



Evaluation – CRA's Management of Individual Non-Resident Taxpayers

Commissioner's Final Report

Audit, Evaluation, and Risk Branch

January 14, 2025

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Executive summary

The purpose of this evaluation was to assess the effectiveness of the mechanisms, processes, and communication channels in place at the Canada Revenue Agency (CRA) to ensure that individual non-resident taxpayers can effectively meet their tax obligations. For the period between the 2016 and 2021 tax years, the evaluation covered:

- T1 filing for non-residents;
- returns processing;
- the non-filer program;
- tax withholding;
- residency determination.

The evaluation found that the CRA has developed and implemented a number of functions, tools, and processes to manage workloads related to non-resident taxpayers. Importantly, the evaluation identified opportunities to help facilitate filing and withholding compliance, service enhancements for non-resident taxpayers, and to more effectively detect and address non-compliance related to non-resident filing, withholding, and residency determination earlier in the compliance continuum. These efforts are meant to enhance process efficiencies, improve the services and information available to non-residents and ensure that tax filings are accurate from the beginning, thus avoiding costly downstream impacts. The CRA is encouraged to consider these opportunities in concert with the program enhancements already underway.

Summary of recommendations

The recommendations aim to improve the CRA's ability to meet the needs of individual non-resident taxpayers, to ensure that they can fulfill their tax obligations.

- The Assessment, Benefit, and Service Branch (ABSB) should develop and implement a strategy to improve the results of its processes for the determination of residency for individual taxpayers who choose to request this.
- To support the CRA's management of non-resident taxpayers, the ABSB and the Collections and Verification Branch (CVB), should update non-resident tax forms and procedures to strengthen the identification of non-resident taxpayers. Furthermore, the CRA should continue to leverage existing governance mechanisms to ensure a horizontal approach is taken to managing non-resident workloads and processes.
- The ABSB and the CVB, in consultation with the Public Affairs Branch (PAB), should update the content of publicly available information relating to individual non-resident taxpayers to improve readability.

Management response

The ABSB and the CVB agree with the recommendations in this report and have developed related action plans. The Audit, Evaluation, and Risk Branch has determined that the action plans appear reasonable to address the recommendations.

Introduction

Evaluations provide the Commissioner and other senior management with periodic, independent, and in-depth assessments of how programs are functioning and the extent to which they are meeting their intended outcomes.

The Audit, Evaluation, and Risk Branch (AERB) conducted an evaluation of the Canada Revenue Agency's (CRA) Management of Individual Non-Resident Taxpayers. The Non-Resident program underwent changes to its delivery model in 2016 and has not been previously evaluated.

This evaluation was included in the 2023-2024 Risk-Based Assurance and Advisory Plan, which the Board of Management approved on March 28, 2023. The evaluation was launched on January 10, 2023. The Audit Committee approved the Evaluation Framework on September 11, 2023. The framework identified the following three research questions for the evaluation:

- What is the profile and compliance behaviours of individual non-resident taxpayers?

- To what extent has the CRA evolved its administration of the individual non-resident taxpayer program and services to align with trends within this population?
- Are there alternative processes, modifications, or learning opportunities that could enhance the CRA's administration of the individual non-resident taxpayer program?

The evaluation reviewed the mechanisms, processes, and communication channels in place across the verification and assessment workloads to understand to what extent non-resident individuals are able to meet their obligations. The evaluation took into consideration data collected during the 2016 to 2021 tax years.

Other entities, such as non-resident corporations, trusts, and partnerships are part of either recent, planned, or future AERB engagements. Therefore, they were not included in the scope of this evaluation.

Background

The CRA is responsible for administering hundreds of billions of dollars in taxes annually¹. The tax revenue is derived from the taxation of Canadian-sourced income earned by Canadian residents and non-residents for tax purposes.

The CRA defines individuals as non-residents for income tax purposes, if they:

- normally, customarily, or routinely live in another country and are **not** considered a resident of Canada;
- do **not** have significant residential ties in Canada and **any** of the following applies:
 - they live outside Canada throughout the tax year
 - they stay in Canada for **less than** 183 days in the tax year²

Non-resident tax revenue can be derived from income described under Part I of the Income Tax Act (ITA), (for example, Canadian employment income, business income, and disposition of Canadian taxable property) and Part XIII of the ITA (for example, Canadian investment income, rental income, pension income, annuities and royalties).

