaviour:

- **Q4c:** *Paying taxes is a responsibility that should be willingly accepted by all Canadians.*
- **Q4f:** *It is my responsibility to pay my fair share of taxes.*
- **Q4i:** *Taxes help governments do worthwhile things.*
- **Q4j:** *It's not just important to pay what you owe in taxes, it's important to pay on time.*

5. Risky Business:

- **Q4h:** *I think that most people who cheat on their taxes will eventually get caught.*
- **Q8:** *How likely is it for people who cheat on their taxes to get caught? (10-point scale, where 1 = not likely at all, 10 = very likely).*



6. Tax Fatigue:

- **Q1a:** *I think the taxes I am required to pay are fair.*
- **Q1b:** *I think that Canadians pay too much in taxes.*
- **Q4a:** *I think I pay more than my fair share of taxes.*

7. The Others:

- **Q4f:** *Many people would hide income or overstate an expense to pay less tax.*
- **Q7d:** *A lot of people think it's OK to cheat on taxes.*

The four factors derived from the psychographic questions are:

8. Traditionalism:

- **Q11a:** *It is important to me to be an honest, law-abiding person.*
- **Q11d:** *People should never intentionally harm others even to a small degree.*
- **Q11i:** *When I get what I want, it's usually because I worked hard for it.*

9. Elite Perspective:

- **Q11b:** *I feel it is important to have a lot of money.*
- **Q11c:** *My social status is an important part of my life.*
- **Q11l:** *Most decisions should be left to experts.*

10. External Control:

- **Q11e:** *I feel like what happens in my life is mostly determined by powerful people.*
- **Q11j:** *If they get a chance, most people would try to take advantage of you.*

11. Hedonism:

- **Q11h:** *I like to try new things rather than doing the usual.*
- **Q11k:** *I always enjoy myself and generally seek fun and pleasure above other things.*

3.2 Regression Analysis

Following the factor analysis, a regression analysis was undertaken to identify the factors that drive the likelihood of engaging in tax-cheating behaviours. The table below describes the results of regression analysis.

Regression Analysis					
Best Predictors: <i>No Big Deal and Consequences</i>					R Square Increase (Increase in Percent of Variance Explained)
Factor:	R	R Square	Adjusted R Square	Unstandardized Coefficients	
No Big Deal	.346	.120	.119	.228	.120
Consequences	.412	.170	.169	-.197	.050
The Others	.431	.185	.185	.105	.016
Rationalization	.439	.193	.192	.084	.007
Traditionalism	.444	.197	.196	-.144	.004



Hedonism	.450	.202	.201	.084	.006
Responsible Behaviour	.452	.204	.203	-.061	.002

Together no big deal and consequences explain 16.9% of the variance in the overall risk of cheating variable (a composite measure based on Q3a to Q3d which deals with the likelihood of engaging in various types of tax cheating in the future), using the adjusted R square. Relatively little additional variance is explained when other factors are included in the analysis.

In total, then, 20% of the variance in the overall likelihood of tax cheating is explained by this regression model. Based on the unstandardized coefficients from the model, for every one point increase in the no big deal factor, there was a corresponding increase in the overall risk of cheating measure of .23, and for the consequences factor, the change was -.20. Combined, an increase of one rating point on these two measures was associated with a shift of approximately .4 on the risk measure.

3.3 Segmentation Analysis

The factor and regression analyses paved the way for the segmentation analysis. For this multivariate analysis, a cluster analysis was performed on the survey data using the 11 factors derived from the factor analysis in order to segment taxpayers according to their likelihood or risk of tax cheating. Cluster analysis is a form of statistical data analysis that allows for the identification of groups of survey respondents who share common characteristics.

A six-cluster solution was selected after evaluating various options, including 8- and 16-cluster alternatives. The final selection was made by evaluating measures of cluster density, as well as subjective validation of the groupings based on substantive differences in responses to the questions used in the analysis.

The six segments, and their proportion of the Canadian population, are:

- | | |
|-------------------------------|----------------------------------|
| 1. Law Abiders (31%) | 4. Underground Economists (12%) |
| 2. Altruistic Compliers (18%) | 5. Over-Taxed Opportunists (15%) |
| 3. Rationalizers (12%) | 6. Outlaws (13%) |

4. Non-response Analysis

A non-response analysis was conducted to assess the *potential* for non-response bias²⁵ in this survey. To determine whether non-response biased the survey sample, a two-part analysis was undertaken: 1) the demographic characteristics of the survey sample were compared to those of the target population; and 2) the responses and demographic characteristics of 'early' responders were compared to those of 'late' responders. The findings suggest that non-response has not affected the final survey sample in any pronounced way. A higher response rate, in other words, would not have resulted in significant changes to the overall findings or to the segmentation.

²⁵ Defined as: "the systematic difference between population values and the average result from all possible samples owing to non-response" by the Government of Canada *Standards for the Conduct of Government of Canada Public Opinion Research*.



Turning to the analysis, first, the demographic profile of the final survey sample was compared to Statistics Canada census data. The comparison revealed that the survey sample under-represented younger Canadians, in particular those 18 to 29 years old, and, conversely, over-represented Canadians 45 and older. This is very common for telephone surveys given the high incidence of cell phone only use among younger Canadians and the propensity of this population to be very mobile. As expected, differences by age can be found throughout the survey in terms of attitudes towards, and perceptions of, tax cheating, as well as in relation to specific behaviours, including how they prepared their 2010 income tax return and the likelihood of engaging in tax cheating in the future (e.g. paying cash to avoid tax, knowingly not declaring income, etc.). Since the survey data have been weighted by region, age and gender to adjust for the geographically disproportionate sampling, the over- and under-representation of age groups have been accounted for in the final survey results.

