

Office of the
**TAXPAYERS’
OMBUDSMAN**

**Annual Report
2015-2016**



Government
of Canada

Gouvernement
du Canada

Canada

OFFICE OF THE TAXPAYERS' OMBUDSMAN

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TABLE OF CONTENTS

Taxpayer Bill of Rights	1
Message from the Taxpayers' Ombudsman	2
About us	4
What is an ombudsman?	4
The mandate of the Taxpayers' Ombudsman	5
Our mission	6
Who we serve	6
Our services	6
Our accountability and our governance	9
What does our Office look like?	10
Our guiding principles	11
Year in review	12
Measuring our performance	12
Financial statements	13
Responding to individual complaints	13
Top complaints we heard	16
Case summaries	16
Compelling circumstances lead to urgent intervention	16
Waiving interest for an administrative error	17
Completed or closed systemic examinations	18
Access to a supervisor	18
Authorizing a representative	18
CRA training videos	19
Personal service businesses	19
Disability tax credit	20
Canada child tax benefit calculation error	20
Audit	21
CPP deductions for employees aged 60-70	21
GST/HST credit input tax credits for universities and colleges	21
Electronic communications with the CRA	22
Raising awareness	22
How to contact us	24

TAXPAYER BILL OF RIGHTS

The Taxpayer Bill of Rights contains 16 rights that describe the treatment to which taxpayers are entitled when dealing with the Canada Revenue Agency (CRA). The Taxpayer Bill of Rights also sets out the CRA's Commitment to Small Business to ensure that interactions with the CRA are conducted as efficiently and effectively as possible. The Taxpayers' Ombudsman upholds the eight service rights as outlined in the Taxpayer Bill of Rights; specifically rights 5, 6, 9, 10, 11, 13, 14, and 15 (marked with * below).

1. You have the right to receive entitlements and to pay no more and no less than what is required by law.
2. You have the right to service in both official languages.
3. You have the right to privacy and confidentiality.
4. You have the right to a formal review and a subsequent appeal.
5. You have the right to be treated professionally, courteously, and fairly.*
6. You have the right to complete, accurate, clear, and timely information.*
7. You have the right, unless otherwise provided by law, not to pay income tax amounts in dispute before you have had an impartial review.
8. You have the right to have the law applied consistently.
9. You have the right to lodge a service complaint and to be provided with an explanation of our findings.*
10. You have the right to have the costs of compliance taken into account when administering tax legislation.*
11. You have the right to expect us to be accountable.*
12. You have the right to relief from penalties and interest under tax legislation because of extraordinary circumstances.
13. You have the right to expect us to publish our service standards and report annually.*
14. You have the right to expect us to warn you about questionable tax schemes in a timely manner.*
15. You have the right to be represented by a person of your choice.*
16. You have the right to lodge a service complaint and request a formal review without fear of reprisal.

COMMITMENT TO SMALL BUSINESS

1. The CRA is committed to administering the tax system in a way that minimizes the costs of compliance for small businesses.
2. The CRA is committed to working with all governments to streamline service, minimize cost, and reduce the compliance burden.
3. The CRA is committed to providing service offerings that meet the needs of small businesses.
4. The CRA is committed to conducting outreach activities that help small businesses comply with the legislation we administer.
5. The CRA is committed to explaining how we conduct our business with small businesses.



MESSAGE FROM THE TAXPAYERS' OMBUDSMAN

I am pleased to present the 2015-2016 Annual Report for the Office of the Taxpayers' Ombudsman.

Soon after I started as the Ombudsman on July 6, 2015, I began to realize just how far-reaching the Canada Revenue Agency (CRA) is and how much it touches the lives of taxpayers. I quickly understood how valuable the role of my Office is in resolving the service issues of individual taxpayers, helping to enhance the CRA's accountability, and improving the level of service it provides. I am proud that we are able to help serve taxpayers in this way.

Several times during the year, I met with the Minister of National Revenue to discuss ongoing matters, and the mandate and priorities for my Office. A key priority and part of my mandate is to assist, advise, and inform the Minister about any matters related to service provided to taxpayers by the CRA. In doing so, establishing and maintaining open lines of communication with the Minister and her office has been important. I am pleased

by the Minister's suggestion to hold some of our meetings at my Office and by the Minister's focus on high quality service to taxpayers.

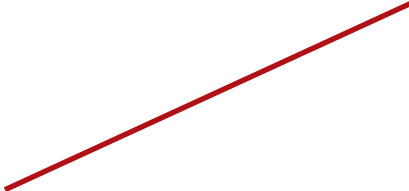
I must hold myself and my Office to the highest ethical standards and exercise fiscal prudence. In 2015-2016 we solidified my Office's management framework: we filled vacant positions and implemented changes to ensure that my Office remains compliant with all our obligations for financial management, human resources management, procurement, and security. We also looked for opportunities to enhance the tools we use in direct service to taxpayers. As a result, we are in the process of acquiring new case management technology that will enhance our ability to record and monitor the complaints we receive and identify potential systemic issues.

Completing the systemic examinations that were open when I arrived was another priority I am proud to say we addressed in my first nine months as Ombudsman.


We closed 10 of the 12 outstanding examinations. Nine were closed without recommendation since our intervention and collaboration with the CRA lead to the CRA making changes to address the issues.

To resolve service issues and improve service to taxpayers, I must establish and maintain a strong working relationship with the CRA that builds effective collaboration and fosters open dialogue. To that end, I met with all assistant commissioners of the CRA. I also had the opportunity to visit a number of tax centres and tax services offices where I met with managers and employees who helped me gain a better understanding of CRA operations, while I was able to offer them insight into the mandate and operations of my Office.

