

OFFICE OF THE TAXPAYERS' OMBUDSMAN

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Taxpayer Bill of 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 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 Canada Revenue Agency (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.

* Service rights upheld by the Taxpayers' Ombudsman.



Government
of Canada

Gouvernement
du Canada

Office of the Taxpayers' Ombudsman
600-150 Slater Street
Ottawa, ON K1A 1K3

The Honourable Diane Lebouthillier, P.C., M.P.
Minister of National Revenue
555 MacKenzie Avenue, 7th Floor
Ottawa, ON K1A 0L5

Dear Minister:

I am pleased to submit for tabling in each House of Parliament, the Annual Report of the Taxpayers' Ombudsman; the seventh edition since the implementation of a Taxpayers' Ombudsman in Canada.

This report provides an overview of the activities and operations of the Office of the Taxpayers' Ombudsman from April 1, 2014 to March 31, 2015. It highlights our accomplishments as we strive to ensure the Canada Revenue Agency continues to deliver the professional service and fair treatment to which taxpayers are entitled.

Yours truly,

Sherra Profit, BA, LL.B
Taxpayers' Ombudsman

Canada



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du Canada

Office of the Taxpayers' Ombudsman
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Mr. Richard Thorpe, CPA, CMA, FCMA
Chair, Canada Revenue Agency Board of Management
555 Mackenzie Avenue, 7th Floor
Ottawa, ON K1A 0L5

Dear Mister Chair:

I am pleased to submit the Annual Report of the Taxpayers' Ombudsman; the seventh edition since the implementation of a Taxpayers' Ombudsman in Canada.

This report provides an overview of our activities and operations from April 1, 2014 to March 31, 2015. I trust that the information contained in this document will assist you in the oversight of the administration and organization of the Canada Revenue Agency.

Yours truly,

Sherra Profit, BA, LL.B
Taxpayers' Ombudsman

Canada



MESSAGE FROM THE OFFICE OF THE TAXPAYERS' OMBUDSMAN

This year can best be described as a year of transition for the Office of the Taxpayers' Ombudsman (OTO). We experienced many staffing changes, including the vacancy of the Taxpayers' Ombudsman position. We moved office locations, introduced a new form to authorize the exchange of information with the Canada Revenue Agency (CRA), and witnessed a change in the way taxpayers preferred to submit complaints. Despite these changes, our commitment to serving Canadian taxpayers and upholding their service rights remained unwavering.

As an independent and impartial organization operating at arm's length from the CRA, we continued to encourage the CRA in its pursuit of excellence in the fair service and professional treatment of Canadian taxpayers. Yet, during the millions of interactions the CRA shared with taxpayers over the last fiscal year, the possibility that a lapse in service or fair treatment existed. As such, we are proud of the role we played in satisfactorily resolving taxpayers' service complaints. We listened to taxpayers' concerns, educated and informed them about the work we do, facilitated their access to the proper redress mechanisms within the CRA, and investigated their complaints.

This fiscal year brought new faces to our office and several employees accepted new career opportunities within the office. These internal assignments, whether temporary or permanent, offered a great deal of flexibility to our organization by allowing us to retain corporate knowledge. Existing employees expanded their knowledge base and shared their expertise with our new employees. To the employees who left this past year to pursue opportunities outside the OTO, we thank you and wish

to recognize the contributions you made to serving Canadian taxpayers.

We noticed a significant shift in the way that taxpayers chose to voice their service complaints this year. In previous years, taxpayers submitted their service complaints by mail, fax, or in-person. In March 2013, we introduced an online complaint form on our website. According to our statistics, a significant increase in the adoption of the online form was evident during the 2014-2015 fiscal year. During our second quarter, the complaints submitted using our online form outpaced all other submission vehicles for the first time – online 45.9%; fax 35.5%. For the year, online complaint forms made up 38.6% of all submissions into our office, followed by complaint forms submitted by fax at 37.9%. It is anticipated that this trend will continue, with the gap widening in favour of online submissions.

This adoption of electronic services is consistent with the increasing trend to “go mobile”, with taxpayers taking control of managing their personal information anytime, anywhere – right at their fingertips.



ABOUT US

The Taxpayers' Ombudsman is an independent officer appointed by the federal government to review service complaints about the Canada Revenue Agency (CRA) and 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 all Canadians.