Second, 'early' and 'late' responders to the survey were compared across demographic variables and key survey measures. Early responders are those who completed the survey upon first contact; late responders required more effort to complete an interview (i.e. two or more callbacks). The rationale is that late responders might approximate non-responders, at least to some degree, because if extra efforts to reach these people had not been taken, they, too, would have been non-responders. A comparison of these two groups across demographic and key survey variables revealed virtually no significant differences in terms of attitudes, perceptions and behaviours. The only notable differences were demographic: late responders were slightly more likely to be 18 to 29 years, to be parents, and to report paid employment as their primary source of income. This is consistent with the fact that early responders were more apt to be retired and to be living off a pension. These findings suggest that the survey data can be generalized with confidence.



Survey Questionnaires

INTRODUCTION

Hello, my name is _____. I'm calling on behalf of Phoenix, an independent research firm. We are conducting a survey for the Government of Canada on issues of interest to Canadians. The survey will take approximately 15 minutes, and is registered with the national survey registration system.

A. We choose telephone numbers at random, then select one person from a household to be interviewed. May I please speak to the person in the household, 18 years of age or older, who has had the most recent birthday? Would that be you? (IF NOT, ASK TO SPEAK TO THAT PERSON AND START AGAIN)

- Yes 1 CONTINUE
- No 2 ASK TO SPEAK TO 'ELIGIBLE' PERSON
- Refused (VOLUNTEERED) 3 THANK/DISCONTINUE

B. Have you lived in Canada for a minimum of one year? (IF NOT, ASK TO SPEAK TO THAT PERSON AND REPEAT INTRO)

- Yes 1 CONTINUE
- No 2 ASK TO SPEAK TO 'ELIGIBLE' PERSON
- Refused (VOLUNTEERED) 3 THANK/DISCONTINUE

C. In which of the two official languages would you prefer to be interviewed? [READ LIST]

- English 1
- French 2
- NO PREFERENCE [DO NOT READ – CONTINUE IN SAME LANGUAGE AS START]

D. Do you or does anyone in your household work for any of the following types of organizations: a market research firm or the media?

- Yes 1 THANK/DISCONTINUE
- No 2 CONTINUE
- Refused (VOLUNTEERED) 3 THANK/DISCONTINUE

E. Would you be willing to take part in this survey? Your participation is voluntary, but would be extremely helpful. All responses will be kept entirely confidential – no individuals will be identified in any way. We can do it now or at a time more convenient for you.

- [] Yes, now (CONTINUE)
- [] Yes, call later (Specify date/time: Date: Time:)
- [] Refused (THANK/DISCONTINUE)



INTERVIEWER/PROGRAMMING NOTES:

SURVEY REGISTRATION SYSTEM: IF RESPONDENT ASKS ABOUT THE NATIONAL SURVEY REGISTRATION SYSTEM, SAY:

The registration system has been created by the survey research industry to allow the public to verify that a survey is legitimate, get information about the survey industry or register a complaint. The registration system's toll-free phone number is 1-800-554-9996.

RESEARCH VALIDITY: IF RESPONDENT QUESTIONS THE VALIDITY OF THE RESEARCH, INVITE HIM/HER TO: 1) CALL THE NATIONAL SURVEY REGISTRATION SYSTEM, OR 2) STEFAN GIESELMANN AT 1-613-941-7854 AND/OR COLLECT RESPONDENT CONTACT INFORMATION AND OFFER TO HAVE STEFAN CONTACT THE RESPONDENT.

PRIVACY: PARTICIPANTS' COMMENTS WILL BE PROTECTED IN ACCORDANCE WITH THE PROVISIONS OF THE PRIVACY ACT. INDICATE THIS IF RELEVANT. ALSO SAY IF RELEVANT: "YOUR REPOSSES TO THIS SURVEY WILL HAVE NO IMPACT ON YOUR DEALINGS WITH THE FEDERAL GOVERNMENT."

CRA IDENTITY: IF AT ANY TIME THE RESPONDENT IS HESITANT WHEN 'CRA' IS MENTIONED, REPEAT THAT "CRA REFERS TO THE CANADA REVENUE AGENCY." THE AGENCY USED TO BE KNOWN AS REVENUE CANADA.

HEADINGS IN BLUE SHOULD NOT BE READ TO RESPONDENTS.

TAXES: THE QUESTIONNAIRE IS MAINLY ABOUT TAX ISSUES. UNLESS OTHERWISE SPECIFIED, THIS INCLUDES ALL TYPES OF TAXES – PERSONAL TAXES, SALES TAXES, CUSTOMS DUTIES, ETC. – WHICHEVER HAVE RELEVANCE TO THE CIRCUMSTANCES OF THE RESPONDENT. CLARIFY THIS AS NEEDED.

SCALE INSTRUCTIONS: RESPONSE CATEGORIES/INSTRUCTIONS FOR SCALE QUESTIONS (E.G. AGREEMENT SCALES, SATISFACTION SCALES) ARE REPETITIVE. ADJUST THE FREQUENCY OF REPEATING THEM TO ENSURE CLARITY BUT AVOID TEDIUM.

DK/NR: UNLESS OTHERWISE SPECIFIED, ALL QUESTIONS IN THE SURVEY WILL ALLOW FOR 'DON'T KNOW/NO RESPONSE' OPTION. DK/NR IS ONLY SPECIFIED WHERE IT RELATES TO SKIP LOGIC.

