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Understanding Indigenous Experience with Tax Filing (2022)

Executive Summary

Prepared for Canada Revenue Agency

Supplier name: Earnscliffe Strategy Group

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Canada

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This public opinion research report presents the results of an online survey, focus groups and in-depth interviews with Indigenous Peoples conducted by Earnscliffe Strategy Group on behalf of Canada Revenue Agency. The quantitative research was conducted from May to July 2022 and the qualitative research was conducted from September to October 2022.

Cette publication est aussi disponible en français sous le titre : Comprendre l'expérience de production des déclarations de revenus des Autochtones (2022).

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Executive summary

Earnscliffe Strategy Group (Earnscliffe) is pleased to present this report to the Canada Revenue Agency (CRA) summarizing the results of quantitative and qualitative research undertaken to understand Indigenous Peoples experiences with tax filing.

The CRA aims to provide a seamless, empathetic, and client-centric service experience to Canadians. The CRA's People First philosophy promotes and encourages using an empathetic approach, including tools in its related programs, processes, and interactions with CRA's clients. This can help improve service delivery and result in higher client satisfaction, which the CRA aims to achieve, in this research study, specifically with Indigenous groups. Under this objective, the CRA is looking to better understand perceptions and hesitations with interacting and tax filing, and employ strategies to help address these and lead to higher filing rates and benefits uptake rates for Indigenous groups.

To ensure that Indigenous individuals, businesses, and governments are able to fully participate in the Canadian tax and benefit system, the CRA is exploring barriers or variables that may influence Indigenous Peoples participation in the system.

While a similar public opinion project was conducted in 2017, the CRA's outreach activities have changed in the intervening years, notably during the COVID-19 pandemic. Furthermore, the Minister of National Revenue's Supplementary Mandate Letter indicates the importance of evidence-based decision-making and improvement in the quality and availability of disaggregated data, particularly to address systemic inequities including systemic racism, unconscious bias, and inequities faced by all vulnerable populations.

Research was required so that the CRA could better serve and inform Indigenous Peoples, so they can fully participate in the CRA's tax and benefit administration. The objective of the research was to gather information on Indigenous Peoples experience when engaging with CRA's tax filing services and the subsequent access to credits and benefits.

The total contract value of the multi-phased project was \$221,903.35 including HST.

To meet the research objectives, Earnscliffe conducted a two-phased research project. The first consisted of online surveys of:

- 1,122 First Nations respondents;
- 553 Métis respondents; and,
- 67 Inuk (Inuit) respondents.

Upon participant request, the online survey was completed by telephone for 42 respondents. Surveys were conducted between May 30, 2022, and July 1, 2022, in English and French. The survey took an average of 12 minutes to complete.

The field work subcontractor for the quantitative portion was Decision Point, using their proprietary online panel of Indigenous Peoples in Canada. Respondents for the online survey

were selected from among those who have volunteered to participate in online surveys through this opt-in panel.

The second phase of the research was qualitative and involved both online focus groups and in-depth interviews. To begin, eleven online focus groups with Indigenous Peoples were conducted across Canada from September 20 to 26, 2022. For each group, eight participants were recruited. Participants were designated to groups based on the language, the province or territory in which they resided, whether they live on- or off-reserve (if they were First Nations), and their employment status (that is, self-employed or other employment).

Ten (10) in-depth interviews were also conducted with Indigenous Peoples in Canada, who live in remote areas where lack of access to technology would preclude them from participating in the focus groups. These interviews were conducted by telephone in either official language of the participants' choice. Interviews were conducted between September 20 and October 17, 2022.

For the qualitative component of the project, participants were provided with a monetary incentive in recognition of their time. In the full research report, Appendix B provides greater detail on how the groups were recruited, while Appendix E provide the discussion guide used to facilitate the focus group and in-depth interviews and Appendix D provides the screener used for recruiting the focus groups and in-depth interviews.

Respondents for the online survey were selected from among those who have volunteered or registered to participate in online surveys. Because the sample is based on those who initially self-selected for participation in the panel, the results of such surveys cannot be described as statistically projectable to the target population.

It is important to note that for the focus groups and interviews, qualitative research is a form of scientific, social, policy, and public opinion research. Focus group and interview research is not designed to help a group reach a consensus or to make decisions, but rather to elicit the full range of ideas, attitudes, experiences, and opinions of a selected sample of participants on a defined topic. Unlike the survey results, because of the small numbers involved in the qualitative component of the research, the participants cannot be expected to be thoroughly representative in a statistical sense of the larger population from which they are drawn, and findings cannot reliably be generalized beyond their number.

