

# Understanding disruptions in tax filing

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Insights to help Canadians  
get back on track



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# Acknowledgments

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**We would especially like to thank the 31 individuals who shared their life experiences around tax filing with us, as well as the frontline financial empowerment service providers who contributed their feedback on our initial findings.**

Thank you to authors Lina Pulido and Bethina Loiseau. Additionally from Prosper Canada, we are grateful to Allison Meserve and Galen MacLusky for their support from start to finish; Nandita Bijur, Janet Flynn, and David Ike for being a crucial part of recruitment and engagement as well as general support; and Lisa Rae for guidance and expertise in honing the areas of interest for policymakers.

This project was made possible through the sponsorship provided by TD Bank and additional support from the Maple Leaf Centre for Food Security.

## **How to cite this report:**

“Understanding disruptions in tax filing: Recommendations to help Canadians get back on track.” Toronto: Prosper Canada; 2023

# Executive summary

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**Filing a tax return is one of the most important ways for Canadians to access income benefits. However, numerous barriers can make tax filing challenging, particularly for people living on low incomes. After engaging with 31 individuals, we discovered that there are disruptors and compounders that can prevent someone from filing taxes for a year or more, despite a history of consistent tax filing.**

Disruptors are unique life events that interrupt an individual's normal routine of tax filing. Two disruptors that interrupted individuals' tax filing behaviours were identified as:

1. Unexpected health issues
2. Unemployment

Compounders are individual-level and systemic barriers that make a disruptor more intense and difficult to return to tax filing. These were:

1. Lack of knowledge
2. High cost of commercial tax preparation services
3. Negative perceptions of tax filing
4. A complex tax system that is difficult to navigate

**Disruptors** are likely to happen in an individual's life; and importantly, their ability to mitigate the disruptions will vary by the compounders they need to address. We offer potential opportunities to address the **compounders** that keep people in a state of non-filing based upon the lived experiences of these individuals and the perspectives of frontline service providers. Our research shows that policymakers, frontline organizations, and commercial tax preparers all have opportunities and roles to play in helping to close the tax filing gap.

## TAX BARRIER FINDINGS

After engaging with **31** individuals, we discovered

that there are disruptors and compounders that can prevent someone from filing taxes.

# Introduction

Filing a tax return is one of the most important ways for Canadians to access income benefits. In 2015, working-age non-filers missed out on \$1.7 billion in cash benefits.<sup>1</sup> More Canadians in the lowest income bracket do not file a return (22 per cent) compared to Canadians in general (10 – 12 per cent).<sup>2</sup>

The existing barriers to tax filing are well known and documented<sup>3,4</sup> and include, but are not limited to:

- Insufficient access to free tax filing services
- Unaffordable commercial tax preparation help
- Not knowing where to get help with tax filing, and;
- The complex tax system.

Building upon existing literature, we found that some barriers to tax filing can act as “disruptors” or unique life events that lead people who normally tax file to move away from tax filing. We also found that other barriers can act as “compounders” or factors that act to keep an individual in the ‘non-filer’ category. While some studies have categorized (for the purpose of comparison) tax filers as a homogenous group, looking at one point in time, we wanted to

examine the phenomenon of tax filing and how it can change for an individual over time. This allows us to see non-filers and filers as flexible categories and non-static.

**In summary, we have found that:**

**1. Barriers to filing are not uniform.** Some barriers are disruptors (trigger events), while others are compounders (make it difficult to return to filing after trigger events). To increase tax filing rates, we might either reduce the impact of trigger events or reduce the magnitude of compounders. Many organizations struggle to address disruptive events, which cannot be planned for. However, they can focus on mitigating compounding issues to support people with tax filing.

**2. The categories of ‘filer’ and ‘non-filer’ are not static.** There are people who have filed and intend to file but get disrupted. With that understanding, increasing tax filing rates is not necessarily just about getting non-filers to file. It is also about supporting people who have tax filed in the past to continue or restart filing, despite the challenges they face.



# Methods

The study recruited two groups of participants:

1. Those who had a history of tax filing but experienced disruptions (i.e., missed filing for one or more years), and;

2. Those who had never filed taxes before.

The recruitment was done through social media, newsletters, posters, and engaging with our community partners. We looked for a diverse set of participants based on geography, demographics, and life experience. This report's [Appendix](#) contains a demographic breakdown of participants.

