

Effecting Change

Annual Report 2017-2018



Taxpayers' Ombudsman

Independent + Objective = Fair



Government
of Canada

Gouvernement
du Canada

Canada



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TAXPAYER

BILL OF RIGHTS

Taxpayer Bill of Rights

The Taxpayer Bill of Rights has 16 rights describing 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. The Taxpayers' Ombudsman is specifically mandated to uphold rights 5, 6, 9, 10, 11, 13, 14, and 15.

Your Rights

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 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 Annual Report of the Office of the Taxpayers' Ombudsman, showcasing the work of my Office during the 2017-2018 fiscal year (April 1, 2017 to March 31, 2018).

Improving the Service You Receive

In my role as Taxpayers' Ombudsman, I take an objective review of the service issues shared with me and raised through the complaints my Office receives. It is my responsibility to offer a different perspective on the issues brought to my attention and to be innovative in the ways my Office resolves them at the lowest possible level. During the 2017-2018 fiscal year, we implemented a number of changes and new methods for addressing service issues. These are changing the landscape of how we can more proactively address and resolve service issues.

The Request for Service Improvement was developed for situations where the issues identified do not require an individual complaint examination or a systemic examination, despite potentially impacting a large number of people. This is a way to be more proactive and respond quicker in improving the CRA's service. We provide the information on the issue and our suggestions for change. In response, the CRA reviews our suggestions and replies to my Office with the actions it plans to take to resolve the issue.

This year, I began having proactive meetings with headquarters branches and committees of the CRA, in addition to meetings on specific service issues. During these meetings, I share information about what I hear during outreach and trends in complaints we receive. I also discuss how my Office can proactively help improve the CRA's service by doing such things as



reviewing new or changed documents or forms before they are made public; or by discussing CRA's initiatives in the planning phase. This offers an opportunity to provide input and a different perspective on the service provided. The CRA needs to consider the service impact in any new initiative, program changes, etc.

Breaking Down Barriers to Service

Improving the CRA's service requires breaking down barriers in a number of ways. Building relationships is an important part of this – for example, relationships with tax professionals, with various groups who assist taxpayers and benefit recipients, and open and cooperative relationships with the CRA. I am proud of the relationships I have built during my tenure as the Taxpayers' Ombudsman.

The CRA needs to look at itself from the perspective of those it serves, with the same objectivity my Office uses every day. The CRA is working to improve its service in the millions of interactions it has every year. In planning the delivery of its programs, how its services are received and the challenges faced while trying to access those services are crucial consideration for the CRA. Taxpayers and benefit recipients will be the deciding factor in determining if these services meet their needs or if an issue may exist.

We can help with that. We see the CRA from the outside, from the people's perspective – through taxpayer complaints, outreach, media, and our own experiences with the CRA.

People want a fairly seamless experience when they interact with the CRA. When an issue occurs, they do not want to feel like they are getting bounced around, or have difficulty finding someone who can help them. The CRA needs to look at itself with the same lens used by taxpayers and benefit recipients before it can adapt its activities and have others see and experience the CRA the same way it sees itself - as the trusted tax and benefit administration for Canadians.

To achieve this, the free exchange of information within the CRA must be improved. The barriers or silos within the CRA are an issue I have often discussed with the CRA. I share issues I hear about how the lack of horizontal communication, knowledge, and accessibility affects the service the CRA provides.

We also review the efficiency of our work and what we offer complainants. In addition to finding new ways to effect change within the CRA, we looked at our process for handling complaints. We hired a consultant to assist us in completing a Lean process review, to identify and eliminate steps in our processes that do not add value. We look forward to continuing to implement the suggestions to streamline our internal examination processes.

Equality vs. Equity

Fair treatment is an important aspect of the CRA's service, and something we often examine, in addressing complaints, systemic issues, and in our own services. Fairness means treating people equitably, not necessarily equally. Equal treatment assumes everyone will benefit in the same ways from the same things, and means treating everyone the same. Equality dismisses an important variable – the person's individual circumstances. For taxpayers and benefit recipients to be treated equitably or fairly, their circumstances must be considered and the accommodations must have the flexibility to promote inclusive access to the CRA's services.

For taxpayers to receive truly equitable or fair treatment, changes need to be made to eliminate systemic barriers altogether so there is less need for accommodations. Barrier-free service would be the new norm. This topic is a key issue I discuss during outreach presentations across the country, and with the CRA.

In Closing

I thank the employees of my Office for their dedication to serving taxpayers and benefit recipients. They are all committed to fairness and remaining objective. I am impressed by their ability to work as a team, support one another and share their expertise to ensure each person receives the quality of service we all wish to receive. We are all taxpayers too. Resolving an issue for one person helps resolve that issue for all.



ABOUT

US



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You have the right to privacy and confidentiality.

Mandate

The mandate of the Taxpayers' Ombudsman is to assist, advise, and inform the Minister of National Revenue (Minister) about any matter relating to services provided to a taxpayer by the Canada Revenue Agency (CRA).

The Ombudsman operates at arm's length from the CRA and as such, acts independently and objectively in examining service issues. The Ombudsman and the employees of the Office of the Taxpayers' Ombudsman act equitably and fairly, review the information, and consider the position and perspective of both the taxpayer and the CRA when examining a complaint or issue. This is how the Ombudsman remains true to the guiding principles of independence, objectivity, confidentiality, and fairness.

The Taxpayers' Ombudsman:

- reviews and addresses any request for a review made directly to the Office about a matter relating to service or arising from the application of sections 5, 6, 9, 10, 11, 13, 14, and 15 of the Taxpayer Bill of Rights;
- identifies and reviews emerging trends and systemic issues relating to the service provided by the CRA that negatively impact taxpayers;
- helps taxpayers access 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 on her own initiative, on receipt of a complaint from a taxpayer or their representative, or at the request of the Minister.

The Ombudsman's mandate does not allow for a review of:

- 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 or policy, or CRA policy, other than to the extent the legislation or policy 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.

The Ombudsman operates at arm's length from the CRA and as such, acts independently and objectively in examining service issues.

Mission

The mission of the Office of the Taxpayers' Ombudsman is to increase awareness about our services, influence positive changes to the services provided by the CRA, enhance or improve the accountability of the CRA, and ensure taxpayers can trust an independent resolution of complaints about the CRA's service will be fair.

Who We Serve

Taxpayers:

Individuals, businesses, corporations, charities and other legal entities that are subject to Canadian tax statutes, eligible to receive an amount as a benefit, or receive a service from the CRA.