The key findings of this research are presented below based on the initial quantitative research with percentages reported with the insights of the follow-up qualitative research inserted at various points. When survey results are discussed the term “respondent” is typically used, whereas discussions about qualitative insights typically use the term “participant.”

For reporting on survey results, in cases where 10-point agreement scales have been used, results indicating a strong agreement are described for ratings of 8-10, and strong disagreement for ratings of 1-3. Neutral or mid-range response ratings are presented for ratings between 4-7, unless otherwise indicated in cases where ratings of 7 have been grouped with agreement and 4 with disagreement.

Experience filing taxes

- Two-thirds of survey respondents (64%) say they filed their income taxes in the past year, with significantly fewer last filing 2-4 years ago (11%), longer than 4 years ago (3%), or having never filed before (2%).
- Three quarters (77%) of respondents file their taxes online, while 18% do so by mail. Inuk/Inuit respondents were the least likely to file taxes online (57%) and the most likely to file by mail (33%). The qualitative research results suggested that the few who file independently without assistance from a tax professional do so electronically using tax software. Participants noted that while they find it extremely helpful and easy to use, some did complain about the cost.
- Three in five respondents (61%) had help filing their last taxes, with more than three in ten respondents receiving help from a free tax clinic (36%) or a discount tax preparer (31%). In contrast, one-third (34%) prepared their taxes on their own. The qualitative research findings illustrated that the majority opt to seek support with filing as they find the process of filing their taxes challenging, or because they feared negative consequences associated with making errors. Indeed, the unaided word association about the process of filing taxes included: stressful, difficult, overwhelming, expensive, and especially complex for those with income from sources both on- and off-reserve.
- Nearly two in five of all respondents (38%) feel that it is easy to file their taxes, providing ratings between 7 and 10 on a 10-point scale. One-quarter (24%) of respondents say, conversely, that it is difficult to do so, providing ratings of 1 to 4. Just over one-third (36%) of respondents say filing their taxes is neither easy nor difficult (ratings of 5-7).
- One-fifth (19%) of respondents say they had no challenges filing their taxes. In contrast, over one-third of respondents feel the process of filing taxes is overwhelming (39%) or reported discomfort dealing with the government (35%). Over one-fifth (24%) say that limited access to materials (that is, computers, paper tax packages, Internet, tax slips) is a barrier to filing or feel that the process is too expensive (21%). Just over one in ten (12%) of respondents noted not having documents available in an Indigenous language is a barrier.
- While over half (57%) of respondents have not used the T90 form (Income Exempt from Tax Under the Indian Act), just over a quarter (28%) reported that they had, including 52% of Inuk/Inuit, 31% of First Nations, and 19% of Métis respondents. The remaining 14% are unsure or preferred not to say if they have used the form. Note that the T90 Income Exempt from Tax Under the Indian Act form is only applicable to First Nations registered under the Indian Act. This survey did not include questions to verify respondents' eligibility of using the T90 form.
- Two in five respondents who did not use the T90 form (40%) were unaware of the form and its uses, while roughly the same number (38%) say that it was not applicable to them. Another one-fifth (17%) say the form is too complicated to fill out, including 22% of First Nations respondents.

- One-third (34%) strongly agree using the T90 form is easy (20%) or somewhat easy (14%), while three in ten respondents (29%) feel it is very difficult (16%) or somewhat difficult (13%). A plurality of respondents (36%) feel the T90 form is neither easy nor difficult.
- Just over half of respondents (57%) say they are aware of the Community Volunteer Income Tax Program, with one-fifth of respondents (21%) noting that they have used it before. Half (45%) and three in five (60%) respondents said that they were unaware of the T1 Simplified Form and Northern Service Centres respectively.
- A majority of respondents report being very satisfied or somewhat satisfied with the T1 Simplified Form (56%), Northern Service Centres (58%), and the Community Volunteer Income Tax Program (58%). Under a fifth of respondents report being either somewhat dissatisfied or very dissatisfied with the T1 Simplified Form (13%), the Northern Service Centres (19%), or the Community Volunteer Income Program (8%).
- One-quarter (23%) of all respondents, including 52% of Inuk/Inuit respondents, say that filing their taxes and accessing services would be easier if the CRA provided services, written documentation, and communications in an Indigenous language they speak or read. In contrast, one-third (35%) say that providing more comprehensive languages would not make filing or accessing services easier. Another quarter (26%) of respondents note that this is not applicable to them, including almost a third (30%) of Métis respondents.
- The qualitative research results demonstrated that participants felt a sense of vulnerability when it comes to their income tax preparation and filing, rather than a sense of confidence in obtaining the best financial outcome. They spoke of the CRA as having a tremendous knowledge and expertise advantage in spotting honest errors as well as the ability to revisit filings and seek additional tax payments from a filer at any time. This was accompanied by a sense that the CRA rarely communicates with the filer to indicate finding an error or omission in the filer's favour. Being at a disadvantage and feeling like that disadvantage exposes them to risk appeared to be what drives people to seek help, even when they find that help to be expensive and for some, of dubious quality.
- The numerous forms and technical language in the various information resources available (that is, guides or online) have convinced some to abandon trying to file on their own. In every group, there were participants who named specific forms, often even recalling the specific number, as examples of processes that seemed unreasonably difficult for someone without professional training.

