

Overview

1. Who we are: AFOA Canada and Prosper Canada
2. Financial wellness and its determinants
3. Opportunities to build financial wellness
4. What we can do build financial wellness
5. Resources



All images courtesy of Simon Brascoupé



1. Who we are

AFOA Canada

Vision

AFOA Canada is the centre for excellence, information and certification in Aboriginal management

Mission

Building management proficiency and connections that enhance effective Aboriginal governance, administration, and self-reliance.



Education and training programs

- Indigenous Financial Literacy and Wellness
- Community Capacity Building Workshops
- Aboriginal Financial Managers Certification
- Aboriginal Professional Administrators Certification
- Journal of Aboriginal Management

Prosper Canada

Founded in 1986, Prosper Canada is a national charity dedicated to expanding economic opportunity for Canadians living in poverty through program and policy innovation.

As **Canada's leading champion of financial empowerment**, we work with government, business and community partners to develop and promote financial policies, programs and resources that transform lives and foster the prosperity of all Canadians.

We help service systems and organizations in all sectors to build proven financial empowerment approaches into their businesses in ways that:

- Are **sustainable**
- Help them **achieve their goals**
- Tangibly **increase the financial well-being of low-income people** they serve.





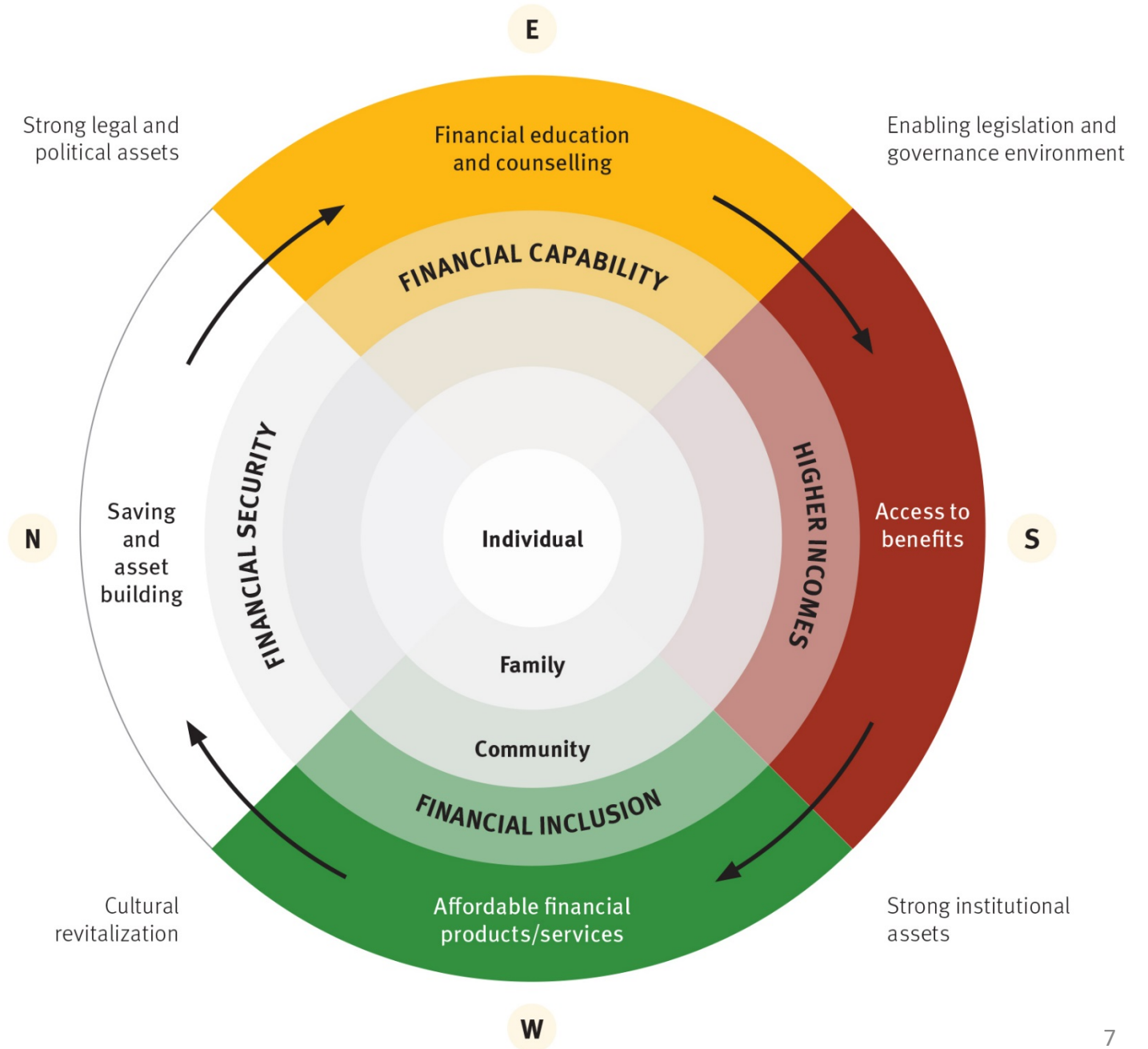
2. Financial wellness

Financial wellness is understood by Indigenous Peoples to be...

The continuous process of balancing income, saving, investing and spending to achieve one's life goals (physical, emotional, mental and spiritual) over the life cycle, and to maintain a state of wellness for individuals, family and community.



Indigenous Financial Wellness Framework



The Healing Path





3. Building financial wellness

Context is different on and off reserve

On reserve

- Income not taxable on reserve
- Low tax filing rates and income tax preparation is a challenge
- No local banks in most cases
- ID can be a barrier
- Average income low
- Education, employment, health indicators significantly below Canadian averages



Urban

- Income is taxed
- Better access to income tax preparers
- More access to banks
- ID can still be a barrier
- Average income higher than on reserve
- Education, employment and health indicators stronger than on-reserve but below Canadian averages

Opportunity: Boost access to income benefits

A significant number of First Nations individuals miss out on important income benefits because they don't tax file – e.g. \$500M in Canada Child Benefits

Barriers

- Unaware of benefits
- Worried they might owe CRA money
- Complexity (tax system and forms)