For four weeks, we engaged with 31 individuals, 27 of whom had experienced tax filing disruption(s) and 4 of whom had never filed taxes. We provided participants with prompts to respond to, and each week focused on specific themes:

**Week 1:** General impressions of tax filing

**Week 2:** The participant's relationship with current and past tax filing

**Week 3:** The participant's journey of tax filing or not tax filing

**Week 4:** The participant's challenges and supports during their tax filing or non-tax filing journey

We noted reoccurring themes and notable quotes in the data. We also shared our findings with various community-based organizations that specialized in financial empowerment and incorporated their insights into this report.



# Findings

Many participants floated in between the tax “filer” and “non-filer” category. Specifically, 87 per cent (27/31) of individuals in this study typically filed taxes but experienced ‘disruptions’ to their lives that were often ‘compounded’, which caused them not to file for some time. Barriers and the reasons for not continuing to tax file are vital to understand. Additionally, the interventions that could benefit a return to tax filing may be different from those who never tax file.

## What are disruptors to filing taxes?

Disruptors are unique events that interrupt an individual’s normal routine of tax filing. The two primary examples we found were facing unemployment and a health status change for a person or their loved one.

## What are compounders?

Other factors keep an individual in the non-filing phase for longer once they face a disruptor. Compounders are ever-present or long-lasting and tend to be rooted in systemic issues. The more compounders an individual experiences, the harder it is for them to get back to filing taxes.

## How disruptors and compounders impact filing by “building a wall”

Imagine disruptors and compounders in the form of a brick wall. The disruptor lays the initial bricks of the wall; it is a unique event that causes someone to go from filing to not filing. The compounders add more bricks to the wall. The more compounders an individual experiences, the higher the brick wall becomes. Thus, the longer the individual is kept in a state of non-filing.



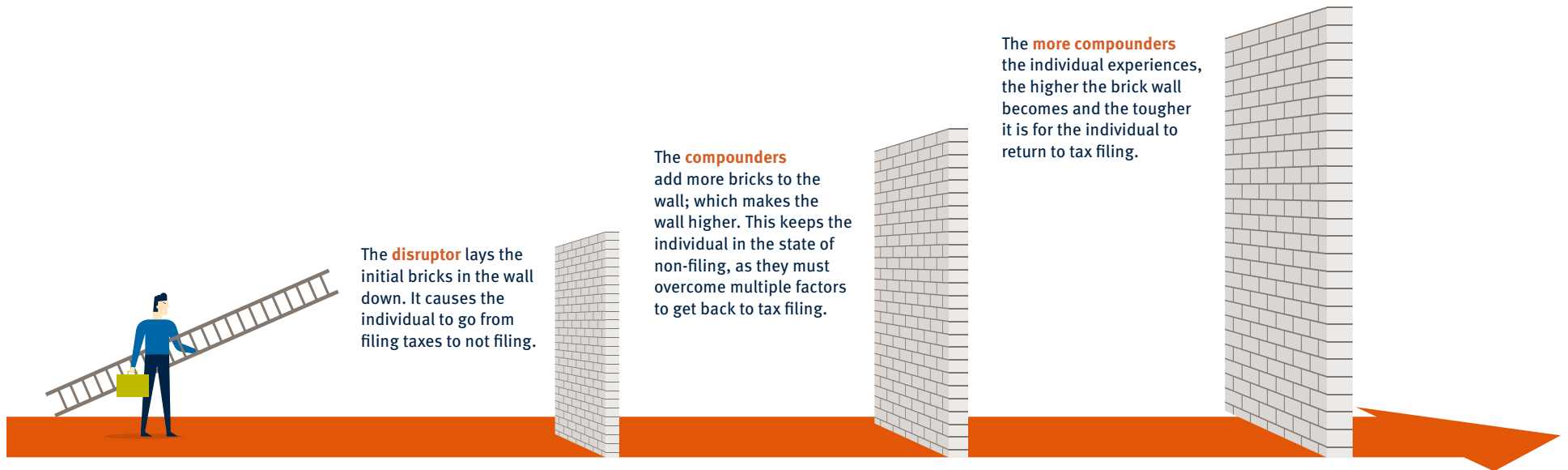
### FILING TAXES FINDINGS

**87%** of individuals in this study typically filed taxes

but experienced ‘disruptions’ to their lives that were often ‘compounded’, which caused them not to file for some time.

# How disruptors and compounders impact filing

You can think of disruptors and compounders like a brick wall



## A NOTE TO KEEP IN MIND

The disruptors and compounders detailed in this report are those that were prominent amongst the 27 people we engaged with that moved from filing taxes to not filing taxes. Within the broader population, individuals

could experience other disruptors and compounders not described here. When designing interventions to return people to tax filing, we recommend additional research to discover other potential disruptors.