Minister of National Revenue:

The Ombudsman advises the Minister, on any matter relating to the services provided to taxpayers by the CRA, and making recommendations to improve the CRA's service delivery and correct service issues.

The Services We Offer

Since we opened our doors 10 years ago, we have been increasing awareness about taxpayer service rights, resolving individual complaints, and improving the service the CRA provides. We help provide information, assist callers, examine and resolve issues, and make recommendations to improve the CRA's service.

We have been successful in achieving this by listening to what taxpayers have to say, hearing about their experiences and working with them, on a personal level, to resolve their issues. When an issue affects a large number of taxpayers, recommendations are made directly to the Minister to improve the CRA's service.

We uphold taxpayer service rights and provide an independent and objective review of unresolved complaints about the service or treatment from the CRA. Service issues may be raised in an individual complaint, but also may affect a number of taxpayers and be a systemic issue. If we receive a complaint not within our mandate, we help direct the taxpayer to the appropriate area, within the CRA or elsewhere, to resolve their complaint.

One of the objectives of our service complaint process is to resolve complaints at the lowest possible level. If the taxpayer has not first filed a service complaint with the CRA's Service Complaints Program, we refer the complaint to the CRA to give the CRA an opportunity to resolve the service issue first. Once the complaint has been addressed through the CRA's Service Complaints Program, if the taxpayer is not satisfied with the result, they can contact us to address any remaining service issues.

If we receive a complaint, or several complaints, that may negatively impact a segment of the population or a large number of taxpayers, this may be a systemic issue and a Request for Service Improvement may be sent to the CRA or the Ombudsman may initiate a systemic examination resulting in recommendations to the Minister. Systemic issues may also be brought to the attention of the Ombudsman through outreach activities, environmental analysis, or by request of the Minister.

Compelling Circumstances

Our mandate allows us to examine a service complaint only after the complaint has been addressed by the CRA's Service Complaints Program unless there are compelling circumstances. In determining whether there is a compelling circumstance, factors such as the following are considered:

- the taxpayer's complaint raises a systemic issue;
- following all the steps of the service complaint process will 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 the Ombudsman considers reasonable.

Power to the People

We help to reduce the power imbalance between the taxpayer and the CRA. Being on a level playing field with the CRA helps taxpayers to be treated more equitably. The first step toward equity comes from speaking up and raising service issues. In filing service complaints, taxpayers become influencers in improving the CRA's service delivery. It is a powerful first step.

Through the trend analysis of telephone calls and complaints we receive, communication with stakeholders, outreach activities, and monitoring media, we gather information that depicts a picture of the CRA's service delivery. Taxpayers play a vital role in the resolution of the complaints they raise as the more we hear from them, the more we can effect change.



Effecting Change

Resolving Service Complaints

We effect change by addressing taxpayers' complaints on the service they receive from the CRA. Following are the ways we resolve complaints and ensure taxpayers' service rights are upheld.

Urgent Request For Action (URFA)

When we receive a complaint and there are compelling circumstances, we may send an URFA to the CRA to request it communicate with the taxpayer on a priority basis to resolve the issue(s). Most often, these situations occur when a taxpayer indicates they are experiencing undue financial hardship as a result of an interaction with the CRA. When the URFA is sent to the CRA, the appropriate program area will assess the financial hardship or other compelling circumstance and contact the taxpayer to address the issue(s). If the complaint also contains issues that do not relate to the compelling circumstances, those issues will be addressed through the normal service complaint resolution process.

Request For Information (RFI)

As we review complaints objectively, upon receipt of a complaint and with the taxpayer's consent, we obtain information from the CRA regarding the issue(s) identified in the complaint. As we do not have direct access to the CRA's information on taxpayers, we request this information from the CRA through an RFI. This information is needed to examine the complaint. Often, by us laying out the complaint, asking questions, and requesting information in the RFI, this prompts the CRA to make changes to address the issues and sometimes, to make changes that improve the service to more taxpayers.

Request For Action (RFA)

Through the course of an examination of a service complaint, our communications with the CRA often result in the CRA doing something to resolve the complaint. Often, the issue(s) raised has to do with clarity of information. Requesting information and explanations from the CRA helps us to resolve the complaint. Sometimes, our examination results in a request that the CRA do something to resolve the issue(s). In these cases we send an RFA to the CRA outlining the issue(s) and the course of action we recommend the CRA take to resolve the issue(s). The requested action may include requesting the CRA provide explanations to taxpayers to clarify the issue, providing documents, that the CRA issue an apology for its role in the service issue, or reconnecting the taxpayer and the CRA to have a discussion about their tax situation.

Service Rights

You have the right to be treated professionally, courteously, and fairly.

You have the right to complete, accurate, clear, and timely information.

You have the right to lodge a service complaint and to be provided with an explanation of our findings.

You have the right to have the costs of compliance taken into account when administering tax legislation.

You have the right to expect us to be accountable.

You have the right to expect us to publish our service standards and report annually.

You have the right to expect us to warn you about questionable tax schemes in a timely manner.

You have the right to be represented by a person of your choice.

Case Summaries

The two case summaries presented below show the impact we can have on a taxpayer's service complaint.

Urgent Requests, Fast Results

One of our leading trends for 2017-2018 was the delays in processing individual income tax and benefit return (T1) adjustment requests. This was the case for Taxpayer A, who submitted adjustment requests for multiple tax years. Upon processing the adjustment requests, the taxpayer was expecting to receive a refund. Receiving these refunds in a timely manner would make a significant improvement to their financial situation.

As we do not have access to the CRA's databases of taxpayer information, we were unable to assess the financial hardship being claimed by Taxpayer A. As such, we forwarded their request to the CRA on an urgent basis, requesting the CRA contact them and provide an update on the previously submitted T1 adjustment requests.

The CRA informed our Office that since Taxpayer A's expected refunds were for previous years, the reassessments needed to be processed manually and the refunds would be issued as a separate step.

Within two weeks of the taxpayer's initial contact with our Office, the CRA direct deposited the taxpayer's refund into their account.

Requesting an Apology for a Communication Breakdown

A taxpayer's representative contacted our Office stating they filed a service complaint with the CRA because their client received a collection letter with an incorrect amount owing. The representative was not satisfied with the inconsistent information they received regarding the closure of the service complaint and the lack of communication from the service complaints officer.

The representative made multiple attempts to contact the service complaints officer by telephone and fax, but never received a reply. They spoke with another

employee in the CRA's Service Complaints Program, who confirmed the communications sent by the representative were forwarded to the officer assigned to the service complaint.