TRACKING QUESTIONS: TRACKING QUESTIONS ARE IDENTIFIED AS FOLLOWS: TSEG = TRACKING QUESTION WAS ASKED IN 2005 FOR CRA SEGMENTATION (TSEG), THE CRA CORPORATE SURVEY (TCORP), THE JOURNAL OF ECONOMIC PSYCHOLOGY(TJEP).



SECTION A: TAX-RELATED AWARENESS, PERCEPTIONS AND BEHAVIOURS

The focus of this survey is mainly on taxes and related issues. This includes all types of taxes, including personal income tax, sales taxes, customs duties, and other taxes that people pay. Please answer the questions as honestly as you can – your comments will be treated in complete confidence and your participation in the survey is completely anonymous.

INTERVIEWER NOTE: IF ASKED ABOUT SALES TAXES, SAY: Some parts of Canada have a provincial sales tax, sometimes along with the Goods and Services Tax or GST. Other parts have the two taxes combined into the Harmonized Sales Tax or HST. And still others have just the GST.

1. Please tell me the extent to which you agree or disagree with each of the following statements using a scale of one to 10, where one means strongly disagree, 10 means strongly agree. If something does not apply to you, please say so.* READ/RANDOMIZE LIST. UK-DERIVED

- a. I think the taxes I am required to pay are fair.
- b. I think that Canadians pay too much in taxes.
- c. Money saved by cheating on taxes is worth the risk of fines and jail time.
- d. I know what my tax dollars are used for.
- e. There are a lot of ways that people can cheat on their taxes if they want to.
- f. It is my responsibility to pay my fair share of taxes. TJEP
- g. I think a small amount of tax cheating is not so bad.

*PLEASE VOLUNTEER THE “DOES NOT APPLY” RESPONSE OPTION WHEN RESPONDENTS HAVE TROUBLE PROVIDING A RESPONSE TO ONE OF THE STATEMENTS.

2. Which of the following best describes how your latest tax return was filled out? [READ LIST]

- You filled it out by yourself, without any help
- You got some help, but you filled out most of it by yourself
- You filled out some of it, but you got a lot of help, or
- You had no involvement in filling it out at all

VOLUNTEERED: Have never filed taxes

[Notes to interviewer/coder: 1. use of tax software = doing taxes oneself, 2. if confusion between personal and business/payroll taxes, focus on personal, 3. allow “n/a” for never having filed taxes]

3. **In the future**, how likely would you be to do each of the following? How about...? READ/RANDOMIZE LIST. Would you say very likely, somewhat likely, not very likely or not likely at all? TSEG – MODIFIED

- a. Pay cash for a service such as a home improvement or car repair to get a cheaper price by not paying tax.
- b. Work for cash to avoid paying income tax.
- c. Knowingly not declare some income on your tax return.

- d. Sell things you made, or services you offer, without reporting the income. *ACCEPT DOES NOT APPLY FOR 5D ONLY.
4. Please tell me the extent to which you agree or disagree with each of the following statements using a scale of one to 10, where one means strongly disagree, 10 means strongly agree. READ/RANDOMIZE LIST. QUALITATIVE –DERIVED
- I think I pay more than my fair share of taxes.
 - If I knew someone who was tax cheating, I would tell the tax office.
 - Paying taxes is a responsibility that should be willingly accepted by all Canadians. TJEP
 - If a company got caught tax cheating, it would have an impact on its reputation.
 - I don't think of tax cheating as a real crime.
 - Many people would hide income or overstate an expense to pay less tax.
 - If my neighbours cheat on their taxes, it means that I have to pay more.
 - I think that most people who cheat on their taxes will eventually get caught.
 - Taxes help governments do worthwhile things. TJEP
 - It's not just important to pay what you owe in taxes, it's important to pay on time.

SECTION B: PERCEPTIONS OF TAX CHEATING

The next few questions deal with issues related to tax cheating. Please remember that your answers will remain completely confidential, like all your answers in this survey.

5. First, how would you describe 'tax cheating'? Please complete the following sentence: "Tax cheating is..."
6. Here are a few reasons some people might give to explain why they think it's OK to cheat on taxes. Please use the same scale of one to 10, where one means strongly disagree, 10 means strongly agree. READ/RANDOMIZE LIST. REPEAT SCALE INSTRUCTIONS AS NEEDED TSEG - MODIFIED
- It's OK to cheat on taxes because lots of people do it.
 - It's OK to cheat on taxes since governments don't provide enough services for the taxes they collect.
 - It's OK to cheat on taxes since governments waste taxpayers' money.
 - It's OK to cheat on taxes because there are plenty of other people paying their taxes.
7. And to what extent do you agree or disagree with the following statements about taxes? Please use the same scale of one to 10. READ/RANDOMIZE LIST. REPEAT SCALE INSTRUCTIONS AS NEEDED. TSEG - MODIFIED
- If I cheat on my taxes, I contribute to the declining quality of important government services like healthcare and education.
 - It's OK if I don't declare income received under the table on my tax return.
 - If I cheat on taxes, other Canadians have to pay more.
 - A lot of people think it's OK to cheat on taxes.
 - I would feel ashamed to get caught cheating on taxes.