# Disruptors

The disruptors are the circumstances people face that can turn them away from tax filing. The effects of the disruptor, or first row of bricks, are increased by the compounders. A disruptor therefore might affect everyone in a different way, as the more compounders an individual experiences, the more difficult it is to move past the disruptor and return to tax filing. Participants cited two main disruptors: facing unexpected health issues and experiencing unemployment.

## 1. Unexpected health issue

Several participants shared that experiencing major or prolonged sickness, taking care of a sick loved one, or the death of a loved one were important disruptors to filing taxes.

Those most affected by this disruptor may not have support from family, friends, or community. The compounders of lack of knowledge and cost of commercial tax filing services can be particularly effective in keeping people from tax filing if they face illness or are caring for a loved one. When someone is faced with a period of stress and they do not have access to information or tax filing support, they now lack the time and energy to file

and with additional costs of illness may not be able to afford commercial tax filing services. This is particularly difficult because many participants cited that tax filing was a way that they could access health-related, or caregiver-related financial support.

### How to mitigate the effects of this disruptor:

One way an unexpected health issue may be addressed is if it is easier for individuals to back file in following years. Having financial help services such as tax filing support at hospitals and rehabilitation facilities could also be a way of addressing this disruptor. Giving people who are facing difficult health challenges support and information on tax filing, and reducing the effort required of them in a difficult time, could help them maintain their habit of filing and continue to access critical health benefits through the process.

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**“2020 I could’ve filed but I was in the hospital recovering from a stroke and even with the resources out there I was still unable to file while I was in the hospital.”**

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## 2. Unemployment

Another disruptor discussed by participants was unemployment. “I didn’t work that year” was cited by 59 per cent (16/27) of participants as a reason why they did not tax file in some years. There are many ways that unemployment disrupts regular tax filing. First, many participants had the misconception that they had to be employed to file their taxes; people thought that without income to declare, there was no need to file taxes. Second, people who are unemployed no longer get reminders to file or T4s from their employer. Third, and most wide-reaching in its impacts, losing employment unexpectedly can be a negative and destabilizing experience, which may make compounders which felt manageable before more challenging to overcome.

There is a disconnect between the public understanding of tax filing, and what tax filing can accomplish—notably, connecting people to income benefits. Building upon this, the commonly used term ‘personal income tax’<sup>5</sup> may imply that individuals need to be receiving income (often understood as employment income) to tax file. This disconnect strengthens the effect of unemployment on not tax filing.

### How to mitigate the effects of this disruptor:

There is a missed opportunity to frame tax filing as a connection to benefits that individuals might be entitled to and provide an income boost for those that are unemployed. De-emphasizing the ‘income’ tax components of tax filing language and connecting people that are recently unemployed and accessing Employment Insurance (EI) to tax filing services would be two ways to mitigate this disruptor.



### UNEMPLOYMENT FINDINGS

**59%** of participants cited  
“I didn’t work that year”

as a reason why they did not tax file in some years.

# Compounders

Compounders are the factors that bolster a disruptor. They are the systemic and individual-level barriers that make tax filing difficult for many. They may not be enough to keep someone from tax filing on their own, but when paired with a disruptor that causes someone to stop tax filing, they make it difficult to return to tax filing. Participants cited a variety of compounders including; Lack of Knowledge, High Cost of Commercial Tax Preparation Services, Negative Perceptions of Tax Filing, and A Complex Tax System.

## 1. Lack of knowledge

An individual's lack of knowledge often acted as a compounder to keep them from filing taxes. Specifically, we found that individuals could lack knowledge in one or more of the following:

### **Not knowing about the Community Volunteer Income Tax Program (CVITP) or Income Tax Assistance – Volunteer Program (ITAVP)**

The Community Volunteer Income Tax Program (CVITP), and the Income Tax Assistance – Volunteer Program (ITAVP) in Quebec, are programs that seek to connect individuals living on low incomes with

tax filing support. These programs are run across Canada by organizations that apply for funding from CRA, train volunteers, promote the program, and host the clinics.

In 2022, CVITP and ITAVP supported 649,420 people and filed 735,450 tax returns.<sup>6</sup> The CRA increased base funding in 2023, including more support for rural and remote CVITP hosting organizations.<sup>7</sup>

**Many of our participants did not know about or mention the CVITP. None of the respondents cited CVITP as a key component of their tax filing journeys.** In contrast, many people mentioned having their taxes prepared at for-profit companies. This is particularly interesting because the target population of this project and CVITP clients overlaps significantly.

**649,420** people were supported

by CVITP and ITAVP in 2022 to file **735,450** tax returns.



