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# Alive and Well

**An investigation into the erroneous coding of taxpayers as deceased by the Canada Revenue Agency**

Ombudsman special report, February 2014 | J. Paul Dubé, 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.

\*Service rights upheld by the Taxpayers' Ombudsman



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“Alive and Well”

## Executive Summary

Coping with the death of a loved one is difficult. People must deal, not only with grief and other emotions, but also with sudden and unexpected administrative burdens. This burden includes notifying banks, insurance companies, and government departments. The Canada Revenue Agency (CRA) is one of the many government departments that need to be notified of a death as soon as possible.

Information relating to a death may be received at the CRA from executors, beneficiaries, or other third party representatives either by phone, by filing the T1 Income Tax and Benefit Return (T1 Return) or by completing the form<sup>1</sup> *Request for the Canada Revenue Agency to update records*. This information is updated automatically in the CRA database when it is received electronically, or manually keyed into the system by a CRA employee when it is received by phone, on paper returns and forms.

The CRA also receives information pertaining to a taxpayer's death from outside sources such as the Provincial Vital Statistic Offices and the Social Insurance Registry (SIR) maintained by Employment and Social Development Canada (ESDC)<sup>2</sup>. Much of this information is uploaded automatically into the CRA's database.

Once notified of a death, the CRA enters a code on a taxpayer's file declaring them deceased, and this code automatically stops all benefit payments (such as the goods and services tax/harmonized sales tax credit (GST/HST), the Canada Child Tax Benefit (CCTB), and others) that the taxpayer might have been receiving. The code also revokes any third party authorizations and cancels electronic access to CRA's My Account and My Business Account.

The Minister of National Revenue requested that the Office of the Taxpayers' Ombudsman investigate the CRA's policies and procedures surrounding the entry of dates of death and deceased codes after media outlets broadcast a series of reports on how the Government of Canada had erroneously declared taxpayers as deceased and the difficulties they faced as a result. Specifically, the Minister asked that we investigate how these types of errors happen and what the CRA can do to prevent them from happening.

During our investigation, we found that there are various reasons why a taxpayer's account can be incorrectly updated to indicate that they are

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<sup>1</sup> "Request for the Canada Revenue Agency to update records," CRA web site (date modified 2013-01-03), <http://www.cra-arc.gc.ca/E/pub/tg/rc4111/rc4111-pf-e.html>

<sup>2</sup> Formerly Human Resources and Skills Development Canada (HRSDC)



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deceased. For example, a CRA agent may have entered a date of death under an incorrect Social Insurance Number (SIN), a taxpayer or representative may have made an error filling out a T1 form, or incorrect information may have been received from outside sources.

In the event that this error does occur, it is essential that the CRA be able to fix the problem promptly in order to avoid any further negative consequences. The CRA must continue to make reducing the impact on taxpayers a priority.

Having to deal with a potential financial setback (if the affected taxpayer was a benefit recipient and relied heavily on the benefits), the administrative burden, and the time required to go through all the steps in order to resolve the issue can be a disturbing emotional experience.

In this report, the Ombudsman makes several recommendations aimed at ensuring that the CRA continues to develop ways to minimize the number of taxpayers who are being declared deceased in error while making it a priority to reduce the impact on taxpayers.

## Introduction

Coping with the death of a loved one is very difficult emotionally and can be compounded greatly by the burden of all the administrative processes involved. This burden includes notifying banks, insurance companies, other organizations, and government departments.

The Canada Revenue Agency (CRA) is one of the many government departments that need to be informed of someone's death. The CRA needs to be notified as soon as possible in order to avoid making an overpayment,<sup>3</sup> which could leave the family or executor to deal with unnecessarily repaying a debt that could have been prevented.

Once notified of a death, the CRA enters a code on a taxpayer's file declaring them deceased and this code automatically stops all benefit payments (such as the goods and services tax/harmonized sales tax credit (GST/HST), the Canada Child Tax Benefit (CCTB), and others) that the taxpayer might have been receiving. Additionally, authorizations for any representatives the taxpayer may have had on file are deleted, and access to automated services, such as My Account and My Business Account, is discontinued.

## Issue

In February 2012, media outlets reported on a taxpayer whom the CRA had erroneously recorded as deceased. When the taxpayer did not receive her monthly child tax benefit payment, she had called the CRA. A CRA agent advised her that a missed keystroke was likely what had stopped the benefit payment from being processed, and that it could be fixed quickly. However, upon further review of the taxpayer's file, the CRA agent found that the taxpayer had in fact been declared deceased by the CRA and this would take additional time to fix.