To improve service to taxpayers, I must raise their awareness of my role, of the taxpayer service rights, and the work of my Office. Obtaining feedback from taxpayers about the service they receive from the CRA and from my Office, and their ideas for improvements is necessary to enhancing their service experience. During the latter part of 2015-2016, I started my outreach and will continue it throughout my term as Ombudsman. It is important to me to have as broad a reach as possible and therefore, I am focusing on including outreach with groups who tend to be underserved or have difficulty accessing CRA services. This approach will hopefully yield innovative and diverse ideas on service improvements.



**WE CAN
BEST EFFECT
POSITIVE CHANGE
WHEN WE WORK
TOGETHER
AND GENERATE
MANY IDEAS.**



I encourage taxpayers and their representatives to contact my Office when they are dissatisfied with the service they received from the CRA or when they have suggestions for changes to service. We can best effect positive change when we work together and generate many ideas.

Sincerely,



Sherra Profit, BA, LL.B.
Taxpayers' Ombudsman

ABOUT US

WHAT IS AN OMBUDSMAN?

The term “ombudsman” has its origins in the Swedish word meaning “representative”. An ombudsman is responsible for resolving individual complaints and making recommendations to address issues of a systemic nature with respect to a specific organization.

In Canada, the Taxpayers’ Ombudsman serves as an independent officer appointed by the federal government. The Ombudsman is responsible for the review of individual complaints and systemic issues about the service provided to taxpayers by the Canada Revenue Agency (CRA), and to uphold the taxpayer service rights identified in the Taxpayer Bill of Rights. The position was created to support the government’s priorities of maintaining stronger democratic institutions, increased transparency, and the fair treatment of taxpayers. The Ombudsman reports directly and is accountable to the Minister of National Revenue.

THE MANDATE OF THE TAXPAYERS' OMBUDSMAN

As outlined in the *Order in Council P.C. 2007-0828*, the Taxpayers' Ombudsman's mandate is to assist, advise, and inform the Minister of National Revenue about any matter relating to services provided to a taxpayer by the CRA.

THE TAXPAYERS' OMBUDSMAN:

- reviews and addresses any request for a review about a service matter or a matter arising from the application of sections 5, 6, 9, 10, 11, 13, 14, and 15 of the Taxpayer Bill of Rights;
- identifies and reviews systemic and emerging issues related to service matters that impact negatively on taxpayers;
- facilitates access by taxpayers to the proper redress mechanisms within the CRA to address service matters; and
- provides information to taxpayers about the mandate of the Ombudsman.

The Ombudsman reviews service issues at the request of the Minister, on receipt of a complaint from a taxpayer or their representative, or on the Ombudsman's own initiative.

THE TAXPAYERS' OMBUDSMAN DOES NOT REVIEW:

- matters that arose before February 21, 2007, unless the request is made by the Minister;
- the administration or enforcement of CRA program legislation, unless the review relates to service matters;
- Government of Canada legislation, policy, or CRA policy, unless the review relates to service matters;
- the CRA's administrative interpretation of a provision within its program legislation;
- matters before the courts or court decisions;
- legal advice provided to the Government of Canada; and
- confidences of the Queen's Privy Council for Canada.

OUR MISSION

Our mission is to increase awareness about taxpayer service rights and the services offered by our Office, to resolve individual complaints, and to improve the service that taxpayers receive from the CRA.

WHO WE SERVE

We serve taxpayers, who are defined as individuals, businesses, corporations, and other legal entities that are liable to pay a Canadian tax, are eligible to receive an amount as a benefit, or are provided a service by the CRA. The Ombudsman serves the Minister by advising the Minister on any matter relating to service provided to taxpayers by the CRA and making recommendations to correct or improve a service issue.



Sherra Profit, Taxpayers' Ombudsman, Shane Onufrechuk, CPA, CA, Chair of the Chartered Professional Accountants of British Columbia Taxation Forum

OUR SERVICES

INFORMATION, FACILITATION, AND REFERRAL SERVICES

Our intake officers are vital to the services we provide. They are the first point of contact in our Office for taxpayers who feel they did not receive the service from the CRA to which they are entitled. Intake officers answer telephone enquiries, contact taxpayers who have submitted a service complaint, help them navigate our website and the CRA's website, explain how to submit a complaint, and refer taxpayers to the appropriate area of the CRA for resolution of their complaint.

When a complaint is not about service or is not about the CRA, intake officers inform taxpayers about the nature of the Ombudsman's mandate. When possible, they direct taxpayers to the appropriate government department or agency for assistance.

One of the objectives of the service complaint process is to resolve complaints at the lowest possible level. The mandate allows us to review a service complaint only after the CRA's internal redress mechanisms have been exhausted, unless there are compelling circumstances. The steps in the service complaint process are:

- Step 1** Resolve the complaint with the CRA employee or their supervisor.
- Step 2** File a service complaint with the CRA Service Complaint program.
- Step 3** If unsatisfied with the CRA's decision, submit the service complaint to the Office of the Taxpayers' Ombudsman for review.

Intake officers assess whether taxpayers have followed the steps of the CRA's service complaint process, and facilitate their access to it, if they have not. Intake officers must obtain the taxpayer's consent for our Office to release their personal information to the CRA and for the CRA to release the taxpayer's information to our Office. Intake officers follow up with taxpayers to ensure the CRA resolved the issue to their satisfaction. If taxpayers are unsatisfied with the decision made by the CRA Service Complaint program, intake officers invite them to submit their service complaint to our Office.

When the CRA's service complaint process has been exhausted and the taxpayer remains unsatisfied, or when there are compelling circumstances to skip those steps, the complaints are forwarded to our examination officers.

A compelling circumstance may exist when:

- the complaint raises a systemic issue;
- following all the steps of the service complaint process may cause undue personal or financial hardship to the taxpayer; or
- following all the steps of the service complaint process is unlikely to resolve the complaint within a period of time that the Ombudsman considers reasonable.