From a tax revenue perspective, non-resident income tax revenues (from withholding taxes) were reported in 2023 at \$13.2 billion, while total income tax revenues (personal, corporate, and non-resident combined) reported for this same period were \$315 billion.³

Until November 2016, the International and Ottawa Tax Services Office was responsible for many processes and services related to non-resident taxpayers. The responsibilities of this office have since been decentralized across multiple offices in order to optimize operations and improve service to Canadians. The CRA modernized the collections and verification capacity, optimized its workforce to better meet its priorities, and ensured a continued presence in all regions. As part of this effort, the CRA's nine processing centres were streamlined into seven specialized sites. As a result, the International and Ottawa Tax Services Office processing workload was distributed among several offices.

The management of workloads related to T1 non-resident taxpayers has responsibilities shared across four branches: the Assessment, Benefit, and Service Branch (ABSB), the Collections and Verifications Branch (CVB), the Compliance Programs Branch (CPB), and the Appeals Branch (AB). The roles and responsibilities are as follows:

1. In the ABSB, the Individual Returns Directorate has the functional responsibility for processing non-resident T1 returns (about 500,000 received per year) and processing reassessments. The Contact Centre Services Directorate provides functional direction, procedures, guidance, and support for service channels, including phones, written correspondence, and residency determination.
2. The CVB's Collections Enforcement Division provides technical support on non-resident collections through the Specialty Workloads Section. The Specialized Compliance Programs and Support Division ensures compliance

with respect to withholding, remitting, and reporting of Part XIII tax applicable to certain amounts paid or credited to non-resident taxpayers by Canadian residents. The Matching and Validating Division handles matching tax returns to tax slips. The Non-Filer Division promotes compliance with the filing requirements of all taxpayers, including individual non-residents.

3. The CPB is responsible for ensuring compliance of non-resident taxpayers through both the Non-Resident Compliance Division and the Offshore Audit program, which is part of the High Net Worth Compliance Directorate. The Non-Resident Compliance Division is responsible for the provision of direction and advice regarding compliance programs for non-Canadian and non-resident businesses and individuals, as well as the real estate appraisal program delivered through operations carried out in tax services offices in the four regions.
4. The AB's International, Financial and Avoidance Division is responsible for objections cases originating from referrals and court files relating to internal issues, residency, and income tax for non-resident individuals and corporations.

It's important to note that the CRA is exploring investments into the non-resident taxpayer program. For example, investments are being made to provide non-resident taxpayers with digital services through the CRA's secure online portals⁴. The goal is to provide non-resident taxpayers with similar services that resident taxpayers receive through the secure online portals. As such, this context was taken into consideration during the course of this evaluation and does not impact its findings.

Evaluation methodology

This evaluation was conducted in accordance with the CRA Evaluation Policy. The following methodologies were used during the examination phase of the evaluation:

- **Documents and literature review:** The evaluation team reviewed documentation and information provided by stakeholders to gain an understanding of the CRA's T1 non-resident taxpayer program and identify any gaps. These documents included organizational charts, business plans, resource allocation, process maps, training manuals, etc. The evaluation team also reviewed internal and external resources to identify best practices related to the CRA's management of individual non-resident taxpayers. This included comparing the CRA's individual non-resident taxpayer information available to taxpayers with similar non-resident taxpayer information of other international jurisdictions to identify best practices and areas for improvement.
- **Interviews:** The evaluation team conducted interviews with Headquarters and regional staff involved in the management of individual non-resident taxpayers to gain insight into their experiences and perspectives.
- **Focus groups:** The evaluation team conducted five focus group sessions with CRA employees. An external focus group was also convened with tax preparers. Members were subject matter experts who discussed potential solutions to challenges that were identified during the evaluation and their experiences in administering the non-resident taxpayer program.
- **Data analysis:** The evaluation team analyzed data to better understand the extent to which the non-resident taxpayer program activities and resources have resulted in non-resident taxpayer compliance. This task included comparing the performance of the non-resident taxpayer program to the performance of comparable domestic programs using Agency-level performance indicators. Data from the following data systems was analyzed: T1 Assessing, T1 Accounting, T1 IDENT, NEDD, InfoDec, and the Residency Determination Advisory (RDA) system.

Findings, recommendations, and management action plans

There are opportunities for the CRA to modernize its systems, forms, and tools to improve residency determination processes for taxpayers who choose to request a determination from the CRA.