“Like the vast majority of government programs, tax clinics were not something I knew existed, and when I finally did hear about them, it still felt like I wasn’t qualified to use them. So that made me feel even ‘lower’ of a person than before. I wish my [Income Assistance] caseworkers were given more specific information about what these mysterious tax clinics are.”

According to a recent study, most individuals living on low income (\$25,000 or less) have simple tax situations but do not access CVITP clinics, even though they are likely eligible.<sup>8</sup> Additionally, a large proportion (44 per cent) of those living on low income who had a simple tax situation had their taxes prepared by a for-profit company.<sup>9</sup> In fact, fewer people are accessing CVITP clinics post-pandemic when compared to pre-pandemic numbers.<sup>10</sup>

Individuals unaware of CVITP could be linked to a systemic issue, as various community-based organizations report high existing demand and do not advertise their CVITP services for fear

they would be unable to support more clients.<sup>11</sup> Further, community-based organizations do not often receive enough government funding to increase their capacity, which creates issues from the supply side.<sup>12</sup>

#### **Lack of information provided by social assistance workers**

On a systemic level, both frontline financial empowerment service providers and the literature regarding access to benefits note that government bodies usually operate in silos. There is little to no coordination both within and between institutions.<sup>13</sup> This fragmentation causes most clients (even those who are receiving income assistance) to navigate the system on their own.<sup>14</sup>

Frontline service providers have noted gaps in training and support for income assistance workers regarding financial resources. Often, these workers are not trained in financial topics (e.g., the benefits of tax filing) that can allow them to help their clients with financial issues. Furthermore, service providers noted that the amount of contact that a client has with their caseworker can differ. Some clients might have very little contact with their caseworker unless a major issue occurs. Additionally, service providers

noted inconsistent information provided by social assistance workers to clients, leading to confusion.

“It would also have made a WORLD of a difference had I known that there were specially trained people in these tax clinics that provide one-on-one support. All these years, I’ve been way too terrified to go because I remember reading the flyer I got from my caseworker, that the tax clinics are for groups of people. That pretty much closed the door for me.”

#### **Not knowing that it is possible and even beneficial to file taxes while unemployed**

Many participants had the misconception that they had to be employed to file taxes. This misconception stems from participants thinking that since they had no income to declare there was no need to file taxes. Individuals also often don’t know all the benefits of tax filing (e.g., that tax filing can automatically provide income-boosting credits such as the GST/HST credit or the Ontario Trillium Benefit), especially while experiencing unemployment.

## 2. High cost of commercial tax preparation services

The high cost of tax preparation services from for-profit companies can be prohibitive, especially for those that are living on low income and have multiple years of back filing.

“Back in 2020, I worked a lot, and I realized I could get some money if I filed my taxes. I contacted [commercial tax preparation service] for help in filing for my previous taxes and current one, I had to pay \$70 per year and that was 4 years of not filing taxes. I didn’t have the finances and I couldn’t go ahead with it.”

## 3. Negative perceptions of tax filing

We found that negative emotions about tax filing could have a severe impact on the actions of an individual.

Many participants feared owing the government money because they could not afford to. One person mentioned having the CRA go into their account and remove money and some people noted being afraid of Canada Emergency Response Benefit (CERB) claw backs. These instances heighten the fear associated with tax filing, especially since the government has the authority to obtain money from an individual forcibly.

“I’ve had the CRA go into my bank account and take every last cent in it.”

Feeling stressed or anxious about taxes mainly came through when individuals felt like they could make a mistake while tax filing, which could lead to repercussions from the CRA.

“Anxiety of making an error and paying the consequences [for] years to come.”

Some participants stated they felt daunted or intimidated by filing taxes. Parents can pass on negative feelings about tax filing. These feelings can stay with an individual into adulthood and affect how they perceive and approach filing taxes, especially after they have experienced disruptors and compounders. For instance, if the individual does not know about the CVITP, they do not have money to pay for tax preparation services, and they feel daunted/intimidated by taxes, the idea of using tax filing software to self-file can be very overwhelming.

“My parents were diligent about filing their taxes on time...It seemed very daunting, complicated and just a whole other world to me that I just didn’t understand.”

Feeling overwhelmed with filing taxes was very common when the participant had many years of back filing to complete.

“I could have filed for the last two years but the idea of all of the many years of back taxes owed has scared me. My husband died in 2020 and my own busy life has kept me from filing. I work, go to school, and have 3 kids. Also, I don’t know where to start.”

Additionally, tax-filing language used by CRA, particularly to target those who may not file taxes, centers around compliance and enforcement.<sup>15</sup> There is no equivalent program that uses the language of non-filer that attempts to understand and address the reasons why people living on low income may rationally choose to not file, like having incomplete information about when you should and can tax file, or you are struggling accessing ID. Furthermore, there does not seem to be an attempt at understanding how this leads them to not access benefits, as opposed to deliberately evading tax.<sup>16</sup> This approach may further isolate people that have challenges tax filing.