EXAMINATION OF INDIVIDUAL SERVICE COMPLAINTS

When there are compelling circumstances to a service complaint, examination officers address an urgent request for action to the CRA. The CRA acts quickly in response to these urgent requests. Examples of complaints with compelling circumstances include financial hardship caused by collections activities or changes to benefits.

Examination officers conduct an objective review of a service complaint by reviewing the facts provided by the taxpayer and those from the CRA, as well as other relevant sources. Their objective is to facilitate a resolution of the complaint.

In the course of the examination, examination officers provide regular updates to the taxpayer on the status of the service complaint. When the examination reveals that the level of service provided by the CRA was less than what the taxpayer was entitled to receive, the examination officer works to facilitate a resolution with the taxpayer and the CRA. Sometimes, resolution is achieved by simply re-establishing communication between the taxpayer and the CRA. Other times, it is achieved by adding clarity to the CRA's explanation on an issue.

When we complete an examination, we inform the taxpayer of our findings and the actions we took, if any, as a result of the examination.

EXAMINATION OF SYSTEMIC ISSUES

An issue is systemic when it may impact a large number of taxpayers, or a segment of the population. We scan our individual service complaints files and phone calls to identify possible trends in the types of service complaints we receive. We also consult open and external sources, such as tax professionals, academia, and the media to assist in identifying systemic issues. The Minister may also request that we examine a systemic issue.

When a potential systemic issue is identified, the systemic examination officers conduct preliminary research to confirm if there is a problem, define the issue, and to determine whether it is having a service impact on a segment or segments of the population. Once the scope of the systemic issue is defined, we will notify the Minister and the CRA of our intention to launch an examination. For future systemic examinations, this notice will be published on our website 30 days after it is provided to the Minister.

After the systemic examination is formally launched, the examination officers perform more in-depth research and fact gathering. This may include reviewing relevant individual complaints and conducting open source research. It may include requests for information from the CRA on its policies and procedures, and any other CRA program information that may be relevant to the issue we are examining.

In the course of a systemic examination, the information we request from the CRA, the communication that is established, and the feedback that is exchanged between our Office and the CRA can act as a catalyst for action by the CRA that addresses the issue originally identified.

When the examination of a systemic issue is completed, we prepare a report detailing our research and our findings. The report may contain recommendations to the Minister to address unresolved systemic issues. The report may be done without recommendations when no changes need to be made to the service provided by the CRA, or when the CRA has already taken corrective measures to address the issue. The systemic examination report is presented to the Minister and to the CRA. The report is published on our website 60 days after it is presented to the Minister.

Within 30 days after the report is delivered to the Minister, the CRA provides to the Minister (with a copy to the Taxpayers' Ombudsman) its response to the recommendations in that report. This response usually details the action plan proposed by the CRA to address the Ombudsman's recommendations.

RAISING AWARENESS THROUGH OUTREACH

Conducting outreach activities across Canada raises awareness of taxpayer rights, the role of the Ombudsman, the services offered by the Office of the Taxpayers' Ombudsman, and the service complaint process. Our target audiences for outreach include:

- taxpayers;
- tax professionals, such as accountants and lawyers;
- business groups;
- community organizations that serve specific taxpayer populations, such as seniors, newcomers, and Indigenous Peoples; and
- managers and employees of the CRA, including those in regional offices across Canada.



The Honourable Diane Lebouthillier, P.C., M.P., Minister of National Revenue, Sherra Profit, Taxpayers' Ombudsman

During outreach activities, not only do we work to increase awareness about our Office, we listen to issues raised, including those that may be systemic, and those from people who may not otherwise submit a complaint.

Establishing open lines of communication with our target audiences is an important part of each outreach presentation. The feedback received is highly valuable for both how our Office can better serve taxpayers and how we can help ensure the CRA delivers better service.

Outreach to the CRA's offices across Canada is also important. Engaging the local offices allows employees and management to become informed about the role of the Taxpayers' Ombudsman in the service complaint process. It also offers an overview of the daily responsibilities of the CRA employees that directly impact taxpayers. Being granted this access and insight is useful for our knowledge of the operations of the CRA, which assists in examining service complaints and issues.

OUR ACCOUNTABILITY AND OUR GOVERNANCE

ACCOUNTABILITY AND ANNUAL REPORT

As outlined in the *Order in Council*, the Ombudsman reports directly and is accountable to the Minister. The Ombudsman is required to submit an annual report on the activities of the Office to the Minister and to the Chair of the Board of Management of the CRA before December 31 of each year, for the preceding fiscal year. The Minister tables the annual report in each House of Parliament. The Ombudsman publishes the annual report as soon as it has been tabled by the Minister.

GOVERNANCE

The Office of the Taxpayers' Ombudsman is functionally independent and operates at arm's length from the CRA. However, its governance framework for the management of financial and human resources is rooted within the CRA's governance framework.

FINANCIAL AUTHORITIES

The Ombudsman's budget, while under the direct responsibility of the Ombudsman, is part of the funds detailed under the Main Estimates that are allocated to the CRA and then transferred to the Office of the Taxpayers' Ombudsman.

The Minister is authorized under the *Financial Administration Act* to delegate financial authorities to the Commissioner of the CRA. The Commissioner formally delegates financial authorities to the Ombudsman for the management of financial resources.

The CRA is bound by the financial management policies issued by the Treasury Board of Canada Secretariat (TBS). Therefore, the CRA policy framework reflects TBS's financial management policies, which are issued under the *Financial Administration Act*. The Ombudsman and employees of the Ombudsman's Office are required to comply with the TBS and CRA financial management policies.

PROACTIVE DISCLOSURE

Compliance with the TBS and CRA financial management policies requires the mandatory publication of the Ombudsman's travel and hospitality expenses. It also requires disclosure of contracts entered into by the Ombudsman's Office for amounts over \$10,000.