Under the Canadian income tax system, an individual's liability for income tax is based on their status as a resident or non-resident of Canada. An individual who is a resident for tax purposes in Canada during a given tax year is subject to Canadian income tax on their worldwide income from all sources. Generally, a non-resident taxpayer is only subject to Canadian income tax on income acquired from sources within Canada⁵. Therefore, establishing an accurate residency determination is critical in order to avoid being assessed incorrectly. The responsibility for accurately determining and reporting residency status rests ultimately with the individual taxpayer.

In order for a taxpayer to determine their correct tax obligations, they may choose to determine their residency themselves, for example with the help of a tax professional, or they may file form NR73 – Determination of Residency Status (Leaving Canada) or an NR74 – Determination of Residency Status (Entering Canada) with the CRA. It is important to note that there is no legal requirement for the taxpayer to request a determination from the CRA. If an individual files a request, the CRA will then analyze and process the taxpayer's residency determination and provide a non-binding opinion about the residency status. There are approximately 500,000 individuals whose residency status changes in a given year, and approximately 13,500 taxpayers request and receive a non-binding residency determination from the CRA.

So far as processing residency determinations, the CRA uses the Residency Determination Advisory (RDA) computer system designed to assist officers in determining an individual's residency status for tax purposes. Last updated in 2001, the system was deemed by the CRA's Information Technology Branch (ITB) to be at the end of its life. As a result, there can be no modifications or expansions to increase its capabilities⁶.

The decision logic of the current RDA system is outdated and does not fully align with current CRA policy governing residency determinations. Given this limitation, manual interventions are required to bridge this gap, thereby reducing processing efficiency and the relevancy of the system. This can lead to inaccurate conclusions made in complex⁷ cases of residency determination; however, manual intervention may mitigate this risk.

From a service perspective, on average, the processing time for a residency determination request sent to the CRA by a taxpayer (once received by the tax services office) is 59 days for simple cases and 28 days for complex cases⁸. The difference in processing times is due to the allocation of more resources to complex cases.

From a processing standpoint, the evaluation team was unable to independently determine the full-processing time to complete residency determination requests sent by mail, based on data extracted from the RDA system.

Ensuring the CRA continues to enhance processing activities and reduce the need for manual interventions will help improve program efficiencies from both an Agency and taxpayer perspective.


Recommendation #1

The Assessment, Benefit, and Service Branch (ABSB) should develop and implement a strategy to improve the results of its processes, for the determination of residency for individual taxpayers who choose to request this.

Action Plan #1

The ABSB agrees to review processes related to requests for residency determinations to ensure optimized processes. As there is no provision in current legislation or regulations that require taxpayers to file a request for a determination of residency, the CRA cannot enforce this, and will focus on process improvements for those who choose to file a request until the analysis is complete.

The ABSB will develop a replacement tool for the Residency Determination Advisory system.

 The target completion date for this action plan is Q4 2025-2026.

Opportunities exist to improve non-resident data collection, tracking, and performance measurement.

The identification of non-resident taxpayers through the use of Canadian tax identification numbers on income reporting slips, tax forms, and tax withholding slips is an important step in promoting a fair tax system through the accurate reporting of information.[content redacted]

[content redacted]

[content redacted]

[content redacted]

[content redacted]

[content redacted]

The ITN is a valid non-resident identifier that the CRA uses across its data systems handling non-resident taxpayer information. The CRA's website informs readers that non-resident individuals who have tax obligations in Canada and do not qualify for a SIN can apply for an ITN ². Examples of when a non-resident taxpayer may need to use an ITN may include filing a tax return to report rental income and expenses, receiving a waiver to reduce taxes withheld at the source, disposing of a Canadian property, or filing an Underused Housing Tax return. In other words, the ITN can be used once applied for by a non-resident (who provides government-issued documents from their country of residence, such as a driver's licence), to accurately match a non-resident taxpayer across CRA systems. This allows the CRA to efficiently conduct compliance activities, or assist a non-resident taxpayer and their representative, to resolve issues horizontally across the non-resident's tax file.

During the course of this evaluation, focus groups were conducted with tax preparers to better understand their perspectives on the CRA's processes for non-resident taxpayers from a service lens. Participants in focus groups identified two key challenges that they face when it comes to completing tax transactions: tax returns and ITNs are filed through paper-only options, and their difficulties in applying for and obtaining an ITN from the CRA.