#### **4. A complex tax system that is difficult to navigate**

The tax filing system overall is complicated, which extends to the services and tools created to support people to navigate it.

##### **Lack of specialized supports or services**

Free specialized support or services to help individuals with complex situations to tax file are not common. For instance, some individuals have cognitive difficulties that make it tough to file taxes and find services that can help.

“My cognitive capacity has changed... If things get too complicated, my mind will lose focus...Since this is such complex work, I know at the end of the day it’s me that has to do the work. Would be great to have an organization that helps neurodiverse people.”

This lack of specialized supports and services may be due both to the lack of funding and simultaneous high demand that many community-based organizations experience.<sup>17</sup> Specifically, research has found that there are not many organizations that provide benefits navigation help to those with cognitive impairments or multiple disabilities and that there are too few advocates to aid people with disabilities to navigate the benefits system.<sup>18</sup>

##### **Limited eligibility of the CVITP**

Some people have situations that cause tax filing to be more complicated. While CVITP clinics can help an individual to file taxes, the eligibility criteria for these tax clinics are limited. CVITP clinics can only help people with “simple” tax situations and a modest income, which excludes many people from receiving these services. For example, those who are self-employed (this includes gig workers), those filing for a deceased person, or those who have foreign income are not currently eligible for CVITP,<sup>19</sup> except in a few pilot sites.

## Challenges in navigating tax filing software

Apart from CVITP clinics, many individuals choose to file their return using free or paid tax filing software. Some tax software operates in paid tiers for different tax situations and may be confusing to navigate for many. Users may even be prompted to choose paid services from within free offerings. They may also be unable to complete their taxes if the service they need falls behind a paywall, which can be a frustrating experience. Furthermore, some of our participants described a steep learning curve to using tax filing software. Using online tax filing software could be especially difficult for those with low digital literacy.<sup>20</sup>

“It turned out [tax filing] was still too intimidating, so I started using family, friends or H&R Block, then I wanted privacy, so I tried to learn a click as you go software free from H&R, it was hard but got through it.”

### OTHER THINGS TO NOTE: WHAT MIGHT CAUSE PEOPLE TO TAX FILE WHEN THEY NORMALLY DO NOT?

In contrast to the disruptors and compounders noted above, we also identified one clear enabler. There are life events that may lead people to tax file when they normally might not.

One participant noted that they were more incentivized and chose to tax file when they had a child. Frontline service providers also stated that having dependents led people to their services, even if they had not accessed financial support services before. This was mainly due to wanting to access or maintain the Canada Child Benefit (CCB).

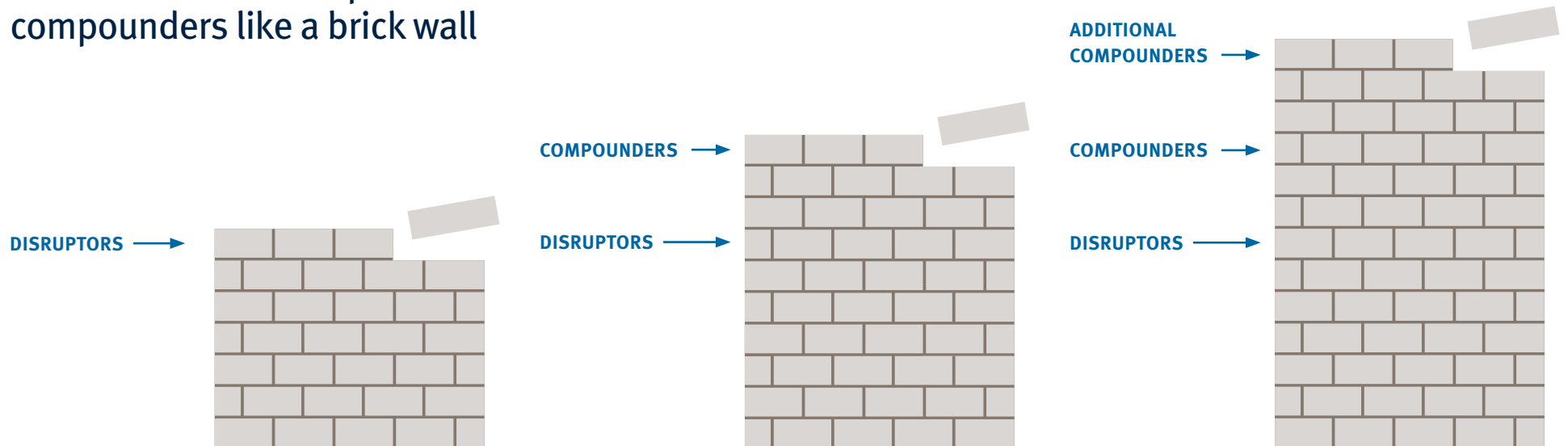
Service providers noted that retired people or seniors who need to access or maintain the Guaranteed Income Supplement (GIS) are also more likely to access free tax filing support. These transitions to different life stages can be seen as life events that pull people towards tax filing. They act as the opposite of tax filing disruptors.

