



Qualitative Research on First-Time Tax Filing with Newcomers to Canada

Executive Summary

Prepared for the Canada Revenue Agency

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Canada



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May 2023

The Canada Revenue Agency (CRA) commissioned Environics Research to conduct qualitative research with newcomers to Canada focusing on their experience, attitudes, behaviours, barriers/challenges to tax filing to identify gaps and opportunities in supporting them and ensuring they receive the benefits to which they are entitled.

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Executive summary

1. Background and objectives

Canada welcomed just over 1.3 million new immigrants into Canada from 2016 to 2021, the highest number of recent immigrants recorded in a Canadian census. This reflects hundreds of thousands of people coming into Canada each year. The CRA developed a working definition of “newcomer” for the purposes of this research: an individual, and family members living with them, who has entered Canada within the last 5 years as either a permanent resident or a temporary resident (work and/or study in Canada) with the intention of establishing, for the first time, a residence in Canada. Protected persons (refugees) were included in previous research¹ and were not included in this current study.

To ensure newcomers to Canada can fully participate in the Canadian tax and benefit system, the CRA wanted to understand their lived experience, their attitudes, behaviours, barriers/challenges to filing taxes, and identify gaps and opportunities in serving them and ensuring they receive the benefits to which they are entitled.

This research was intended to help the CRA develop and implement a targeted strategy to support newcomers to Canada filing their first income tax and benefit return.

Thus, the objectives of this qualitative research included:

- Better understanding the lived experience of newcomers to Canada in regard to understanding and participating in the tax system;
- Gathering insight into newcomers’ unique attitudes, behaviours and barriers/challenges in relation to tax filing and access to benefits;
- Identifying gaps and opportunities for the CRA to better serve these audiences and help ensure they receive the benefits to which they are entitled.

2. Methodology

The research involved 30 in-depth individual interviews (IDIs) with newcomers to Canada, aged 18 and over, who have lived in Canada for five years or less. Environics recruited participants through organizations that provide programs and services to the target populations of interest, including settlement, cultural and community organizations. We carefully chose organizations to attain and balance the following characteristics:

1. A mix of permanent residents (received residency status while outside Canada and now live here) and temporary residents (work/study permit holders);
2. Newcomers drawn primarily but not exclusively from the top five places of birth reported by recent immigrants in the 2021 census: India, the Philippines, China, Syria and Nigeria;
3. Different regions of and official languages of Canada;
4. Mix of ages and genders.

¹ [Ethnography of vulnerable newcomers' experiences with taxes and benefits](#). Canada Revenue Agency, 2019.



Interviews were conducted virtually (through Zoom) between April 12 and May 5, 2023, ranging between 30-60 minutes in length depending on participants' responses. Twenty-eight (28) interviews were completed in English and two (2) in French.

More information about the study methodology is included in Appendix A.

Statement of limitations: Qualitative research provides insight into the range of opinions held within a population, rather than the weights of the opinions held, as measured in a quantitative study. The results of qualitative research should be viewed as indicative or directional in nature rather than statistically projectable to the population.

3. Key findings

The research findings reveal that, overall, recent newcomers to Canada share an understanding of the value of taxes for quality of life in Canada and therefore understand and accept their responsibility for filing income taxes here. Their limited previous experience with income taxes in their countries of origin appears to contribute to appreciating the relative transparency of the tax and benefit system in Canada.

Despite these commonalities, a key finding of this research is that **newcomers do not follow a singular, monolithic path when it comes to learning about and eventually filing their taxes**, speaking to a greater need for unique resources segmented to specific scenarios. Not only are there differences by status (permanent vs temporary resident) or family composition (with or without children, single parents), but there are differences in mindset and outlook, such as confidence about and interest in independently navigating the tax filing system. Moreover, the newcomers who participated in this research clearly represent the highly skilled immigrants Canada has been seeking to attract. These newcomers were largely able to communicate in an official language and had all successfully filed their income taxes at least once; , this will not necessarily be the case for all recent newcomers.

The following paragraphs summarize the research results:

Past experience with and perceptions of taxes

- Newcomers who have arrived in Canada in the last five years are **unlikely to have previously experienced tax filing**. For some, this was because their home country did not impose income tax, while for others, income tax was automatically deducted from paychecks and required no further action on their part.
- Newcomers commonly arrive to Canada with two distinct perceptions about the Canadian tax system.
 - First, there is a perception that **taxes in Canada are expensive**. Not only does tax on top of the prices of goods and services add up quickly and make life in Canada expensive, there is also a perceived substantial difference between net and gross pay.



