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# Barriers Associated with Tax Filing in Vulnerable Populations Qualitative Research

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## *Executive Summary*

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Prepared for:  
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## Executive Summary

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### Background, Objectives and Methodology

To better understand some of the contributing factors to lower rates of tax filing and benefit uptake among segments of the population identified as more vulnerable, the Canada Revenue Agency (CRA) commissioned a series of 20 in-person focus groups in five locations (including Edmonton, Winnipeg, Thunder Bay, Quebec City, and Iqaluit). Group discussions were conducted from February 27<sup>th</sup> to March 7<sup>th</sup>, 2017. Each focus group lasted approximately 1.5 – 2 hours and a \$75 honorarium was offered to each participant in all locations except for Iqaluit where participants received \$100. Targeted audiences included single women living with dependents, Indigenous peoples in urban settings, persons who have recently experienced homelessness, and a mix of age and gender low-income individuals. All participants across groups were classified in Statistics Canada's Low Income Cut-Offs (LICO) threshold. A total of 150 participants took part across locations. The research aimed at exploring barriers, perceptions and knowledge gaps that limit some people's participation in the system, as well as identifying preferred methods of communication with the CRA.

Caution must be exercised when interpreting the results from this study, as qualitative research is directional only. Results cannot be attributed to the overall population under study, with any degree of statistical confidence. The actual expenditure was \$92,585.62 (including HST).

### Political Neutrality Certification

I hereby certify as a Representative of Corporate Research Associates Inc. that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate or ratings of the performance of a political party or its leaders.

Signed \_\_\_\_\_



Margaret Brigley, President & COO  
Corporate Research Associates  
Date: March 24, 2017



## Key Findings

Findings from the *Barriers Associated with Tax Filing in Vulnerable Populations Qualitative Research* confirm that greater outreach is warranted among urban Indigenous peoples and low income individuals to increase awareness and understanding of the various benefits associated with filing tax returns. Indeed, overall findings were generally consistent across the four audiences under study.

Results show individuals, across audiences, are acutely aware of the necessity to file a tax return each year and most understand that tax returns are due to be filed by the end of April. While there is clear civic obligation to file taxes, individuals are primarily motivated to complete their return annually to collect any taxes owing. Some, particularly single mothers or those on disability, are compelled to file their tax return to ensure a continuation of benefits. Others do so to avoid getting in trouble with the government.

Despite a strong awareness of various government benefits and financial services available, there appears to be only a moderate understanding that receipt of some benefits is dependent upon filing a tax return. Indeed, those most familiar with this fact suffered a disruption in their benefits after not filing taxes, and accordingly are now aware. Regardless, across locations and audiences, findings show there is limited awareness of the full extent of benefits to which individuals may be eligible for.

Although all but a few participants reportedly filed their taxes each year, most know others who have not. When asked why others may not file a tax return, the reasons were primarily attributed to a range of factors, including a lack of awareness of the benefits of doing so, health conditions (i.e. mental or physical capacity), ability, owing money/ fear of repercussions, a desire to keep income / location hidden (for fear of wages being garnished for child support, alimony, etc.), and a lack of trust in the government.

There is a perception that completing a tax return is confusing, difficult, and challenging, particularly for those who are not adept at math, comfortable with numbers, or who do not have English / French as their mother tongue. The terminology used in the process is intimidating to some, and many believe an up-to-date knowledge of tax laws and benefits is needed to successfully complete a tax return. Indeed, the perceived complexity of the process and low literacy (both general and financial) were by far the most common challenges faced by people who do not file their income tax return regularly. Across groups, participants shared a general lack of confidence in their personal abilities to effectively file their taxes. Participants are largely dependent on others to file their taxes, primarily because they are afraid to make a mistake and miss an eligible benefit. They have a lack of confidence in their abilities and accordingly, most pay others to file their taxes.

A lack of support, aptitude, language and confidence present key barriers to completing a tax return. Barriers to the completion are most pronounced in the North, where few options for assistance are available and none are readily available free of charge.

Participants seem to lack full awareness of the various benefits they may be eligible for. While they are aware of their obligation to file an annual tax return, many do not readily identify the personal benefits



to doing so, and thus place no urgency on the matter. Without question, findings show there is a need for greater outreach among vulnerable audiences, including a need for increased awareness of the full range of eligible benefits. Results suggest priority should be placed on ensuring the necessary supports are in place to complete tax returns for others, as most show no interest in completing a return themselves. To that end, a range of suggestions for outreach or interaction at the community level were offered to support tax filing.

A general lack of awareness and lack of knowledge is compounded by a lack of preparedness. Many feel as though they have missed an opportunity to claim benefits that are owing to them. This creates heightened frustration toward the government with some thinking the government's lack of assistance is intentional to minimize payment of eligible benefits. This underscores the need for self-help tools that guide individuals' collection of necessary documents to successfully file a return, while maximizing the benefits they might be eligible for.

The proposed outreach document was well received and considered clear, relatively simple and informative. Participants appreciated the friendly and approachable tone of the document and the brevity of information presented. It was considered highly informative and effective at encouraging individuals to file a return to receive benefits that were not familiar. Despite its overwhelmingly positive reception, a variety of changes were suggested to enhance the document including such things as clarification of some terminology, replacing the visual icon, and consideration of a new colour scheme.

When sharing communication on tax filing, findings show that CRA should consider a multi-mode communications strategy, including both traditional and non-traditional information sources. The use of traditional advertising (TV, newspaper), printed materials / posters in public places and social media (Facebook ads, YouTube) were strongly suggested, as was collaboration with community organizations (seniors' centers, immigration groups, etc.), and information at government offices related to social services or employment.

Finally, results highlight the need for clear, short messaging, presented in simple language that highlights the benefits of tax filing. Any messaging must also highlight personal financial relevance by letting an individual know that they could realize some personal financial gain if they file their return.