8. In your opinion, generally speaking, how likely is it for people who cheat on their taxes to get caught? Please use a scale of one to 10, where one means it is not likely at all, and 10 means very likely. TSEG – MODIFIED
9. How effective do you think the following potential government actions would be in terms of reducing tax cheating? Please use a scale of one to 10, where one means you think it would not be effective at all and 10 means you think it would be extremely effective. How about...? READ/RANDOMIZE LIST, BUT 12D AND 12H ARE NEVER TO BE READ BACK-TO-BACK. TSEG – MODIFIED
- a. Better informing Canadians of the penalties for tax cheating.
 - b. Increasing the use of audits and penalties.
 - c. Providing more information about what tax money is used for.
 - d. Publishing the names of people caught tax cheating.
 - e. Increasing fines or jail time for tax cheating.
 - f. Encouraging people to report those they suspect of tax cheating.
 - g. Educating people earlier about their tax obligations, such as students or newcomers to Canada.
 - h. Publishing the names of businesses caught tax cheating.

SECTION C: COMMUNICATIONS ISSUES

10. There are a number of things that might motivate or encourage people to pay their full share of taxes. Please rate each of the following in terms of how big a motivator it is to you personally, using a scale of one to 10, where one means it is not a motivator at all, and 10 means it is a very big motivator. READ/RANDOMIZE LIST.
- a. Understanding the responsibility as a Canadian to pay taxes.
 - b. Knowing more about how tax money is spent, and the services it supports.
 - c. Concern about the impact on my reputation if I'm caught cheating on taxes.
 - d. Seeing how government services you use might be impacted if there is more tax cheating.
 - e. Fear of embarrassing family and friends.
 - f. Fear of having to pay heavy penalties.

SECTION D: PSYCHOGRAPHICS

This next question looks at issues of a more general nature.

11. To what extent do you agree or disagree with the following statements? Please use a scale of one to 10, where one means strongly disagree, 10 means strongly agree. READ/RANDOMIZE LIST.
- a. It is important to me to be an honest, law-abiding person.
 - b. I feel it is important to have a lot of money.
 - c. My social status is an important part of my life.
 - d. People should never intentionally harm others even to a small degree.
 - e. I feel like what happens in my life is mostly determined by powerful people.
 - f. I try to avoid situations where someone else tells me what to do.



- g. I like things to be nice and simple.
- h. I like to try new things rather than doing the usual.
- i. When I get what I want, it's usually because I worked hard for it.
- j. If they get a chance, most people would try to take advantage of you.
- k. I always enjoy myself and generally seek fun and pleasure above other things.
- l. Most decisions should be left to experts.

SECTION E: DEMOGRAPHICS

The last few questions are for classification purposes only.

12. In what year were you born?

Record year: _____

13. Which of the following categories best describes your current employment status?
Are you ...? [READ LIST; ACCEPT ONE RESPONSE]

- Working full-time; that is, 35 or more hours per week
- Working part-time; that is, less than 35 hours per week
- Self-employed
- Unemployed, but looking for work
- A student attending school full-time
- Retired
- Not in the workforce [e.g. full-time homemaker, unemployed, but not looking for work]
- Employed, but temporarily not working (e.g. maternity/parental leave, disability leave)
- [DO NOT READ] Other [DO NOT SPECIFY]

14. What is your primary source of income? (DO NOT READ LIST. ACCEPT ONE RESPONSE)

- Paid employment
- Self-employment
- Pension
- Social assistance payments
- Investments
- Spousal support
- Insurance
- Employment Insurance (EI) / unemployment insurance (UI)
- Other (specify): _____

15. Are you...? [READ LIST; ACCEPT ONE RESPONSE]

- Married or living as a couple 1
- Single 2
- Widowed 3
- Separated 4
- Divorced 5



16. Do you have any children under the age of 18 who live with you? *

- Yes
- No

*NOTE: INCLUDE CHILDREN LIVING WITH RESPONDENT FULL-TIME OR PART-TIME AS PART OF A SHARED-CUSTODY ARRANGEMENT

17. What is the highest level of education that you have reached? [DO NOT READ; ACCEPT ONE RESPONSE]

- Some or completed elementary school
- Some high school
- Completed high school
- Some college/vocational/trade school/CEGEP
- Completed college/vocational/trade school/CEGEP
- Some university
- Undergraduate university degree
- Graduate or professional university degree*

*NOTE: INCLUDES LEGAL, MEDICAL, ACCOUNTING AND SIMILAR OCCUPATIONS.

18. Did you immigrate to Canada from another country?

- Yes
- No

IF YES, ASK:

19. In what year did you come to Canada?

Record year: _____

IF RESPONDENT ARRIVED WITHIN LAST 5 YEARS, ASK:

20. How did you learn about your tax obligations in Canada? (DO NOT READ LIST. ACCEPT MULTIPLE RESPONSES.)

- develop code list during fieldwork for first 20% of respondents, then use pre-codes

21. What is your total **household** income for 2010? That is, the total income of all persons in your household combined, before taxes. Please stop me when I get to the correct amount. Is it...? (READ LIST)

- Under \$20,000
- \$20,000 to just under \$40,000
- \$40,000 to just under \$60,000
- \$60,000 to just under \$80,000
- \$80,000 to just under \$100,000
- \$100,000 to just under \$120,000
- \$120,000 to just under \$140,000



\$140,000 to just under \$160,000
\$160,000 and above
[DO NOT READ] Refused

Thank you very much for your participation in our study. You've been very helpful.

Record:

- Gender
- Language
- Province/region

**INTRODUCTION**

Bonjour Madame/Monsieur. Je suis _____ et je vous téléphone de la part de Phoenix, un cabinet de recherche indépendant. Nous effectuons un sondage pour le compte du gouvernement du Canada sur des questions qui intéressent les Canadiennes et les Canadiens. Le sondage prend environ 15 minutes et il est inscrit auprès du système national d'enregistrement des sondages.