OUR VISION

In every interaction, the CRA treats taxpayers fairly and serves them professionally.

OUR MISSION

The Taxpayers' Ombudsman is committed to ensuring transparency, accountability, and the fair treatment of taxpayers by the CRA.

OUR MANDATE

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

In carrying out this mandate, the Taxpayers' Ombudsman ensures the eight taxpayer service rights, as found in the *Taxpayer Bill of Rights*, are upheld by the CRA. In doing so, the Office of the Taxpayers' Ombudsman (OTO) conducts independent and impartial reviews of service complaints from taxpayers concerning the level of service or treatment they received from the CRA. Where a service-related issue arises that may affect a large number of taxpayers, we conduct a systemic investigation to determine whether recommendations about corrective actions are required for the CRA. In addition to these

responsibilities, the Taxpayers' Ombudsman raises awareness of the taxpayer service rights and the role of the OTO.

OUR PRINCIPLES

We firmly believe in the independence, impartiality, fairness, and confidentiality of our interactions with taxpayers. We operate at arm's length from the CRA and provide taxpayers with an objective review of their service complaint. As a result of the review, we make recommendations to the CRA to address any gaps in service or validate that the CRA's actions are respectful of the *Taxpayer Bill of Rights*.

During our review of a service complaint, our position is not to advocate on behalf of taxpayers, nor defend the CRA. By adopting an impartial viewpoint, we ensure that fair treatment and the expected level of service are present in each interaction between taxpayers and the CRA. It is our responsibility to consider both perspectives, make recommendations that respect the eight taxpayer service rights, and outline proposed improvements to the established processes.

The Ombudsman must be fair in holding the CRA and taxpayers accountable for their respective contributions



INSIDE OUR ORGANIZATION

The Office of the Taxpayers' Ombudsman (OTO) is formed of many individual elements, which in unison, bond together to create an organization focused on ensuring that taxpayers receive the fair service and professional treatment they have come to expect from the Canada Revenue Agency (CRA). The sections of our office are Complaint Investigation, Systemic Investigation, Communications, and Corporate Services.

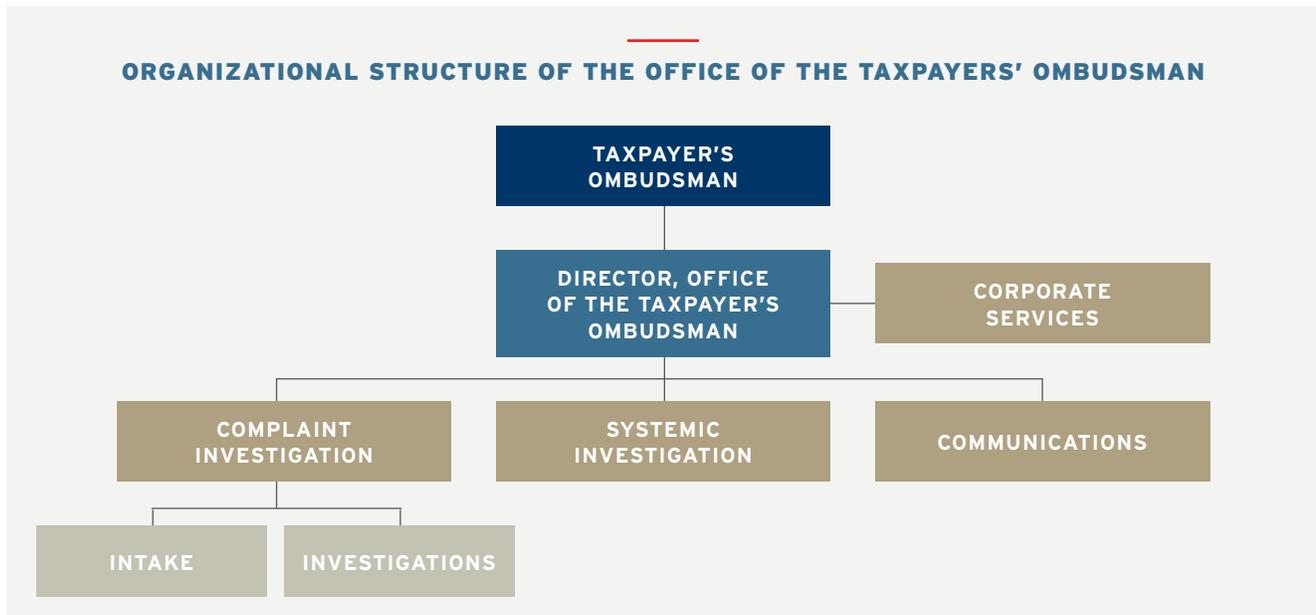


FIGURE 3.1 - ILLUSTRATION OF THE SECTIONS OF THE OTO DURING THE 2014-2015 FISCAL YEAR.

