BREAKING DOWN BARRIERS TO TAX FILING FOR PEOPLE LIVING ON LOW INCOMES

Canadians with low incomes are missing out on important income-boosting opportunities because they do not file tax. Prosper Canada surveyed over 300 practitioners and experts who work with people living on low incomes to find out why. The results identified significant roadblocks many are facing and the groups most likely to be affected.

TAX FILING ROADBLOCKS

What are the three biggest barriers to tax filing among Canadians living on low income?

1. Insufficient access to clinics and services
2. Not knowing where to get help
3. Not aware of the need to file even if they have no taxable income

Which groups are most affected by these barriers?

- People with physical and mental health challenges
- People with low literacy
- Families and single parents
- Newcomers
- People living on low incomes, in provinces and territories where they stand to benefit from filing their taxes.

THE BIG ROADBLOCKS

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NINE WAYS TO REMOVE ROADBLOCKS TO TAX FILING

ACCESS

A simplified filing process would make tax filing easier. The complexity of the tax system and of the tax forms is intimidating and can lead to errors. Offering a simplified filing form and online tax preparation services would make the process more manageable.

COMMUNICATIONS

The message matters. Organizations should explain to clients why tax filing is important. Organizations and trusted intermediaries can help increase eligibility awareness by communicating the benefits of tax filing. The development of tailored communications materials can combat the common belief that there is no point to filing for people with no taxable income.

TARGETED APPROACHES

Many people don’t file because they aren’t aware that filing is a necessary part of their lives. Organizations should actively promote the development of tailored outreach and communications campaigns.

The good news is that organizations across Canada have found innovative ways to remove roadblocks. We reviewed solutions offered by survey respondents and had conversations with influencers in the field to identify promising solutions.