

Closing the gap in tax filing and improving benefit access for under-served populations

Summary of takeaways from
November 2023 cross-sector roundtables

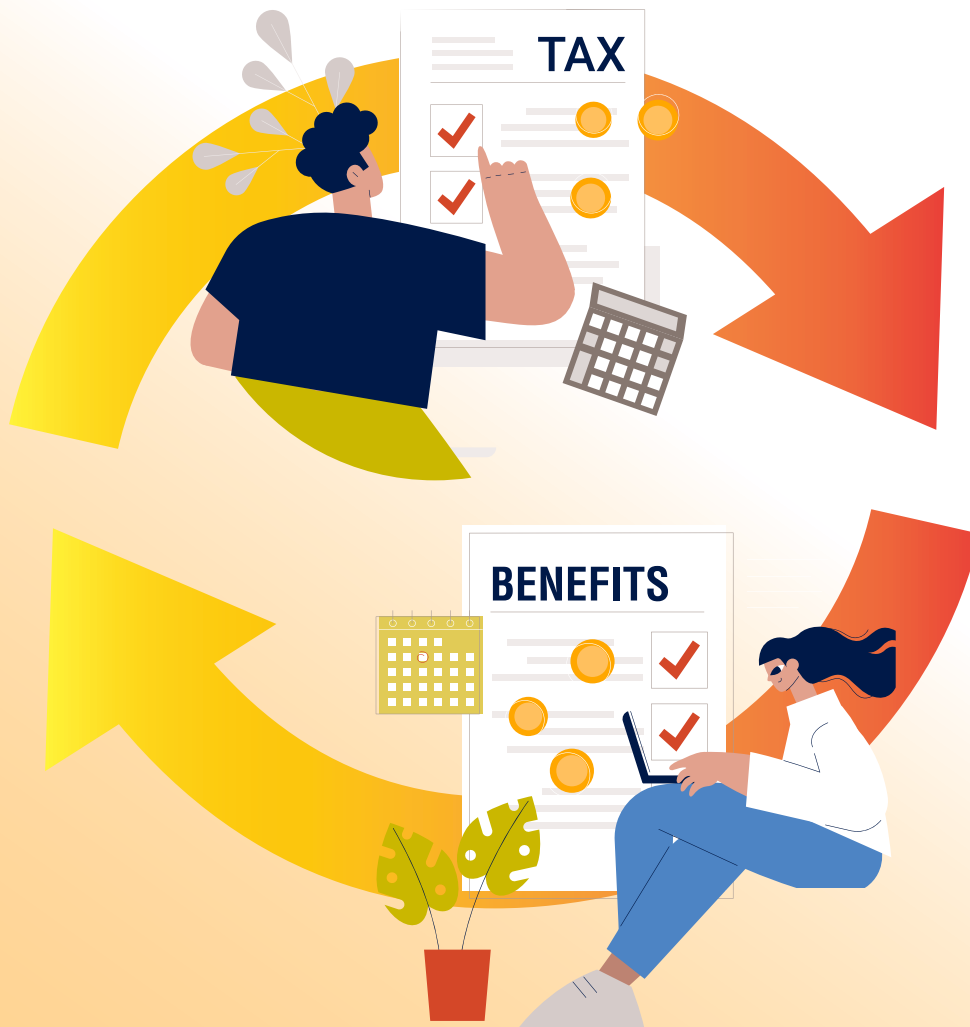
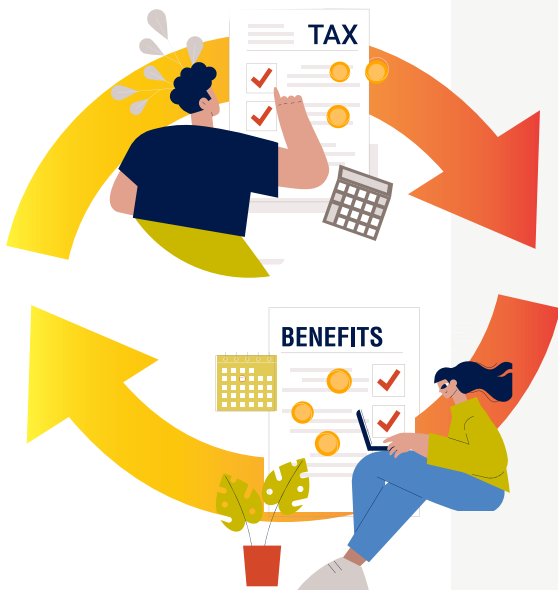


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We are most grateful to the participants for their commitment to open dialogue, and for sharing their insights and expertise. Collective commitment from all sectors to closing the gap in tax filing and improving benefit access for under-served populations is critical for success.