The disclosure is published on our website. The TBS also has a link to the Office of the Taxpayers' Ombudsman's information on its webpage "Proactive disclosure by department or agency."¹

HUMAN RESOURCES AUTHORITIES

In accordance with the Ombudsman's *Order in Council*, the employees of the Ombudsman's Office are employed pursuant to the *Canada Revenue Agency Act*.

The Commissioner of the CRA is authorized by the *Canada Revenue Agency Act* to exercise human resources related powers, duties, and functions, and to authorize other persons to act on his behalf. The

Commissioner formally delegates human resources authorities to the Ombudsman and to the managers in the Ombudsman's Office.

The Ombudsman and employees in the Ombudsman's Office are bound by the CRA's human resources policies and programs.

OTHER ADMINISTRATIVE SERVICES

The Ombudsman's Office also relies on a number of CRA internal services for its administrative operations, such as web publishing and information technology support, which are detailed in service level agreements between the Ombudsman and the CRA.

WHAT DOES OUR OFFICE LOOK LIKE?

In 2015-2016, our office benefitted from the support of up to 25 employees, including managers, intake officers, examinations officers, communications specialists, corporate services officers, and administrative support staff. All employees engaged in serving and informing taxpayers, examining service issues, and providing advice to the Minister.



Paul Vienneau, Chief of Appeals, Winnipeg Tax Services Office, Sherra Profit, Taxpayers' Ombudsman, Jeffery Mruss, Director of Programs, Prairie Region, Doug McLean, Director of the Winnipeg Tax Services Office, Prairie Region

¹ Treasury Board of Canada Secretariat, *Proactive disclosure by department or agency – Office of the Taxpayers' Ombudsman*, online: <www.tbs-sct.gc.ca/hgw-cgf/finances/rgs-erdg/pd-dp/index-eng.asp#O> Date modified: 2016-05-12.

OUR GUIDING PRINCIPLES

The four principles that we adhere to in conducting our work are independence, impartiality, fairness, and confidentiality.

INDEPENDENCE

We operate at arm's length from the CRA and are accountable to the Minister, not the CRA. We review the facts of each service complaint on a case-by-case basis and respond to the taxpayer. The recommendations that arise from our systemic examinations are made directly to the Minister. To carry out the mandate, we are free to form our own opinion, independent of the CRA's opinions. This freedom allows us to make the recommendations we believe are necessary to resolve a service issue, and to choose the audience(s) that we believe will receive the greatest benefit from outreach activities.

IMPARTIALITY

We do not advocate for taxpayers nor defend the CRA. We collect the relevant facts from the taxpayer, the CRA, and any other relevant source. We examine those facts in a neutral and objective manner. Based upon the facts, we determine whether there is a service-related issue and identify a solution or make suggestions to correct it.

FAIRNESS

We review each service complaint based on the facts of that particular situation and on information from the taxpayer, the CRA, and other relevant sources. We act in an unbiased manner, ensure that the policies and procedures are applied consistently for everyone, while taking into consideration the relevant factors of that taxpayer's situation.

CONFIDENTIALITY

We do not disclose any confidential taxpayer information without the taxpayer's written consent. Likewise, the CRA will only disclose information to our Office with the taxpayer's written consent.

YEAR IN REVIEW

MEASURING OUR PERFORMANCE

There are key performance indicators against which our performance is measured on a yearly basis. We measured our performance in the fiscal year through the following indicators:

Key Performance Indicators for 2015-2016	Target	Actual
Percentage of recommendations raised by the Taxpayers' Ombudsman that are acted upon by the Canada Revenue Agency (CRA). ²	Not applicable	Not applicable
Percentage of mandate-related complaints by taxpayers about the CRA that are completed. ³	95%	88%
Percentage of mandate-related complaints by taxpayers about the CRA that are examined.	100%	100%

FIGURE 3.1 Performance indicators for the Office of the Taxpayers' Ombudsman, including our target and actual performance.

2 For the 2015-2016 fiscal year, no recommendations were made to the Minister of National Revenue.

3 This represents the percentage of mandate-related complaint files that were completed in 2015-2016 relative to the number of mandate-related complaint files that were opened during the period or carried over from the preceding period. In 2015-2016, 1,074 of the 1,219 files opened or carried over, were completed.

FINANCIAL STATEMENTS

Summary of expenditures for the 2015-2016 fiscal year (in thousands):

Expenditures	2015-2016 (\$000)
Salaries	1,483
Professional services	18
Non-professional services	0
Training and education	12
Information technology services	0
Travel ⁴	85
Office equipment	5
Printing and publishing	4
Office expenses	9
Total annual operating expenses	1,616

FIGURE 3.2 Summary of financial expenditures for the 2015-2016 fiscal year.

RESPONDING TO INDIVIDUAL COMPLAINTS

During the 2015-2016 fiscal year, our intake officers received 2,562 telephone calls and 1,408 service complaint forms. Complaints can be submitted by online complaint form, fax, mail, or in-person. For the second year in a row, our online complaint form was the method most used, representing 57.8% of all complaint forms received. Although our online complaint form is used the most, we continue to offer taxpayers a variety of options to submit their complaints.

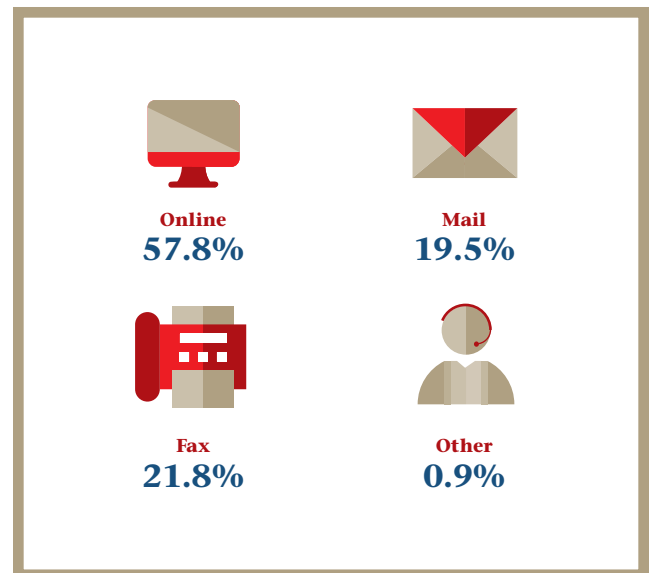


FIGURE 3.3 Distribution of methods used by taxpayers when submitting a service complaint.