Experiences interacting with the CRA related to tax assistance

- While two in five (38%) respondents have not contacted the CRA in the last 12 months, 31% say they have contacted the CRA online, 27% by telephone, 10% by mail, 7% in person, and 2% by fax. Inuk/Inuit respondents are less likely to say that they have not contacted the CRA in the past year (23%) than First Nations (39%) or Métis (37%) respondents.
- The most common reasons for contacting the CRA were to inquire about pandemic benefits (27%), or benefits more generally (26%). Additionally, a quarter (24%) of respondents say they contacted the CRA for personal income tax purposes, one-fifth say they were trying to

solve a problem with the CRA (21%) or to seek clarification about something the CRA sent them (20%).

- Among those who contacted the CRA by phone in the past year, three quarters (76%) say that their issue or question was resolved while one-fifth (21%) say it was not. Qualitative research participants described the process as time-consuming, frustrating, and futile. They complained of having often been put on hold, transferred multiple times, and/or spoken with someone who did not have the expertise required to answer their questions.
- Just over half (53%) of respondents are registered with the CRA's My Account, including 48% of First Nations, 62% of Métis, and 61% of Inuk/Inuit respondents. Among those who are not registered, 45% say they do not feel the need to, 30% perceive it as too difficult to register, 25% express concerns over privacy and security, 15% cite challenges using a computer, and 13% mention poor internet connection as a barrier.
- Half (49%) of respondents have visited the tax pages on the Canada.ca website to search for information, with most respondents (89%) reporting that their questions were answered partially (60%) or fully (29%). Only 9% of respondents say that none of their questions were answered.
- While three in five (60%) respondents say that they have not used the CRA's automated chat function, Charlie the Chatbot, on the CRA website, three quarters (78%) of those who used it say that their questions were answered either partially (51%) or fully (27%).
- In terms of satisfaction with the services offered by the CRA, a plurality of respondents have a neutral impression of the CRA's My Account (29% providing ratings of 5 or 6), the telephone services offered (34%), and the Canada.ca tax related pages (34%). Almost half (46%) say that they were unable to provide a rating for the Chatbot feature. More respondents are satisfied than dissatisfied with the CRA's My Account (31% providing a rating between 7-10 versus 14% providing a rating between 1-4) and the tax pages on Canada.ca (24% versus 20%). However, the inverse is true (where more say they are dissatisfied than satisfied) with the telephone services (26% providing a rating between 1-4 versus 24% providing a rating between 7-10) and the Chatbot feature (16% versus 13%) offered by the CRA.
- The qualitative research demonstrated mixed opinions in regards to the experience and satisfaction with My Account. Those who had positive experiences praised the ability to sign in using their online banking and appreciation for the ability to receive notifications and monitor processes. Those more critical tended to cite the burden of the process for getting the account set up, and the requirement to receive a security code by mail, as unnecessary and unwelcome.
- With respect to the CRA's website, there seemed to be widespread experience in using it, as well as a broad consensus that the CRA website is ineffective for finding answers to their own questions satisfactorily. The main challenges cited included looping through multiple webpages and terminology that was too technical or complicated to understand.