[content redacted]

[content redacted] However, improving the process of applying for an ITN (for example, digitalization of the form) would be of benefit to both taxpayers and the CRA, and could encourage more non-resident taxpayers to apply for an ITN.

[content redacted]

The CRA should continue to leverage existing governance mechanisms to ensure a horizontal approach is taken to managing non-resident workloads and processes.

Interviews with both Headquarters and regional employees highlighted some issues with the quality of and access to non-resident taxpayer data. Some possibilities for improvement highlighted by staff include:

- [content redacted]
- improving the consistency of data entries regarding whether an individual taxpayer was leaving or entering Canada in the Residency Determination Advisory system
- improving the accuracy of invalid entries made, such as in the Canadian province field for the T4A-NR slip

Based on interviews with both regional and Headquarters employees, these factors may have impacts on the time needed to conduct their activities, such as processing the non-resident income tax returns, the identification of non-resident non-filers, matching activities, and audits of individual non-resident taxpayers. Moreover, interviewees believe that the fact that the non-resident taxpayer program and related activities are no longer centralized may have led to a reduction in the efficiency of coordination of the tracking and resolution of service-related issues.

Efficient program monitoring and continuous improvement can be achieved through collaborative efforts, such as a horizontal governance structure composed of stakeholders from different branches, given the interconnected nature of workloads related to non-resident taxpayers. Such governance could oversee ongoing initiatives, identify issues suitable for legislative review, and recommend courses of action.

Recommendation #2

To support the CRA's management of non-resident taxpayer programs, the Assessment, Benefit, and Service Branch (ABSB) and the Collections and Verification Branch (CVB) should update non-resident tax forms and procedures to strengthen the identification of non-resident taxpayers.

Furthermore, the CRA should continue to leverage existing governance mechanisms to ensure a horizontal approach is taken to managing non-resident workloads and processes.

Action Plan #2

The ABSB and the CVB agree with this recommendation.

[content redacted]


[content redacted]

The CVB recognizes there is currently no obligation for Canadian non-resident taxpayers to report their tax identification number on the NR4 – Statement of Amounts Paid or Credited to Non-Residents of Canada form (NR4) and the T4A-NR – Payments to Non-Residents for Services Provided in Canada form (T4A-NR). This negatively impacts the CRA's ability to analyze data, interpret results, and generate compliance rates specific to non-resident taxpayers.

Both branches will continue to leverage the existing processing and organizational structure, which includes other branches, to continue to ensure a horizontal approach is taken to managing non-resident workloads and processes. Where opportunities are identified for improvements in processes, they will be considered with the appropriate Agency stakeholders.

The CVB will:

- update the NR4 – Statement of Amounts Paid or Credited to Non-Residents of Canada form to separate the Canadian tax ID number from the foreign tax ID number into two distinct fields
- update the external publication for the T4061 NR4 – Non-Resident Tax Withholding, Remitting, and Reporting form to reflect the changes made to the NR4 form

 The target completion date for this action plan is Q4 2025-2026.

There are opportunities for the CRA to improve and modernize its web information offered to non-resident taxpayers.

Based on a Usability Performance Dashboard analysis, completed by the CRA's Public Affairs Branch (PAB) between fiscal years 2022 and 2024, the majority of CRA public web pages relating to non-resident taxpayers received a poor readability score (see Appendix C, Table 1). The score was based on the readability of the text (in other words, the length of sentences and words), the use of headings (in other words, the number of words and use of subheadings) and the number of paragraphs on a web page. Some of the web pages that received poor scores provided information about requirements needed to file a return, information about completing a residency determination, and tax withholding relating to non-resident taxpayers (for example, income subject to Part XIII of the Income Tax Act where source withholdings may apply). These findings indicate that there is room for improvement in the readability of CRA web pages relating to non-resident taxpayers.

The evaluation team also reviewed the websites of the Internal Revenue Service, His Majesty's Revenue and Customs, Australian Taxation Office, and Inland Revenue (New Zealand). These websites contained visual and interactive tools, such as online quizzes and flowcharts, to better assist the taxpayer in understanding their residency status (see Appendix C, Table 2).

Further comparisons also found that international websites were available in multiple languages. The CRA currently only publishes information in its two official languages, English and French. According to a public opinion research study¹⁰ of vulnerable populations, which includes newcomers to Canada, a language barrier is one of the key challenges that some members of these populations face when trying to meet their tax obligations.