Following this story, the Minister of National Revenue requested that the Taxpayers' Ombudsman investigate the issue of how these types of errors happen and what the CRA can do to prevent them from happening. Subsequently, media outlets broadcast a series of reports on the difficulties taxpayers have faced when the Government of Canada has erroneously declared them as deceased.

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<sup>3</sup> An overpayment may occur if, for example, the CRA is notified of a benefit recipient's death two months after the fact. For those two months, the CRA would have continued sending out benefit payments, which would cause the overpayment.

## Mandate of the Taxpayers' Ombudsman

An ombudsman is an independent and impartial officer who deals with complaints about an organization. An ombudsman provides an impartial review of complaints and determines whether or not the complaint has merit. After reviewing the complaints, the Ombudsman advises the parties of the conclusion. When a complaint suggests that there may be a systemic problem that could negatively affect multiple stakeholders, an ombudsman typically makes recommendations for corrective action.

The Taxpayers' Ombudsman was appointed to support the government priorities of stronger democratic institutions, increased transparency within institutions, and the fair treatment of all Canadians.

The Taxpayers' Ombudsman is mandated to provide advice to the Minister of National Revenue on service issues within the CRA. This is why the Ombudsman makes recommendations on systemic issues directly to the Minister.

The Taxpayers' Ombudsman fulfills this mandate by reviewing service complaints from taxpayers about the CRA, informing Canadians about their rights as taxpayers, upholding the eight service rights within the *Taxpayer Bill of Rights*, and identifying and reviewing systemic issues and emerging trends related to service matters.

Of the eight service rights the Taxpayers' Ombudsman is mandated to uphold, three are relevant to this systemic investigation:

- Article 5: the right to be treated professionally, courteously, and fairly;
- Article 6: the right to complete, accurate, clear, and timely information from the CRA; and
- Article 11: the right to expect the CRA to be accountable.

## What We Heard

### ***Ms. K's story***

Ms. K contacted the CRA upon realizing that her monthly CCTB payment had not been deposited into her bank account. A CRA agent reviewed Ms. K's file and determined that she had erroneously been declared "deceased". The agent immediately offered an apology and promptly deleted the date of death on Ms. K's file. A priority CCTB payment was then issued to the taxpayer.

Shortly thereafter, the CRA requested that Ms. K reimburse a GST/HST credit payment that had been previously issued to her. According to the CRA, the taxpayer was not entitled to the benefit due to her "deceased" status on file at the time of payment.

Although the issue was corrected on Ms. K's file in relation to her CCTB, the erroneous "deceased" status sparked a domino effect, impacting additional benefits to which she was entitled.

The CRA, once again, offered an apology and directed Ms. K to ignore the letter. It had been prepared and processed prior to the CRA becoming aware of her erroneous "deceased" status, and it was not recalled when her file was amended.

### ***Ms. G's story***

Ms. G contacted our office after receiving a phone call from the CRA's Business Registration section about mail that had been returned to it. The Business Registration area was calling Ms. G to verify her address as business mail that it had sent to her had been returned as undeliverable. She said that during the course of her conversation with the CRA, she was advised that she had actually been coded as deceased three months earlier, which could have been the cause for the returned mail as her status as owner of the company had been marked as "deceased".

Ms. G was concerned because, she said, the agent she spoke to told her it was a "serious matter" as both her business and her personal accounts were affected, but she had been unable to get any clear answer as to what had happened or how to resolve the issue. She said she subsequently called the Individual Income Tax and Trust Enquiries line and the agent she spoke with told her the error originated with Service Canada.

However, when she visited Service Canada, she was informed that although it had changed its records to reflect her as being "deceased," the change had

been as a result of notification from the CRA. She was worried that the error might affect her Universal Child Care Benefit (UCCB) as well as pension payments she had made to Service Canada, and she wanted immediate assistance.

As our office is an office of last resort, and Ms. G had not yet been to CRA–Service Complaints, we referred her complaint to the CRA–Service Complaints Program, which was able to resolve her issue in a timely manner.

We reviewed the actions of CRA–Service Complaints to determine whether the matter had been resolved satisfactorily. We determined that Ms. G’s account being coded as deceased was the result of human error by the CRA. The error occurred when a CRA employee entering a deceased code on the account of a deceased taxpayer inadvertently put Ms. G’s Social Insurance Number (SIN) into the system. The CRA corrected the error, apologized to Ms. G for the poor service she had received, and ensured that there would not be any interruption to her UCCB entitlements. In addition, the CRA confirmed for her that the error had been rectified with Service Canada/Employment and Social Development Canada (ESDC).