We employ highly dedicated, service-oriented individuals who proudly ensure that taxpayers are provided with the best possible service when we work to resolve their service complaints. To achieve this, we listen to taxpayers' concerns, educate, and inform them about the work we do. We conduct impartial and independent reviews,

considering both taxpayers' and the CRA's perspectives. In some cases, we resolve complaints by facilitating taxpayers' access to the CRA, or their communication with the CRA. When an investigation is required, we resolve the complaint and provide the CRA with our recommendations for corrective action.

...
**YEAR
 IN REVIEW**

COMPLAINT INVESTIGATION SECTION

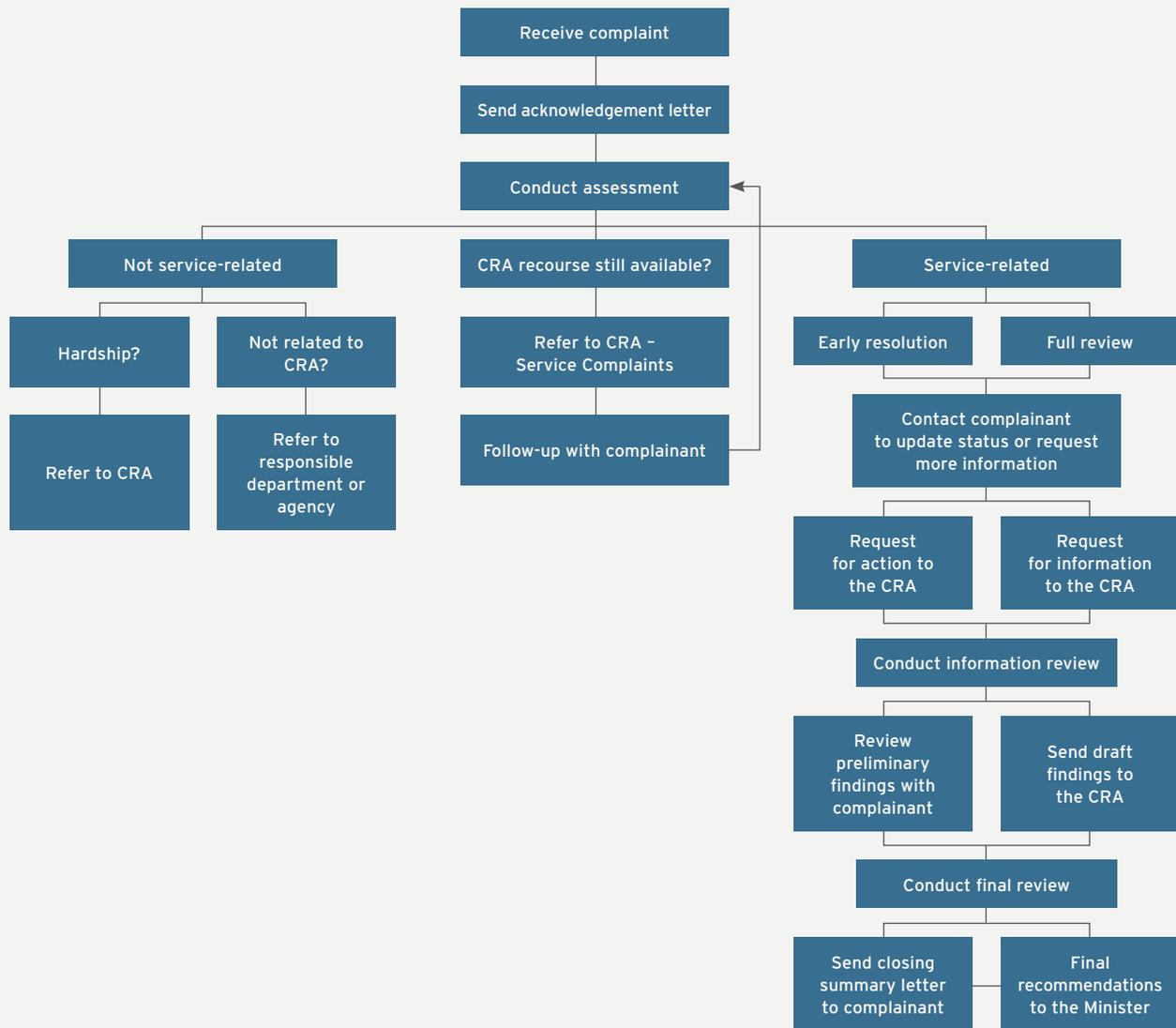


FIGURE 4.1 - FLOW CHART OF THE PROCESSES INVOLVED IN COMPLAINT INVESTIGATION.

During this reporting period, we continued to support the co-operative education programs at the local universities by hiring a university student. The student benefits from the program by receiving a university credit while gaining valuable experience working as part of a team and serving Canadian taxpayers. The OTO benefits from engaging in open discussions with the student about the work we do and we gain valuable insight into new ideas and potential improvements to our processes and procedures.

At the end of November 2014, we moved from 50 O'Connor Street to 150 Slater Street in Ottawa. The move reduced the amount of space (square footage) we occupied and the associated costs. During this move, we experienced no significant delays in our adherence to our service standards and continued to offer services to Canadian taxpayers. The office was closed mid-day Friday, November 28, 2014, and all lines of communication were available first-thing Monday, December 1, 2014. Our messaging service remained open and the voicemail was changed to include information about the move.

The requirement for a taxpayer to provide a signed consent to the OTO before sharing information about a service complaint with the CRA has always existed. However, in the third quarter of 2014-2015, we reviewed our processes for sharing taxpayer information with the CRA when a taxpayer submits a complaint online. In consultations with the CRA and with a focus on enhancing the protection of taxpayer information, questions arose with respect to the acceptability of digital signatures through our online complaint form. An agreement was reached that the best method to ensure the protection of taxpayer information was to request and obtain the taxpayer's signed consent.