Currently, the CRA has limited web content available in third languages. This content includes posters on scam prevention¹² and an interpreted script of a video in HTML on benefits and credits for newcomers. This is in line with the CRA's Accessibility Plan 2023-2025¹³ and the Accessible Canada Act, which aims to ensure that the CRA's information is accessible and clear for all taxpayers, including non-resident taxpayers.

Furthermore, inquiries related to non-resident taxpayers, including residency status, are answered by call centre agents that have additional experience and knowledge in this field. Based on an analysis of international call drivers reported by the ABSB, Part XIII taxes and residency status-related questions represent 59% of international

call drivers ¹⁴. This may signal a need to improve the information provided on CRA web pages to help decrease the number of taxpayer phone calls.

Current CRA web pages offering information and guidance on non-resident related topics have weak readability scores, and the information resources are not always in plain languages, nor offered in third languages. Improving information products may help improve CRA results (in particular non-resident filing results) and taxpayers' satisfaction.

Recommendation #3


The Assessment, Benefit, and Service Branch (ABSB) and the Collections and Verification Branch (CVB), in consultation with the Public Affairs Branch (PAB), should update the content of publicly available information relating to individual non-resident taxes to improve readability.

Action Plan #3

The ABSB, the CVB, and the PAB agree with this recommendation.

The CVB and the ABSB recognize that there is a need to enhance web services offered to non-resident taxpayers and improve the readability of web pages related to this topic. As subject matter experts, the CVB and the ABSB will update and reorganize the content of web pages related to the non-resident (Part XIII) withholding programs and engage with the PAB to conduct a readability review.

The CVB and the ABSB will identify and update web pages that offer guidance and information related to non-resident (part XIII) withholding tax and assess readability.

 The target completion date for this action plan is Q2 2025-2026.

Conclusion

The purpose of this evaluation was to assess the effectiveness of the assessment and verification mechanisms, processes, and communication channels in place at the CRA to ensure that individual non-resident taxpayers meet their tax obligations. The evaluation found that the CRA had developed and implemented a number of functions, tools, and processes to manage workloads relating to non-resident taxpayers. This evaluation identified gaps that exist in data collected from non-resident taxpayers, as well as opportunities to clarify or simplify published information about non-resident tax topics.

The CRA is encouraged to consider these opportunities in concert with the many continuous improvement initiatives already in place.

Acknowledgement

In closing, the evaluation team would like to thank the Assessment, Benefit, and Service Branch, the Collections and Verification Branch, the Compliance Programs Branch, the Appeals Branch, the Public Affairs Branch, and the Service, Innovation and Integration Branch for the time dedicated and the information provided during this engagement.

Appendices

Appendix A: Evaluation research questions and methodology

Research questions

Research question 1: What is the profile and compliance behaviours of individual non-resident taxpayers?

- What is the growth and profile of the individual non-resident taxpayer population?
- What are the constraints, if any, that impact an individual non-resident taxpayer's ability to comply with their filing and reporting compliance obligations?
- How do the compliance behaviours of individual non-resident taxpayers compare with compliance behaviours of individual domestic taxpayers?

Research question 2: To what extent has the CRA evolved its administration of individual non-resident taxpayer programs and services to align with trends within this population?

- Have the work processes and systems been aligned to encourage coordination and collaboration in the management of individual non-resident taxpayers?
- To what extent are non-resident taxpayers meeting their tax obligations with respect to individual tax returns?

Research question 3: Are there alternative processes, modifications, or learning opportunities that could enhance the CRA's administration of the non-resident taxpayer program?

- What changes, if any, could improve the CRA's administration of the individual non-resident taxpayer program?
- What alternative processes or modifications could be adopted from the strategies or best practices of other tax administrations?