During our examination, the CRA informed our Office that the service complaint procedures were not respected in this case, due to the high volume of complaints the CRA received. At the completion of our examination, we requested the CRA send a letter of apology to the representative.

The representative received a letter from the CRA apologizing for the delay in responding and that they did not experience the high level of service and professionalism the CRA expects from its employees.



Sherra Profit, Taxpayers' Ombudsman addresses the audience at the Calgary Financial Empowerment Collaborative.

Consultations with the Minister

As special advisor to the Minister, the Ombudsman appreciates the audience the Minister provides in order to engage in discussions about service issues affecting the lives of Canadian taxpayers. For example, in the previous fiscal year, in the months preceding the CRA's Serving You Better report on consultations with northern residents, the Ombudsman brought to the Minister's attention issues we were hearing about the Northern residents deductions. This year we have continued our conversations with the CRA on these issues. Through our input and the CRA's public consultations with northern residents, the CRA has committed to ensuring taxpayers and their employers have the necessary tools to receive clear and accurate information to support them in their reporting of the Northern residents deductions.

In December 2017, the Minister's Office informed the Ombudsman that the forms for the T1 income tax and benefit return would no longer be made available in post offices, but instead, be mailed directly to paper filers. In conversations with the Minister, the Ombudsman shared that many taxpayers continue to rely on the availability of these forms, and taxpayers who do not receive a paper copy by mail may not be comfortable going online to download them. Subsequently, in the January 8, 2018, announcement of the "File my Return" service, the Minister also indicated that taxpayers who previously filed paper tax forms would receive a tax



Sherra Profit with employees and management team members of the Saskatchewan Tax Services Office.

package by mail and that limited copies of the forms would be available at postal outlets as part of the transition.

Requests For Service Improvement (RFSI)

We constantly strive to improve our processes, identify new methods to resolve service issues, and influence positive change within the CRA. We developed a new tool to help resolve service issues at the lowest possible level. An RFSI is used to effect change and improve the CRA's service in situations where we become aware of an issue that may not require an individual complaint examination and has the potential to affect a larger number of taxpayers, but does not require a full systemic examination. These issues may be identified in many ways, including:

- an individual taxpayer complaint, but it is not the issue the taxpayer wants addressed;
- outreach;
- consultation with stakeholders;
- media monitoring or other environmental scanning;
or
- through research being done on other issues.

In an RFSI, we summarize the service issue, provide information to the CRA, and include suggestions for how the CRA could improve its service delivery.

RFSIs Resolved in 2017-2018

No Return Mailing Address

A taxpayer's representative provided the Ombudsman with a copy of an Ontario trillium benefit notice the CRA sent to their client. The notice requested the taxpayer provide additional information to calculate the amount of the benefit to which the taxpayer was entitled. However, a full CRA return mailing address was not provided, resulting in the taxpayer not knowing where to mail the required information. As a result of raising this issue with the CRA, the CRA indicated it would make changes to the notices to include the address of the tax centre and a link to both the CRA's website and My Account online service.

Clear and Simple

We also reviewed the Canada child benefit annual entitlement notice, where we identified some wording we felt may be confusing to persons receiving the notice. As such, we provided suggestions to improve the clarity of the notice.

The CRA reviewed our suggestions and advised us some wording would be removed, given the changes regarding the National Child Benefit Supplement. For our suggestion on amending other wording, the CRA explained why it felt our suggested wording may be problematic, but advised us it would use different wording to improve the clarity of the notice. We found this new wording could cause different confusion and we worked with the CRA to find improved wording.

Keeping the Ball Rolling

We submitted RFSIs to the CRA on a number of other topics, suggesting service improvements related to:

- expanding the Community Volunteer Income Tax Program beyond in-person clinics to provide service to eligible taxpayers, regardless of mobility, geographic location, or network infrastructure;
- enabling applicants of the Canada child benefit to list more than two children on the application;
- clarifying the legal warning policy and the text of certain legal warning letters, with respect to potential collections actions; and
- improving communication on policy changes and filing requirements for the Federal foreign tax credit, and improving communication and service regarding taxpayers obtaining acceptable translation of documents from foreign tax jurisdictions when claiming the foreign tax credit.

Advocating for Service Improvement

In reviewing the trends in the complaints we receive and monitoring the changes the CRA makes to the service it provides, we invite the CRA to brief us on certain issues or programs. These briefings allow us to learn more about the issues we hear from taxpayers, representatives, and other people working with

taxpayers. As well, we provide information to the CRA about what we have heard from these people about a particular issue. We take the opportunity to provide our service perspective to the CRA and provide suggestions for ways the CRA can improve its services. Sometimes we are monitoring a particular issue and have a number of discussions and briefings on that issue.

We have seen that many times these briefings and conversations with the CRA result in improvements being made. Having discussions about an issue is a powerful tool in changing perspectives and approaches to the service provided to taxpayers.

During outreach in various regions of Canada, we often visit the CRA's regional offices. These visits are important to help raise awareness within the CRA about the role of the Ombudsman and to better understand the operations of the CRA. But, they are also very important for having discussions about service. The more service is discussed from different perspectives and the more it is shown how service is an important aspect of all the CRA does, the more it can be improved. Broadening perspectives and views on service is an important part of improving service.

In the past fiscal year, the Ombudsman made a concerted effort to also meet with branch management of the various CRA branches, in the Headquarters (HQ) area of Ottawa, and continues to have these meetings. Policy and directional changes are most often made at the HQ level. Effecting improvements in and changing approaches to service needs to be done at all levels.

These meetings were not limited to discussions or briefings on certain topics, but were an opportunity to discuss some trends we are seeing in certain program areas, discuss fairness and systemic service issues in general, and to find touch points where we can work together to improve service.

The nature of our work is often reactive. When we receive a complaint we take steps to resolve the issue. When we hear of a systemic issue or identify a trend in complaints, we may look at it further to identify the problems and recommend changes to improve the service. However, proactively improving service is very

important. Addressing a service complaint brings awareness and can result in changes being made that will improve the service for many taxpayers. Similarly, in reporting on and making recommendations to improve a systemic service issue, this can help to proactively draw parallels to other areas and change service perspectives. But where a lot of progress can be made is in proactively identifying ways where we can assist the CRA in improving service, such as in reviewing changes to information provided by the CRA or discussing new initiatives, to provide our service perspective at the outset. In this way, the potential impact something may have on service can be addressed prior to the change being made, thereby being more proactive in improving service, rather than addressing problems after they occur.

