



2021-2022

Canadian Attitudes Toward the Sharing of Tax Information

Executive Summary

Prepared for the Canada Revenue Agency

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Supplier name: Phoenix Strategic Perspectives Inc.
March 2022

This public opinion research report presents the results of a 17-minute telephone survey of 2,200 Canadian residents aged 18 years of age or older from February 3rd to March 14th, 2022.

Cette publication est aussi disponible en français sous le titre : *Attitudes à l'égard de l'échange de renseignements fiscaux*.

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Executive Summary

The Canada Revenue Agency (CRA) commissioned Phoenix Strategic Perspectives (Phoenix SPI) to conduct quantitative research with Canadians to better understand their attitudes toward the sharing of tax information.

1. Research Purpose and Objectives

The sharing of taxpayer information with other federal, provincial, or territorial government organizations reduces duplication across government and ensures that services and programs offered meet the needs of citizens. To maximize its efficiency and value proposition to taxpayers and government clients, the Canada Revenue Agency wants to optimize its use of taxpayer information, including the collection of debts that are not tax debts. The purpose of this research was to collect updated information on Canadians' attitudes and perceptions towards information collection and sharing (previous research was conducted in 1999 and 2009).

The specific objectives were to understand:

- the extent to which Canadians think it is appropriate for the CRA to gather information about citizens from other government sources to ensure compliance with tax law;
- the extent to which Canadians think it is acceptable to disclose or use taxpayer information for purposes other than tax administration; and
- the extent to which the sharing of information affects compliance levels.

2. Methodology

A 17-minute telephone survey was administered to 2,200 Canadian residents aged 18 years or older from February 3rd to March 14th, 2022. Interviews with the target audience were conducted using randomly-selected telephone numbers in each province, including representation from cell-only households. Probability sampling was used; therefore, the results are generalizable to the target population. Based on a sample of this size, the results can be considered accurate to within $\pm 2.1\%$, 19 times out of 20.

3. Highlights

Internet Use and Digital Profiles

Vast majority use the Internet. Most do this using both a computer and a smartphone. Slightly more than two-thirds use social media, with Facebook being the most widely used by far. Almost three-quarters use social media daily, although the amount of daily use varies considerably.

The vast majority of Canadians (91%) said they use the Internet, whether on a computer, tablet, smartphone or other device. Among those who use it, 84% access the Internet on a computer, 76% use their smartphone, and 53% use a tablet. Slightly more than two-thirds (69%) of surveyed Canadians use social media. Among these respondents, most use Facebook (83%), followed at great distance by 37% who use Instagram, while fewer still use Twitter (19%), and YouTube (13%). Among social media users, almost three-quarters (72%) use it every day. Slightly less than one-third (31%) of daily users report spending 30 minutes to an hour a day on various platforms, while one-third

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spend more than this each day on social media. Relatively few daily users use it for less than 30 minutes per day (8%).

Views on Algorithms and Big Data

Use of algorithms to personalize ads and tailor services widely noticed. Almost half think use of algorithms, personalized ads is a bad idea. Half believe use of personal information by organizations for service improvement, efficiencies is a bad idea.

More than half of online Canadians (57%) notice the use of algorithms to personalize ads or tailor services to individuals ‘a lot’, while 23% notice this a moderate amount. Asked whether the use of algorithms in this way is a good or bad idea, almost half (48%) think it is a bad or very bad idea. Most of the rest are neutral (39%), while only 13% think this is a good idea. All surveyed Canadians (not just those online) were asked whether they believe the use of personal information by organizations to improve how they operate and to provide better customer service is a good or bad idea, responses were similar. In this case, exactly half think the use of personal information in this way is a bad idea, with most of these (31%) viewing it as a very bad idea. Relatively few (16%) think the use of information in this way is a good or very good idea.

Views on Information Sharing

Canadians divided over the CRA sharing personal information with other federal government departments and provincial governments. Almost half think this is a bad idea. Most think the CRA currently shares personal information with other departments and provincial governments. Most believe the CRA shares information to help locate people who owe money to government. Widespread belief that the CRA shares information to determine eligibility for benefits.

The questions that follow focus on the sharing of information by the CRA. Respondents were told this applies to personal information that someone may submit when they file their tax return. About one-quarter (27%) think that the CRA sharing information with other federal and provincial government departments is a good idea. Significantly more view this as a bad idea (47%), with many saying it is a very bad idea (35%); 27% are neutral. That said, just under three-quarters (73%) think the CRA currently shares personal information with other areas of the federal government, while the same proportion believe such sharing occurs with provincial/territorial governments. In both cases, relatively few (16-17%) believe such information sharing does not take place.