Appendix B: Logic model

	Canadian payers (income payers vs. non-resident taxpayers)		Non-resident taxpayers and their representatives		
Major activities	Residency determination for T1 taxpayers	Non-resident tax withholding	Non-resident non-filer	Non-resident T1 filing, phone inquiries, and return processing	Non-resident post-processing

Canadian payers (income payers vs. non-resident taxpayers)			Non-resident taxpayers and their representatives		
Major activities	Residency determination for T1 taxpayers	Non-resident tax withholding	Non-resident non-filer	Non-resident T1 filing, phone inquiries, and return processing	Non-resident post-processing
Sub-activities	<ul style="list-style-type: none"> • Providing guidance to non-resident taxpayers and their representatives on residency determination through telephone and written inquiry services • Data entry and processing from NR 73 and NR 74 forms into the Resident Determination Advisory (RDA) System • Examining the residential ties of Canadian individual taxpayers to provide an opinion about their residency status • Delivering timely and impartial recourse services for disputes involving the residency status of individual taxpayers 	<ul style="list-style-type: none"> • Managing the non-resident tax withholding process to ensure compliance with Part XIII tax • Improving and supporting various systems, including the Non-Resident Source Deduction (NRSD) System • Managing non-resident taxpayer accounts 	<ul style="list-style-type: none"> • Analyzing data to better understand the non-filer population • Identifying non-compliant taxpayers and taking action to encourage voluntary compliance and to deter non-compliance in the future • Targeting the underground economy to ensure that non-resident taxpayers report any taxable income and pay all applicable taxes • Analyzing data to estimate the tax gap 	<ul style="list-style-type: none"> • Providing quality service for individual non-resident taxpayers • Processing T1 non-resident tax returns and making adjustments for individual non-resident taxpayers • Developing and providing functional direction on the field technical specifications for individual non-resident taxpayers 	<ul style="list-style-type: none"> • Liaising with other stakeholders and federal and provincial departments on issues related to collection activities specific to non-resident taxpayers • Developing managing and coordinating compliance actions addressing unreported offshore income and assets related to taxpayers that engage offshore non-compliance • Managing objections files for non-resident taxpayers related to their income tax filings including referrals to court files

Canadian payers (income payers vs. non-resident taxpayers)			Non-resident taxpayers and their representatives		
Major activities	Residency determination for T1 taxpayers	Non-resident tax withholding	Non-resident non-filer	Non-resident T1 filing, phone inquiries, and return processing	Non-resident post-processing
<ul style="list-style-type: none"> • Outputs 	<ul style="list-style-type: none"> • Written and verbal guidance and interpretations for individual taxpayers and/or their representatives • Residency determination for individual taxpayers (initiated by the taxpayer) • Residency determination for individual taxpayers (initiated by an audit) • Resolution of disputes involving the residency status of individual taxpayers 	<ul style="list-style-type: none"> • Reports on the identification and tracking of Part XIII withholdings • Provision of guidance and recommendations on technical policy matters related to Part XIII withholding 	<ul style="list-style-type: none"> • Analytical tools and techniques to identify non-filers and assess the risk of non-compliance • Identification of individual non-resident non-filers • Generation of leads and referrals for audit 	<ul style="list-style-type: none"> • Processing and adjustment of T1 non-resident tax returns • Technical specifications and guidance provided to the field for non-resident tax issues • Matching of T1 non-resident tax returns with information slips on file 	<ul style="list-style-type: none"> • Non-resident audit program files review and quality checks conducted • Issuing reassessments to individual non-resident taxpayers • Collection funds owed to the Crown from non-resident taxpayers • Establishment and maintenance of relationships with external stakeholders and other government organizations • A more efficient handling of objections for non-resident taxpayers

Canadian payers (income payers vs. non-resident taxpayers)			Non-resident taxpayers and their representatives		
Major activities	Residency determination for T1 taxpayers	Non-resident tax withholding	Non-resident non-filer	Non-resident T1 filing, phone inquiries, and return processing	Non-resident post-processing
Immediate outcomes	Individual taxpayers are provided with information and guidance to enable them to determine their residency status for tax purposes	<ul style="list-style-type: none"> Field officers and external stakeholders have increased understanding and knowledge of technical and policy issues Improved capacity to identify and address issues related to non-resident tax accounts 	Improved ability to identify individual non-resident taxpayers who are non-compliant with their filing or reporting requirements	<ul style="list-style-type: none"> Individual non-resident returns are processed accurately and in a timely manner Field officers have the tools, resources, and information to process the returns of individual non-resident taxpayers 	<ul style="list-style-type: none"> Individual non-resident reassessment requests are processed accurately in a timely manner Increased awareness and understanding of the consequences of offshore non-compliance leading to improvement in income reporting Improvement in resolution of objection files and cases related to income for non-resident taxpayers