4 The 2015-2016 travel expenditures include relocation costs.

We receive service complaints from across Canada and around the world. We consider the origin of service complaints to help us identify regions where there may be less awareness of our services. This is valuable information when developing outreach plans. It helps us to ensure we focus our resources in regions where there is potentially less awareness of our Office and services.

Location	Complaints received	% of total complaints received by province/territory	Provincial/territorial population as of July 1, 2015 ⁵	% of Canadian population	Complaints received by population
Alberta	175	12.4	4,196,500	11.7	1 in 23,980
British Columbia	203	14.4	4,683,100	13.1	1 in 23,069
Manitoba	57	4.0	1,293,400	3.6	1 in 22,691
New Brunswick	29	2.1	753,900	2.1	1 in 25,997
Newfoundland and Labrador	15	1.1	527,008	1.5	1 in 35,134
Northwest Territories	1	0.1	44,100	0.1	1 in 44,100
Nova Scotia	49	3.5	943,000	2.6	1 in 19,245
Nunavut	2	0.1	36,900	0.1	1 in 18,450
Ontario	569	40.4	13,792,100	38.5	1 in 24,239
Prince Edward Island	2	0.1	146,400	0.4	1 in 73,200
Quebec	183	13.0	8,263,600	23.0	1 in 45,156
Saskatchewan	44	3.1	1,133,600	3.2	1 in 25,764
Yukon	1	0.1	37,400	0.1	1 in 37,400
Address undisclosed	63	4.5			
Outside Canada	15	1.1			
Total	1,408	100	35,851,008	100	1 in 25,462

FIGURE 3.4 Source of service complaints received.

5 Statistics Canada, *Population by year, by province and territory*, online: <www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo02a-eng.htm>. Date modified: 2015-09-29.

In 2015-2016, we closed 1,352 complaint files, of which 1,074 were within our mandate and 278 were outside our mandate. Files that are outside our mandate are usually not service-related, or not about the CRA.

	2015-2016
Complaint files opened	1,408
Complaint files closed within our mandate	1,352
Complaint files closed within our mandate	1,074
Complaint files requiring examination	209
Complaint files referred to CRA – Service Complaints	424
Complaints files referred to CRA that required urgent action	221
Other	220
Complaint files closed outside our mandate	278

FIGURE 3.5 Complaint files opened and closed in 2015-2016.

With respect to the complaints that fell within our mandate, 209 were about service-related issues that required an examination. We referred 424 mandate-related service complaints to the CRA’s Service Complaint program with the taxpayer’s permission, as the taxpayer had not yet availed themselves of that program.

In 221 cases, while the taxpayer may not have exhausted the available internal redress mechanisms of the CRA, given that there were compelling circumstances, such as personal or financial hardship, we requested that the CRA take urgent action to resolve the issue.

An additional 220 complaints were identified as falling within our mandate, but were closed without referring them to the CRA or without an examination. This happens for a variety of reasons, such as the taxpayer may withdraw their complaint, fail to respond to our request for additional information, inform us that they have obtained a resolution with the CRA while we were examining their complaint, or we may have referred them to the CRA general enquiries telephone line.

We received 278 enquiries that fell outside our mandate. In each case, we tried to help the taxpayers find the right avenue to resolve their issue.

TOP COMPLAINTS WE HEARD

This year, we heard complaints about a wide-range of service issues in our interactions with taxpayers. We monitor trends in an effort to identify potential service-related issues that may be systemic in nature. We monitor the service complaints and telephone calls we receive, even if they do not lead to a formal complaint.

The following are the most frequently heard complaints from taxpayers. These figures do not take into account whether the complaint was later found to be with or without merit:

	Complaints received	Telephone calls	Total
Revenue collections – e.g. unfair treatment; collector behaviour	216	214	430
Accessibility to the CRA telephone enquiries lines	63	207	270
Canada child tax benefit – e.g. difficulty validating eligibility; delays	107	108	215
Delays in processing tax returns	81	74	155
Inconsistent/incorrect information provided by the CRA	82	70	152
Audit – e.g. delays; auditor behaviour	65	59	124

FIGURE 3.6 Most frequently heard complaints from taxpayers.

CASE SUMMARIES

The following case summaries provide examples of the types of complaints submitted by taxpayers. The names and identifying information of the taxpayers are withheld to respect their privacy and the confidentiality of their information.

COMPELLING CIRCUMSTANCES LEAD TO URGENT INTERVENTION

Ms. A contacted our Office in November 2015 stating that the CRA had stopped her Canada child tax benefit (CCTB) in August. She reported that she was experiencing financial hardship and was unable to pay her bills and rent, or provide food for her children.

She explained that in May 2015, she had communicated with the CRA because she believed that for two years, the CRA had been calculating her CCTB using information that was no longer accurate. Her income had decreased and her children were now primarily in her care. They had previously been with her 50% of the time.

She explained that in early 2015, she provided the CRA the documents it had requested to prove that her children were primarily in her care. Ms. A reported that after she confirmed the CRA had received her documents, she was told that it might take up to 30 days to receive a decision. She reported that when she called again 30 days later, she was informed that it might take 45 days to receive a decision from the CRA. Ms. A stated that when she asked to speak with a manager, she was told that a manager would not be able to help her, nor would they make her a priority.