Three-quarters believe the CRA currently provides information to other federal departments to locate people who owe money to government. Fewer believe the CRA currently provides information to provincial/territorial governments for this purpose (68%). Eight in 10 believe the CRA provides personal information to other federal departments to determine whether people are eligible for benefits. A somewhat smaller proportion (76%) think the CRA currently shares information for this purpose with provincial/territorial governments.

Support for Information Sharing

Support for the sharing of information by CRA varies significantly depending on type of information and the reason for sharing.

Respondents were told that the CRA is permitted to release personal information only under very limited circumstances. And that the information it collects is often the same as other departments are legally allowed to collect. They were then asked about different types of information-sharing

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requests the CRA could receive from other federal departments or provincial governments, and to rate their level of support or opposition to each.

The degree to which Canadians support or oppose the CRA sharing information varies significantly based on the type of information being shared and the reason for sharing it. Canadians are most likely to support providing people's names and addresses so that mailing lists can be kept up to date for benefit programs – 63% support this, with 44% offering *strong* support. The majority also support sharing the number and age of dependents to help with the design of new programs (59%), as well as providing people's income to determine eligibility for benefits (57%). Less than half support providing a person's address to help federal and provincial governments identify people who owe them money (49%) or providing information about people's identification and income so that provinces/territories can administer their programs (45%). Canadians are least likely to support the CRA providing a person's identification and income to Canadian law enforcement agencies (40%). In this case, an almost equal number oppose sharing such information with law enforcement agencies (38%). In other areas, opposition ranged from 18-29%.

Views on Increased Information Sharing

More than half believe increased information sharing would change how some people do their taxes. Few say it would change the way they themselves would do their taxes. Significant minority think individuals might withhold information from tax returns. No consensus on how one's own tax return would be done differently, though the focus is on trying harder to ensure it is accurate.

More than half (57%) believe increased sharing of information between the CRA and other government departments would change the way some people prepare their tax returns. Relatively few (7%) said it would change the way they do their own taxes. Those who believe increased information sharing would change the way some people prepare their tax returns were asked to identify how this might change. The largest proportion (40%) think that some might try to hide or withhold certain information. Identified less often, 25% think that this would encourage people to complete their tax returns correctly and prevent them from withholding information. All other potential changes were identified by small numbers (3% or less). In terms of doing their own taxes, one-third of those who think increased information sharing could have an impact said they don't know how this might impact their tax returns. Fifteen percent would have a professional prepare their return, 12% would try to ensure they completed the return correctly, and 9% say they would be more cautious.

Forty-five percent believe increased information sharing would lead to some people reporting less information on their income tax returns, while 44% think it would lead some people to report inaccurate information. Additionally, 44% think that if CRA exchanges more information with other government agencies, it will be going too far (29% disagreed). Canadians are considerably less likely to agree in the context of increased information sharing by the CRA that it would be okay for some people to withhold information (35%), to not file their tax returns (17%), or to report lower income on their tax returns (15%) if they knew the information was going to be shared with other government departments and agencies. For two of these issues, *strong* disagreement was expressed by half or more – that it would be okay for some to not file their taxes (50%), or to report lower income (54%).

Most trust CRA to keep their information confidential, but there is less confidence in other government departments.

When asked to rate their level of agreement with statements about information sharing between the CRA and others, Canadians were most likely to say they trust the CRA to keep their information confidential and prevent it from getting into the wrong hands (61%, with 40% *strongly* agreeing). Approximately half (51%) said they trust other federal departments to keep their information confidential, and 50% think that a greater exchange of information would make the government more efficient and effective. Disagreement ranged from 23% to 31% and was highest for trust that other federal departments would keep their information confidential.

Widespread trust in the CRA in handling of personal information.

Presented with four statements aimed at gauging public trust in the CRA, the vast majority (83%) expect the CRA to have the most secure methods to store tax information. Approximately two-thirds (68%) said they trust the CRA 1) to hold their personal information using the most secure methods, 2) to ensure the transmission of information to other government departments is secure, and 3) to use the most secure methods of transmitting tax information. Disagreement with these items ranged from 8-17%.

Support for the CRA sharing personal information increased significantly by end of the survey.

At the end of the survey, respondents were asked a second time whether they think the CRA providing information about individuals to other federal and provincial government agencies is a good or bad idea. The first time this was asked, 27% said they think this is a good idea. When asked this question at the end of the survey, 41% think this is a good idea – an increase of 14 percentage points. In addition, the proportion who believe this is a *very* bad idea decreased significantly, from 35% to 21%. Overall, 30% felt it was a bad idea compared to 47% who expressed this view the first time it was asked, a decrease of 17 percentage points.

