



## Tax time insights: Experiences of people living on low income in Canada

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## Research questions

1. What are the **financial habits** and **attitudes** of people living on low incomes with respect to tax filing?
2. What are the **motivations** of people living on low incomes to file their taxes?
3. What is the **experience** of people living on low incomes when filing their taxes?
4. What **help/resources are accessed** by people living on low incomes to file their taxes?
5. What are the **barriers** which prevent people living on low incomes from accessing benefits and filing their taxes?



## Research methods

- Participants living on low income (i.e. living under the LICO) were purposively selected through our network of national partners to represent a range of experiences
- Semi-structured interviews with **53 participants** from **March-July 2017**. Participants were selected from urban centres across eight provinces and one territory
- Participants were interviewed **three-four** times in total resulting in **211 completed interviews**

## Collected information on:

- **Demographics**
- **Quantitative data on tax filing**
- **Where participants go for tax filing**
- Knowledge about tax filing
- Motivation to file or not file
- Feelings about free income tax clinics, commercial tax filers, and friends and family tax preparers
- **What makes a good or bad tax filing experience**
- Attitudes about benefits
- What they do with money gained
- Barriers and solutions to tax filing







# Who did we talk to?

# Participant Demographics

## LOCATION AND ORIGIN

**53**   
participants from  
nine urban centres  
across Canada

<b>21%</b> AB	<b>20%</b> MB	<b>11%</b> QC
<b>9%</b> PEI	<b>9%</b> BC	<b>9%</b> ON
<b>9%</b> YK	<b>8%</b> NL	<b>4%</b> NB

**62%**   
were born in Canada  
**19%** arrived less than 5 years ago  
**6%** arrived 5-20 years ago  
**11%** arrived more than 20 years ago  
**2%** were unclear

**55%** felt a  
**somewhat strong**  
sense of belonging  
**17%** Very strong  
**9%** Somewhat weak  
**19%** Very weak



## AGE

**40** years  
was the median age of  
participants, who ranged  
from **18-70 years old**.

## GENDER

**62%** Female  
**34%** Male  
**4%** Other



## RACE

**38%**  
reported a  
**racialized status**  
**38%** Non-racialized  
**22%** Indigenous  
**2%** Other

## EDUCATION



**30%**  
High school  
incomplete

The remaining  
education levels  
fall somewhere  
in between



**4%**  
Master's or  
professional  
degree

## RELATIONSHIP STATUS

**43%**

were **single**, and most participants (36%) reported **no dependents**.

**21%**

Married

**13%**

In a relationship

**9%**

Divorced

**6%**

Widowed

**2%**

Separated

**6%**

Other

## HEALTH

**38%**

reported being in **good health**

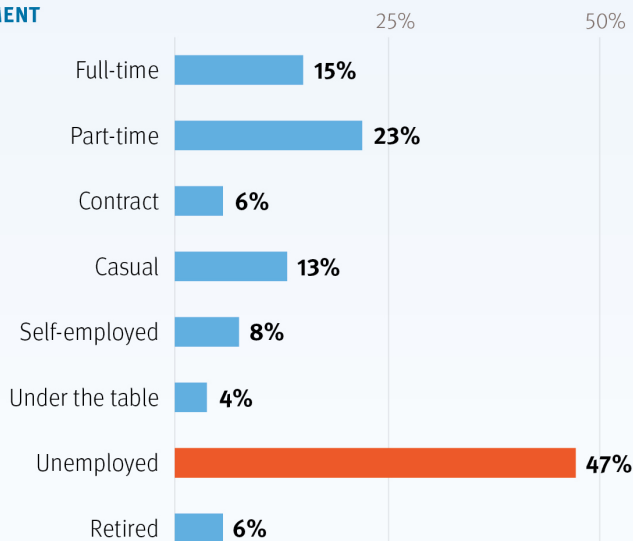
**8%** Poor

**24%** Fair

**19%** Very good

**11%** Excellent

## EMPLOYMENT



Employment status is not mutually exclusive



Of those who reported being unemployed **76%** were unemployed for more than **45 weeks**