To adhere to this agreement, we developed and implemented a new *Permission to Disclose* form to complement our online complaint form. Since the implementation of this form, we have received the forms daily and our receipt of the required signatures has expedited the exchange of information with the CRA. Within the fourth quarter alone, we received 136 *Permission to Disclose* forms from taxpayers.

BY THE NUMBERS

During the 2014-2015 fiscal year, we received service complaints through a variety of means, including online, mail, fax, and in-person.



FIGURE 4.2 - DISTRIBUTION OF PREFERRED METHODS WHEN SUBMITTING A COMPLAINT.

Through the various methods that taxpayers chose to submit their complaints to our office, our Complaints Investigation Section opened a total of 1,330 new complaints during the 2014-2015 fiscal year. In addition to these new submissions, we carried over 84 files from the previous fiscal year as a review had not started prior to the end of that year. We also re-opened 20 files when new information was introduced to us that related to service complaints we previously closed.

The gap between the non-mandate complaints we received and closed during 2013-2014 as compared to those received in 2014-2015 can be explained by an influx of complaints from taxpayers or their representatives related to tax-shelter donation schemes and the closure of the CRA's in-person counter services. We received over 1,000 complaints from taxpayers voicing their frustration toward the disallowance of their donations in a given year as a result of the arrangement they entered into with the recipient organization. However, this issue was legislative, not service-related, and therefore, did not fall within the mandate of our office.

This fiscal year, we had 4,743 telephone interactions with taxpayers. These calls related to initial contacts with our office, requests for information about our office, follow-ups about existing service complaints, and facilitating access to the CRA or other government departments and agencies for assistance. Maintaining open lines of communication with taxpayers is essential to our ability to provide all taxpayers with an opportunity to seek resolution to their service complaints.