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At a glance: Takeaways from cross-sector roundtables

In November 2023, Prosper Canada hosted two national, virtual roundtable sessions on closing the gap in tax filing and improving benefit access for under-served populations. The roundtables brought together more than 50 participants from government, industry, and community organizations to start a dialogue on collaboration and problem-solving. The sessions aimed to support participants to recognize shared goals and build momentum to act on them.

In the roundtables, participants and speakers shared diverse perspectives from their sectors, including: new research findings on lived experience barriers to tax filing, frontline lessons on reaching non-filers, innovative case studies from local and international organizations, and how solutions could connect with industry directions and government priorities.

What we heard

Four key themes emerged from small and large group discussions with respect to ideas and priorities for addressing the tax-filing gap:



Leveraging trusted intermediaries is critical to connecting with non-filers

Participants recognized that many populations poorly served by current tax-filing supports do have existing relationships with community leaders and organizations that they trust. There was strong agreement that these relationships should be leveraged to combat negative perceptions about tax filing and connect more people to services.



Shared insights are needed to better understand the problem and target solutions

Participants felt that despite awareness and interest in addressing the tax-filing gap, there were still many unknowns about non-filers that were limiting action. Critical needs included tax filing and service usage rates being available for local and regional geographies and different socio-demographic groups.



Service integration is a promising approach to improving tax filing rates

Participants agreed that service hubs – one-stop shops where individuals could get support for multiple social service needs – could be expanded to more communities and better integrate tax-filing supports. They also noted that existing touchpoints with government services, like employment programs or social assistance offices, could be a key point of intervention for prompts and support about tax filing.



Capacity and scope of community tax-filing supports need to evolve with emerging needs

Participants reported that community organizations need adequate and sustainable funding to meet the scale of community need, as well as better training and expanded scope to address emerging tax filing needs, such as those of individuals with self-employment income and gig workers, and additional outreach.

Building collaborative solutions

Why we came together: Canada's tax-filing gap

Tax filing is the most important gateway to income support and other benefits in Canada.

Still, 1 in 5 Canadians with low incomes do not file a tax return, and an estimated \$2+ billion in federal income benefits alone do not reach eligible Canadians each year.¹ Diverse barriers, gaps in support and services, and our complex income security and tax systems are all major obstacles to closing the tax-filing gap, reducing poverty and improving financial security in Canada.

The need to close the tax-filing gap is urgent. Not only is financial vulnerability growing across Canada, but individuals with low incomes are bearing the brunt of the pandemic's lasting financial impacts and the ongoing affordability crisis. Tax filing can help low-income households relieve affordability and other money challenges, by boosting their incomes by an average of \$3,500.

Traditional tools and approaches to improve tax filing and benefit uptake have had some success, but there continue to be populations who are not well served by current support models. People living in rural, remote, and Indigenous communities, newcomers, self-employed and gig workers, people living with disabilities, people who are housing insecure, and others face unique barriers to tax filing and may need targeted outreach and

supports to tax file and access benefits successfully. In response, organizations in all sectors have been working to better serve these communities and remove barriers to tax filing by:

- Improving outreach and communication to low-income individuals and under-served communities
- Innovative pandemic measures to help people retain critical benefits
- Virtual tax filing clinics
- New benefit navigation tools.

