



## **Correspondence Modernization: Call Driver And Print Media Reduction - Executive Summary -**

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**Ce rapport est aussi disponible en français.**

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## SUMMARY

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The Correspondence Modernization Project was put in place to address objectives for the Canada Revenue Agency (CRA) identified in '*Budget 2016, Chapter 7 – Open and Transparent Government*'. The Project focuses on enhancing the CRA's enquiry line telephone services; revamping the structure, design and format of the CRA's correspondence and messaging; and raising awareness of the CRA's secure portal of e-Services.

The target groups for this research included individual taxpayers ("individuals"), small/medium business ("business"), authorized representatives for individuals ("ARs for individuals"), and authorized representatives for small/medium business ("ARs for business"). The research objectives were:

*Telephone enquiries – Individuals and Business*

- ✓ Reasons for calling the CRA and reasons for not dealing with the matter only by using the CRA website or a secure CRA service (*My Account* for individuals, *My Business Account* for business)

*Forms enquiries – Individuals and Business*

- ✓ How do they get the tax forms they need
- ✓ If they call the CRA to get a form, what are the reasons for calling rather than downloading the form from the CRA website

*Forms enquiries – ARs for Individuals and Business*

- ✓ Reasons for ordering paper forms from the CRA
- ✓ Impact of a rule change that limits the maximum number of forms that can be ordered to nine
- ✓ Circumstances in which tax forms are sent by mail rather than submitted electronically

*Correspondence – all target groups*

- ✓ Assessment of examples of current correspondence in terms of clarity, required actions and design, including what is liked and any perceived issues
- ✓ Comparison of the current version of a correspondence with the previous version used, preference for the current versus previous version, and reasons for preference

Ten focus groups were conducted between May 4 and May 11, 2017, in Halifax, Toronto, Montreal and Vancouver. The number of focus groups by target group was as follows: three with individuals, three with business, two with ARs for individuals, and two with ARs for business:

- All of the individual and business participants had called the CRA in the past two years.
- Individual and business participants included a mix of current users and non-users of CRA secure online services, with the majority being users of these services.
- All the business participants had fewer than 100 employees, with most having two to four employees.
- The ARs were tax professionals who have some individual or business clients for whom they are authorized representatives.

The results of the research will be used as input to the Correspondence Modernization Project in terms of promoting use of online services (CRA website, CRA secure services) as an alternative to calling the CRA, reducing use of paper forms, and specifically with correspondence, the input will feed into the overall benefit measurement strategy in order to: measure the benefits of the correspondence redesign; collect baseline data for future phases of the External Administrative Correspondence (EAC) project; and identify and course correct any issues related to EAC.

### Telephone Enquiries – Individuals and Business

The following are factors that can result in calling the CRA rather than using the CRA website or a secure online service:

- *Enquiry can only be addressed by speaking to an agent.* There are a variety of enquiries which cannot be fully addressed using online resources and require speaking with a CRA telephone agent.
- *Lack of awareness of secure services:* Lack of awareness of secure services was, for this group of participants, not a major factor in choosing telephone over online. Only two of the individual participants were not aware of *My Account*. All of the business participants had heard of *My Business Account*.
- *Not registered to use a secure service:* In each of the two target groups – individuals and business – a little over one third were aware of the relevant CRA secure online service (*My Account* and *My Business Account*, respectively), but were not registered to use it. Some of these participants called the CRA for reasons that could have been handled by the secure service (e.g. change of address, confirm an account balance).

Most of the participants who had never registered for a secure service showed little interest in registering because they think they would rarely use the service, or would usually rely on their accountant for most enquiries.

- *Forgot secure service log-in information:* This was an issue particularly for some individual taxpayer participants. Because some use *My Account* only rarely, there is a risk of forgetting or losing the log-in information. This led to two types of calls to the CRA: (1) calls to get log-in information, and (2) calling the CRA with an enquiry rather than making any attempt to get log-in information. It appears these participants are not making use of instructions on the CRA website on how to deal with lost log-in information. They are also not aware of changes to the registration process that allow much faster registration than in the past.
- *CRA agents are perceived to be helpful:* Participants had positive perceptions of the quality of service provided by CRA telephone agents, especially when requesting advice for complicated matters. Providing effective service is certainly a good thing for taxpayers. What it also does, though, is enhance the attractiveness of calling relative to using online resources. If a person would use a secure service only infrequently, there is less incentive to use that service when they know they can get good service by telephone (leaving aside wait times, which some participants complained about). It can be quicker and easier to call the CRA than to take the time to look for the relevant information on the CRA website.
- *Need for reassurance/certainty:* Taxation is something that can be stressful for both individual taxpayers and business. The rules and information can be unfamiliar or complex. The perceived

possible consequences of doing something “wrong” can cause stress and anxiety. Getting information directly from a CRA telephone agent can, for some people, give them the reassurance and certainty they want in a way that reading the information online does not. Some participants made calls to the CRA for information they knew was online, or had even seen online, but they wanted to hear it directly from a CRA agent.