Following is a list of some of the specific issues on which we have communicated with the CRA and/or the Minister's office during this fiscal year:

- Taxing employee benefits
- The disability tax credit
- The Northern residents deduction
- Access to CRA telephone lines



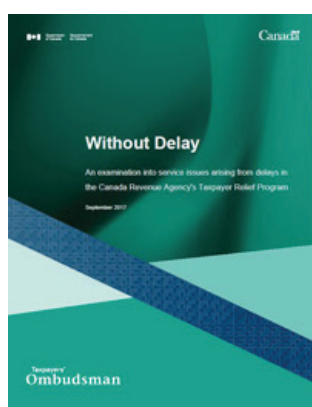
Sherra Profit with Bradley Moss, Deputy Citizens' Representative for Newfoundland and Labrador.

- Inconsistent and incorrect information provided to taxpayers
- The Foreign tax credit
- The Community Volunteer Income Tax Program
- Delays in processing individual income tax and benefit returns
- Delays in seniors receiving their Guaranteed Income Supplement
- Delays in processing individual income tax adjustments
- Service to small businesses
- The CRA's electronic services and mobile applications
- The objection and appeal process
- Paper copies of income tax return forms
- Difficulties of some of the more vulnerable taxpayers and benefit recipients in accessing benefits, and in the CRA's authentication of identity process
- Service culture
- Difficulties accessing the Canada child benefit
- Silos within the CRA
- Fairness and removal of systemic barriers
- Changing the search function on the Canada.ca website to allow for searching of just the CRA webpages
- Accepting service and other complaints orally

Systemic Examinations

Over the course of our first decade, research from our systemic examinations section on issues that affect a large number of taxpayers resulted in 11 reports and 48 recommendations to the Minister of National Revenue, to improve the CRA's service. Of those 48 recommendations, 47 were accepted and actioned. These reports have proven crucial in identifying and providing information on systemic service issues within the CRA, as well as recommending changes resulting in improved service from the CRA.

Two systemic examination reports were completed in 2017-2018: *Without Delay* and *Benefits Unsheltered*.



Without Delay

This report addressed the issue of delays in the CRA's processing of taxpayers' requests under the taxpayer relief provisions.¹ According to the taxpayer relief provisions, the Minister has the discretion to cancel or waive penalties or interest; accept certain late, amended, or revoked elections; and issue income tax refunds or reduce amounts payable. In certain circumstances, taxpayers may apply for relief under these provisions when they have filed income tax and benefit returns late or paid outstanding balances later than required. These circumstances include delays caused by disasters, financial hardship, and other situations where penalties and/or interest are levied against the taxpayer.

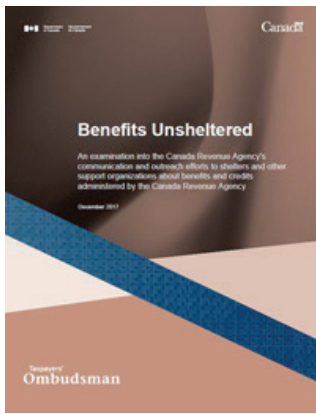
1. *Income Tax Act (ITA)*, *Excise Tax Act (ETA)*, *Air Travelers Security Charge Act (ATSCA)*, and *Softwood Lumber Products Export Charge Act (SLPECA)*.

Despite the CRA transitioning the processing of taxpayer relief requests from being done across the country in various tax services offices, to being centrally managed under the Taxpayer Relief Program, we continued to receive complaints. Our examination focused on whether the CRA acknowledged requests for relief, the timeliness of sending acknowledgement letters to taxpayers, the wording of the acknowledgement letters, and the length of time to process requests.

The Ombudsman was partially satisfied with the actions taken by the CRA during the course of our examination. However, to satisfy the unresolved issues, the Ombudsman recommended to the Minister that the CRA:

1. advise each taxpayer whether their request is routine or complex, and provide a clear and accurate estimated processing time;
2. maintain nation-wide consistency in the processing times of taxpayer relief requests;
3. review and identify the factors that contribute to fluctuations in the number of taxpayer relief requests, as well as the impact they may have on the Taxpayer Relief Program; and
4. allocate sufficient permanent funding to the Taxpayer Relief Program to allow for adequate planning, to ensure it consistently meets and/or improves upon its processing times for taxpayer relief requests.

While the fourth recommendation was not accepted as written, it was noted and we were assured that regular reviews of the program are conducted to determine the appropriate allocation of resources, and a review of the resource requirements would be undertaken by the CRA during the 2017-2018 fiscal year.



Benefits Unsheltered

The Minister was made aware that women living in shelters with their children may face challenges receiving their Canada child benefit. The Minister asked the Ombudsman to assist her in better understanding what, if any, service issues existed and to what extent.

At the completion of our preliminary research on this issue, the Ombudsman decided to open a systemic examination, but expanded our scope to look at the information the CRA makes available to organizations providing services to all persons using shelters and any organization that runs a shelter, regarding benefits and credits available to people using their services.

Based on the findings and conclusions of this examination, the Ombudsman recommended to the Minister that the CRA:

1. continue to find new ways to effectively inform, educate, and collaborate with organizations to provide information on benefits and credits to persons using shelters.
2. actively promote and increase awareness of outreach services and information available to organizations with respect to benefits and credits available to persons using shelters.
3. ensure consistency across all provinces and territories in:
 - a. the promotion of outreach services available; and
 - b. the delivery of information to organizations with respect to benefits and credits available to persons using shelters.

All three recommendations were accepted.

Legal Warnings in Collections Actions

We continued to research service issues arising from the complaints we received about the CRA's procedures when issuing legal warnings to taxpayers during the collections process. The final report with recommendations is expected to be delivered to the Minister in late 2018 and published on our website no sooner than 60 days later.

Following Up on Previous Recommendations

When recommendations for improvements to service are made in a systemic examination report, the CRA provides an action plan indicating what it will do to address these recommendations. Being able to follow up on what the CRA has done in response to the recommendations is important. This year, the CRA agreed to provide us with information so we could follow up on what was done in response to the recommendations made by the Ombudsman in all previous systemic examination reports. Our systemic examination section has been doing more research and obtaining additional information from the CRA, so we can update taxpayers on the changes made by the CRA in response to our recommendations.