- Low literacy/English language/numeracy
- No secure computer access
- Difficulty assembling paperwork and I.D
- Mistrust of government
- Lack of confidence.

Opportunity

- **Expanding access to benefits is a federal gov't priority**
- **Rising First Nations awareness and interest** – more in the south addressing this issue with tax preparation supports
- **Prosper Canada and AFOA collaborating to promote opportunity**, but local capacity and access to non-profit and gov't supports can be an issue
- **We are working to pilot new approaches** with CRA volunteer program and others

Benefits of Community Tax Filing Supports

- Opportunity to increase awareness of relevant benefits and programs community members may be eligible for
- Increased income from accessing tax credits and benefits that community members are entitled to
- Simple tax returns prepared at no cost (Or help to file taxes at no cost)
- Community members avoid incurring costs and high fees and reduce travel costs
- Some income tested programs and benefits require that a participant has filed their taxes
- Increased access to loans and mortgages that depend in part of proof of income verified through a Notice of Assessment from the CRA

Income Boosting Benefits

In Ontario, there are over 40 potential federal and provincial income benefit programs that people with low-incomes can access directly or indirectly

- Important income supports for individuals and families with low-incomes like the **Canada Child Benefit, Old Age Security, Guaranteed Income Supplement, Working Income Tax Benefit and the GST/HST credit**
- Tax credits available based on eligibility like the **Disability Tax Credit, Caregiver Tax Credit**
- Provincial programs aimed at supplementing federal benefits or offsetting household expenses for things like home heating

Scenario: Benefits for single-parent household

Example: An Ontario single-parent household with a low-income in 2016 [1]

Household Income	Single parent with two children under 5 Ontario works: \$12,600 [2] Universal Child Care Benefit: \$3,840.00
Other financial details	Household pays \$750/month on rent 2014 taxable UCCB: \$3840
Benefits	\$983.33 CCB monthly \$226.00 Ontario Child Benefit monthly amount \$210.50 quarterly for GST/HST Ontario Trillium benefit monthly amount \$91.16 Ontario Energy and property tax credit amount \$18.41 Ontario sales tax credit monthly amount \$72.75
Total Benefits	\$16,447.88
Total Income	\$32,887.88
% from benefits	50% of income from benefits accessed through income tax filing

[1] Canada Revenue Agency, (April 1, 2016), *Child and Family Benefits Calculator*, accessed November 22, 2016, <http://www.cra-arc.gc.ca/benefits-calculator/>

[2] This number is based on the lowest amount for families in 2015. The amount may actually be higher for this particular scenario.