More than 45 weeks

8% Under 14

12% 14-45 weeks

4% Missing

**15%** are living with a disability inclusive of physical, mental, and emotional disability

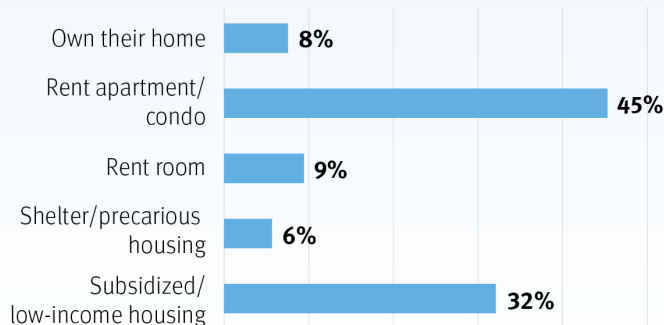
**25%** Earned less than 10K

**32%** Earned 10K to 19K

**21%** Earned 20K to 29K

**22%** Earned more than 30K

## HOUSING



**47%** of participants reported more than **50%** of their income goes towards housing costs

## What help/resources are accessed by people living on low income to file their taxes?



36%

went to community organizations

28%

accessed a tax clinic



23%

sought commercial help

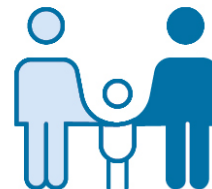


17%

received help from a friend

15%

asked family



9%

received other help



# Insights

# Two tax filing journeys

**Marcia**

goes to  
a CVITP clinic



**Jared**

goes to  
a commercial  
preparer



# Two tax filing journeys

**Marcia**

goes to  
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TOUCH-POINTS

THOUGHTS

EMOTIONS

TOUCH-POINTS

THOUGHTS



**Online** CRA, receipts, slips

**Mail** slips, receipts

**In-person visits** employer, professional offices,  
government agencies, library for internet

**Phone** CRA, government agencies,  
community organizations

“It’s too complicated. Getting everything organized and making sure that you don’t lose anything is tiring.”



**EXHAUSTED**



**Mail** slips, receipts

**In-person visits** professional offices,  
government agencies

**Phone** CRA, government agencies,  
community organizations

“I have a tendency of misplacing things, so trying to make sure I put them in the same spot and they’re all together is difficult.”



**FRUSTRATED**



**Phone**

Community organization calls to book

“The organization called to remind me and schedule a date. I didn’t have to wait. They told me what to bring.”



**CONFIDENT**



**HAPPY**



**Phone**

Call commercial preparer

“The location close to me was able to fit me in right away.”



Wait to file at  
tax preparer



**In-person**  
CVITP clinic

"It's a hassle because  
I have my daughters  
with me every time  
I file my taxes."



**HAPPY**



**FRUSTRATED**



**In-person**  
commercial preparer

"I didn't have to wait,  
I got in quite quickly  
as scheduled."

File  
taxes



**In-person**  
CVITP clinic

"They were very friendly  
and explained everything.  
Afterwards he told me about  
all the free stuff that I could  
get in my community."



**GOOD**



**CONFUSED AND  
ANNOYED**



**In-person**  
commercial preparer

"I thought I would get a hard copy  
of the slips, but then I realized no,  
that was a couple years ago, now  
you have to go online and print it."

Receive notice  
of assessment



**Online**  
CRA website

"I had no issues with filing.  
I got the paper back in the  
mail showing what I am  
going to get for the full year."



**RELIEVED**



**ANGRY**



**Mail**  
CRA

"I wasn't happy that they didn't  
ask details about my home,  
which means I won't get grants  
on time this year."

Deal with  
outcome

No touchpoint

"Everything was fine.  
I will get my benefits."



**RELIEVED**



**UPSET BUT  
RELIEVED**



**Phone**  
set up appointment with  
commercial preparer  
**In-person**  
commercial preparer

"It was their fault that  
information was missing and so  
I had to go back in. But at least  
they helped me resolve it."