Operations

At the beginning of 2017-2018, we acquired a new case management system to track telephone calls and service complaints, produce reports, track trends, and continue to ensure taxpayers' confidentiality by improving the way we store documents. This was done to replace old technology, improve efficiency, and will help with the reduction of the use of paper in our Office.

Our transition to the new tool increased our ability to gather more specific information than what we were previously able to capture. As a result, some of the statistics presented in previous annual reports cannot be compared directly to the statistics reported in this annual report. As with the acquisition of any new tool and the associated changes to our work processes and data entry, we experienced some growing pains. These included understanding how our statistics were being counted in the new system and how our work processes would integrate with two case management systems, until the files recorded in the old system were resolved. In future annual reports, through the continued use of our new system, the consistency of our data will continue to improve over time.

At the same time as acquiring new technologies, we changed the way we processed individual complaint examinations, with the goals of improving the taxpayer experience when filing a complaint with our Office and maximizing the efficiency of our internal resources. Before the process change, when a taxpayer or representative contacted our Office, they were potentially speaking with multiple officers within our Office. We had intake officers who would answer calls, and initially review complaints to determine such things as whether the complaint is within our mandate and if the complaint had already been filed with the CRA's Service Complaints Program. Often, complaints can be resolved at this stage. Generally, the next stage is our receipt of the CRA Service Complaints file, if a taxpayer is not satisfied with the CRA's response and we review it to determine if an examination by our Office is warranted. If so, the complaint is assigned to an examination officer to examine the complaint.

The process changed to an examination officer

handling the file from the time the complaint arrived in our Office and throughout its lifecycle, with the goal of providing a more personalized experience and potentially improving the quality of service we provide.

After eight months, we cancelled the process change. We found that, while taxpayers seemed to be generally satisfied dealing with one officer, our workloads were negatively impacted. We found we were not able to be as efficient in handling complaint files. The type of work done by intake officers and examination officers is different, and it was better to go back to separating the work.

Also, taxpayers had not expressed any specific dissatisfaction with the way we handled complaints before the process change. For these reasons, we chose to return to our previous methods of service delivery to ensure taxpayers were receiving the quality of service they expected to receive from our Office.

We learned many things in the course of managing the process change. Therefore, when returning to our original complaint handling process, we sought to apply these lessons learned to how we handle complaints. As a part of this, we did a Lean review of our processes for handling complaint files. This allowed us to identify any inefficiencies or waste in our process, and ensure steps and tasks in the process are value-added. This was completed at the end of the fiscal year and the process changes will be implemented over the next year.

The effect of the work we do to resolve individual complaints does not end with their resolution. As a method of identifying potential systemic service issues, systemic examination officers analyze the complaints we receive from taxpayers to identify trends in service issues. If a systemic service issue has been identified in another way, reviewing the information from individual taxpayer complaints on that issue is helpful during the examination. With this need for a flow of information between the individual and systemic examinations teams, we saw that combining the two teams could have benefits to the services we deliver to taxpayers. Therefore, we combined the two teams and have already noticed efficiencies in the sharing of information and more comprehensive understanding of the issues affecting taxpayers individually and systemically.

Performance Indicators

Building on the key performance indicators established for fiscal year 2016-2017 and taking into consideration process improvements and our maturing business, the language used to measure our performance for 2017-2018 has evolved. These indicators provide a clearer picture of the actions we took to resolve taxpayers' issues and how we influenced the CRA to take positive steps to improve service to taxpayers.

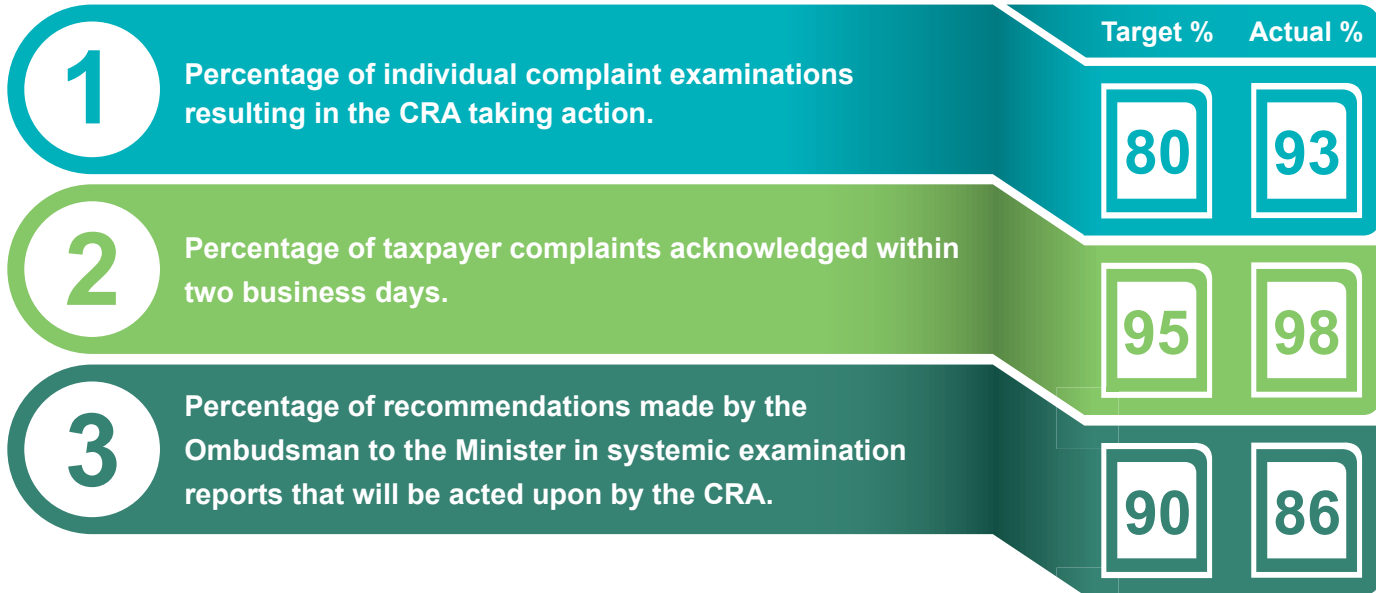


Figure 1.1 Performance indicators for the Office of the Taxpayers' Ombudsman, including our target and actual performance.