- *Enquiry might be addressed on the CRA website, but could not find the information on the website:* In some cases, participants first went to the CRA website to try to deal with their issue, but could not find the information and therefore called the CRA. There were a number of instances where it appeared, on judgment, that the information they were looking for actually is on the CRA website. Ease of use of the CRA website and the clarity of the information is therefore important in reducing call volume.
- *Questions on correspondence received:* Several participants (both individual and business participants) called the CRA because of something they read in correspondence from the CRA. Typically these calls were caused by a perceived lack of clarity in explanation of the required action – i.e. clarity in terms of what action is required, and why it is required. Clarity in explanation of required action is particularly important for reducing likelihood of calling. Some of these calls may have been unavoidable, but the general point is that correlating volume of call types with relevant correspondence may reveal opportunities to reduce certain types of calls by revising correspondence.

## Forms Enquiries

**Individual taxpayers and business:** Participants mostly access tax forms through tax software or an accountant or tax preparer. Some have on occasion accessed and downloaded a form using the CRA website. None had ordered paper forms online, and almost none had called the CRA for a form. All would prefer to access a form online rather than call the CRA for a form.

**Authorized representatives:** Some ARs – a minority – had ordered paper forms from the CRA. The forms most commonly ordered were remittance forms; ordering other types of forms was uncommon.

The remittance forms mentioned included the *T7DR* – or *T7DR(A)* – for income tax, *GST/HST* remittance voucher, and the *PD7A* for source deductions. These forms cannot be downloaded and printed from the CRA website, but they can be ordered from the CRA. (The CRA does not offer these online given that financial institutions will not accept copies of these vouchers because the copies will not contain the magnetic ink used by the CRA.)

For all three types of remittances, clients have other options for making the payment besides going to a financial institution and paying in person. Other options can include mailing in the payment, using online banking, or using the CRA’s *My Payment* online service. None of these other options require an original remittance voucher.

In this context, some ARs will keep a stock of original remittance vouchers as a service to clients who don’t have a voucher and who want to pay in person at a financial institution. The voucher most likely to be ordered in large quantities was the *T7DR(A)*, because they have a large number of

clients for whom they do tax returns. It appeared that order quantities for the other remittance vouchers were much smaller.

Some ARs who ordered paper copies commented that this is primarily for “older clients” who are not inclined to pay electronically, and who believe paying in person better ensures payment is received by the CRA.

*How paper copies are ordered:* Paper copies were more likely to be ordered using the CRA’s online ordering system, but some said they sometimes ordered them by telephone. The reasons given for ordering by phone were:

- The service provided by CRA telephone agents is very good, so ordering by phone is easy.
- The AR may call because they also have some other matters they want to discuss with a CRA agent.

*Impact of limiting the number of paper copies to nine:* This was not perceived to be a problem except by the several participants who ordered a substantial number of the *T7DR(A)* because of the large number of tax returns they prepare. These participants ordered hundreds of copies at a time, and said restricting the number to nine would be a real problem in terms of helping clients who want to pay at a financial institution.

*Mailing paper tax forms to the CRA:* ARs were asked about circumstances in which they would mail in tax forms rather than submitting the information electronically. Overall, the ARs said that they will send information electronically when the CRA supports electronic submission, and otherwise will mail (or fax) the information when electronic submission is not an option.

## Correspondence

Participants reviewed the current version of selected correspondence, and then compared the current version to the previous version sent by the CRA. The following correspondence was included in the research:

*Correspondence for individual taxpayers:*

GST/HSTC Notice of Redetermination (Benefit Letter)

T1 Notice of Assessment

*Correspondence for business:*

T2 Notice of Assessment

GST/HST Notice of Assessment

PD7A Statement of Account

**Design:** There was a clear preference for the design aspect (i.e. font, layout, headings) of the current versions of all the correspondence. The font in the current version is perceived as “clean”, not “old-fashioned” unlike the font in the previous version, and easier to read. The use of bold fonts for headings and key items is more effective in the current versions, and so headings and key items stand out more in the current version.