## The Scope of Our Review



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The CRA receives and manually inputs information pertaining to a taxpayer's date of death from a number of sources. Information may be received from executors, beneficiaries, or other third party representatives, either by phone or through the completed form *Request for the Canada Revenue Agency to update records*<sup>4</sup>. These requests are manually updated in the system by a CRA employee.

As well, the CRA receives dates of death when taxpayers or their representatives file their tax returns. If a taxpayer or their representative enters a date of death on the taxpayer's income tax return, the date entered is updated automatically when the return is assessed.

The CRA also receives information pertaining to a taxpayer's death from outside sources, many of which are not keyed into the system by a CRA employee, but rather are updated automatically in the CRA database. These sources include the Provincial Vital Statistics Offices,<sup>5</sup> and the Social Insurance Registry (SIR) maintained by ESDC<sup>6</sup>.

This investigation encompassed all of the above methods by which a date of death or deceased code is entered into the CRA's systems.

In conducting this investigation, we reviewed the complaints received by our office, as well as any received by the CRA. We reviewed information from the CRA such as the policies and procedures for entering date of death information on a taxpayer's account, and the statistics on taxpayers who had been erroneously declared deceased. Additionally, we met with CRA officials on numerous occasions to discuss the issue and the information requested.

## Analysis of the Entry Process

No documentation is required from a person who calls the CRA to report a death. The CRA telephone agent will simply use the information provided by the caller to set a deceased code<sup>7</sup> or a date of death in a taxpayer's account. However, the CRA agent will ask the caller to properly identify the deceased taxpayer's account by following confidentiality procedures. The agent will then enter the date in the system and ask the third party to send a complete

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<sup>4</sup> "Request for the Canada Revenue Agency to update records," CRA web site (modified 2013-01-03), <http://www.cra-arc.gc.ca/E/pub/tg/rc4111/rc4111-pf-e.html>

<sup>5</sup> The participating offices are Alberta, British Columbia, Manitoba, Quebec, Nova Scotia, and Prince Edward Island. The provinces of Ontario and New Brunswick joined in December 2013.

<sup>6</sup> Formerly Human Resources and Skills Development Canada (HRSDC)

<sup>7</sup> A deceased code is set when the date of death is not available.

copy of the will, signed and witnessed under provincial law, and the death certificate to the appropriate tax centre. The agent will then enter a note on the account to record the details of the conversation. However, our investigation found that the CRA does not have a follow-up procedure to ensure that the documents requested from the taxpayer are sent in and matched to the account. The CRA is currently reviewing its procedures to determine whether changes are needed for this aspect of the process.

Information received from the Social Insurance Registry of ESDC as part of a data exchange process is coded to the CRA's database directly; it is not keyed in manually and cannot be amended or deleted by CRA agents. When an error is identified, the CRA sets the system to ignore the date of death pending the receipt of the correction from ESDC as part of the data exchange process.

### ***Origins of the Error***

In 2012, the CRA began tracking more closely and identifying the sources of errors and found that there are various reasons for a taxpayer's account being incorrectly updated as deceased:

1. A CRA agent may have entered a date of death under an incorrect SIN.
  - For example: A CRA agent receives a death certificate from a taxpayer for his mother, as well as a Power of Attorney in regard to his father's tax affairs, and enters the date of death in error on the father's account when it should have been entered on the mother's account.
  - For example: CRA telephone agents have two computer systems open when they receive a call from a taxpayer informing them of a death; the agent may enter the SIN on one system but not the other and erroneously enter the date of the death or deceased code on the system that still has the SIN from the previous caller.
2. A taxpayer or representative may have made an error filling out a T1 Return.
  - For example: Sometimes a spouse will reverse numbers in their spouse's SIN or sometimes enter their own SIN in error.
3. Incorrect information may have been received from outside sources.
  - For example: ESDC and Provincial Vital Statistics Offices.

Some errors are caused by a CRA employee entering incorrect information, some are the result of taxpayers or their representatives entering incorrect

information on their tax returns, and others result from errors in the information provided by outside sources that report dates of death to the CRA, such as from ESDC.

Table 1.1 demonstrates that between 2007 and 2013, there have been 2,410, 832 total deaths reported to the CRA by all sources. Of those, 5,489 were incorrectly coded as deceased by a CRA employee, and of those, 1,732 were benefit recipients whose benefits may have been affected by that error.