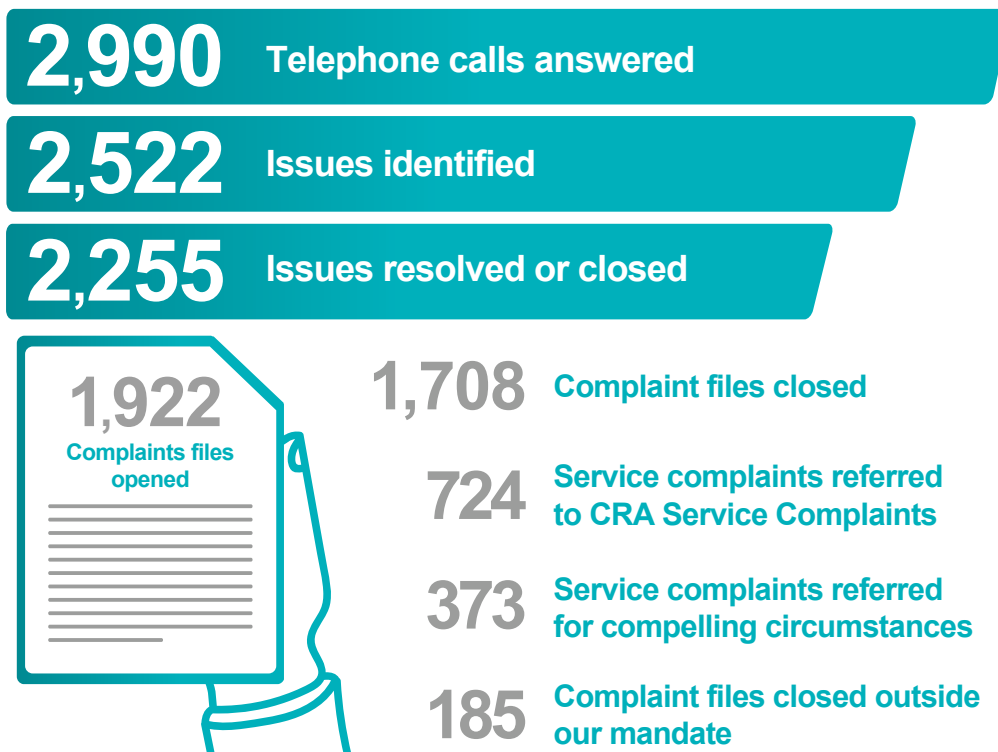


Figure 1.2 Intake and examination statistics for the fiscal year 2017-2018.

By the Numbers

Fiscal year 2017-2018 was another busy year for our Office. We provided service to taxpayers in a number of ways, including:

- answering 2,990 telephone calls;
- opening 1,922 complaint files;
- identifying 2,522 issues in those complaint files;
- closing or resolving 2,255 issues from 1,708 complaint files;
- referring 724 service complaints to the CRA's Service Complaints Program for its first review;
- referring 373 service complaints from taxpayers with compelling circumstances to the CRA for its urgent action; and
- closing 185 complaint files that were not within our mandate.

More than two-thirds (66.8%) of the complaints we received were submitted using our electronic complaint form on our website. That represents a 7.8% increase

over the 2016-2017 fiscal year. Complaints submitted by letter/mail made up 15.8% (down 4.2%), while faxed complaints made up 14.3% (down 1.7%). The category titled "Telephone/In-person" decreased 1.9% this year to 3.1% of the total complaints we received.

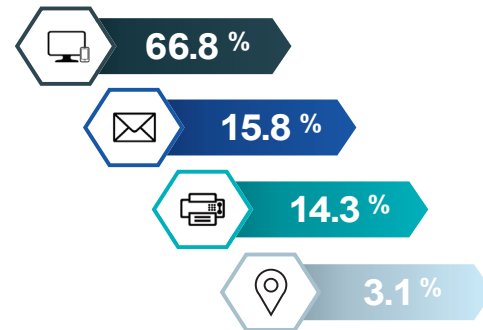


Figure 1.3 Submission methods of complaints received in 2017-2018.

While our Office is centered in Ottawa, we receive service complaints from across Canada and internationally. The following diagram shows the percentages of the total general enquiries and complaint files opened by region.

Percentage of general enquiries by region

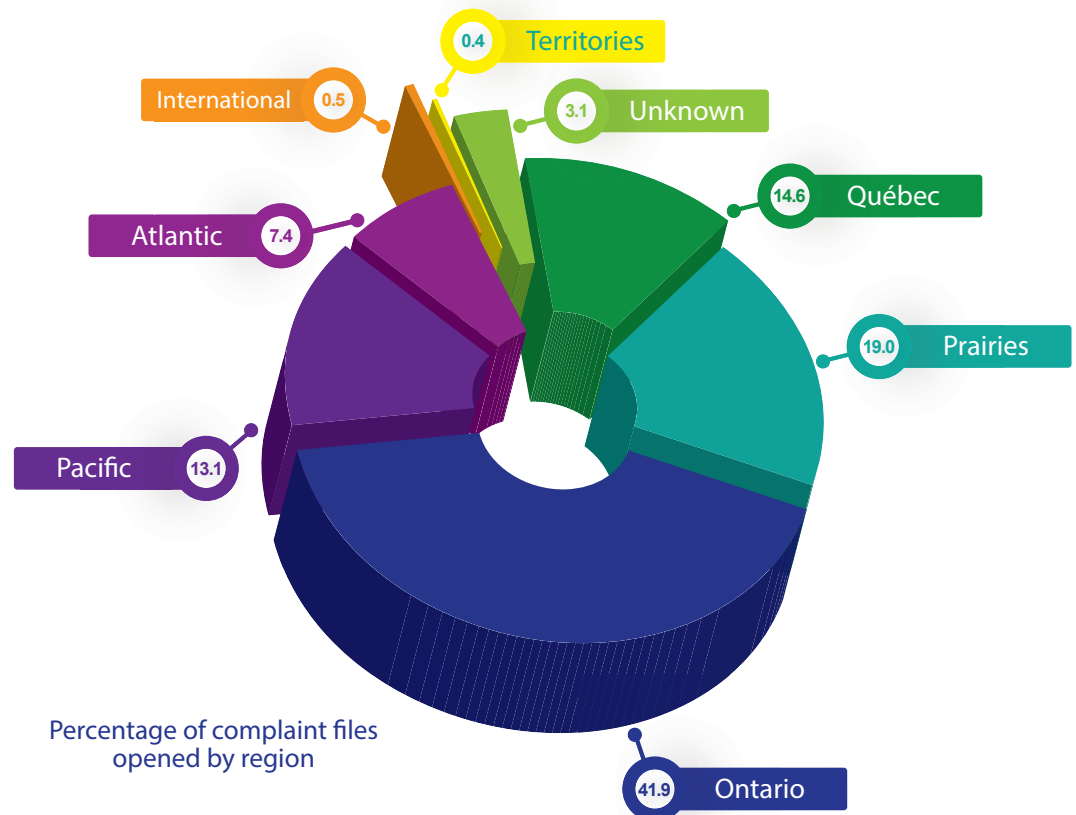
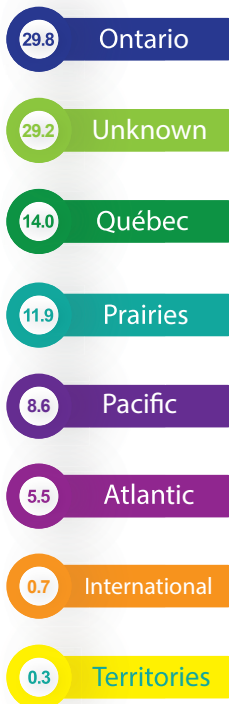