Despite the evident commitment and energy each sector is dedicating to closing the tax-filing gap and improving benefit access, this work continues to be siloed with no mechanisms for sustained cross-sector knowledge sharing, collaboration and coordination that could accelerate progress against our shared goals. There is a strong need and desire to address this gap with the understanding that this would facilitate more informed, aligned, and collaborative action and innovation across contributors from all sectors including the Canada Revenue Agency (CRA), commercial tax preparers, community agencies and researchers.

¹Robson, J. and Schwartz, S. Who Doesn't File a Tax Return? A Portrait of Non-Filers. Canadian Public Policy 46, 3: 2020 Sep; pp. 323-339. Available from <https://www.utpjournals.press/doi/full/10.3138/cpp.2019-063>

Building collaborative solutions

About the roundtables

To begin addressing the gap in tax filing and benefit access, Prosper Canada hosted two virtual cross-sector roundtables in November 2023. The roundtables aimed to:

- Start a dialogue on cross-sector solutions for tax filing and benefit access
- Recognize shared goals and complementary initiatives happening across sectors
- Highlight innovative solutions and future opportunities for improving tax filing
- Build momentum to carry forward collaborative activities

Across the two sessions, Prosper Canada brought together over 50 participants, including 24 representatives from government (federal, provincial, and municipal/regional), 14 from community organizations (with a mix of local and national agencies and coalitions based in four provinces), and 11 from industry.

The roundtables were half-day sessions involving a mix of small and large group discussions and invited speakers. Discussions were held under the Chatham House Rule to promote open dialogue.

Highlights from the roundtable agendas

Presentation from Prosper Canada on current successes and challenges in the tax filing and benefit access landscape

Panel on self-employment income and gig workers, showcasing promising programs from Canada and the United States

Small group discussions on targeted solutions to address key tax filing barriers and support specific underserved populations

Fireside chat with international guest speaker on innovative approaches to improving tax filing through technology and partnerships

Visit from the Minister of National Revenue to learn about federal tax filing priorities, collaboration opportunities and to share roundtable takeaways



What we heard

Across roundtable discussions, four key themes emerged that reflected participant priorities for addressing the tax filing gap.

Leveraging trusted intermediaries is critical to connecting with non-filers

Participants shared that mistrust and fear are common barriers among the populations that they work with. They felt many non-filers were hesitant due to negative perceptions about tax filing and the fear of owing money. As a solution, participants stressed the role of trusted community partners. For many populations poorly served by current options, there are community leaders and organizations with which they have existing strong relationships. If effectively leveraged, these can help to overcome mistrust about tax filing.

Some participants suggested that partnerships with trusted intermediaries should happen through formal mechanisms, like a network where the CRA could have a communication channel to a group of designated community agencies in a given sector or region. Working with community leaders was also seen as an effective way to ensure that community voices and expertise inform program and policy decisions, where government could turn to community organizations for local or population expertise.

“More funding, training, tools, to support and empower trusted gateways (community [organizations], group institutions, etc.) to nudge and help hard-to-reach populations file their taxes, particularly groups that have mistrust of government.”

– Community sector participant



What we heard

Shared insights are needed to better understand the problem and target solutions

The need for sharing insights informed by relevant data was a recurring theme across discussions. Participants highlighted the benefits of reciprocal sharing not just between government and community organizations, but also between different levels of government and different federal departments to generate insights on how to better target and serve underserved populations. Some critical needs raised included: tax filing and service usage rates of local and regional geographies and for different socio-demographic groups. Participants also discussed how targeted solutions could be supported by linking tax-filing data to other economic information, such as receipt of provincial/territorial income benefits or employment metrics.

Participants saw insight sharing as critical to building a common understanding of who is not tax filing and taking steps to address it. Despite awareness and interest in closing this gap, there are still many unknowns about non-filers that are limiting action and solution development. Service providers see greater sharing of relevant CRA insights as a critical first step in strengthening and targeting outreach and supports.

“[We need a] detailed geographical breakdown of the least served parts of the country with the lowest filing rates in order to tailor tax services and digital products.”

– Industry participant



What we heard

Service integration is a promising approach to improving tax-filing rates

While participants talked about innovation in terms of digital tools and new partnerships, there was also a strong sense that some of the most effective solutions to the tax-filing gap wouldn't require reinventing the wheel. They saw opportunities to integrate tax filing support into existing service pathways, including the efforts to better align federal government service delivery across departments.