- The second is that **taxes are something that Canadians benefit from**. Regardless of home country or mother tongue, newcomers indicated that taxes are fundamental to quality of life. The fact that roads are drivable and healthcare is free makes newcomers feel the tax they pay is actually being used to improve everyday life. This was refreshing to those who arrived in Canada in the last five years.

Journey and pain points

- There are two main paths to tax return completion.
 - Newcomers **who are more comfortable with the Internet or expressed a self-reliant attitude to complexity were more likely to prepare and file taxes themselves using software such as Wealth Simple**. Newcomers who took this route often said that taxes were less complicated than they had previously imagined, and plan to use the same approach in subsequent tax seasons;
 - Other **newcomers turn to a free tax clinic offered by community organizations or to an accountant recommended by family or friends**. This group often expresses either less confidence in their ability to adequately complete their return or less interest in doing so. While they would have to pay an accountant, it would ensure their taxes would be correctly filed and all possible benefits would be identified.
- Regardless of the path taken, there are a few pain points that newcomers typically encounter, including:
 - **Feeling overwhelmed by the amount of information on government websites** and, accordingly, unable to find the correct information relevant to one's specific situation or to answer specific questions.
 - **Confusion about terminology used in information resources such as "credit," "benefit," and even "void cheque"**. While it is assumed there is a common understanding of these terms, newcomers' lack of experience with tax filing means this is not necessarily the case.
 - **Inability to navigate or access key CRA resources, including the website or helpline**. A key source of confusion is the inability to sign up for MyCRA until they have filed their first tax return.
 - **Difficulties accessing tax clinics or accountants who are well-versed in the needs of newcomers**. Because these are important resources for newcomers who choose not to prepare their own taxes, it is critical they have the capacity and correct information to serve this population.

Benefits



- **Newcomers mainly learn about benefits through word of mouth.** This often means that newcomers do not get information about benefits immediately. Once made aware, however, **it is extremely important to newcomers to apply**, as receiving benefits help to relieve some of their financial burden since immigrating;
- **There is not a good understanding that newcomers can access benefits upon arrival** as well as a lack of clarity around the rules for different residency statuses;
- There is a **feeling that there are a lot of variables affecting eligibility and the steps needed to go through/mail to apply are unclear and daunting.** In fact it is **not self-evident** where/how/when to access benefits, pushing newcomers to put effort into asking questions and consulting with friends and family to get necessary information.

Sources of information and avenues for support

- **The CRA website is a widely consulted and trusted source of information.** However, newcomers find it challenging to find information that is personalized and relevant to their situation or that answers their specific questions.
- **Newcomers are not familiar with the two CRA resources presented in the interview.** Once viewed, they expressed general interest in this type of information, with a preference for visual/infographic type resources over text-heavy pages. **Any published resources should not assume that newcomers share the same understanding of tax terminology.** For example, terms such as “tax credit,” “benefit,” “void cheque,” and “sign-in partner” are not immediately understood by newcomers and need be clearly (but concisely) explained.
- **Aside from the CRA, newcomers also rely heavily on family and friends, especially other newcomers, for tax-related information.** This is because other newcomers have wisdom and lessons to share from their own experience navigating the tax filing process, but also reflects the challenge finding information specific to their needs through official government channels. **Internet sources such as YouTube and Reddit also prove to be helpful for some newcomers who have chosen to learn about taxes on their own**, rather than rely on tax clinics or accountants.
- **In terms of support for themselves or future newcomers to Canada, interview participants emphasized the need for personalized guidance customized to their situation.**
 - Those who prefer to prepare and file their own return want a place to get answers to their specific questions, thereby alleviating their concerns about potentially getting something wrong.



- Those who rely on outside resources such as accountants or tax clinics held by settlement organizations want those professionals to be up to speed on the tax filing issues relevant to newcomers. For example, these professionals should understand how to help newcomers with 'complicated' tax situations such as those living at a temporary address or working in a transitional job.



4. Cost of research

The cost of this research was \$57,969.00 (HST included).

5. Political neutrality statement and contact information

I hereby certify as a senior officer of Environics 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.

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