When she called us, Ms. A stated that she had just received notice from the CRA that her claim for the retroactive payments to which she believed she was entitled had been denied.

With her permission, we referred her complaint to the CRA for urgent action. Within a few days, the CRA had communicated with Ms. A to inform her that they were reviewing her file. Within two weeks, the CRA informed Ms. A that the eligibility decision was reversed and her payments readjusted retroactive to September 2013. The CRA expressed regret for the misinterpretation of her documents.

WAIVING INTEREST FOR AN ADMINISTRATIVE ERROR

From 2003 to 2007, Mr. B contributed more money into his Registered Retirement Savings Plan (RRSP) than his deduction limit allowed. In 2007, Mr. B withdrew a significant amount from his RRSP to bring his contribution amount within his limit, and filed his income tax returns for 2003 to 2007. The CRA assessed Mr. B for the excess RRSP contributions he claimed from 2003 to 2007 and sent him notices of assessment on March 31, 2009. The assessments resulted in a balance owing and penalties for late filing from 2003 to 2007, on which interest was applied and continued to accumulate.

When Mr. B contacted our Office in June 2015, he told us that he only became aware of this debt when he called the CRA about an income tax refund he was expecting for the 2014 year and failed to receive. He thought he had resolved the issue and felt that he had not received complete, accurate, clear, and timely information from the CRA.

Since Mr. B had not yet availed himself of the CRA's service complaint process, we referred his complaint to the CRA – Service Complaints for review.

As a result of its review of his service complaint, the CRA informed Mr. B that notices of assessment for 2003 to 2007 had been sent to him in March 2009, making him aware of amounts owing to the CRA. The CRA had received his objection to the 2003 to 2007 assessments in April 2009. The objection was completed in September 2009 and the resulting notices of reassessment for 2003 to 2007 were issued to him in October 2009, again making him aware of amounts owing to the CRA. In 2009, the CRA informed Mr. B of a deduction he was eligible to claim for 2007 and of the possible application of the taxpayer relief provisions to his situation.

In August 2015, Mr. B told us that he was not satisfied with the CRA's response. He felt that he still had not been informed of what he owed the CRA and had received no documentation from the CRA informing him of the outstanding amount owing. He was still being charged interest.

We requested additional information from the CRA. Our examination found that when Mr. B filed his April 2009 objection, the CRA placed a temporary hold on his account, which is a normal procedure to stop collections activities from occurring until an objection process is complete. However, the CRA failed to remove the temporary hold from his account when it sent the notices of reassessment. As a result, no collection actions were taken on Mr. B's account. He received no additional statement of account or request for payment after the October 2009 notices of reassessment.

To resolve this administrative error and in accordance with the taxpayer relief provisions, the CRA waived the interest from the date of the reassessments to the date Mr. B was notified of his balance owing.

COMPLETED OR CLOSED SYSTEMIC EXAMINATIONS

The authority to initiate or close a systemic examination, or submit recommendations to the Minister, rests exclusively with the Ombudsman. The position of Taxpayers' Ombudsman was vacant for over a year in 2014 and 2015. As a result, an inventory of 12 ongoing systemic examinations commenced in 2014 or before, required immediate attention. In 2015-2016, we completed or closed 10 of the 12 systemic examinations. The remaining ongoing systemic examinations were on the processing delays by the CRA of taxpayer relief files, and whether the CRA provides sufficient information in its Canada Pension Plan/Employment Insurance rulings letters.

Following are summaries of the 10 systemic examinations completed or closed.

ACCESS TO A SUPERVISOR

When a service issue arises, the first step of the service complaint process for the taxpayer is to try to resolve it with the CRA employee with whom they have been dealing. If it is not resolved, they can ask to speak to the employee's supervisor. Complaints received showed a trend in taxpayers being denied access to a supervisor. Taxpayers also reported that their calls were disconnected before they were able to speak with the supervisor, or they did not receive a return call from the supervisor within 24 to 48 hours, as offered by the call centre agent. Our examination focused on how CRA enquiries call centre agents handle requests for access to a supervisor.

At the beginning of our examination, we found that the CRA's procedures for accessing a supervisor were inconsistent from one call centre to another and resulted in taxpayers receiving different levels of service.

During the course of the examination and in raising awareness of the issue, the CRA resolved it by:

- changing its procedures to ensure that requests to speak to a supervisor are applied in a consistent manner throughout the Agency;
- changing its information technology systems to allow all employees to submit the call-back requests electronically to their supervisors, as well as enabling better electronic tracking and storage of the requests; and
- strengthening the language of its procedures so that supervisors must add a note to the taxpayer's account, stating when each attempt to contact the taxpayer was made.


We concluded that the CRA's corrective actions adequately addressed the issues, and that no recommendation was needed.

AUTHORIZING A REPRESENTATIVE

When taxpayers choose to have a third party, such as an accountant, lawyer, or relative, interact with the CRA on their behalf, the CRA must be notified of the taxpayers' consent to this arrangement. To do so, the taxpayer must give consent online through My Account or My Business Account, or send a completed and signed form to their tax centre for processing. The consent forms must be received by the CRA within six months of the date of the signature to be valid.


Taxpayers and tax professionals complained that the CRA either was not processing, or created undue delays in processing, the forms to authorize a representative. The complaints related to the forms sent by mail or fax. Our examination focused on the cause of the delays, and how the CRA was handling duplicate requests and incomplete forms.

Our examination found that the CRA already had procedures in place for handling incomplete authorization requests, and for sending forms to the appropriate areas when they were incorrectly addressed. Also, the CRA website and the forms provided clear explanations



“I’M WRITING TO EXPRESS MY APPRECIATION FOR THE MANNER IN WHICH MY COMPLAINT WAS HANDLED. EVERYONE I SPOKE WITH WAS COURTEOUS AND RESPECTFUL. AT NO TIME WAS I TREATED AS A ‘COMPLAINER’.”