**Participants identified a number of factors that contributed to a “positive” tax filing experience:**

**Access to tax-filing supports, such as CVITP clinics, commercial preparers or friends and family**

**Learning about the tax filing process and benefit eligibility through the preparer**

**Expectations of tax filing outcomes were met (no mistakes were made, refund received, felt respected)**

**Simple tax-filing situations: (e.g. not too many documents required to file taxes)**

**Independent filers expressed feeling empowered at tax time**

## Factors contributing to a “bad” tax filing experience:

**Hard time obtaining required documents** to file taxes leading to multiple phone calls to CRA

**Inaccessible hours of operation at CVITP clinics:**

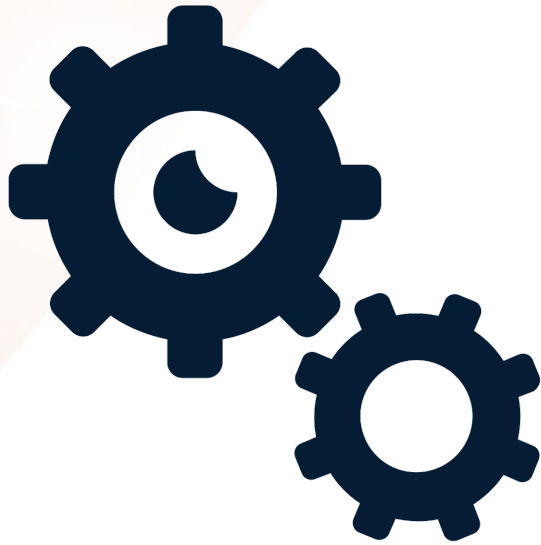
**Mistakes** made by preparers

**Complicated tax-filing situations** (self-employment, or filing for multiple years)

**Unclear expectations about tax filing outcomes** (owing money vs. getting money)

**Small refunds** not worth the time and effort to file taxes

**Not being aware of free tax-filing supports**



# Implications

# Implications for policy

## Policy

- Simplifying the tax code
- Reducing required documentation
- Increasing awareness of CVITP sites, leveraging service systems people with low incomes frequent
- Expanding and strengthening CVITP services
- Identifying who isn't tax filing and pursuing targeted strategies
- Piloting new tax filing models
- Increasing year-round tax-filing support
- Improving CRA's frontline culture
- Include people with low incomes directly in development of solutions
- Consider regional super hubs

# Implications for practice and research

## Practice

- Make the tax filing process more transparent so they know what to expect
- Use document checklists to help clients better prepare and improve their experience
- Provide tailored services to meet the specific needs of diverse groups
- Support individuals who want to learn how to file their own taxes

## Research

- Identify gaps in tax filing and CVITP use among people living on low incomes for local communities
- Monitor and report on CVITP filing error so we can address any weaknesses and dispel concerns
- Explore the needs and capacities of rural, remote and Indigenous communities to provide tax-filing assistance

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- E4c
- Family Services of Greater Vancouver
- Government of Prince Edward Island
- Momentum
- SEED Winnipeg
- Union des consommateurs
- YMCA of Greater Saint John
- Yukon Literacy Coalition

## **Advisory Committee:**

- Ansley Dawson
- Sally Massey-Wiebe
- Kevin Schachter
- Jen Smerdon

As well as our interviewers and Prosper Canada staff!

# Thank you for your time!

You can find the report:

<http://prospercanada.org/Resources/Publications.aspx>



## Contact us if you have any questions!



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## Data analysis and coding process



- **The Integrated Behavioural Model** was used to structure the following codes:
  - Knowledge and skills
  - Attitudes towards filing
  - Factors that contribute to good and bad experiences
  - Process of tax filing
  - Barriers to tax filing
  - Potential solutions
- Each transcript was read and excerpts were highlighted and coded
- All excerpts were reviewed under the main codes and **major themes were identified from the coded excerpts**
- Insights were validated by an advisory committee after the first and second round of coding. The committee consists of partners from WoodGreen, Community Financial Counselling Services, SEED, and The Working Centre



## Project background

### Limitations

- **Volunteer/participant bias:** only interviewed participants recruited through community organizations
- **Interviews do not perfectly align with the “tax filing event”** (e.g. 2 before tax filing and 2 after tax filing)
- **Interviews were only conducted in urban centres**, thus the experiences of rural or remote residents were not captured
- **No interviews were conducted with tax filing service providers:** with tax-filing volunteers, paid services, CRA or friends/family

## Barriers and solutions

### Participants identified barriers to tax filing :

#### Barriers to tax filing included:

**Costs related to tax filing** are not transparent and should be standardized by the government



**Low literacy** created challenges with complicated forms and instructions



**Lack of awareness** around free tax filing supports in community



**Difficulty communicating with CRA** and their technical communication style



**Living with a disability**



**Transient housing situations**



**Limited proficiency in English/French**



**Burden of documentation** as it was difficult and costly to gather in time for tax filing



**Inaccessible free tax-filing support services** (e.g. location and hours)



# What benefits/credits were accessed in the previous year?

## Benefits/ Credits

Participants reported on the types of benefits/credits they received in the previous year (2016).

81%  
received the  
Guaranteed Income  
Supplement



53%  
received the  
Canada Child  
Benefit



11%  
received the  
Disability  
Tax Credit



55%  
received the Goods and  
Services Tax (GST)/  
Harmonized Sales Tax (HST)



13%  
received  
the Canada  
Pension Plan



8%  
received the Working  
Income Tax Benefit  
(Canada Worker Benefit)





**Marcia**

At present, Marcia has a high documentation burden as she prepares for tax time. However, she feels really supported by the community organization and the CVITP clinic.

“I really enjoy going to the CVITP clinic, I feel like they respect me and take my financial situation seriously. They ask me lots of questions every year to make sure they are being accurate, and they tell me what to bring and what’s going to happen. Maybe next year I can learn how to do it myself.”



**Jared**

Jared goes to a commercial tax preparer and finds it difficult to gather the documents needed like utility bills, transportation and medical receipts, and more. In February he calls in and gets an appointment quite quickly. Until participating in the study, Jared didn't know there were free tax clinics offered in his community:

“I didn't know those existed or I could have asked them some questions about which documents I should be collecting. Beyond that though, well how accurate and good are they? Are they students or actual accountants?”