Figure 1.4 Percentages of the general enquiries answered and complaint files opened by region.

Trends

Taxpayer Bill of Rights

When looking at the mandate-related issues raised in complaints we received, almost 70% were related to Article 6 – the right to complete, accurate, clear, and timely information. The article for which we received the second highest number of complaints, by issue, was Article 5 – the right to be treated professionally, courteously, and fairly by the CRA.

Complaints

The trends we saw in the complaints we received were recorded throughout the year and highlighted to the Minister of National Revenue through our quarterly memos. In the 2017-2018 fiscal year, the top six trends we identified from service issues raised by taxpayers were:

1. Processing individual income tax and benefit returns outside the CRA's published service standards.
2. Lack of clarity in the information received from the CRA concerning individual income tax and benefit returns.
3. Processing individual income tax and benefit return adjustment requests outside the CRA's published service standards.
4. Inconsistent information received from agents at the individual tax enquiries telephone line.
5. Lack of timeliness in processing and lack of clarity in information concerning the Canada child benefit.
6. Lack of fairness in debt collections processes for individual income tax and benefit returns.

General Enquiries

As general enquiry calls from taxpayers do not always result in a complaint being filed, the trends in issues raised by taxpayers in these calls may be different from those raised in the complaints filed. Therefore, this year we started sharing these trends with the Minister. In the 2017-2018 fiscal year, in order of frequency, the top issues raised by taxpayers who called our general enquiries lines were:

1. Processing individual income tax and benefit returns, with the most common issues being delays, clarity and completeness of the information provided by the CRA.
2. The CRA's individual tax enquiries telephone line, with the most common issues being difficulty accessing CRA agents, and the accuracy of the information provided.
3. Processing individual income tax and benefit return adjustment requests, with the most common issues being delays, and the clarity, completeness and accuracy of information provided by the CRA.
4. Individual income tax collections, with the most common issues being fairness of the process, clarity of information, and professionalism.
5. The Canada child benefit, with the most common issue being delays in processing, clarity of information provided by the CRA, and the fairness of the process.



Raising Awareness

Hearing You Loud and Clear

During the 2017-2018 fiscal year, outreach continued to play an important role in fulfilling the Ombudsman's mandate of raising awareness of the important work we do. We were pleased to visit with taxpayers, tax professionals, and organizations that support Canadians who may have more difficulty accessing services to raise awareness about the Ombudsman's role, our work, and the various recourse mechanisms available to resolve their issues. Hearing about the service issues they experienced during their interactions with the CRA helped us to connect issues affecting Canadians across the country, or identify those which are specific to a particular region. This outreach allows us to draw comparisons to the trends in complaints and bring our attention to issues we may not have heard previously.

Certified Professional Accountants and tax lawyers of the Canadian Bar Association continued to be a reliable source of information on systemic issues, due to their exposure to many taxpayers and their multiple interactions with the CRA. Our meetings and conversations with accountants and tax lawyers are beneficial to our Office as they validate many of the same issues and trends we hear through the individual complaints we receive and bring to light other potential systemic service issues.

We contacted a number of organizations serving and supporting taxpayers who may have more difficulty accessing services, seeking to raise awareness of our Office and the work we do. Many of the organizations are deeply entrenched within their communities and have thousands of interactions with taxpayers each year. As such, meeting with these organizations and educating them on how we can help their clients resolve service issues with the CRA is an important step in correcting the challenges they face. These organizations are in a unique position to tell us about issues with the CRA's service that are particular to various segments of the population in their area.

Not only do we want to hear from the support organizations about what their clients are facing, but we look to community leaders and all levels of government

to discuss the complaints they hear from their constituents. During 2017-2018, we contacted and met with Chambers of Commerce, elected officials, and federal, provincial, and territorial ombudsmen.

As an office that is located in Ottawa, it is important to reach out across Canada to the various regions through outreach presentations, speaking engagements, and tradeshows. The tradeshows and conferences we attended were to further promote our Office and our work. These events were busy and we were fortunate to speak with many of the visitors in attendance. Based on the success we experienced at these tradeshows, we will be looking forward to participating in more in the future.

When it comes to ombudsmen that deal with issues related to taxation, the community is pretty small. The Ombudsman attended and participated in a panel discussion at the International Conference on Taxpayers' Rights. Learning how other jurisdictions handle the topics of taxpayer rights, discussing best practices, and hearing about the trends that affect them most is invaluable. It alerts us to be aware of similar issues and apply different methods of resolution within the context of our policies and procedures. We look forward to continuing to build these relationships in the future.



You Shared, We Listened

Across the country, we heard a number of service complaints that were consistent with our trends in the types of complaints we received throughout the year. During our presentations, we shared information on trends we were seeing in complaints at the time. Almost every time, the audience's reaction showed they were personally familiar with these trends. Hearing about taxpayers' experiences with the CRA helps us to:

- identify potential systemic issues for further research;
- support the continued research on issues previously identified;
- identify potential issues to address with a Request For Service Improvement;
- determine to what we should pay close attention and monitor; and
- raise issues upon which we may wish to brief the CRA and receive additional information about any initiatives the CRA may have underway to improve the issues raised.

Social Media

At the end of 2017-2018, we worked with a social media consultant to develop a strategy for our Office to improve the effectiveness of our reach through social platforms. Their analysis of current platforms and our efforts on Twitter helped enlighten us about opportunities to improve our practices. We look forward to improving our social media presence to raise awareness among taxpayers using various social platforms.



Figure 1.5 Statistics for the @OTO_Canada Twitter account.



