

# Canada Revenue Agency **Meeting the Government of Canada's Service Mandate**

**Qualitative and Quantitative Research Report  
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## **Ipsos Public Affairs**

1 Nicholas Street, Suite 1400  
Ottawa ON K1N 7B7  
Tel: 613.241.5802  
Fax: 613.248.7981  
[www.ipsos.ca](http://www.ipsos.ca)

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Mike Colledge  
President  
Ipsos Public Affairs

## Executive Summary

### Introduction and Background

As the agency that administers tax laws and various social and economic benefit and incentive programs delivered through the tax system for the Government of Canada and for most provinces and territories, the Canada Revenue Agency (CRA) offers a wide array of services that have a direct impact on Canadians. As a result, one of the core stated objectives of the CRA is a commitment to contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that is responsive, effective, and trusted.

The November 2015 mandate letter to the Minister of National Revenue stated the following: "As Minister of National Revenue, your overarching goal will be to ensure that the CRA is fairer, more helpful, and easier to use."

To attain this goal, the Agency established a series of top priorities. One such core priority was to ensure that the CRA is a client-focused agency. Being a client-focused agency entails numerous elements, starting with two key items:

- Offer to complete returns for some clients, particularly lower-income Canadians and those on fixed incomes, whose financial situation is unchanged year-to-year;
- Support more Canadians who wish to file taxes using no paper forms.

In order for the CRA to effectively meet its service mandate, research was required to understand what clients expect from a new service offering.

### Research Objectives

Quantitative and qualitative research with CRA clients was required in order to provide a clearer understanding of Canadians' needs with regards to their tax filings. CRA wanted to undertake this research to gain insight into the reasons why clients choose a filing method over another when completing their tax returns. This understanding is crucial considering the incredible speed at which Canadians' habits are changing with regards to online transactions and behaviours.

As stated in the November 2015 mandate letter, the CRA is also tasked with supporting more Canadians who wish to file taxes using no paper forms. To determine what needs to be done to improve its support, the CRA wanted to collect information regarding:

- How Canadians can be encouraged to file their taxes electronically;
- Potential barriers to filing electronically; and
- The types of services and filing options that could assist Canadians in making the transition to online filing.

Because the CRA wished to explore the possibility of providing some Canadians with a new tax-filing assistance service, it also needed this research to:

- Gauge client expectations regarding this new service;
- Identify specific elements with which they need assistance;

- Determine what type of assistance would make them likely to switch to a new tax filing approach;
- Identify the best contact method to inform about this new service; and
- Garner information on the potential barriers to using this new service.

Finally, this research was also used to test some of the proposed communication material prepared by the CRA with regards to the new tax filing assistance service. It was important to understand whether the material was clear, easy to understand for clients, and calling to action.

## Overview of Methodology

This research was conducted in two phases:

- The **qualitative component of the research** took the form of eight, two-hour focus groups conducted in Halifax, Vancouver, London and Quebec City between November 29<sup>th</sup> and December 7<sup>th</sup>, 2016. Groups were held at 5:30pm and 7:30pm in all locations. All participants received \$90 in appreciation for their time and effort to attend in person, with the exception of participants in Quebec City who received \$75<sup>1</sup>. A total of 72 participants were recruited over the phone from a list of telephone numbers provided by the Canada Revenue Agency and using a screening questionnaire, included in the appendix section. Of the 72 people recruited, a total of 58 attended the discussions. Telephone screening was used to ensure that one group was filled with paper filers while the other group contained a good mix of e-filers and netfilers. In all groups, participants were also screened to make sure they had an individual income of less than \$20,000 and were on fixed incomes so they would most likely be eligible for the new tax filing service assessed during the discussions. It should be noted that the qualitative findings cannot be generalized to a larger population, and that they should be considered directional only.
- The **quantitative portion of the research** was comprised of a telephone survey of 13 minutes on average among 1,259 respondents, conducted between November 14<sup>th</sup> to December 1<sup>st</sup>, 2016. Survey respondents were contacted at random using a list of telephone numbers provided by the Canada Revenue Agency. The target population was a subset of Canadian taxpayers, with quotas applied so that 50% of the sample were e-filers, 25% were netfilers and the final 25%, paper filers. While the lists used and the phone calls made were drawn randomly, results from this survey should not be deemed representative of the entire population of Canadian taxpayers since fixed quotas for tax filing methods and age groups were applied in drawing the list and in making phone calls. This was done to maximise the likelihood that respondents would match the target audience for the new tax filing service. As such, no margin of error can be applied to this research. The data were weighted to reflect the age, gender and filing method of the target population of taxpayers using statistics provided by the Canada Revenue Agency. Where figures do not sum to 100, this is due to the effects of rounding.

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<sup>1</sup> The original incentive was \$75 but due to difficulties in recruiting participants, the incentive was increased to \$90 part-way through recruitment.

## **This Report**

This report contains the findings from both the quantitative telephone survey and the qualitative focus group sessions.

## **Key Findings**

### **Barriers to Switching to Electronic Filing**

When those identified as paper filers in the survey were asked whether they would be open to changing to electronic filing in the future, results were mixed. One-in-seven (15%) paper filers stated that they would be very open to changing, with another quarter (25%) saying they would be somewhat open to the idea. A significant amount of resistance remained, with a full 36% saying they would be very reluctant and another 23% mentioning they were somewhat reluctant.

The main barriers to switching to electronic filing include simply being used to filing taxes on paper (60% ranked as major reason), followed by enjoying submitting them on paper (52% major reason) and the desire to “keep control” of what is included in their tax return (50% major reason).