**Table 1.1**  
**Errors per year**

	2007	2008	2009	2010	2011	2012	2013	Total
(a) Total dates of death reported to the CRA- all sources	337,010	319,557	331,175	325,348	342,532	383,620	371,590	2,410,832
(b) Number of dates of deaths coded by the CRA in error*	834	763	784	854	1,195	527	532	5,489
(c) Number of clients under (b) who were benefit recipients	20	141	168	188	545	337	333	1,732
Percentage of errors made by CRA of total death events reported	0.20%	0.23%	0.23%	0.26%	0.34%	0.13%	0.14%	0.23%
Percentage of those errors made by the CRA who were also benefit recipients	0.23%	18.4%	21.42%	22.01%	45.60%	63.90%	62.60%	31.56%

\*This number excludes errors by external sources (taxpayers/representatives, ESDC, and Provincial Vital Statistics Offices).

## Impact on Taxpayers

The potential impact on affected taxpayers and their families can be disconcerting. Taxpayers can face financial repercussions when payments are not made on time, they are inconvenienced by the time spent contacting the CRA to have the issue remedied, and the emotional impact of being declared deceased by a government agency is significant as well.

Once a date of death or a deceased code has been entered on an account, if the taxpayer is a benefit programs client, then all of the benefits are immediately stopped. That means that expected CCTB and GST/HST credit cheques will not be issued. Often, a taxpayer only finds out that they have been declared “dead” when a payment fails to arrive.

The *Whitehorse Star* reported on a taxpayer who discovered he had been declared deceased by the CRA when he went to an H&R Block office expecting to receive a refund. At first, the taxpayer said he thought it was “funny” but his feelings quickly changed once he found out what this really meant. “It could have affected everything I think, if you're registered as dead; you're nobody.”<sup>8</sup>

## The CRA’s Response to Errors

The errors are usually detected once the affected taxpayer contacts the CRA or when the affected taxpayer files an income tax return.

Once an account is found to have been coded deceased in error, the CRA has an internal program target of 48 hours to correct the information. It will review the taxpayer’s file and if benefit payments have ceased, it will reinstate those benefits and ensure they are sent out as intended. In some cases the CRA may issue an emergency benefit payment, and it will take the necessary measures to ensure that other federal and provincial departments with whom the CRA shares its information are notified of the error.

The same agents responsible for entering a deceased code or date of death are also responsible for removing or correcting them.

The agents are also now required to verify the affected taxpayer’s account and advise them of any correspondence that might have been issued prior to the removal of the code set in error, as well as other consequences to their account (such as benefit issuances). This should prevent further concerns and reassure the taxpayer that proper measures are being taken to re-establish the account as quickly as possible.

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<sup>8</sup> “Being declared dead was no laughing matter for Yukoner,” *Whitehorse Star*, March 9, 2012, [www.whitehorsestar.com/archive/story/being-declared-dead-was-no-laughing-matter-for-yukoner](http://www.whitehorsestar.com/archive/story/being-declared-dead-was-no-laughing-matter-for-yukoner)

The course of action taken by the agent will vary depending on whether the affected taxpayer was a benefit recipient and whether the source of the erroneous information is from a Provincial Vital Statistics Office.

If the taxpayer is not a benefit recipient, the agent will take the following steps:

1. Remove the deceased coding.
  - If there is incorrect death information on the SIR, the agent will send an e-mail message to the appropriate department asking for a “SIR Override” for an incorrect date of death. This override enables all normal account activities and functions. ESDC will then be contacted to correct the information on the SIR.
  - If there is no SIR death information on the account, the agent will send an e-mail message to the appropriate section of the CRA informing them of the situation and asking them to monitor the account to make sure the erroneous code or date of death is not passed on to SIR in the monthly data exchange.
2. Inform the taxpayer the problem will be resolved.
3. Advise the taxpayer of any correspondence to come that has been issued prior to the removal of the code, as well as other consequences to their account (e.g., no access to online services).
4. Inform Headquarters of the removal of the deceased code.

If the taxpayer is a benefit recipient, the agent will do the following:

1. Remove the deceased coding.
2. Forward the information to the eligibility section of the CRA who will then reinstate the eligibility for the benefit(s) and set the SIR date of death override if needed. ESDC will then be contacted to correct the information on the SIR.
3. Advise the taxpayer of any correspondence to come that has been issued prior to the removal of the code.
4. Inform Headquarters of the removal of the deceased code.