Canadian payers (income payers vs. non-resident taxpayers)			Non-resident taxpayers and their representatives		
Major activities	Residency determination for T1 taxpayers	Non-resident tax withholding	Non-resident non-filer	Non-resident T1 filing, phone inquiries, and return processing	Non-resident post-processing
Intermediate outcomes	Individual taxpayers have certainty about their residency status for tax purposes	Withholding and remittance of Part XIII tax are accurate and made on time by Canadian resident taxpayers, or in certain cases, by the non-resident income earners or their representatives	Improved ability to undertake compliance activities against individuals or entities who are non-compliant	<ul style="list-style-type: none"> Improvement of compliance and accuracy of non-resident returns filing Improvement in filing rates for the individual non-resident taxpayer population 	<ul style="list-style-type: none"> Improvement of accuracy and efficiency in non-resident tax processing and audit programs Improvement of compliance with tax law Improvement of revenue collection through effective handling of objections from non-resident taxpayers
Ultimate outcomes	<ul style="list-style-type: none"> Identification and better understanding of the needs of, and changes within, the non-resident taxpayer population Individual non-resident taxpayers comply with Canada's tax legislation Individual non-resident taxpayers receive consistent and efficient services to meet their diverse needs 				

Appendix C: Tables

Table 1: Usability Performance Dashboard analysis of web pages on topics related to non-resident taxpayers

Web page	Total score	Readability	Heading	Paragraph
<u>Residency status determination</u>	49.22/100	24.5/60	12.27/20	12.45/20
<u>Do you have to file a return</u>	54.9/100	43.5/60	11.4/20	0/20
<u>Individuals – Leaving or entering Canada and non-residents</u>	54.16/100	23/60	19.28/20	11.88/20
<u>Rates for Part XIII tax</u>	46.94/100	31.5/60	0/20	15.44/20

Table 2: International comparative analysis with international tax administrations

Tax administration	Languages	Online tools (self-assessment tools and tutorials)
Internal Revenue Service (IRS)	Website available in 23 languages	Tutorial videos as tax guides (example: Determining Tax Residency Status) Interactive Tax Assistant: ITA Internal Revenue Service (irs.gov) .
His Majesty's Revenue and Customs (HMRC)	Website only available in English	Residency test: Which tax year do you want to check your UK residence status for? – Guidance – GOV.UK
Australian Taxation Office (ATO)	Website available in 36 languages	Online quizzes for residency determination: Questions Are you a resident? (ato.gov.au) .
New Zealand Inland Revenue (IRD)	Website available in 3 languages	Flowcharts for residency determination: ir1249-2022.pdf (ird.govt.nz) .

- 1 Canada Revenue Agency Financial Statements – Administered Activities 2022 to 2023
- 2 [Non-residents of Canada - Canada.ca](#)
- 3 [Annual Financial Report of the Government of Canada Fiscal Year 2022-2023](#)
- 4 The CVB has an initiative called the Non-Residency Tax Accounts Online project focusing on NR4 filing available online starting in May 2026 and will look to onboard additional online filing options in the future, such as the NR5, NR6, and NR7-R. Some of the services provided will be viewing and paying account balances or making remittances through the MyAccount portal, submitting documents (e.g., NR4 slip and return), viewing correspondence to and from the CRA, managing authorized representatives, and making requests (e.g., for refunds).
- 5 Income Tax Folio S5-F1-C1, Determining an Individual's Residence Status
- 6 Residence Status System Project Business Case (November 2019) developed by the ABSB – Call Centre Services Directorate
- 7 Complex cases include the taxpayer being considered a resident of another country under a treaty, as well as many ties (primary and secondary) across many countries
- 8 Data request from the Specialty Correspondence Section in the ABSB.
- 9 [Applying for an individual tax number](#)
- 10 [Barriers Associated with Tax Filing in Vulnerable Populations Qualitative Research Executive Summary - Canada.ca](#)
- 11 [Scam prevention and the CRA - Canada.ca](#)

- 12 [Benefits, credits, and taxes for newcomers - Canada.ca](#)
 - 13 [Canada Revenue Agency's Accessibility Plan 2023-2025 - Canada.ca](#)
 - 14 The CRA's international call drivers refers to the motive or reason for calling the CRA Call Centre. In this evaluation, the focus was on the number of calls with questions about Part XIII tax and residency determination.
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Date modified:

2025-06-06