**Page 1 is very important:** For all target groups, the content of the first page of a document plays a very important role. Participants prefer a “first-page approach” – that is, they prefer that the first page communicate what the document is, why the person is receiving it, and any required action or

key summary information. Perception of clarity and required action is strongly influenced by the content on the first page. Getting a good understanding of the basics on the first page also makes it easier to understand details on subsequent pages.

**The current versions of the correspondence mostly were perceived positively in terms of clarity and communicating required action.** Key elements of page 1 of the current versions include (1) a title in large, bold font, (2) several short narrative lines summarizing key information for the recipient, and (3) a boxed summary at the bottom of the page with a key dollar amount such as an amount owing. With some exceptions, this approach was positively perceived, and often perceived as communicating both key information and required action more quickly and clearly than in the previous versions. There were two notable exceptions:

- *GST/HST Notice of Assessment* (for business): On page 1, the boxed summary at the bottom (*Account summary* box) uses the phrase *Total balance* to label the dollar amount shown. The problem was that *Total balance*, by itself, is ambiguous as it could be either an amount owed by the company or a refund amount to the company (in the examples shown to participants, it was an amount owing). Participants suggested it would be better to say something like “balance due.”
- *PD7A* (for business): Most participants disliked the content of the first page, because (a) it did not address whether there is an amount owing, and (b) it was confusing because the number shown – the remittance account balance – was seen by some as being an amount owing. The confusion over the meaning of remittance account balance carried over to the *Account summary* on the next page. These issues contributed to a strong preference for the previous version of the *PD7A*.

**Shorter is better for business correspondence:** Participants reviewing business correspondence preferred fewer pages in the documents they receive. Thus, many preferred the older versions of the correspondence given that these had fewer pages compared to the current versions. This preference for the previous versions due to their shorter length occurred even though the current version was perceived to be better in terms of design (font/use of bolding/layout) as well as more effective in quickly communicating the key pieces of information and required action.

**Some ARs tend to be skeptical about their clients’ ability to understand the correspondence:**

Individual and business taxpayer participants tended to be positive about the ease of understanding the current versions, while some ARs tended to be a bit more skeptical about their clients’ ease of understanding. Note, though, that usually the ARs said they personally found the correspondence relatively easy to read and understand. The ARs generally identified the same issues with the current and previous versions of the correspondence as the “client” groups.

**Overall preference:** Leaving aside the skepticism some ARs have about their client’s ability to understand the tax documents:

- For individual taxpayers – *GST/HSTC Notice of Redetermination*, and the *T1 Notice of Assessment*: the majority of participants preferred the current version over the previous version of each correspondence.
- For business – *GST/HST Notice of Assessment*, and the *T2 Notice of Assessment*: the majority of participants preferred the previous version of each correspondence. However, this was

primarily because the previous version is shorter (and for some participants because it was familiar). In terms of design, the current version was preferred, and in terms of clarity and required action the current version was often perceived to be equivalent or even better.

- For business – *PD7A*: As noted above, participants did not like the content of the first page because it was perceived to be confusing and to be missing key information. The confusion carried over to the *Account summary*. This led to preference for the previous version, and the previous version also had the advantage of being shorter.

**“Debit” and “credit” tend to cause some confusion:** Quite a few participants said the use of “debit” (DR) and “credit” (CR) can be confusing (these terms appear in all the correspondence). Individual taxpayer and business participants said this, and ARs said their individual and business clients tend to be confused by these terms. There were suggestions to avoid use of these terms, or to replace them with more “natural” language. That said, while this caused some difficulty understanding the tables in the correspondence, it usually did not appear to impede participants understanding the bottom line results.

Note that the *More information* section in the current versions of the correspondence does include definitions of debit and credit. These definitions did not help for some participants. For example, in some documents, the following definitions were given: *Debit (DR) is the amount you owe us and credit (CR) is the amount we owe you*. The perceived problem some participants noted is that the “credit” in the tables can be money that the person has paid to the CRA (and which reduces an amount owing), and it seems misleading to describe this as money the CRA “owes” to the person.

**Participants tend to deemphasize the importance of the *More information* section:** Participants focused more on the personal information in the correspondence than on the general information in the *More information* section. This led some – particularly in the case of correspondence targeted to business – to suggest somehow condensing this general information so as to reduce the overall length of the document, or even to delete some of the information. That said, the CRA has its own reasons for including this information, and it is important in addressing the needs of some clients and in promoting use of online resources.

**The current versions are perceived to encourage going online:** With respect to the current versions of the correspondence, some participants observed that there are multiple references to going online, and sometimes the same website is referred to more than once. This is perceived to have the general effect of encouraging the reader to go online at the CRA website for information or service.

**Total contract amount of the project:** \$93,032.90 (including HST).

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