Community Volunteer Income Tax Program (CVITP)

Community organizations host free tax preparation clinics

Arrange for volunteers to prepare income tax and benefit returns

For eligible individuals who have a modest income and a simple tax situation



Community Volunteer Income Tax Program (CVITP)

The CRA provides participating community organization and their volunteers with:

- ✓ training
- ✓ free income tax preparation software
- ✓ access to a toll-free dedicated telephone line
- ✓ surplus computers (when available)
- ✓ promotional products and services

To become a participating community organization, register online
at **cra.gc.ca/volunteer**

Example: Wikwemikong Unceded Territory Volunteer Income Tax Program

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
As of April 2014	0	0	0	143	0	0	0	0	0	0	0
As of May, 2015	0	0	251	36	22	14	13	9	5	4	3
As of May, 2016	0	459	49	27	16	13	13	11	10	7	7
As of May, 2017	473	32	17	12	9	9	9	6	5	4	4
Total	473	491	317	218	47	36	35	26	20	15	14

Example: Sandy Bay First Nation (Manitoba)



- Super Clinic initiated by Kanata Financial and Sandy Bay First Nation
- One stop shop of services:
 - Assistance with birth certificates
 - Assistance with SIN
 - Assistance with tax filing
 - Information from CRA and Service Canada
 - Opportunity to open basic bank accounts
 - Opportunity to open RESP and access free money for children's education



4. Building partnership and reconciliation

Why people don't tax file

Why some people do not file an annual tax return include the following:

- no need due to tax exempt status;
- no income to declare;
- limited tax/financial literacy;
- difficulty understanding the process;
- the costs associated with filing;
- no support/no one to help them complete their return; and
- concern about owing back taxes.

Pros

- getting refunds or benefits payments
- good habit to develop,
- the importance of having a paper trail/being on file with the CRA,
- avoiding the inconvenience of back filing,
- and needing tax returns if one wants a loan or mortgage from a financial institution.

Principles when working with First Nations

Partnership: Work collaboratively. Take the time to develop trust, safety, etc.

Cultural safety: Provide education, support and access that is culturally relevant and safe

Respectful: Build mutual respect, trust and understanding

Knowledge-based: Two-eyed seeing approach uses both Indigenous and western knowledge in finding solutions

Supportive: Support First Nations partners' community interest.

Insights on planning free tax clinics in Indigenous communities

A way to help Indigenous community members access income from government benefits

Volunteers shared advice on setting up a **Community Volunteer Income Tax Program**



Start
early (Sept)



Contact
Canada Revenue Agency
(CRA) for support



Ensure
support from Chief
and Council

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Recruit
volunteers



Coordinate
volunteer training



Promote
to your community
what to bring



Remember
it takes time to
build trust and grow
participation



Have
a dedicated
coordinator if
possible



Ensure
access to internet,
computers, printers
and phone line



Provide
a private space for
appointments –
confidentiality is key

TIP 1 Recruit volunteers



TIP 3 Word of mouth and social

participation

possible

and phone line

confidentiality is key

TIP 1 Recruit volunteers who can offer services in their language



TIP 3 Word of mouth and social media are highly effective ways to raise awareness



TIP 2 CRA provides support via telephone, online videos and in-person training upon request



Set up a tax clinic that meets the needs of your community



TIP 4 Help with filing previous years returns – some clinics will file up to 10 years

TIP 5 Customize your clinic



By appointment



Walk-ins/
Drop in



Pick-up
(for seniors)



Evening
hours

To set up a tax clinic in your community visit canada.ca/taxes-volunteer

Thank you to the roundtable

Long-term Focus

Develop tailored financial wellness program models

Develop toolkits and training to support tailored financial wellness program delivery

Build capacity and provide ongoing support to those implementing programs

Supporting communities to integrate financial wellness programs into existing strategies, plans and services

Research, evaluation and knowledge exchange to expand and improve program delivery

Policy and advocacy efforts to improve financial wellness outcomes

Training: Steps and Best Practices to setting up community volunteer tax programs

- Prosper Canada and AFOA Canada will be hosted 2 part free online training in the fall of 2017 to assist First Nation communities and organizations in Ontario on the steps and tools involved in implementing a tax clinic
- Webinars are available on the Prosper Canada website.