Quote from thank you letter



on how to complete the forms, where to send them, and the expected length of time for processing them.

During the course of the examination, the CRA made continuous improvements to the processes and introduced new procedures, to ensure that the forms are processed within the service standards of 20 days for individuals and 15 days for businesses. Also, given the move toward electronic options, the CRA is seeing a significant decrease in paper forms, which helps improve the overall timeliness in processing requests.

We concluded that the CRA’s corrective actions adequately addressed the issues identified during our examination and that no recommendation was needed.

CRA TRAINING VIDEOS

The Honourable Gail Shea, then Minister of National Revenue, requested a review to verify the consideration given to the Taxpayer Bill of Rights in CRA training videos. The request was made after five questionable training videos were brought to the Minister’s attention.

The examination focused on reviewing CRA training videos to provide assurance that they respected the

Taxpayer Bill of Rights. The Minister asked that any future training videos also be reviewed by the Office of the Taxpayers’ Ombudsman.

Our examination found that the videos at the source of the concern were an isolated incident and other CRA training videos respected the Taxpayer Bill of Rights.

During the course of the examination, the CRA amended its policy instruments to require that the Taxpayer Bill of Rights be considered when producing or purchasing training videos. The CRA now also requires senior management to approve all training products, not just videos, when they include content on interacting with the public. We concluded that no recommendation was needed.

PERSONAL SERVICE BUSINESSES

To obtain contracts with the Government of Canada, taxpayers were required to incorporate their businesses. The taxpayers thought they were therefore entitled to deductions for business expenses and the small business deduction. However, they were subsequently audited by the CRA, which determined they were personal services

businesses and as such, not entitled to the business expenses claimed or to the small business deduction.

Our examination focused on whether the CRA was providing sufficient information for taxpayers to reasonably understand whether they are a personal service business and the obligations as such.

We found that during the course of our examination, the CRA made more information available about personal service businesses on its website and performed outreach, which adequately addressed the issues identified. We concluded that no recommendation was needed.

DISABILITY TAX CREDIT

We received complaints that the CRA had failed to provide sufficient information about the application and approval process for the disability tax credit and its duration.

Our examination focused on whether the CRA's communication to disability tax credit claimants was clear enough for them to reasonably understand that the credit was approved for a determinate period and that they had to reapply for it at its expiry. The investigation also examined whether the CRA was providing notice to claimants about the upcoming expiry of their credit.

We found that the CRA provides sufficient information to disability tax credit claimants about the temporary or permanent nature of the credit when it is approved. Also, during the course of our examination, the CRA started including a reminder of the expiry date on taxpayers' notices of assessment in the two years leading up to the expiry of their credit, which helped correct the issue. We concluded that no recommendation was needed.

CANADA CHILD TAX BENEFIT CALCULATION ERROR

The Canada child tax benefit (CCTB) was a monthly payment made to eligible families to help them with the cost of raising children under 18 years of age.

A legislative change implemented in 2011 affected the way the CRA calculated the benefit payments associated with the CCTB. The change in calculation applied to taxpayers who had a marital status change beginning in July 2011. A change in marital status may affect the net family income, which was used to calculate the CCTB payments.⁶

The CRA misinterpreted the legislative change and incorrectly applied it to taxpayers who had a marital status change prior to July 2011. In 2012, the Minister of National Revenue was made aware of the error and asked the Ombudsman to look into it.

Our examination focused on the cause of the error, its impact on the CRA's service to taxpayers, and whether recommendations could be made to prevent such errors from recurring.

Our examination found that the CRA took action throughout 2012 to rectify the situation. The CRA corrected its interpretation and informed employees on how to calculate the CCTB payments. It communicated with taxpayers who had a marital status change in 2011. It fixed the electronic calculation on their systems. It added instructions on its website, amended its publications, and recorded messages on its general enquiries and benefits telephone lines. And, it added new measures to strengthen the implementation of future legislative changes.

6 The CCTB has since been replaced by the Canada Child Benefit (CCB). The legislative requirement about marital status change applies to the CCB, as does the use of the net family income to calculate the CCB payments.

Also, since 2013, taxpayers can notify the CRA of marital status changes over the telephone, which is one more way of informing the CRA within the required timeframe. We concluded that the CRA's corrective actions adequately addressed the issues and that no recommendation was needed.

AUDIT

In October 2013, as a result of complaints from taxpayers who were audited by the CRA and felt they had received unprofessional or unfair treatment, the Ombudsman opened an examination into various service and fairness issues within the CRA's audit process. At the time, the Ombudsman's Office had identified 16 sub-issues.

As the Office was without an Ombudsman starting in early 2014, very little research had been done on this issue. As a result and given the broad scope originally identified, we closed this examination to assess current trends in complaints about audit, and their scope.

CPP DEDUCTIONS FOR EMPLOYEES AGED 60-70

As a result of a legislative change, starting in 2012, Canada Pension Plan (CPP) contributions became mandatory for workers aged 60 to 70. Workers aged 65 to 70 already in receipt of CPP benefits could opt to stop contributing to the CPP as long as they informed the CRA.

Our examination was initiated as a result of complaints from workers and employers who were not aware of the changes made to the CPP and therefore did not exercise the above option. This could result in amounts owing to the CRA. We focused on whether the CRA had provided sufficient and timely information to workers and employers about the changes made to the CPP.



Brian Dodd, Operations Manager, Seniors Services Society (SSS), Sherra Profit, Taxpayers' Ombudsman, Kara-Leigh Bloch, Executive Director, SSS, Michelle Veinot, Volunteer Coordinator, SSS

We found that the CRA made information available leading up to and after the legislative changes took effect. During our examination, the CRA added information to its publications and increased its communication efforts to both workers and employers. The CRA granted taxpayers who would have been eligible to exercise the option to stop contributing for 2012, the opportunity to file their request as of the intended original date. We concluded that the CRA's corrective measures adequately addressed the issues identified and that no recommendation was required.