It is important to note that both the CCB and the GIS amount to more money than the Ontario Trillium Benefit and the GST/HST rebate, all of which are accessed through the tax system. This may make it more likely that people will try to access those benefits, specifically by seeking out financial help services in order to file taxes.



# How disruptors and compounders impact filing

You can think of disruptors and compounders like a brick wall



## DISRUPTORS

Unemployment for two years

## COMPOUNDERS

Lack of knowledge

- Do not know about CVITPs
- Do not know it is possible to file while unemployed

## ADDITIONAL COMPOUNDERS

High cost of commercial tax preparation services

- Do not have the money to pay for tax preparation services
- Two years' worth of not filing increases to pay for tax preparation



# Areas of interest for policy makers, community organizations and commercial tax preparers

This research presents new insights for policymakers, community organizations, and commercial tax preparers, who seek to better understand why people experience disruptions in tax filing and take steps towards closing the gap. Many of the people we spoke to had patterns of consistent tax filing over a number of years and then experienced a disruption to filing, as well as compounders that impacted their ability to easily return to regular tax filing. Importantly, disruptions – such as a health event or a job loss – are difficult to plan for and often unavoidable.

Based on our analysis of this research, our experience working with community organizations who have deep expertise in the financial and broader needs of people with low incomes, and our experience designing and piloting financial help interventions for people with low incomes, we have identified the following areas of interest to help close the gap in tax filing. Below, we outline areas of consideration for government policymakers, frontline community organizations not already involved in supporting access to tax-filing support,

frontline tax clinic organizations (CVITP and other tax clinics) and commercial tax preparers. We recommend that all readers review all sections to get a comprehensive view of actions that could assist in connecting more people to tax filing supports and the benefits they are entitled to.

## Policymakers

While the federal government through CRA has jurisdiction over tax-filing, all levels of government and a range of government departments can take steps towards decreasing barriers to tax filing to maintaining consistent tax-filing behaviour.

### All levels of government:

**1. Strengthen communication through existing government services and touch points and better coordinate across all levels of government to reach people who are not up to date on tax filing.** All levels of government can leverage opportunities to better communicate, coordinate and increase access to services and supports that promote tax filing and access to benefits.



- These findings point to opportunities for the federal, provincial and territorial governments to ensure that government services like **Employment Insurance, social assistance** (income assistance, delivered at the provincial or territorial level) and government touchpoints like **Service Canada** provide information on the benefits and importance of tax filing to people accessing these government services, particularly those facing the disruptions we mentioned here. Where appropriate, people accessing these services should be referred to community services and CVITP clinics.
- The Canada Revenue Agency and Service Canada could also work to establish national and regional coordination tables to facilitate collaboration with provincial/ territorial governments, municipalities, commercial tax preparers and community organizations to boost tax filing and benefit take-up rates among low/moderate-income Canadians.

#### **Federal Government:**

**2. Enhance the Community Volunteer Income Tax Program (CVITP) and the CVITP Grant pilot program.** The Canada Revenue Agency can strengthen CVITP clinics through more funding, advertising, collaboration, capacity-building and expanded offerings to support year-round tax filing, back filing, and more complex tax situations (such as being self-employed). The CVITP Grant pilot program, which helps to offset the costs of running community tax clinics, could be made permanent and funding could be expanded to ensure CVITP clinics can offset at least 50% of their costs.

**3. Pilot automatic tax-filing.** These findings point to the opportunity to reduce the cost, complexity and burden of tax filing and file taxes directly for people with low incomes to ensure they are accessing benefits. The CRA could continue to work on piloting automatic tax filing for vulnerable Canadians who do not currently file their taxes to receive the benefits they are entitled to.

## **Frontline community organizations not already involved in supporting access to tax filing support**

Although not all organizations specialize in providing access to benefit services, many work with individuals who could benefit from being connected to these services. Social and human service organizations can connect their clients to organizations that have more resources and knowledge around benefits (including tax filing). The organizations that can benefit from being connected to others that specialize in benefit services include, but are not limited to, income, disability, and life stabilization supports.