In certain cases, where the error has caused financial hardship for the benefit recipient and it needs to be addressed urgently, the CRA may issue an emergency benefit payment.

If information is received indicating that a date of death is different from a date of death provided by a Provincial Vital Statistics Office, the agent will:

1. Send an e-mail to the appropriate department for further investigation;

2. Verify the account to see if other corrective actions, such as those mentioned above, are necessary.

## The CRA's Action Plans

Soon after the Minister asked that the Taxpayers' Ombudsman investigate the issue, the CRA implemented a temporary procedure in order to avoid further incidents from occurring until an automated system solution was developed. All date of death and deceased code entries were referred to a senior agent. This temporary procedure was no longer required once the system enhancement was implemented in February 2013.

### *The use of parallel screens*

At the beginning of our investigation, CRA telephone agents responsible for entering a deceased code or date of death used side-by-side, or parallel, screens when entering a date of death or deceased code. These side-by-side screens were connected to two different systems: an older "legacy" system that contains all of a taxpayer's information, and a newly developed system that provides a user-friendly interface with the legacy system. Unfortunately, until recently, the new system was not fully functional for all transactions, including date of death entry. Telephone agents were required to go back and forth between the two systems; therefore, they tended to have both systems open all day to prevent lengthy system start-up delays while they were on the telephone. The back and forth between systems was a cause for concern due to the increased potential of an agent entering information on the wrong account, either by not closing the previous account accessed in one system or by not entering the proper SIN in the second system.

Because of this, as of February 2013, the option to update a date of death was made available on the new system. Telephone agents no longer need to have two systems open to complete date of death updates. This will potentially reduce the number of errors caused by telephone agents.

### *Capturing data*

Prior to February 2012, the CRA was unable to capture statistical data relating to the nature of, and sources of, errors made by CRA employees. However, the CRA did some manual sampling and concluded that the rate of errors made by the CRA from total sources of death information had been significantly less than 1% throughout the previous five years, but there had been an increase in frequency of the error in the most recent years.

The increase in frequency of the errors appeared to coincide with an increase in the participation and growth in the number of various benefit programs, which then drew greater responsiveness from taxpayers to any changes that affected their benefits.

As of February 9, 2012, the CRA started tracking all reported date of death codes that were found to have been set in error. Also, procedures were implemented requiring that any removals of dates of death and deceased codes that have been set in error are reported to CRA's Headquarters. These accounts will be examined to ensure that all appropriate actions to re-establish the account have been taken and to help identify trends to prevent future errors.

More detailed statistical data is required to adequately monitor trends and anomalies in relation to the recording of "deceased" codes; however, there will always be limitations to determining how and why a human error is made.

### ***Modification of the T1 Return***

Some errors are made by taxpayers when filling out their T1 Return. It was determined by the CRA that some of these errors may have been due to the form's layout and the location of the line for entry of a date of death.

A review of the T1 Return found that the placement and wording of the field "Person deceased in 2012" could be misleading to some taxpayers as it directly followed a field related to spousal information. For example, the taxpayer might indicate a date of death for a deceased spouse in this field when the real purpose of the field is to enter a date of death when filing a return for a deceased taxpayer.

The return has been revised to re-position the section and re-word the question for greater clarity. These revisions took effect with the 2013 T1 Return. Table 1.2 demonstrates the revisions of the form.

### **Table 1.2**

The first photo is from the 2012 T1 Return. The second photo shows the changes proposed for the 2013 T1 Return.



Information about you																	
Enter your social insurance number (SIN):	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td colspan="3">Year</td> <td colspan="2">Month</td> <td>Day</td> </tr> </table>											Year			Month		Day
Year			Month		Day												
Enter your date of birth:	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																
Your language of correspondence: Votre langue de correspondance :	English		Français														
	<input type="checkbox"/>		<input type="checkbox"/>														
Is this return for a deceased person?																	
If this return is for a deceased person, enter the date of death:	Year		Month		Day												
	2   0																
Marital status																	
Tick the box that applies to your marital status on December 31, 2012:																	
1 <input type="checkbox"/> Married	2 <input type="checkbox"/> Living common-law	3 <input type="checkbox"/> Widowed															
4 <input type="checkbox"/> Divorced	5 <input type="checkbox"/> Separated	6 <input type="checkbox"/> Single															
Information about your spouse or common-law partner (if you ticked box 1 or 2 above)																	
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Enter his or her first name:	<input type="text"/>																
Enter his or her net income for 2012 to claim certain credits:	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																
Enter the amount of universal child care benefit (UCCB) from line 117 of his or her return:	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																
Enter the amount of UCCB repayment from line 213 of his or her return:	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>																
Tick this box if he or she was self-employed in 2012:					1 <input type="checkbox"/>												
<b>Do not use this area</b>																	

## Conclusion

The Minister of National Revenue asked the Taxpayers' Ombudsman to investigate how a date of death could be entered in error and how the CRA could prevent these types of errors from occurring in the future.