These three most common reasons listed in the survey component were followed by security concerns at the idea of sharing their personal information over the Internet (43% major reason), lack of comfort using computers or the Internet (37%), worries about losing the information they entered (36%), the cost of the software needed (33%) and concerns over the possibility of making a mistake or skipping important information (32% major reason). Having no or limited access to the Internet at home (28%), not knowing where to find the relevant information regarding electronic filing (25%) and concerns over the possibility that one may not be able to take advantage of all the benefits and deductions available (23%) remained important factors, even if they only applied to a minority of individuals.

Focus group discussions provided a deeper understanding of these numbers. Many paper filers across all locations stated that they were very comfortable filing their taxes on paper, often because this is what they had always done and did not see a need to change. For some it simply felt good, or reassuring, to have a paper copy in front of them and to be able to send one copy while keeping the other in their files at home. The need to keep personal control over the process was also raised across locations, with some feeling they would lose this control if using a computer to file over the Internet. Many paper filers also expressed strong reservations at the idea of sharing their personal data over the Internet due to security concerns or lack of computer literacy. This overall reluctance to switch to electronic filing was particularly strong among older participants with long-standing experience filing their taxes on their own.

### **Interest in the New Tax Filing Service**

Survey respondents and focus group participants alike expressed a high degree of interest in the new tax filing service that was presented to them. After having been read a description of the new service, 62% of survey respondents said they would be very (30%) or somewhat (32%) interested in switching to this new service. Similar results were obtained in focus groups, where the vast majority of participants expressed interest in at least knowing more about the new service when provided with the invitation letter that describes the service and who would be eligible for it.

While those who currently use netfiling were most likely to be interested in the new service (75% interested), paper filers were also highly interested (65%). Paper filers who also mentioned earlier in the survey that they were open to filing electronically in the future were much more likely to report being interested in this new service (85%) compared to those who said they would be reluctant to use electronic filing (51%). This result was also observed in focus groups, with participants who felt uncomfortable with computers or who worried about the safety in Internet transactions being less interested in this service offering. This reluctance was more noticeable among older individuals.

Both survey respondents and focus group participants expressed a preference for using the online version of the new service as opposed to the phone version. However, focus groups also showed that it was deemed essential to offer a phone option to serve Canadians who did not have access to the Internet at home or faced challenges using a computer, especially people with disabilities.

Those who did not react very positively to the invitation letter mostly raised concerns over their eligibility to use the service, even though recruiting requirements and discussions regarding their personal financial situation seemed to indicate that they were eligible. This lack of understanding regarding eligibility requirements was consistent across all locations and in both paper filers and electronic filers groups. It also resurfaced during the discussions on the online and phone demonstrations shown to participants.

One of the concerns raised pertained to disability payments, which many participants felt may not be included as part of this service. Another point of contention raised in all locations was whether it would be possible for service users to claim medical expenses. Many participants felt that unless they were able to claim such expenses while filing their return, they would end up losing money on a yearly basis. Similar concerns were raised for multiple types of deductions, including charitable donations, provincial benefits, etc. Some participants also spontaneously questioned whether this service could apply to couples, as they felt it more likely applied to people living on their own.

### Focus Group Assessment of the New Service

Focus group participants were shown an online demo version of the *File my return* (name of the service as used for the demonstration) service and a paper form describing the content of the phone call one would have to go through to file using the phone option.

Setting aside previously mentioned comments regarding eligibility, reactions to the online demonstration were very positive, while the phone option generated mixed reviews, even if deemed essential. Many participants were very impressed with the simplicity of the online procedure and felt it looked easy to do compared to what they had experienced in the past, whether they were paper filers or netfilers. Upon seeing how the service worked on screen, the vast majority of participants said they felt reassured about its safety.

Most participants agreed that it would be nice, for some even essential, to see a completed version of their tax return before clicking on the "submit" button. They wanted to see the final product on screen, with many of them also wanting to print a hard copy for their record, before they sent it in. It provided a

sense of security should a problem arise with their computers or with the information they had entered on the website.

Reactions to the phone version were mixed. While participants unanimously agreed that it was necessary to provide a phone option for those without access to a computer and persons with disabilities, most also said they would not use it themselves. Contrary to the online option, which was seen as very simple and fast, the phone version was mostly seen to take much longer to fill out and as being more complex in general.

Many participants expressed doubts that they could understand and answer properly all questions over the phone and were concerned about making mistakes or not hearing some of the instructions properly. Having to use an automated phone system rather than talking to a live person to fill out the information generated mainly negative reactions, although a few participants felt it was better because it reduced the possibility of human error at the other end of the line and would allow them to call at any time of day and night.

The few participants who remained reluctant to agree they would use this service, in either its online or phone versions, cited two main reasons: they already had assistance that worked well for them or they felt that they did not have sufficient financial literacy or proficiency with computers to do this by themselves. A handful of paper filers said they would stick with paper filing because they simply did not trust computers or the Internet to treat this information safely.

### **Additional Information**

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To obtain more information on this study, please contact:

Media Relations/Relations Médias  
Canada Revenue Agency/Agence du revenu du Canada  
4<sup>th</sup> Floor – 555 MacKenzie Avenue/555, avenue MacKenzie 4e étage  
Ottawa, ON K1A 0L5  
[Media.relations@cra-arc.gc.ca](mailto:Media.relations@cra-arc.gc.ca) / [Relations.medias@cra-arc.gc.ca](mailto:Relations.medias@cra-arc.gc.ca)