Participants highlighted two opportunities to leverage existing services: service hubs and service touchpoints.

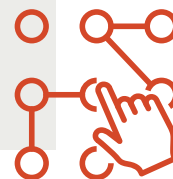
For service hubs, Super Clinics² were discussed by many participants as a promising model – a one-stop shop where individuals could get support for multiple service needs pertaining to a benefit application (e.g., social insurance number, address change, online account opening, application support). This approach was brought up as a strong example of collaborative service delivery, involving multiple government and community agencies. Participants saw an opportunity to expand these temporary clinics/co-locations to more communities and better integrate tax-filing supports.

For service touchpoints, participants pointed out that many non-filers are in touch with some government service, such as local employment supports, recreation programs, or provincial social assistance offices. Participants felt these services could be a key point of intervention on tax filing. With the right training and support, frontline workers in these agencies could screen clients for tax filing, address misconceptions, and direct them to support services as needed. The same idea was brought forward around service touchpoints related to life events, such as a birth, employment loss, or retirement, where people typically have some form of contact with government and could be prompted about tax filing and benefits and available supports.

Many community organizations also remarked on the opportunity that automatic tax filing presents in reaching certain underserved populations and noted that individuals on provincial social assistance programs are a priority population that could benefit. However, there is still a strong need for on the ground outreach and support services for those experiencing barriers to tax filing.

“[We can leverage] provincial and municipal benefit/service providers who regularly communicate with large numbers of low-income people and are motivated to help their clients understand benefits of tax filing and how to access help if they need it”

– Community sector participant



²Super clinics are described in greater detail in: Prosper Canada. “Supporting Benefits Access: A blueprint for what is possible.” Toronto: Prosper Canada. 2023. Available from <https://prospercanada.org/CMSPages/GetFile.aspx?guid=2918ae42-7311-4oad-a9b1-1fdfe3216d98>

What we heard

Capacity and scope of community tax-filing supports need to evolve with emerging needs

Participants from all sectors recognized that community organizations are at the frontlines of supporting under-served populations to file taxes. While service providers have always faced resource constraints, the pandemic and ensuing inflationary period have exacerbated them. We heard that there is now more demand for social services and that the closure of some in-person programs and services, including the permanent closure of in-person CRA offices, has shifted clients to community organizations that continue to offer face-to-face services.

Participants shared that current funding models for community organizations to deliver tax filing and benefit access supports are inadequate given the scale of community need, long-term service sustainability and the need to further expand service to underserved populations. Participants noted that although their efforts to support tax-filing for hard-to-reach populations are year-round, Community Volunteer Income Tax Program

(CVITP) grants are only designed to support volunteer tax clinics during the tax season (pilot funding is available retroactively based on number of returns filed). Participants also noted that the CVITP model is not well-suited to smaller rural and remote communities, creating significant geographic gaps in service delivery.

More sustainable funding for regional organizations to sustain year-round tax filing assistance was seen as a prerequisite to scaling promising tax-filing initiatives to more communities.

Service provider capacity needs were also discussed in terms of knowledge and expertise. Community organizations expressed interest in training to address emerging issues in tax filing that went beyond simple tax situations. For example, there was a lot of discussion around the growing priority to support individuals with self-employment income and gig workers. Participants were excited by guest speakers' case studies on this population, hearing about [Roadmap to Rideshare Taxes](#), [NYC Free Tax Prep for Self-Employed Filers](#), [The Informal Economy Project](#), and [Tax Skills for Self-Employed Workers](#). However, many participants shared that they required greater understanding of self-employment tax rules and gig worker documentation to apply lessons from these initiatives and effectively support these clients.

Geography also played a role in capacity needs. Participants highlighted that both resource and knowledge gaps were greater in rural and remote communities.



“[There is a role for] securing funding and providing training, mentorship and support so community-led organizations can embed tax filing and benefit navigations supports.”