Elevating our Brand

Early in 2017-2018, we began to plan for the 10th anniversary of our Office by engaging in a rebranding exercise that would be launched during outreach events taking place in the 2018-2019 fiscal year. Our goal through this rebranding process is that taxpayers will see an organization that is recognizable for its influence on service delivery, trusted in its objectivity, independent from external pressures, and fair to all taxpayers.

Part of what initiated the discussion to seek out a new brand identity for the Office was our migration to the Canada.ca domain along with many Government of Canada departments and agencies. The 2017-2018 fiscal year was our first, full year in the new environment and our first year taking over the responsibilities of publishing our own content.

With the move to the Canada.ca domain, it meant our website content would be combined with that of a number of other Government of Canada departments and agencies. The consequences of this consolidation of websites meant information searches conducted by taxpayers on the Canada.ca domain would no longer produce results specific to the given organization. We noticed this was the same issue with the CRA's Canada.ca web presence.

As it was a problem relating to ease of access and the clarity of information, the Ombudsman raised this issue with the CRA to determine the feasibility of having a

more targeted search functionality on our respective web pages. The CRA worked with Service Canada, the owner of the Canada.ca domain, to implement a more targeted search that prioritizes and displays the CRA's results first. We also had the same changes made to our web pages.

Public Opinion Research

Our 10th anniversary provided us with a timely opportunity to measure the awareness of our Office within the general Canadian taxpayer population. We contracted a public opinion research firm who conducted 2,004 telephone surveys with taxpayers across Canada, asking a variety of questions related to taxpayers' awareness of our Office and their perceptions/attitudes toward our Office.

One of the most important statistics that came from this survey was that 73% of respondents believed if they had to complain to the Government of Canada about an issue or problem with their taxes, they would trust the outcome would be fair. The public perception of fairness in the complaint resolution process is encouraging, but also overshadowed by the 52% of respondents who believe making a complaint about a tax issue or problem is more trouble than it is worth. Of the taxpayers who responded, 48% claimed it is too difficult to complain to the Government of Canada about a tax issue or problem.



Figure 1.6 Statistics about respondent sentiment in the public opinion research conducted by our Office in 2017-2018.

We must identify and remove the barriers taxpayers believe exist in the service complaints process to encourage them to come forward with the service issues they experience. Taxpayers believing they will be treated fairly, but that it is too difficult to seek resolution, is itself a service issue.

Media Coverage

We were successful in connecting with various media outlets to discuss the types of issues we hear, and to provide information about our Office. The Ombudsman gave interviews to national and local media during the last year, raising awareness of our Office and our work, emphasizing fairness in the CRA's service, and sharing our perspective on the CRA's service performance.

While we cannot disclose specific information about individual taxpayers and their complaints, we can share information about the number of complaints we receive and the trends related to those complaints. We also took the opportunity to reach out to journalists who reported stories about problems specific taxpayers were having with the CRA's service, providing them with information to share about our Office. We aim to become a regular source to whom journalists refer when it comes to providing comments and information on service related issues with the CRA.



Sherra Profit with Patricia Garrett from Wings of Providence Women's Shelter after discussing the service issues affecting the women it serves.

“Part of that process of what we do in our Office...is to address the power imbalance as well. Fairness is a really important part of what we look at in how a taxpayer is treated. And, that makes sure that people are not necessarily treated equal, but that they are treated equitably; so that they are given what they need to reach the same, roughly, end result.”

*- Sherra Profit, CTV Power Play
December 11, 2017.*

Running an Efficient Office

Financial Authorities

The Ombudsman and our employees are required to comply with the financial management policies issued by the *Canada Revenue Agency Act* and the Treasury Board of Canada Secretariat (TBS), under the *Financial Administration Act*, and the CRA policy framework reflecting those policies.

Summary of Expenditures

| Expenditures | 2017-2018 |
|--|--------------------|
| Salaries | \$2,374,780 |
| Professional services | \$147,652 |
| Non-professional services | \$32,658 |
| Training and education | \$11,512 |
| Travel | \$34,176 |
| Office equipment | \$26,155 |
| Printing and publishing | \$7,855 |
| Office expenses | \$11,557 |
| Total annual operating expenditures | \$2,646,345 |

Figure 1.7 Summary of financial expenditures for the 2017-2018 fiscal year.²

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 our Office for amounts over \$10,000.

Information on our proactive disclosures can be found by selecting either the "Travel Expense", "Hospitality Expense", or "Contract Disclosure Reports" links on our Transparency web page and searching for "Taxpayers' Ombudsman".

Human Resources

The Commissioner of the CRA, who is authorized by the *Canada Revenue Agency Act* to exercise human resources related powers, duties, and functions,

formally delegates the authority and management of human resources to the Ombudsman.

In accordance with subsection 3 of our Order in Council, employees of our Office are employed pursuant to the *Canada Revenue Agency Act*. Therefore, the Ombudsman and employees of the Office are bound by the CRA's human resources policies and programs.

As a small office, the efficient use of our resources is essential to our day-to-day work. To increase this efficiency, we partnered with the CRA on human resources and financial matters to leverage the expertise in the CRA and help administer and ensure our adherence to the necessary policies and procedures.

2. The total annual operating expenses shown in Figure 1.7 are a portion of the total amounts reported by the CRA for our Office, as the CRA attributes a percentage of total expenditures for overhead expenses to us, such as employee benefit plan, real property expenses, and operational requirements (such as IT, Human Resources, and Financial Administration support).

Contact Us

Within Canada and the United States, call toll free:
1-866-586-3839 or fax toll free 1-866-586-3855.

Outside Canada and the United States, call collect:
+1-613-946-2310 or fax us +1-613-941-6319.

Visit our website:
canada.ca/en/taxpayers-ombudsman

Write to us:
Office of the Taxpayers' Ombudsman
600-150 Slater Street
Ottawa, ON K1A 1K3
Canada

Make an appointment for an in-person meeting.

Office Hours

Our Office hours are 8:15 a.m. to 4:30 p.m. Eastern Standard Time, Monday to Friday (except holidays).

Follow Us

To stay informed on our activities:

- Follow us on Twitter [@OTO_Canada](https://twitter.com/OTO_Canada);
- Subscribe to our electronic mailing list canada.ca/en/taxpayers-ombudsman/news/taxpayers-ombudsman-electronic-mailing-list.html; or
- Go to canada.ca/en/taxpayers-ombudsman/news/rss-feed.html to add our RSS feed to your feed reader.