- A. Nous choisissons des numéros de téléphone au hasard puis invitons une personne dans un ménage à répondre au sondage. Pourrais-je parler à la personne de votre ménage qui est âgée de 18 ans ou plus et qui a eu son anniversaire le plus récemment? Seriez-vous cette personne? (SI C'EST NON, DEMANDER À PARLER À LA PERSONNE CONCERNÉE ET REPRENDRE DU DÉBUT)

Oui	1	CONTINUER
Non	2	DEMANDER À PARLER À LA «BONNE» PERSONNE
Refus (SPONTANÉ)	3	REMERCIER/TERMINER L'ENTREVUE

- B. Habitez-vous au Canada depuis au moins un an? (SI C'EST NON, DEMANDER À PARLER À LA «BONNE» PERSONNE ET REPRENDRE DU DÉBUT)

Oui	1	CONTINUER
Non	2	DEMANDER À PARLER À LA «BONNE» PERSONNE
Refus (SPONTANÉ)	3	REMERCIER/TERMINER L'ENTREVUE

- C. Dans laquelle des deux langues officielles préférez-vous être interviewé(e)? [LIRE LA LISTE]

Anglais	1
Français	2

AUCUNE PRÉFÉRENCE [NE PAS LIRE – CONTINUER DANS LA LANGUE DU DÉBUT]

- D. Travaillez-vous ou quelqu'un de votre ménage travaille-t-il pour l'un des genres d'organismes suivants : une société d'étude de marché ou un média?

Oui	1	REMERCIER/TERMINER L'ENTREVUE
Non	2	CONTINUER
Refus (SPONTANÉ)	3	REMERCIER/TERMINER L'ENTREVUE

- E. Acceptez-vous de répondre au présent sondage? Votre participation est volontaire mais elle serait extrêmement utile. Toutes les réponses vont demeurer absolument confidentielles – aucune identité ne sera révélée de quelque façon que ce soit. Nous pouvons faire le sondage maintenant ou à un moment qui vous conviendrait mieux.

[] Oui, maintenant (CONTINUER)
[] Oui, à un autre moment (Préciser la date/l'heure) : Date : Heure :
[] Refus (REMERCIER/TERMINER L'ENTREVUE)



NOTES POUR L'INTERVIEWEUR/LE PROGRAMMEUR :

SYSTÈME NATIONAL D'ENREGISTREMENT DES SONDAGES : SI LE/LA RÉPONDANT(E) S'INTERROGE AU SUJET DU SYSTÈME NATIONAL D'ENREGISTREMENT DES SONDAGES, DIRE :

L'industrie de la recherche par sondage a créé le système d'enregistrement afin que la population puisse vérifier si un sondage est légitime, se renseigner sur l'industrie des sondages ou déposer une plainte. Le système d'enregistrement a un numéro de téléphone sans frais, le 1-800-554-9996.

AUTHENTICITÉ DE LA RECHERCHE : SI LE/LA RÉPONDANT(E) S'INTERROGE SUR L'AUTHENTICITÉ DE LA RECHERCHE, L'INVITER À TÉLÉPHONER 1) AU SYSTÈME NATIONAL D'ENREGISTREMENT DES SONDAGES OU 2) À STEFAN GIESELMANN, AU 1-613-941-7854, ET/OU PRENDRE SES COORDONNÉES ET LUI DIRE QUE STEFAN POURRAIT COMMUNIQUER AVEC LUI OU ELLE.

CONFIDENTIALITÉ : LES OBSERVATIONS DES PARTICIPANTS SERONT TRAITÉES EN TOUTE CONFIDENTIALITÉ CONFORMÉMENT AUX DISPOSITIONS DE LA LOI SUR LA PROTECTION DES RENSEIGNEMENTS PERSONNELS. LE SIGNALER SI C'EST OPPORTUN. DE PLUS, AU BESOIN, AJOUTER : « VOS RÉPONSES AU SONDAGE N'AURONT AUCUN EFFET SUR VOS RAPPORTS AVEC LE GOUVERNEMENT FÉDÉRAL. »

IDENTITÉ DE L'ARC : SI LE/LA RÉPONDANT(E) HÉSITE À UN MOMENT DONNÉ LORSQUE VOUS MENTIONNEZ « L'ARC », RÉPÉTER QU'ARC DÉSIGNE L'AGENCE DU REVENU DU CANADA, QU'ON APPELAIT ANCIENNEMENT REVENU CANADA.

IL NE FAUT PAS LIRE LES TITRES EN BLEU AUX RÉPONDANT(E)S.

TAXES : SAUF INDICATION CONTRAIRE, LE QUESTIONNAIRE PORTE SUR DES QUESTIONS FISCALES, C'EST-À-DIRE LES TAXES ET IMPÔTS DE TOUTE NATURE : IMPÔT SUR LE REVENU DES PARTICULIERS, TAXE DE VENTE, DROITS DE DOUANE, ETC. – SELON CE QUI SE RAPPORTE À LA SITUATION DU/DE LA RÉPONDANT(E). LE PRÉCISER, AU BESOIN.

DIRECTIVES LIÉES AUX ÉCHELLES : LES CATÉGORIES DE RÉPONSES/LES DIRECTIVES LIÉES AUX ÉCHELLES D'ÉVALUATION SONT RÉPÉTITIVES (P. EX., LES ÉCHELLES TÉMOIGNANT DE L'ACCORD AVEC UN ÉNONCÉ, LES ÉCHELLES DE SATISFACTION). ADAPTER LA FRÉQUENCE DE RÉPÉTITION POUR VEILLER À CE QUE CE SOIT CLAIR SANS TOUTEFOIS ENNUYER LE/LA RÉPONDANT(E).