Prosper Canada has developed a resource specifically for organizations interested in offering benefit services, called the [Bridge to Benefits](#), detailing why access to benefits matters.

We recognize that there are many constraints facing support services organizations, including but not limited to: mandate, capacity and resources of staff, funding, and norms and parameters on what can be discussed with clients. Where possible, social service organizations could consider taking steps towards promoting tax filing and access to benefits (based on capacity and mandate).

### 1. Identify CVITP, ITAVP and free tax clinics in your area to promote to your clients

- In 2022, 3,410 CVITP and ITAVP clinics helped 649,420 individuals to access \$1.8 billion dollars in federal refunds, credits, and benefit entitlements.<sup>21</sup>
- The CRA has a directory of clinics that any individual or organization can use: [Find a tax clinic in your area](#). These clinics run primarily throughout the tax season (February-April).
- Organizations that focus on financial empowerment can offer support with tax filing and some operate year-round. Prosper Canada has a directory of these organizations located [throughout the country](#).

### 2. Actively promote tax filing as a way of accessing benefits

- Integrate language outlining the importance of tax filing as a way to access benefits and receive extra money into client scripts and intake forms.
- Provide information about CVITP clinics in your area through posters, postcards, newsletters and any other communication materials.
- List CVITP clinics or financial empowerment organizations in resource lists used for training workers and for sharing with clients.

### 3. Directly connect with local CVITP clinics and/or financial empowerment organizations for referral or collaboration

- Set up clear referral channels. See the Bridge to Benefits as a resource on how to do so: <https://bridge.benefitswayfinder.org/>.
- Consider co-locating with a financial empowerment organization.

#### OPPORTUNITIES FOR CO-LOCATION

- Prosper Canada is currently conducting a pilot that places financial empowerment workers in Toronto Public libraries where individuals from the local community can receive one-on-one financial empowerment services within the library.
- Since unexpected health issues and unemployment were identified as disruptors to tax filing, co-location can be especially useful for hospitals and career centers/programs. Community health clinics in Ontario and Manitoba have hired Income Support Health Promotion Specialists to provide financial empowerment supports to their patients.<sup>22</sup>

**3,410** CVITP and ITAVP clinics helped **649,420** individuals to access

**\$1.8 billion dollars** in federal refunds, credits, and benefit entitlements.

## Frontline tax clinic organizations (CVITP and other tax clinics)

Organizations that provide tax filing support generally serve the clients that walk in the door and may not have the capacity to conduct additional outreach. Additionally, some may be operating in silos and could benefit from connecting with other organizations doing the same work to share and learn about hosting tax clinics.

We acknowledge that one large issue faced by CVITP or tax clinic operators overall, is the lack of funding that leads to limited capacity. Many CVITP clinics operate at full capacity and, as a result, do not advertise outside of their existing client pool.

The following considerations are for organizations that provide tax clinics, but we recognize the complicated context in which they operate.

### 1. Connect with other community service organizations in your area to set up referral channels and promote support with tax filing and access to benefits.

- For example: income assistance, health clinics, food centers, local libraries etc.

### 2. Connect with organizations offering CVITP, or other tax filing clinics to share expertise and training.

- There are a variety of organizations and roundtables available around the country:
  - [Edmonton Financial Empowerment Collaborative \(EFEC\)](#)
  - [Aspire Calgary: A financial empowerment collaborative](#)
  - Manitoba Financial Empowerment Network (MFEN)
  - Financial Literacy Action Network of Ottawa ([FLANO-RALFO](#))
  - Provincial and local poverty reduction tables

- Prosper Canada also works with a network of organizations that focus on tax filing and financial empowerment overall, you can learn about the program here: [Financial Empowerment Champions](#).

### 3. Reframe tax filing as a way of accessing benefits and receiving extra money.

- Provide information to clients on the link between tax filing and benefits: [Filing your taxes – Benefits wayfinder](#).

### 4. Co-locating with community organizations to offer services to clients that may be difficult to reach.

- Much like the examples in the section for community services above, you can connect with local organizations that work with populations you are trying to reach, in order to offer on-location financial empowerment services.

## Commercial Tax Preparation Services

Accessing commercial tax preparation services was cited as a main way many participants filed their taxes. The commercial tax industry has a wide reach, and therefore also has the opportunity to address some of the compounding factors discussed. Many participants accepted the idea that if they wanted to file their taxes, then they would have to pay, regardless of the income that they made or the complexity of their tax situation.

