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2018-2019 CRA Tax Evasion and Aggressive Tax Avoidance Advertising Campaign – Concept Testing

Executive Summary

Prepared for the Canada Revenue Agency

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February 2019

The Canada Revenue Agency (CRA) commissioned Sage Research Corporation to conduct a qualitative public opinion research study on concepts for an advertising campaign to increase awareness of CRA's activities to reduce tax evasion and avoidance. The results were used to help determine the most effective type of messaging and proposed creative for this campaign, as well as to test related terminology. Six focus groups were conducted between September 5 and 6, 2018, with two groups in each of Montreal, Toronto and Vancouver. Two focus groups were conducted with each of the following target groups: tax intermediaries, individuals with high net worth, and individuals in the general public who did not meet the criterion for high net worth. This publication reports on the findings of this public opinion research study.

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Executive Summary

Tax evasion and aggressive tax avoidance deprive all levels of government of tax revenues that are needed to support essential programs and services to all Canadians, such as healthcare, childcare, education, and various infrastructure projects. The Canada Revenue Agency's compliance activities help preserve public confidence in the fairness and integrity of the tax system, and to accomplish this, the CRA administers a number of programs to deal with suspected cases of non-compliance, including tax avoidance, tax evasion, fraud, and other tax offences.

The CRA developed an advertising campaign to increase awareness of CRA's activities to reduce tax evasion and avoidance. The campaign involved online banner ads, social media such as Facebook, LinkedIn, Twitter and search engine marketing. The campaign ran between October 15 and November 25, 2018.

The CRA identified the need for public opinion research to determine the most effective type of messaging and proposed creative for this campaign, as well as to test related terminology. The research tested four concepts for banner ads: *Dots*, *Hockey*, *No Borders* and *Numbers*. The finished version of the ads would be a 15-20 second animated ad with no audio track. The ad concepts were tested in a rough form and were not animated. Instead, each ad was represented by images of three or four frames, and the moderator read a description of the animation along with the text in the ads.

Six focus groups were conducted between September 5 and 6, 2018, with two groups in each of Montreal, Toronto and Vancouver. Two focus groups were conducted with each of the following target groups: tax intermediaries, individuals with high net worth, and individuals in the general public who did not meet the criterion for high net worth.

This research was qualitative in nature, not quantitative. As such, the results provide an indication of participants' views about the topics explored, but cannot be statistically generalized to the full population. Qualitative research does, however, produce a richness and depth of response not readily available through other methods of research. It is the insight and direction provided by qualitative research that makes it an appropriate tool for exploring reactions to the banner ad concepts.

Overview of Reactions to Ad Concepts

Overall, the *Numbers* ad concept did not perform well due to considerable confusion over how to understand and interpret the statistics presented in the ad.

Participants ranked the ad concepts on overall likelihood of getting their attention. Preference was split across the other three concepts – *No Borders*, *Hockey* and *Dots*. Of these three concepts, no one concept stood out as the preferred concept among the three.

Participants also rated the likelihood of clicking the link in each ad. Again, the likelihood of clicking was lower for *Numbers* than for the other concepts, and was similar for *Dots*, *Hockey*, and *No Borders*

However, the three ad concepts were perceived differently:

- With regard to *Hockey* and *Dots*, both were perceived to target tax evasion generally. That is, participants perceived the ads as being about tax evasion by any Canadian. The key perceived difference between the two concepts is in tone: *Hockey* is perceived to be softer in tone, whereas *Dots* is perceived to have a somewhat more aggressive tone. Some participants preferred a softer tone, while some felt a somewhat more aggressive tone is needed to have an impact on tax evaders.
- *No Borders* was perceived relatively positively by many participants, although unlike *Hockey* and *Dots*, it was perceived by most to focus only on offshore tax evasion. Therefore, it was perceived to focus on a much smaller segment of Canadians compared to the other two concepts. This segment is perceived to consist of very wealthy people who have the means and resources to potentially benefit from offshore tax havens. None of the participants considered themselves to be in this segment. Some participants nonetheless said they would be interested in learning about what the CRA is doing to deal with off-shore tax evasion, as they believe it is a significant problem in terms of the amounts of money involved. Participants liked that the basic subject matter of the ad – tax cheating – is identified right at the beginning of the *No Borders* ad.

There was little discernible difference in reactions to the ad concepts across the three target groups. Within each target group there was a lot of variation in preference, and because of that there were not any clear systematic differences in concept preference as a function of target group.

URL Lines

In all four ad concepts, the final line of text on the final frame is a URL line. The URL line consisted of an introductory phrase (in *Dots*, *Hockey*, and *Numbers*), and a URL.

Both parts of the URL line were important:

Introductory phrase: The introductory phrase impacted perceived messaging in two ways:

- The introductory phrase gives a reason to click on the URL. Participants did not like the URL line on *No Borders* in part because unlike the other ad concepts it did not have an introductory phrase giving a reason to click on the URL.
- The words used interacted with the URL to influence the expected content on the website. Notably, *Learn how* paired with *Canada.ca/stoptaxcheating* led some participants to wonder if the focus of the website content would be on telling people what they can do to stop other people from cheating on taxes. In contrast, *Learn more about our new and better approaches at* was perceived to indicate that the website content would focus on what the CRA is doing to stop tax cheating.

URL: The URL played an important role in influencing the perceived message of the banner ad, as well as giving some indication (in conjunction with the introductory phrase) of what might be on the website.

There were four different URLs in the English ad concepts, and two different URLs in the French concepts:

- *English URLs*: The majority of participants preferred *Canada.ca/stoptaxcheating*. Some preferred *Canada.ca/payyourshare*, and a small number preferred *Canada.ca/crackingdown*. None preferred *Canada.ca/taxcheating*.
- *French URLs*: Most participants preferred *Canada.ca/fraudefiscale* over *Canada.ca/payezvotrepart*.

Impact of the phrase *New and Better Approaches*

All of the ad concepts at some point use the phrase *new and better approaches*.

Participants perceive that dealing with tax evasion is one of the CRA's core mandates, so an ad talking about this is not perceived as new information. However, the reference to *new and better approaches* tends to be perceived as news, i.e. that the CRA has developed new methods or technologies to better detect and deal with tax evasion. This helps increase interest in the ad, and increase the perceived impact the ad might have on tax evaders.

Terminology

"Cracking down": A small number of participants preferred *cracking down* in a URL because it is perceived to be forceful. However, other participants preferred the CRA use a different phrase for any of several reasons: (a) it does not, by itself, give any indication that the subject matter is taxation, (b) it is perceived to be a generic phrase often used in other unrelated contexts to signal actions to reduce some undesirable behaviour (e.g. drunk driving), or (c) it can imply that the CRA was less strict in the past in enforcing tax rules and is only now enforcing them more strictly.

"Tax cheating", "Tax evasion", "Tax evasion and aggressive tax avoidance": Participants were asked about the meaning and ease of understanding these phrases:

- Few participants preferred usage of *tax evasion and aggressive tax avoidance*. Many said either that the two component phrases were perceived to mean the same thing or that they did not know what the difference in meaning is.
- With regard to the English phrases, participants were split between preferring *tax cheating* or *tax evasion*. To the extent a difference in meaning was perceived, *tax evasion* was perceived to refer to more serious rule-breaking. In this context, tax evasion was seen as a subset of tax cheating.
- With regard to the French phrases, most preferred *fraude fiscale* because they perceived it to be simple and easy to understand. The perceived meaning of *évasion fiscale* varied across participants, including some tax intermediaries who perceived to refer to a grey area of using tax laws to avoid taxes legally.

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