SAUF INDICATION CONTRAIRE, TOUTES LES QUESTIONS DU SONDAGE PERMETTRONT DE RÉPONDRE PAR « JE NE SAIS PAS/PAS DE RÉPONSE ». NSP/PDR N'EST SIGNALÉ QUE LORSQU'IL EST PERTINENT DE LE FAIRE DANS LA LOGIQUE DES SAUTS DE QUESTIONS.

QUESTIONS DE SUIVI : LES QUESTIONS DE SUIVI SONT SIGNALÉES DE LA FAÇON SUIVANTE : TSEG = LA QUESTION A ÉTÉ POSÉE EN 2005 LORS DU SONDAGE PAR SEGMENTATION DE L'ARC (TSEG), DU SONDAGE D'ENTREPRISE DE L'ARC (TCORP), DANS LE *JOURNAL OF ECONOMIC PSYCHOLOGY* (TJEP).



SECTION A : SENSIBILISATION, PERCEPTION ET COMPORTEMENT EN MATIÈRE DE FISCALITÉ

Le présent sondage porte principalement sur la fiscalité et sujets connexes. Il s'agit ici de tous les genres de taxe et d'impôt, dont l'impôt sur le revenu des particuliers, les taxes de vente, les droits de douane, c'est-à-dire tout ce que les gens doivent payer dans ce domaine. Veuillez répondre aux questions de manière aussi franche que possible – tout ce que vous direz sera traité de façon absolument confidentielle et votre participation au sondage sera tout à fait anonyme.

NOTES POUR L'INTERVIEWEUR SI ON DEMANDE AU SUJET DES TAXES DE VENTE, DITES: Certaines régions du Canada ont une taxe de vente provinciale, parfois en plus de la taxe sur les produits et services ou TPS. D'autres régions ont combiné les deux taxes en une taxe de vente harmonisée ou TVH. Enfin, d'autres régions n'ont que la TPS.

1. Dites-moi, s'il vous plaît, dans quelle mesure vous êtes d'accord ou en désaccord avec chacun des énoncés suivants, selon une échelle allant de 1 à 10 où 1 signifie tout à fait en désaccord et 10, tout à fait d'accord. S'il y a quoi que ce soit qui ne vous concerne pas, veuillez le dire. LIRE/RANDOMISER LA LISTE. DÉRIVÉE DU R.-U.
 - a. Je trouve que les taxes et impôts que je dois payer sont équitables.
 - b. Je trouve que les Canadiens paient trop de taxes et d'impôts.
 - c. L'argent que la fraude fiscale fait épargner vaut le risque de payer une amende ou de faire de la prison.
 - d. Je sais à quoi sert l'argent de mes taxes et impôts.
 - e. Il y a bien des façons pour les gens de faire de la fraude fiscale s'ils le veulent.
 - f. C'est à moi qu'il appartient de payer ma juste part des taxes et impôts. TJEP
 - g. Je crois qu'il n'est pas si mauvais de faire un peu de fraude fiscale.

*VEUILLEZ OFFIR L'OPTION DE RÉPONSE "NE S'APPLIQUE PAS" QUAND LE RÉPONDANT A DE LA DIFFICULTÉ À FOURNIR UNE RÉPONSE À UN DES ÉNONCÉS

2. Laquelle des réponses suivantes décrit le mieux la façon dont a été produite votre dernière déclaration d'impôt? [LIRE LA LISTE]

Vous l'avez remplie vous-même, sans aide
Vous avez eu de l'aide mais l'avez remplie en grande partie vous-même
Vous en avez rempli une partie mais avez eu beaucoup d'aide, ou
Vous n'êtes pas du tout intervenu(e) pour la remplir

RÉPONSE SPONTANÉE: Je n'ai jamais produit une déclaration d'impôt

[Intervieweur/codeur : 1. utilisation d'un logiciel = remplir soi-même sa déclaration, 2. s'il y a confusion entre impôt personnel et de société/cotisations sociales, s'en tenir à l'impôt personnel, 3. permettre "s/o" pour 'Je n'ai jamais produit une déclaration d'impôt']

3. **À l'avenir**, quelle est la probabilité que vous fassiez chacune des choses suivantes? C'est-à-dire...? LIRE/RANDOMISER LA LISTE. Diriez-vous que c'est très probable, assez probable, pas tellement probable ou pas du tout probable? TSEG – MODIFIÉE



- a. Payer comptant un service, comme une rénovation domiciliaire ou la réparation de votre automobile, afin de payer moins cher en évitant les taxes.
 - b. Travailler pour de l'argent comptant afin d'éviter l'impôt sur le revenu.
 - c. Éviter consciemment de déclarer une partie de votre revenu lors de votre déclaration d'impôt.
 - d. Vendre des choses que vous avez fabriquées ou fournir de vos services sans en déclarer le revenu. *ACCEPTER NE S'APPLIQUE PAS POUR 5D SEULEMENT.
4. Dites-moi, s'il vous plaît, dans quelle mesure vous êtes d'accord ou en désaccord avec chacun des énoncés suivants, selon une échelle allant de 1 à 10 où 1 signifie tout à fait en désaccord et 10, tout à fait d'accord. LIRE/RANDOMISER LA LISTE. QUALITATIVE –DÉRIVÉE
- a. Je crois que je paie plus que ma juste part de taxes et d'impôts.
 - b. Si je connaissais quelqu'un qui fait de la fraude fiscale, j'en informerais le bureau d'impôt.
 - c. Payer ses taxes et impôts est une obligation que tous les Canadiens devraient accepter de bon gré. TJEP
 - d. Si une compagnie se faisait prendre à faire de la fraude fiscale, sa réputation serait affectée.
 - e. Je ne pense pas à la fraude fiscale comme un vrai crime.
 - f. Plusieurs gens cacheraient de leur revenu ou exagéreraient leurs dépenses pour payer moins de taxes et d'impôts.
 - g. Si mes voisins font de la fraude fiscale je devrai, moi, payer davantage de taxes et d'impôt.
 - h. Je crois que la plupart de ceux qui font de la fraude fiscale vont finir par se faire attraper.
 - i. Les taxes et impôts aident les gouvernements à faire des choses valables. TJEP
 - j. Il ne suffit pas de payer les taxes et impôts que vous devez, il faut aussi les payer à temps.