Experiences with benefits and credits

- Two in five (41%) respondents applied for the Canada Child Benefit. Among those who have children under 18 in their care, nearly half (47%) say they applied to the Canada Child Benefit without difficulty, one-fifth (20%) say they have not applied at all, and three in ten (29%) say they experienced difficulties when they applied. The challenges most likely to be noted by respondents were understanding the process (40%) and securing the required documents (37%).
- While fewer respondents applied for the Disability Tax Credit (28%), over half of those who did (59%) reported experiencing some difficulties. The most frequently cited barriers involved dealing with medical practitioners. Two in five (43%) respondents say that getting the correct practitioner to fill out the required form was a challenge, while just over a third (36%) say the same of accessing a medical practitioner to complete the required forms. The qualitative research corroborated these findings with participants blaming the application process, the requirements for medical professional form completion (especially difficult for remote populations), and the requirement to re-apply – all of which seemed prohibitively demanding, and begged questions about the CRA's motive or mistrust of recipients.
- When asked, most participants in the qualitative component were not surprised that there is a lower uptake of the DTC among Indigenous Peoples, though impressions of the cause varied. Most commonly, participants felt that the application process is prohibitively demanding. A couple participants noted that self-identifying as disabled is in conflict with some cultural ideals and is uncomfortably aligned with existing stereotypes.
- One-third (33%) of survey respondents say that the pandemic did not affect their ability to file taxes, access benefits, or receive services. The same proportion (33%) noted that the fear of getting themselves or others sick has prevented them from obtaining in-person services, a figure which rises to 37% of First Nations respondents. Not having the free time to travel to a location (20%), services being rendered inaccessible when they moved online (19%), or the inability to get transportation (18%) were also cited as concerns.
- Over half of respondents were aware of each of the pandemic emergency benefits for individuals, with the Canada Emergency Response Benefit having the largest proportion of respondents who say they applied (54%). This is followed by the Canada Recovery Benefit (31%), the Canada Recovery Sickness Benefit (17%), and the Canada Emergency Student Benefit (11%).
- Some respondents did not apply for pandemic benefits despite being aware of them. Among these respondents, some believed they would have qualified, including 22% for the Emergency Response Benefit, 21% for the Recovery Benefit, 13% for the Recovery Sickness Benefit, 12% for the Recovery Caregiving Benefit, and 8% for the Emergency Student Benefit. The reasons for not applying were similar for each of the benefits presented and included not wanting to owe the government money, not needing the benefit, or that the respondent was already working. Focus group participants who had applied and accessed pandemic benefits felt the application process was extremely easy and efficient.
- Indeed, participants in each focus group shared stories, either personal or ones they heard, about individuals who knowingly or unknowingly claimed benefits for which they were not entitled and now were required to pay them back. This had a negative impact on the impression of the CRA.

Impressions of CRA and impact of trust

- Two-thirds (65%) of respondents say they have a neutral (ratings of 4-7) impression of the CRA's overall performance, with the remaining being split between feeling that the CRA's performance is strong (17%) versus poor (16%).
- A favourable impression of CRA overall is more likely from Inuk/Inuit respondents, where three in ten (28%) rate the CRA's overall performance as strong. Negative perceptions are more common among First Nations respondents where one-fifth (17%) rate the CRA's overall performance as poor.
- When asked if the CRA works for the benefit of Canadians, one-fifth (20%) of respondents strongly agreed while one in ten (12%) strongly disagreed. These proportions inversed when respondents were asked about whether the CRA works for the benefit of Indigenous Peoples, with 11% strongly agreeing and 23% strongly disagreeing. Qualitatively, those who felt services were not equal often mentioned the geographic distance to any sort of physical presence of the CRA and/or the lack of service or documentation in any Indigenous language as barriers, especially for Elders.
- On whether the people at the CRA are trustworthy, 17% provided strong agreement ratings while 16% indicated strong disagreement. When focus group participants were asked to rate their level of trust in the federal government and separately, in the CRA, ratings for the federal government were generally low and lower than the CRA's, though the CRA's trust ratings were still not terribly positive. To the CRA's credit, they were often described as being trustworthy in their handling of sensitive, personal information and operating a system that is secure.
- The qualitative research also demonstrated that trust was clearly one of the more fundamental factors limiting participants' perspectives on how well CRA is serving their needs, or the needs of Indigenous Peoples more broadly. Many participants acknowledged that their limited degree of trust in the CRA does impact their interactions with the CRA. Some described being afraid of dealing with the CRA, having a reluctance to interact, or being stressed when dealing with CRA and putting it off as a result.
- Impacting trust, many participants shared that they have felt discriminated against due to the misinformation about tax-exemptions for Indigenous Peoples, by Canadians at large and by representatives of the CRA.
- Asked in the qualitative discussions what the CRA could do differently, the most common suggestions included:
 - Make the tax filing process simpler for the user;
 - Use language that is less technical;
 - Hire more Indigenous Peoples, including agents who travel for in-person visits in communities;
 - Have a dedicated telephone line for Indigenous Peoples, staffed with Indigenous Peoples, or at least with individuals who are expert in the full breadth of challenges faced by Indigenous tax filers;

- Raise awareness of benefits and credits, encourage application; and, make the application process simpler; and,
- Build relationships with and/or involve trusted intermediaries such as Elders, Band councils, and Indigenous consultancies or support groups.

Research firm: Earnscliffe Strategy Group (Earnscliffe)

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I hereby certify as a representative of Earnscliffe Strategy Group that the final 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:

Date: October 26, 2022

A handwritten signature in black ink, appearing to read 'Stephanie Constable', written in a cursive style.

Stephanie Constable
Principal, Earnscliffe