In March 2013, we introduced an online complaint form for taxpayers. Over the course of the reporting period, we saw a significant increase in the adoption of our online complaint form by taxpayers, from 7% on implementation to 38.6% this year. This is a very encouraging statistic as these forms use a common template to capture all of the pertinent information for investigators. By presenting the information in a consistent fashion, the form increases our efficiency when reviewing a taxpayer's complaint. Also, with the growth in popularity of electronic services being offered throughout the Government of Canada, the success of our online form better positions our office to implement new e-service options for taxpayers in the future.

When taxpayers submit a service complaint, we encourage them to identify the taxpayer service rights they believe were not upheld during their interactions with the CRA. This encouragement can lead to some

complex complaints and investigations as taxpayers may identify multiple rights they believe were infringed.

FILE COMPLEXITY	INVESTIGATIONS COMPLETED IN 2014-2015
NUMBER OF FILES WITH 1-3 ISSUES	143
NUMBER OF FILES WITH 4-5 ISSUES	3
NUMBER OF FILES WITH 6+ ISSUES	6
AVERAGE NUMBER OF ISSUES PER FILE	1.4

FIGURE 4.5 - TABLE DISPLAYING NUMBER OF ISSUES PER COMPLAINT IN 2014-2015.

GLOBAL RESPONSIBILITIES – TAXPAYERS LIVING ABROAD

An individual's tax obligations to the CRA are not limited to Canada's geographical borders. Many individuals living outside Canada may have income reporting requirements. As a result, the OTO must ensure that our services are available to Canadian taxpayers living anywhere in the world. During the 2014-2015 fiscal year, we received 17 online complaint forms from outside Canada. These complaints originated from Australia, Brazil, Costa Rica, Croatia, Greece, India, Malta, Panama, South Korea, Spain, Switzerland, Ukraine, and the United States.

We were encouraged to see that awareness of our services reached taxpayers who live beyond our borders. By enhancing our online services for taxpayers, we better align our e-service offerings with those being implemented by the CRA. The introduction of an online complaint form allows our office to provide easier access to service complaint resolution mechanisms for all taxpayers, whether they live here or abroad.

30 days later and were pleased to hear that Mr. A's complaint was resolved. His return was processed and a notice of assessment was issued three weeks after his initial enquiry to our office.

SEPARATING CREDITS

As stated in their separation agreement, Mr. B and his former spouse are responsible for the shared custody and costs associated with their two children. In preparing to file his tax return, Mr. B reviewed the information related to support payments on the CRA's website. He determined that his situation was the same as an example he read on the website. As a result, he and his former spouse agreed to each claim one child on their respective returns under the credit for *Amount for an eligible dependent* (line 305).

However, when the CRA denied both of their claims, Mr. B stated that he called the general enquiries line several times to ask why they were not eligible and he was offered a different answer each time. He stated that he was also unable to receive clear information on how to file an appeal, as he maintained that his situation was highlighted as an example on the CRA's website.

Mr. B enquired outside the CRA with several government officials about his situation and was told that he was not eligible to claim the amount for an eligible dependent. Unsatisfied with these responses, Mr. B submitted a service complaint to our office. With Mr. B's permission, we shared his complaint with the CRA and requested an officer contact him to provide an explanation concerning his ineligibility to claim the credit and how to file an objection. As a result of our intervention, Mr. B received an explanation from the CRA, which he understood.

PROVIDING A BENEFIT TO TAXPAYERS

In order for the CRA to properly determine Ms. C's Canada child tax benefit (CCTB) entitlement following her separation from her husband, the CRA requested additional proof of the separation. When she experienced difficulty providing this proof to the CRA, Ms. C filed a complaint with our office. As a result of these difficulties,

her CCTB was withheld and she became in dire need of the benefit.

We sent an urgent request to the CRA to contact Ms. C and discuss her situation. When the CRA contacted Ms. C, she was able to provide an alternate form of proof to satisfy the CRA's requirements regarding the separation from her husband. As a result of our intervention, the CRA reinstated and released the CCTB payment. A cheque was issued to Ms. C within two weeks. Thankful for our service, Ms. C sent an email to our office, appreciative that we were able to alleviate the anxiety and stress that she experienced.

GRATEFUL FOR OUR SERVICE

We also receive calls from businesses that believe they have not received the service to which they are entitled during their interactions with the CRA. We are proud of our ability to assist businesses in re-establishing their connections to the CRA, help reduce red tape, and provide guidance throughout the complaint resolution process.