Miigwetch Nia:wen Thanks Merci

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Tax filing study

In June 2017 Phoenix Strategic Perspectives prepared a report for the
CRA on their research:

“The Experiences of Indigenous Communities with Tax Filing”

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What Federal Government can do better

- Promote economic development - opportunities
- Build trust and confidence
 1. Be honest
 2. Work cooperatively
 3. Understand concerns
- Reduce red tape

Experiences with CRA and tax filing

- Problems/issues with the CRA: 'hard to contact by phone', 'difficulty getting answers', etc.
- Cost-related issues: 'cost of filing'.
- Taxes and benefits: 'taxes', 'what do I owe', 'rebate', 'what can I claim', and 'claiming dependents'.
- Forms and supporting documents: Examples of such responses include the following: 'T4', 'T5' 'forms', 'tax return', and 'receipts'.
- Filing requirements/experience: 'why don't we get help from our band?', 'keep your receipts', 'proof of expenses', 'I need a tax specialist to help me communicate what I need and what I'm entitled to'.

It's easy when :

- Their financial situation is comparatively simple
- Their financial situation does not change from year to year
- They have all their required documentation.
- They file online and the tax software package they use makes filing simple.
- Being on social assistance entitles them to help completing and filing their return.

It's difficult when:

- Lack of supporting documentation (e.g., lost or missing T4s /T5007s).
- Confusion/lack of clarity regarding documentation requirements.
- Obtaining the required documentation (e.g., a confirmation letter from the Chief or school regarding child custody).
- Frustration and/or challenges experienced disputing a CRA decision.
- Issues related to back-filing tax returns.
- Disagreements with CRA regarding what is considered taxable income.

It's difficult when, con't:

- Disagreements with the CRA regarding back taxes and what is owed.
- Complications arising from separation/child custody issues.
- Problems arising from a complicated financial situation.
- Problems with CRA regarding income earned on-reserve vs. off-reserve.
- Having to retain and submit receipts to CRA in order claim the HST exemption.
- General confusion/lack of understanding regarding forms/filing.

Awareness of tax benefits

Possible reasons for low awareness:

- Limited education/tax literacy
- Awareness generated by word of mouth
- Reactive vs. proactive approach to information
- Awareness through filing
- Limited income
- Lack of trust in the federal government
- Larger issues; poverty, homelessness

Community challenges

- Housing
- Infrastructure
- Substance abuse/addiction
- Employment/jobs
- Poverty
- Child/youth services

Sources of awareness

Sources of awareness of benefits and credits

- Through word of mouth in the community
- When filing taxes
- Through a tax preparer
- Through family and friends
- Through news/local radio/TV
- Through community services (e.g., health services informing expectant mothers of the CCB, social services informing people on social assistance)
- Through their work
- Through the CRA website.

Costs associated with filing

- In short, it was regularly suggested that for many people the cost of filing a tax return is prohibitive and it was not uncommon for participants to suggest that the cost of filing a return could be between \$150 and \$200.
- Completing tax filing for 100 members saves \$15,000 or ensures \$15K stays in the community.

Reasons for not tax filing

- Lack of need
- Cost associated with filing
- Limited tax literacy/financial literacy
- Lack of support/assistance
- Concern about owing back taxes

Main reasons for not tax filing

- Cost of tax filing
- Limited tax literacy and/or financial literacy – bureaucratise
- Lack of/limited access to services, advice, and assistance
- Limited computer access
- Difficulty assembling documents and documentary requirements

Challenges and barriers

- Lack of mailed tax forms
- Problem with Internet access/connectivity
- Issues related to back-filing
- Residency issues: no fixed address, transient and household residency
- Difficulty understanding document requirements
- Perceived discrimination

Ways to reduce barriers

- In-community training/information related to filing taxes
- In-person outreach visits from CRA
- In-community assistance to help people file
- Integrating tax/financial literacy into the education curriculum