The multivariate analyses reinforced this finding—that respondents' support for information sharing increased after being exposed to multiple issues related to the sharing of information by the CRA. This seems to suggest that transparency about information sharing, such as the reason for doing so and the benefit to Canadians, might lead to increased support among Canadians for the sharing of information by the CRA.

Concluding observations

Many Canadians hold fairly negative views about the CRA sharing personal information with other federal departments/agencies and provincial/territorial governments. At the same time, however, Canadians believe – in relatively large numbers – that this is already taking place. There is clear evidence that once people are exposed to issues related to the sharing of personal information by the CRA, including the type of information being shared and the reasons for which it is being shared, they become more supportive of it. This is apparent in both the current survey and the one conducted in 1999.

In short, there is general unease related to the use of personal information and online tracking of views and behaviours. This is likely related to the sense of 'Big Brother' watching and knowing what

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individuals are doing. However, such perceptions do not appear to diminish the use of the Internet or provided services.

Overall, there is widespread trust in the CRA when it comes to its holding and transmission of personal information to other government agencies (and noticeably less confidence in other federal departments). Moreover, the multivariate analyses revealed that respondents' expectations that the CRA uses the most secure methods to store tax information drive their support for the CRA sharing information. This has implications for communications strategies: the CRA may want to consider being more transparent about information sharing, including the measures in place to safeguard Canadians' personal information.

It is also clear that Canadians' support for personal information sharing varies considerably depending on the type of information being shared and the purpose for sharing it. People appear to be most reluctant when information is shared with police or for law enforcement reasons, and most accepting of it when the type of information being shared is limited and the reason is for benign administrative purposes and things like designing new programs or determining benefit eligibility. This was supported by the multivariate analyses which found that respondents are more accepting of the CRA sharing personal information with other federal departments/agencies and provincial/territorial governments when it serves specific administrative purposes (e.g., collecting money or verifying ID). In contrast, the more abstract tasks of planning and program design had no significant effect on views of information sharing.

There is also a general belief that increased information sharing could help make government more effective and efficient. Again, this was reinforced by the multivariate analyses which found that respondents are more accepting of the CRA sharing personal information with other areas of the federal when it leads to improvements in program effectiveness and efficiency. There is some evidence that Canadians do not draw a distinction between types/levels of government when it comes to the CRA sharing personal information. And there is a cautionary note that if the CRA shares more personal information, it would be going too far in its mandate. What this means in practice is difficult to determine because most Canadians think a considerable amount of information sharing by the CRA is already taking place.

In terms of Canadians' tax filing behaviours, there is a general belief that increased information sharing by the CRA could have an impact, but few think it would change their own tax filing practices. And those who think it might affect their own behaviour point to things like taking greater care in filing their taxes and trying to make sure their returns are accurate. These perceptions are coupled with strong views held by Canadians that the sharing of personal information by the CRA does not provide a valid reason for reporting less income by Canadians, not filing their taxes at all, or even withholding some information.

It is noteworthy that demographic subgroup differences, while sometimes evident in the data, are not pronounced nor consistent in terms of patterns. This is particularly true with respect to the more important issues explored in the survey – those related to the sharing of personal information by the CRA. The multivariate analyses reinforced this finding. Education, age, and gender did not have a significant impact on respondents' support or opposition to the CRA sharing information with other federal and provincial government agencies. Household income had only a limited impact on acceptance of the CRA sharing.

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Looking specifically at the perceptions of urban versus rural residents, a stated objective of this study, there are no significant differences between them on any issues related to information sharing (only with respect to Internet use patterns and perceptions of the use of algorithms). This was supported by the multivariate analyses. Location, like household income, had only a limited impact on acceptance of the CRA sharing: urban residents are less likely than rural residents to favour information sharing with other governments, but only at a marginally significant level.

4. Intended Use of the Results

These results will be used by the CRA to inform decision-making in the design and implementation of the Agency's Digital Strategy initiatives, to identify the level of comfort that Canadians have in inter-governmental information sharing, and to serve as a baseline measure of Canadians' attitudes and perceptions which can be tracked over time.

5. Contract Value

The contract value was \$133,435.21 (including applicable taxes).

6. Statement of Political Neutrality

I hereby certify as a Senior Officer of Phoenix Strategic Perspectives 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 contain any reference to electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leader.



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