In May 2014, Mr. D, a small business owner, contacted our office reporting that he was experiencing significant financial hardship. The CRA froze all of his bank accounts as a result of a collection action, which he reported forced him to lay-off several employees. Unable to access his personal accounts, he reported not being able to pay for the medication he required for his health condition. Mr. D claimed that in previous interactions with a collections officer, the officer never discussed a payment arrangement, never requested a financial disclosure, and refused to entertain Mr. D's offer to pay the balance owing within 90 days.

We sent an urgent request to the CRA, asking that an officer contact Mr. D and discuss his situation. Due to our intervention, the CRA was able to arrange financial disclosure and an acceptable payment arrangement. Mr. D's bank accounts were released, and he was able to get back to his business and to maintain his health.

SYSTEMIC INVESTIGATION SECTION

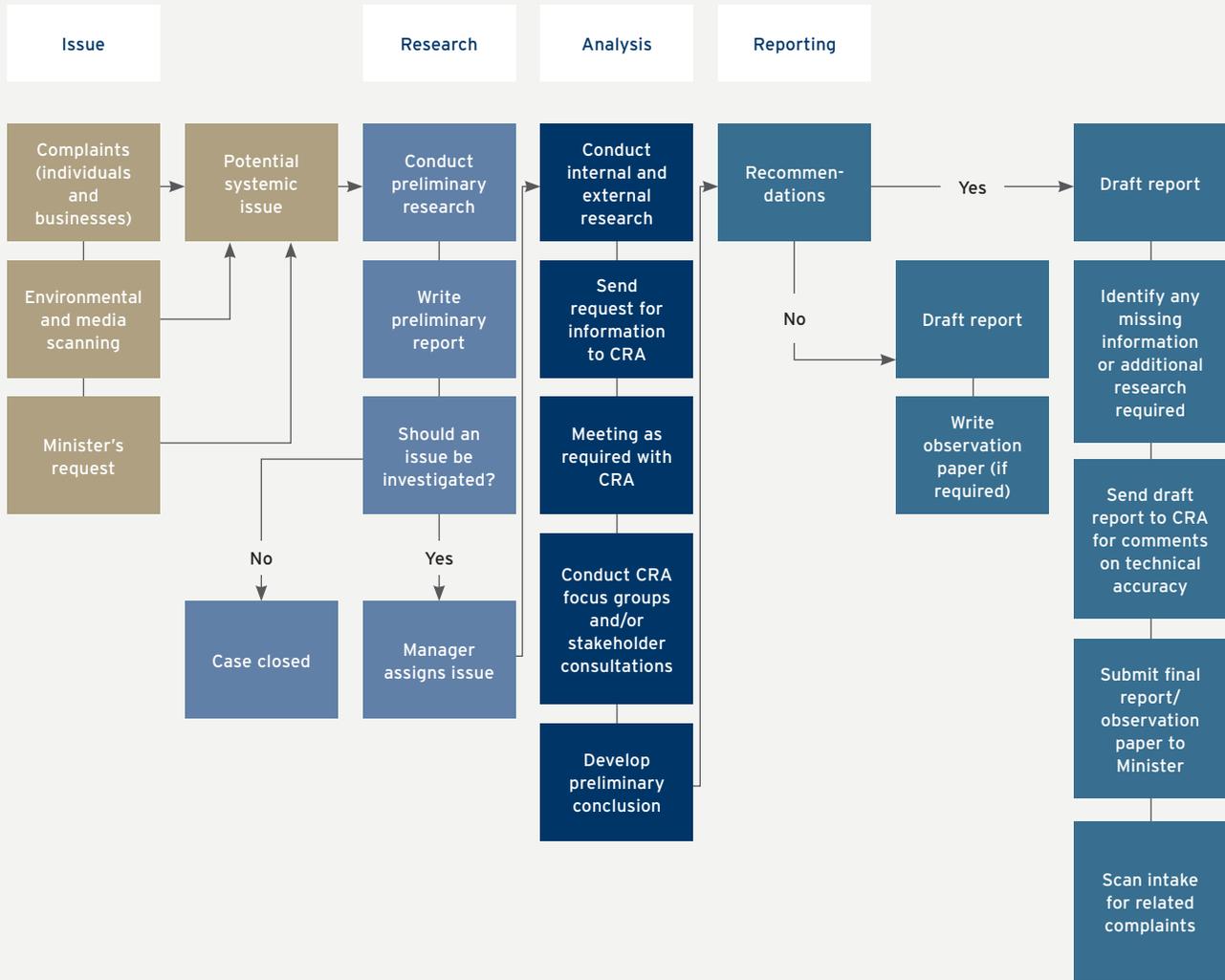


FIGURE 4.7 - SYSTEMIC INVESTIGATION PROCESS MAP.