SECTION B : PERCEPTION DE LA FRAUDE FISCALE

Les prochaines questions concernent la fraude fiscale. Il est entendu que vos réponses vont demeurer absolument confidentielles, comme toutes celles que vous donnerez au cours du sondage.

- 5. Tout d'abord, quelle serait votre définition de la « fraude fiscale »? Veuillez compléter la phrase suivante : « La fraude fiscale c'est... »
- 6. Voici quelques raisons que certains pourraient donner pour expliquer pourquoi, selon eux, on peut faire de la fraude fiscale. Veuillez répondre selon la même échelle allant de 1 à 10 où 1 signifie tout à fait en désaccord et 10, tout à fait d'accord. LIRE/RANDOMISER LA LISTE. RÉPÉTER, AU BESOIN, LA DIRECTIVE AU SUJET DE L'ÉCHELLE, TSEG - MODIFIÉE
 - a. Ce n'est pas grave de faire de la fraude fiscale parce que beaucoup de gens le font.
 - b. Ce n'est pas grave de faire de la fraude fiscale parce que les gouvernements ne donnent pas de services à la hauteur des taxes et impôts qu'ils perçoivent.



- c. Ce n'est pas grave de faire de la fraude fiscale parce que les gouvernements gaspillent l'argent des contribuables.
 - d. Ce n'est pas grave de faire de la fraude fiscale parce qu'il y a plein de gens qui paient leurs taxes et impôts.
7. Et dans quelle mesure êtes-vous d'accord ou en désaccord avec les énoncés suivants au sujet de la fiscalité? Veuillez répondre selon la même échelle allant de 1 à 10. LIRE/RANDOMISER LA LISTE. RÉPÉTER LA DIRECTIVE AU SUJET DE L'ÉCHELLE, AU BESOIN. TSEG - MODIFIÉE
- a. Si je fais de la fraude fiscale, je contribue à abaisser la qualité d'importants services gouvernementaux comme dans la santé et l'éducation.
 - b. Ce n'est pas grave si je ne déclare pas à l'impôt du revenu gagné au noir.
 - c. Si je fais de la fraude fiscale, d'autres Canadiens vont devoir payer davantage de taxes et d'impôts.
 - d. Beaucoup de gens trouvent que ce n'est pas grave de faire de la fraude fiscale.
 - e. J'aurais honte de me faire prendre à faire de la fraude fiscale.
8. Selon vous, quelle est de façon générale la probabilité que les gens qui font de la fraude fiscale se fassent prendre? Veuillez répondre selon une échelle allant de 1 à 10 où 1 signifie pas du tout probable et 10, très probable.
9. Quelle serait, d'après vous, l'efficacité des démarches suivantes que les gouvernements pourraient faire en vue de réduire la fraude fiscale? Veuillez répondre selon une échelle allant de 1 à 10 où 1 signifie que, d'après vous, ce ne serait pas du tout efficace et 10, que ce serait d'après vous extrêmement efficace. Que diriez-vous pour ce qui est de...? LIRE/RANDOMISER LA LISTE. MAIS 12D ET 12H NE DOIVENT JAMAIS ETRE LUS UN APRES L'AUTRE.
- a. Mieux informer les Canadiens sur les pénalités pour fraude fiscale.
 - b. Recourir plus souvent aux vérifications fiscales et aux pénalités.
 - c. Fournir plus d'information sur ce à quoi sert l'argent des contribuables.
 - d. Publier le nom des personnes qui se font prendre à faire de la fraude fiscale.
 - e. Hausser les amendes ou la durée de l'emprisonnement pour fraude fiscale.
 - f. Encourager les gens à dénoncer ceux qu'ils soupçonnent de fraude fiscale.
 - g. Renseigner les gens plus tôt sur leurs obligations fiscales, entre autres les étudiants ou les nouveaux arrivants au Canada.
 - h. Publier le nom d'entreprises qui se font prendre à faire de la fraude fiscale.

SECTION C : LES COMMUNICATIONS

10. Il y a diverses choses qui pourraient inciter ou pousser les gens à payer toutes les taxes et tous leurs impôts. Je vais vous demander d'évaluer chaque raison suivante en fonction de sa puissance à vous motiver personnellement, selon une échelle allant de 1 à 10 où 1 signifie que cette raison ne vous motive pas du tout et 10, que c'est une très grande motivation. LIRE/RANDOMISER LA LISTE
- a. Comprendre la responsabilité qu'on a, en tant que Canadien, de payer ses taxes et impôts.



- b. En savoir plus sur la façon dont l'argent des contribuables est dépensé et les services qui en bénéficient.
- c. Préoccupation pour ma réputation si jamais j'étais pris à faire de la fraude fiscale.
- d. Voir comment les services gouvernementaux que vous utilisés risqueraient d'être affectés s'il y avait encore plus de fraude fiscale.
- e. Craindre d'embarrasser famille et amis.
- f. Craindre de devoir payer de fortes pénalités.