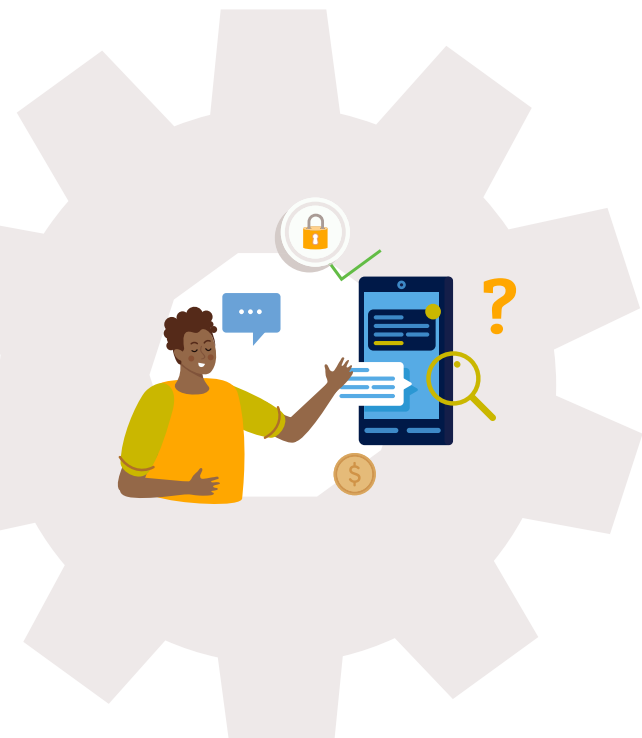
– Community sector participant

Putting ideas into practice

As a final collaborative activity during the roundtables, participants submitted their ideas for a solutions roadmap, a series of questions that facilitated participants to apply key discussion themes to more tangible actions.

Participants responded to prompts about:

- Standout solutions they heard during the roundtables;
- Their needs from other sectors to effectively collaborate on solutions;
- Upcoming opportunities and levers for moving solutions forward; and
- How to enact solutions across sectors and adapt practice in their organization.



Solutions roadmap

Solutions ▶	Needs ▶	Opportunities ▶	Action
<ul style="list-style-type: none"> • Official collaboration mechanism between government, community, and industry • Leveraging and empowering trusted intermediaries • Integrating tax-filing discussions into existing services working with non-filers from priority populations • Service hubs for tax filing and other social services • Sharing insights, informed by relevant data, within government and community groups • Tax filing services available year-round <p>“Developing digital services to help all Canadian as well as focusing on simplified solutions to help lower-income and vulnerable individuals.” – Government participant</p> <p>“Proposed solutions have to be... in consultation with those who it would impact, it means a commitment to transparent decision making and... ongoing conversation as a priority.” – Community sector participant</p>	<ul style="list-style-type: none"> • Willingness to come to the table • Investment from government to fund collaboration activities • Funding and training for community organizations to meet the demand for tax-filing supports among hard-to-reach populations • Shared plan built by all sectors that outlines priorities, actions, and investments • Tax filing insights, informed by CRA data, to define the problem and inform solutions <p>“Better understanding as to who is responsible for leading cross-sector collaboration... Someone needs to step up!” – Community sector participant</p> <p>“Greater need for capacity and trust building in Indigenous communities” – Industry participant</p> <p>“Help in identifying the regional multisectoral tables of collaboration that already exist and that the CRA can work with.” – Government participant</p>	<ul style="list-style-type: none"> • Building a cross-sector table, with government representation that is consistent and able to enact solutions • Developing a shared agenda with accountability structures and co-designed ideas • More engagements like these roundtables to share feedback, reflections, and ideas • Consultation with priority populations about their needs <p>“An opportunity for industry to help low-income individuals re-enroll for benefits through a simplified digital interview.” – Industry participant</p> <p>“Opportunities such as this to hear about barriers and lessons learned from other jurisdictions.” – Government participant</p> <p>“The 2024 federal budget is a perfect opportunity for investment in permanent CVITP grants and regional, year-round, tax and benefit assistance and financial help services for people with low incomes.” – Community sector participant</p>	<ul style="list-style-type: none"> • Learning from what has worked in other jurisdictions • Growing appetite for collaboration • Super Clinics service hub model being used by Service Canada • Upcoming federal budget investments • Federal government commitments on automated tax filing • CVITP grant pilot funding extension <p>“Having all key players at the table and involving them right from the start.” – Government participant</p> <p>“Continue to ‘dig’ for more depth of understanding on the WHO and WHERE people need help the most.” – Industry participant</p> <p>“Governments should reach out to people in this call and beyond to establish ongoing relationships with existing community support and build an infrastructure that allows people to access services holistically.” – Community sector participant</p>