### 1. Clarify price points and features at the outset of software-enabled tax filing.

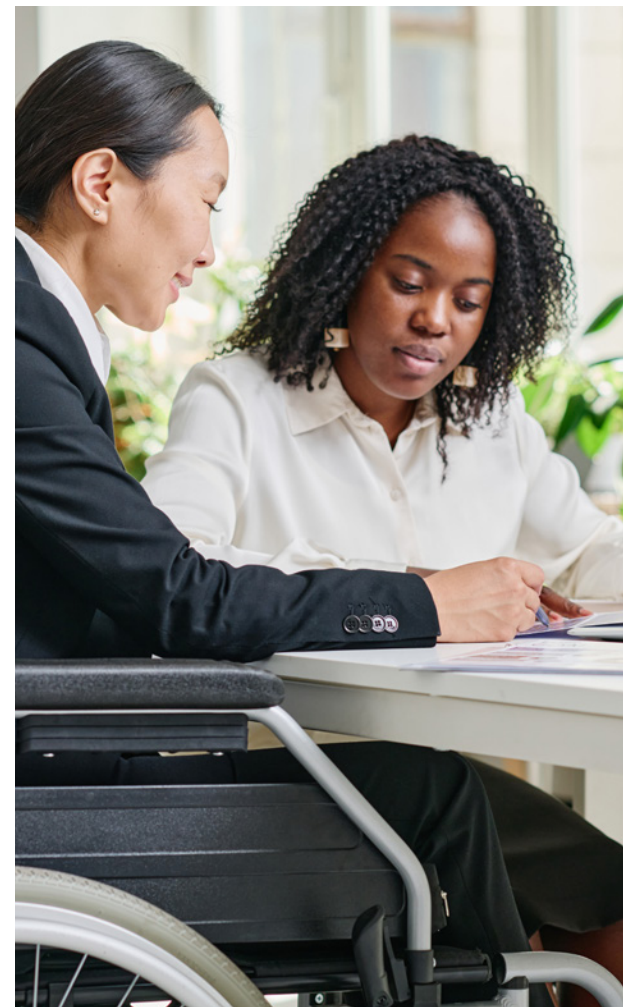
- People may see that there are tiers of service offerings but may not know what tier they fall under or need access to. There is opportunity to clarify this from the beginning to prevent barriers from emerging in the middle of preparing one's taxes.

### 2. Continue to partner with community organizations

- There are existing programs that seek to walk individuals living on low income through tax filing using commercial software at community centers such as libraries.
- Prosper Canada has a report on a virtual self-file pilot with similar principles: [Guide to virtual self-file model of tax filing \(prospercanada.org\)](https://prospercanada.org).

### 3. Advertise the benefits of tax filing when unemployed

- Commercial tax preparation companies have the unique ability to reach consumers through advertising. They have a role in myth-busting along with the government.



## Conclusion

Addressing barriers to tax filing is a shared responsibility. By working together, we can create a more inclusive tax filing support system and connect more people to the benefits they are entitled to.



# Appendix

## Demographics of 31 participants



### STATEMENT

The largest racialized group of participants identified as Black

### RESPONSES (31)

- 42% Black (13)
- 29% White/European (9)
- 10% East Asian (3)
- 6% Indigenous (2)
- 6% Latin American (2)
- 3% South Asian (1)
- 3% White/European, Black (1)

### STATEMENT

Most participants had filed their taxes but had some sort of disruption to tax filing

### RESPONSES (31)

- 87% Answered 'yes' to have you ever filed your taxes? (27)
- 13% Answered 'no' to have you ever filed your taxes? (4)

### STATEMENT

The largest minority of participants lived in Ontario, and in an urban setting

### RESPONSES (31)

- 42% Urban (13)
- 35% Ontario (11)



# Endnotes

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<sup>5</sup> Canada Revenue Agency. Personal Income Tax. Available from: [Personal income tax - Canada.ca](https://www.cra.gc.ca/personal-income-tax)

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<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> McNicoll, S., Mulholland, E., Fair, A., Panesar, H., and Rae, L. Missing for Those Who Need It Most: Canada's financial help gap. Toronto: Prosper Canada; 2023. Available from: <https://prospercanada.org/CMSPages/GetFile.aspx?guid=43a2876e-ebde-487f-9f15-e209a12e2364>

<sup>12</sup> Ibid.

<sup>13</sup> See: Petit G, Tedds LM. Overview of System of Income and Social Support Programs in British Columbia. 2020 Dec 1. Available from: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3781866](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3781866)

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<sup>16</sup> Ibid.

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<sup>17</sup> McNicoll, Mulholland, Fair, Panesar, and Rae, 2023.

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