SECTION D : PSYCHOGRAPHIE

La question suivante est de nature plus générale.

11. Dans quelle mesure êtes-vous d'accord ou en désaccord avec les énoncés suivants? Veuillez répondre selon une échelle allant de 1 à 10 où 1 signifie tout à fait en désaccord et 10, tout à fait d'accord.

- a. C'est important pour moi d'être une personne honnête et respectueuse de la loi.
- b. Je trouve important d'avoir beaucoup d'argent.
- c. Mon statut social joue un rôle important dans ma vie.
- d. Les gens ne devraient jamais délibérément faire le moindre tort aux autres.
- e. J'ai l'impression que ce qui m'arrive dans la vie est surtout déterminé par des personnes qui ont du pouvoir.
- f. J'essaie d'éviter les situations où d'autres me diraient quoi faire.
- g. J'aime que tout soit simple et facile.
- h. J'aime essayer du nouveau au lieu de faire du pareil au même.
- i. Quand j'obtiens ce que je veux, c'est d'habitude parce que j'y ai mis du mien.
- j. S'ils en ont la chance, la plupart des gens vont essayer de profiter de vous.
- k. J'ai toujours du plaisir et je cherche d'habitude l'amusement et le plaisir avant tout.
- l. La plupart des décisions devraient être laissées aux experts.

SECTION E : DÉMOGRAPHIE

Les dernières questions sont uniquement à des fins de classement.

12. Quelle est votre année de naissance?

Inscrire l'année : _____

13. Laquelle des catégories suivantes décrit le mieux votre situation d'emploi actuelle? Êtes-vous...? [LIRE LA LISTE; ACCEPTER UNE SEULE RÉPONSE]

- Travailleur à temps plein, soit 35 heures ou plus par semaine
- Travailleur à temps partiel, soit moins de 35 heures par semaine
- Travailleur autonome
- Sans emploi mais à la recherche d'un emploi
- Étudiant à plein temps
- Retraité



Non membre de la population active [p. ex., personne au foyer à plein temps, sans emploi et qui n'en cherche pas)
Employé temporairement en congé (p. ex., de maternité ou parental, d'invalidité)
[NE PAS LIRE] Autre réponse [NE PAS PRÉCISER]

14. Quelle est votre principale source de revenu? (NE PAS LIRE LA LISTE. ACCEPTER UNE SEULE RÉPONSE)

Emploi rémunéré
Travail indépendant
Pension
Prestations d'aide sociale
Placements/investissements
Soutien du conjoint
Assurances
Assurance emploi (AE) / Assurance chômage (UI)

Autre réponse (préciser) : _____

15. Êtes-vous...? [LIRE LA LISTE; ACCEPTER UNE SEULE RÉPONSE]

Marié(e) ou en union de fait	1
Célibataire	2
Veuf/veuve	3
Séparé(e)	4
Divorcé(e)	5

16. Avez-vous des enfants de moins de 18 ans qui vivent sous votre toit? *

*N.B. : Y COMPRIS DES ENFANTS QUI VIVENT AVEC LE/LA RÉPONDANT(E) À TEMPS PLEIN OU À TEMPS PARTIEL, SOUS LE RÉGIME D'UNE GARDE PARTAGÉE

17. Quel est le plus haut niveau de scolarité que vous avez atteint? [NE PAS LIRE; ACCEPTER UNE SEULE RÉPONSE]

École primaire terminée ou non
Un peu d'école secondaire
Diplôme d'études secondaires
Un peu d'études collégiales/d'école technique ou professionnelle/de CEGEP

Diplôme d'études collégiales/d'une école technique ou professionnelle
Un peu d'université
Baccalauréat ou diplôme de premier cycle universitaire
Études supérieures / profession libérale*

*NOTA: COMME LES PROFESSIONS DES DOMAINES JURIDIQUE, MÉDICAL, COMPTABLE ET OCCUPATIONS SIMILAIRES.

18. Avez-vous immigré au Canada en provenance d'un autre pays?

Oui
Non

SI C'EST OUI, DEMANDER :

19. En quelle année êtes-vous arrivé(e) au Canada?

SI C'EST AU COURS DES 5 DERNIÈRES ANNÉES, DEMANDER :

20. Comment avez-vous appris quelles sont vos obligations fiscales au Canada? (NE PAS LIRE LA LISTE. ACCEPTER PLUSIEURS RÉPONSES.)

- élaborer la liste des codes pour les premiers 20 % de répondants, puis se servir des codes préalables

21. Quel a été le revenu global de votre **ménage** en 2010? Il s'agit du revenu réuni de tous les membres de votre ménage, avant impôts. Arrêtez-moi quand j'aurai prononcé le bon montant. Est-ce...?

Moins de 20 000 \$

20 000 \$ à juste un peu moins de 40 000 \$

40 000 \$ à juste un peu moins de 60 000 \$

60 000 \$ à juste un peu moins de 80 000 \$

80 000 \$ à juste un peu moins de 100 000 \$

100 000 \$ à juste un peu moins de 120 000 \$

120 000 \$ à juste un peu moins de 140 000 \$

140 000 \$ à juste un peu moins de 160 000 \$

160 000 \$ et plus

[NE PAS LIRE] Refus de répondre

Merci beaucoup de votre participation à notre étude. Elle nous a été très utile.

Inscrire :

- Sexe
- Langue
- Province/région