Next steps

Prosper Canada and participants left the roundtables with renewed energy and motivation to continue collaboration between sectors.

It was clear that there is shared interest in working together to close the tax filing gap and that a government-community-industry partnership has complementary assets to advance this work.

Participants reflected on takeaways and short-term actions that they could translate from the sessions to their day-to-day work, recognizing that some solutions can start immediately. Prosper Canada will be working to identify future engagement opportunities to sustain momentum.

Appendix: Virtual roundtables agenda – Fall 2023

Session 1 – Friday, November 17, 2023	
1:00-1:10pm	<p>Welcome Galen MacLusky, Director, Frontline Programs, Prosper Canada</p>
1:10-1:30pm	<p>Setting the scene on tax filing and benefit access for hard-to-reach populations Liz Mulholland, CEO, Prosper Canada</p>
1:30-2:30pm	<p>Small group discussion: mitigating barriers to tax filing Participants will work in breakout rooms to discuss strategies and solutions to key tax filing barriers experienced by people living on low incomes.</p>
2:30-2:40pm	<p>Break</p>
2:40-3:30pm	<p>Population spotlight: people with self-employment income and gig workers Rapid fire case study presentations on initiatives to support self-employed and gig workers with tax filing, followed by Q&A.</p> <ul style="list-style-type: none"> • West Neighbourhood House Informal Economy Project (Rebekah Smylie) • Centre on Budget and Policy Priorities and CASH Campaign of Maryland Roadmap to Rideshare Taxes (Roxy Caines and Megan Bautista) • NYC Office of Financial Empowerment Free Tax Prep for Self-Employed Filers (Anna Strizich) • WoodGreen Community Services Financial Basics and Tax Support for Self-Employed Workers (Ansley Dawson and Danielle Maillet)
3:30-3:45pm	<p>Reflecting on what we heard and what's next Participants will complete an online reflection activity to record takeaways from the sessions and questions/topics they would like to revisit in the next session</p>
3:45-4:00pm	<p>Closing remarks Galen MacLusky, Director, Frontline Programs, Prosper Canada</p>

Appendix: Virtual roundtables agenda – Fall 2023

Session 2 – Wednesday, November 29, 2023	
1:00-1:10pm	Welcome Lisa Rae, Director of Systems Change, Prosper Canada
1:10-1:40pm	Fireside chat: innovative approaches to supporting hard-to-reach communities with tax filing and benefit access Rodney MacDonald Director, Global Corporate Affairs – Americas, Intuit Gabriel Zucker Associate Policy Director, Tax Benefits, Code for America Moderated discussion followed by participant Q&A Code for America works shoulder-to-shoulder with community organizations and government to build digital tools and services, change policies, and improve programs. Gabriel Zucker has nearly a decade of experience in the evaluation, design, and implementation of progressive policy, including research and advocacy on tax benefits access.
1:40-2:35pm	Small group discussion: population-specific tax-filing solutions Participants will work in breakout rooms to develop practical solutions to case studies that reflect barriers to tax filing for priority populations.
2:35-2:45pm	Break
2:45-3:30pm	From discussion to action: planning for collaborative next steps Participants will work individually and in plenary to build a solutions roadmap, contributing and prioritizing ideas around strategies, roles, opportunities, and tangible short- and long-term actions.
3:30-3:55pm	In conversation with the federal government Hon. Marie-Claude Bibeau, Minister of National Revenue Participants will hear about federal priorities on closing the tax-filing gap and share session takeaways relevant to the federal government.
3:55-4:00pm	Closing remarks Lisa Rae, Director of Systems Change, Prosper Canada