COMMUNICATIONS SECTION

The primary function of the Communications Section is to raise awareness of taxpayer rights, the role of the Taxpayers' Ombudsman, and the activities and achievements of the OTO. The Communications Section provides strategic advice to senior management on public and stakeholder engagement; plans and executes outreach activities; and manages media relations.

The current fiscal year proved to be a productive one for the Communications Section. We made strides in completing the review of several processes, including the development of a proposed two-year communication plan. The plan focused on the short-term activities of the office, and identified several long-term initiatives to develop and implement. We made effective use of the communications products at our disposal during this transition period and will continue to research additional opportunities to promote the services of the Taxpayers' Ombudsman and the OTO.

INFORMING CANADIANS THROUGH THE WEB AND SOCIAL MEDIA

The Communications Section implemented a redesign of the Office of the Taxpayers' Ombudsman's website to better align our online presence with the Government of Canada's web modernization initiative. By enhancing our web template, the future migration of our information to the Canada.ca web domain will be more efficient for our webmasters. This update displays our content in a consistent format for easier migration to the new domain and leverages the familiarity of the existing Canada.ca navigation for taxpayers.

The new website boasts an enhanced, feature-rich, and responsive design that enables us to leverage several communication vehicles in one space. Some of the enhancements include:

- Billboards to highlight our upcoming or current initiatives;
- Displays the **@OTO_Canada** and **@BOC_Canada** Twitter-feeds; and
- Enables the introduction of video to be streamed on our site.

These improvements to our website will also enable taxpayers to have greater access to the content they want, whenever and wherever they need it.

During the 2014-2015 fiscal year, more than 245,000 visitors accessed our website. Measuring this traffic allowed us to identify the information most valued by taxpayers, based on the visits to a specific page. Outside of our opening and main web pages, this information shows us that instructions on how to submit a complaint (8,229 visits) and the types of enquiries we review (6,404 visits) were topics of interest on our website in 2014-2015.

Another communication tool we used to generate traffic to our website was our Twitter accounts in both official languages. We used our Twitter feeds to broadcast a variety of topics to our followers. Several recurring topics in our tweets focused on generating awareness of the work conducted by our office, highlighting the taxpayer service rights, explaining the service complaint process, and directing taxpayers to our systemic investigations and special reports. Where necessary, we included a link to the applicable page on our website to support the content of the tweet and further educate taxpayers about the particular topic.

OUR PEOPLE

The success of our office depends on the experience, skill, and knowledge of our employees. Therefore, we invested in employee training and development to ensure that our employees have the essential knowledge and competencies to support our office, and the necessary tools to perform their roles in assisting Canadian taxpayers.

Our employees took the initiative to express their interest in and openness to other opportunities within our office, when vacancies arose. As a result, these internal assignments, whether temporary or permanent, offered a great deal of flexibility to our organization allowing us to retain corporate knowledge, while building on our employees' skills and competencies.



The success
of our office
depends on
the experience,
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HOW TO CONTACT US

YOU CAN CONTACT OUR OFFICE BY:

- Calling us toll-free at **1-866-586-3839** within Canada and the United States.

If you are outside of Canada and the United States, please call collect at **613-946-2310**.
Our office hours are **8:15** to **16:30** Eastern Standard Time, Monday to Friday (except holidays).

- Visiting our website at **www.oto-boc.gc.ca** and completing our complaint form, describing your situation, submitting it online, or mailing or faxing it with any supporting documents to:

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

Fax: **613-941-6319**
Toll-free fax: **1-866-586-3855**

- Making an appointment for an in-person meeting by calling us during our office hours.

To stay informed on our activities, follow us on Twitter **@OTO_Canada**, subscribe to our electronic mailing list, or add our RSS feed to your feed reader.