During the investigation, our Office found that there were various reasons why a date of death or deceased code might be entered in error. The CRA receives date of death information from different sources. The information is either received electronically, or keyed manually when received by phone, paper returns, or forms. However, regardless of the source of the error, the CRA needs to be proactive and ensure that it has the appropriate measures in place to resolve the issue in such a manner that it will have minimal negative impact on the taxpayer.

As of December 2013, the number of electronic data exchanges with the Provincial Vital Statistics Offices has expanded, with the inclusion of offices from Ontario and New Brunswick, and these electronic exchanges now representing a total of 97% of the population of Canada. With 97% of the dates of death entered automatically into the CRA's systems, the frequency of errors deriving from manual keying is likely to decrease.

The CRA continues to collaborate with external partners to lessen the probability that the information it receives from outside government departments contains errors. It needs to implement control measures to reduce or minimize the number of such errors. And it needs to facilitate an increase in the awareness of these types of errors in other government departments, thus possibly decreasing the number of errors it receives.

Another leading cause is human error, both by CRA employees entering a date of death on the wrong taxpayer account, and by taxpayers directly when filling out their tax returns. Human error is inevitable. It may not be possible to completely prevent human error but there are ways to minimize it.

The CRA has the responsibility to ensure that taxpayers have all the necessary information and tools to prevent human error when filling out forms. One mistake on a form, such as the T1 Return, can cause many difficulties for the taxpayer. The CRA needs to put greater focus on educating and informing taxpayers on the importance of filling out the necessary forms correctly. It also needs to ensure that the instructions on its forms are clear.

In February 2012, the CRA started making changes in order to minimize the likelihood of these types of errors from happening in the future. The option to update the date of death is now available on the main system used by telephone agents, which means there is no longer a need for agents to

navigate multiple systems in order to enter a date of death or deceased code, which in time will decrease the risk of potential error. In addition, the CRA is making changes to the T1 Return to minimize the risk of a taxpayer entering a date of death incorrectly. The CRA is also reviewing its statistical monitoring capacity as a result of these recent cases to determine where improvements can be made in hopes of reducing the room for error. The CRA has also taken steps to minimize the effect on the taxpayer, such as resolving the error and rectifying the taxpayer's accounts within 48 hours.

Even with the utmost care and prevention, because this information is submitted by people and entered by people, and people make mistakes, errors will occur. Despite the small percentage of error in comparison to dates of death that are entered correctly, being declared dead is stressful and can be very challenging for taxpayers to fix once it occurs. Having to deal with the potential of a financial setback (if the affected taxpayer was a benefit recipient and relied heavily on the benefits), the administrative burden, and the time required to go through all the steps to resolve the issue, can be a negative emotional experience. In the event that this error does occur, it is essential that the CRA be able to fix the problem promptly in order to avoid any further negative consequences. The CRA must continue to reduce the impact on taxpayers.

## Recommendations

Based on the foregoing, the Taxpayers' Ombudsman recommends that the CRA:

1. Ensure that the forms upon which the date of a death is to be entered are clear, easy to understand, and less likely to cause errors.
2. Consider following up with the person or persons, who have reported a taxpayer's date of death by telephone and are responsible for submitting documentation to substantiate the date of death, to ensure it is provided and matched to the deceased taxpayer's account.
3. Continue to gather statistics on the number of taxpayers coded deceased in error and analyze trends in causation, as well as increases or decreases in the number of errors made.
4. Gather and analyze statistics on the length of time it takes to correct the coding errors and assess performance with respect to its internal program target of 48 hours.
5. Continually review and update procedures to reduce the potential for human error by CRA employees and ensure that those procedures are communicated to relevant staff and management.
6. Continue to work with partners in other government departments and provincial ministries to identify sources of errors and ways to minimize the transmission of incorrect information, and to ensure effective communication of corrective actions in those cases where errors do occur.
7. Validate the findings from the analysis of trends in errors and implement further changes to procedures or provide further training where required, both for errors committed internally by the CRA and received from external sources.
8. Put in place and monitor control measures to ensure that when errors do occur, they are detected and corrected as rapidly as possible.