GST/HST CREDIT INPUT TAX CREDITS FOR UNIVERSITIES AND COLLEGES

In 2010, a group representing various public college and university institutions in Canada reported to our Office that the CRA had changed its allocation method criteria for accepting the Goods and services tax/Harmonized sales tax (GST/HST) input tax credits. They reported that the method used since the introduction of GST in 1991 was no longer being accepted by the CRA. Our examination focused on ensuring that clear and accurate information was available.

In 2012, the CRA published GST/HST Memorandum 8.3, Calculating Input Tax Credits. It provides guidelines in determining whether a particular method might be fair and reasonable in a particular circumstance and is applicable to registrants other than financial institutions, including public service bodies. In addition, universities are used as some of the examples to demonstrate the information.

We determined that the actions taken by the CRA in publishing the GST/HST Memorandum, as well as continuing to conduct outreach sessions were adequate in addressing the issue. We received no further complaints. We concluded that no recommendation was required.

ELECTRONIC COMMUNICATIONS WITH THE CRA

We received complaints in April 2013 concerning the inability of taxpayers and their representatives to communicate with the CRA through electronic means. Our systemic examination looked into whether the CRA was meeting the e-services needs of taxpayers.

In our research, we noted that the CRA provides a wide-range of services online via My Business Account and My Account. Businesses are able to communicate electronically with the CRA through the Enquiries service in My Business Account. While this service is not currently available for individual taxpayers through My Account, we took note of the projects the CRA had underway or planned for the near future to further enhance the online services to both businesses and individual taxpayers. For example, the CRA introduced a mobile application, which allows taxpayers to securely access portions of their tax information from a mobile device, and business users to create custom reminders for key CRA due dates.

Given the strides the CRA had made since we opened our examination, and considering the changes planned, we closed the examination without recommendation.

RAISING AWARENESS

During the 2015-2016 fiscal year, we met with other ombudsmen from around the world and taxpayers from across Canada. Engaging in face-to-face discussions and listening to their experiences provides us with valuable insight into the service issues affecting taxpayers.

In June 2015, we hosted a visit from two members of South Africa’s Office of the Tax Ombud. We were pleased to welcome them to our Office to share experiences and learn about the challenges and successes of establishing a tax ombudsman’s office in South Africa.



**“WITH RESPECT
TO THE OFFICE YOU
SERVE, THANKS
AGAIN FOR YOUR
WELL SPENT TIME.”**

Quote from thank you letter



Building these relationships with our international counterparts is important. While the tax codes may be different, service expectations of taxpayers are noticeably similar. In November 2015, I attended the International Conference on Taxpayer Rights, hosted by the National Taxpayer Advocate in Washington, D.C. The conference provided opportunities to meet with other ombudsmen from around the world and to discuss topics on taxpayer rights, transparency, privacy and confidentiality, and fairness of the tax system.

In December 2015, we began to schedule outreach engagements across Canada, focusing on people in the taxation industry, organizations that serve taxpayers, and the management teams and employees of the CRA. The purpose of these activities was to introduce myself as the new Ombudsman, promote my mandate, explain how my Office can assist in the resolution of service complaints, and to learn more about the services provided by the CRA.

In January 2016, I visited Vancouver, British Columbia to meet with tax practitioners and several organizations who serve seniors and newcomers. Many of the participants were willing to share openly about service issues they experienced during their interactions with the CRA. By increasing the visibility of our Office and presenting an option for taxpayers to voice their service complaints, we can better serve taxpayers. By listening to taxpayers and their representatives about their interactions with the CRA, we can better identify service issues.



Ainslea Cardinal, Assistant Commissioner, Atlantic Region, Canada Revenue Agency, Sherra Profit, Taxpayers' Ombudsman

“Another key audience for our outreach activities is the CRA. I visited the assistant commissioners at the regional offices throughout Canada, as well as those located in Ottawa. The opportunity to promote my Office to the senior management teams and employees across the country helped to further demystify my role and the work of my Office. Establishing open lines of communication with the program areas in these regions was an important part of each visit. Meeting with employees committed to the resolution of taxpayer issues was valuable.

Visiting the local tax centres and tax services offices provided me with a better understanding of the services offered by the CRA and the daily operations. This access and insight was useful to understand how the policies and procedures govern CRA employees every day. It will better educate my Office in the development of resolutions to our examinations and recommendations I make to the Minister.”

HOW TO CONTACT US

MAKING A COMPLAINT TO THE TAXPAYERS' OMBUDSMAN

To make a complaint, complete the online form on our website or contact our Office to have a complaint form sent to you. Submit the complaint form online, by mail, or by fax. Include all supporting documents.



CONTACTING THE OFFICE OF THE TAXPAYERS' OMBUDSMAN

- Within Canada and the United States, call toll free at **1-866-586-3839** or fax us at **1-866-586-3855**.
- Outside Canada and the United States, call collect at **+1-613-946-2310** or fax us at **+1-613-941-6319**.
- Visit our website at **www.oto-boc.gc.ca**.
-  Write to us at:
Office of the Taxpayers' Ombudsman
600-150 Slater Street
Ottawa, ON K1A 1K3 Canada
- Call us to make an appointment for an in-person meeting.




OFFICE HOURS

Our Office hours are **8:00 a.m.** to **4:30 p.m.** Eastern Standard Time, Monday to Friday (except holidays).



HOW TO FOLLOW US

To stay informed on our activities:

-  follow us on Twitter **@OTO_Canada**;
- subscribe to our electronic mailing list at **www.oto-boc.gc.ca/stycnnctd/mlst/menu-eng.html**; or
- go to **www.oto-boc.gc.ca/stycnnctd/rss-eng.html** to add our RSS feed to your feed reader.