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Evaluation – Canada Revenue Agency Programs Used by Tax Preparers

Commissioner's Final Report

Audit, Evaluation, and Risk Branch

March 24, 2025



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Executive summary

The purpose of this evaluation is to provide the Commissioner, Canada Revenue Agency (CRA) management, and the Board of Management with an independent assessment of the CRA's administration of programs that enable tax preparers to file returns on behalf of taxpayers. These services and programs are:

- the EFILE service;
- the tax discounting rebate program (also known as the Discounter Program);
- the suite of services for representing a client.

These programs are important given that 61% of individuals and 83% of T2 businesses rely on tax preparers to submit their income tax returns.

Key findings of the evaluation are as follows:

- According to a focus group with tax preparers, the EFILE service has a high level of tax preparer satisfaction and meets its expected outcomes; however, the published processing timelines could be further clarified to help manage tax preparers' expectations in certain situations.
- Although decreasing in uptake, the Discounter Program helps more taxpayers integrate into the tax system:
 - While the median discounting fee is less than \$100, the CRA could help protect taxpayers from potentially paying higher than necessary discounting fees by improving the information on its website.
- The suite of services for representing a client has a high level of tax preparer satisfaction and meets its expected outcomes; however, some segments of the population continue to face authentication irritants:
 - A recommendation has not been made for this finding.
 - This finding aligns with recent discussions held between CRA senior management and tax intermediaries.
 - The CRA strives to balance service convenience with taxpayer security, and is continuing to explore improvements to service options.

While the evaluation found that these three services have a high level of tax preparer satisfaction and meet their expected outcomes, the CRA could improve the programs for certain segments of the population using an intersectional approach (for example, Gender-based analysis plus).

Summary of recommendations

1. The Assessment, Benefit, and Service Branch should update its EFILE web page to include more information about the standard

processing time for EFILE registrations and renewals, as well as situations that may warrant longer processing times.

2. The Assessment, Benefit, and Service Branch should:

- update the published information provided to taxpayers regarding the discounting service fee to ensure that examples are expanded to include scenarios in which the fee may be high;
- alert taxpayers to the existence of any discrepancies between the actual refund amount and the refund calculated by the tax preparer.

To allow the implementation of the two-step verification system and the Document Verification Service to take full effect and to stabilize, the Audit, Evaluation, and Risk Branch has not made a recommendation for the suite of services for representing a client at this time.

Management response

The Assessment, Benefit, and Service Branch agrees with the recommendations in this report and has developed related action plans. The Audit, Evaluation, and Risk Branch has determined that the action plans appear reasonable to address the recommendations.

Introduction

This evaluation was included in the 2022-2023 Risk-Based Assurance and Advisory Plan (Mid-Year Update), which was approved by the Board of Management (Board) on September 14, 2022. The Evaluation Framework was approved by the Audit Committee on August 15, 2023. The study period for this evaluation included calendar years 2018 to 2023.

The approved Evaluation Framework identified the following two issues as the subject of research for this evaluation:

- To what extent do tax preparers use, and are optimally supported by the Canada Revenue Agency's (CRA) web, electronic, and telephone services?
- Does the CRA have the adequate tools, mechanisms, and available data to understand and manage the service needs of tax preparers?

Background

The CRA provides taxpayers with multiple ways to file their taxes. Taxpayers can file their tax returns by mail, they can use third-party software online, or they can have them filed by third-party tax preparation services. The majority of taxpayers, whether individuals or businesses, use tax preparation services to file their tax returns.

For the 2022 tax year, over 51,500 registered electronic filers (EFILERS) were certified to prepare and file income tax returns. Over 20 million individual and corporate returns were electronically filed through the EFILE service. Of these returns, 370,000 (1.8%) were filed through a discounter, 55,000 of which were for first-time users of the service. More than 12 million tax filing authorizations were issued for users of the suite of services for representing a client.

The CRA also administers other programs that support adherence to tax rules, such as the individual and business tax enquiries lines, the Dedicated Telephone Service, and the Tax Promoter and Advisor Compliance Program. These programs, however, are not within the scope of this evaluation, but they may be evaluated in the future.

The purpose of this evaluation was to provide the Commissioner, CRA management, and the Board of Management with an independent assessment of the CRA's administration of programs that enable tax preparers to file returns on behalf of taxpayers. More specifically, the evaluation focused on services that enable tax preparers to file their clients' tax returns with the CRA. These services support tax administration and provide a convenient means for taxpayers and their representatives to file their tax returns.

EFILE

EFILE is an automated electronic service that allows approved tax preparers to securely file their clients' tax returns directly with the CRA using certified tax software. Taxpayers can provide their documents to a registered tax preparer, who will prepare and electronically submit the return for a fee. Any firm, organization, or individual offering tax preparation services can apply to use EFILE, provided they meet the necessary criteria and pass a suitability screening. The evaluation's data analysis found that EFILE is the most common method used to file tax returns for both individuals (61%) and T2 businesses (83%).

Tax Discounting Rebate Program

"Tax discounting" refers to the practice where a tax preparer files a client's tax return and gives the client a portion of their anticipated tax refund immediately, less a fee or "discount" from the anticipated refund. Fees for this service are set by the Tax Rebate Discounting Act and described further below. The CRA administers this act, ensuring that discounters adhere to their responsibilities under the law. Only tax preparers that already registered for EFILE may register as a discounter.

Suite of services for representing a client

The suite of services for representing a client includes online and offline services that allow taxpayers to authorize another person to securely access and manage their tax information or file a return on their behalf.

The CRA offers four ways to do this:

- Represent a Client (RaC) is a digital service that allows representatives to electronically request authorization by submitting the required information and a signed certification page from the client:
 - This request alerts the client in their My Account or My Business Account, where they can approve it electronically within 10 days.
- My Account and My Business Account is a digital service that allows taxpayers to authorize representatives by referencing CRA-issued identifiers.
- EFILE is a digital service where tax preparers can file a tax return on behalf of their clients and can use information related to their client, such as a previous year's notice of assessment, to access tax information on their clients' behalf.
- The AUT-01 form is a paper-based service where taxpayers can authorize representatives, but it does not allow tax preparers any online access to taxpayers' accounts or the use of the autofill service; therefore, tax preparers must call the CRA after the AUT-01 form has been processed each time they require access to the taxpayer's information.

Evaluation methodology

The evaluation's approach consisted of the following two types of analysis:

- analysis of tax preparers' experiences with the services offered by the CRA, and their general awareness of the tax rules;

- review of the CRA's administration of the three identified services.

The methodology for examination included the following:

- **Data analysis:** Analyzed tax and benefit data of individuals and corporations and data from the EFILE service, the Discounter Program, and the suite of services for representing a client to identify trends, performance measures, and results for different segments of the population.
- **File and document review:** Reviewed CRA files and documents (including legislation, frameworks, policies, procedures, performance reports, governance structures, and roles and responsibilities) as they pertain to tax preparers, individuals, and corporations.
- **Literature review:** Reviewed external literature on business trends, attitudes, and behaviours, which included government reports, books, and academic research.
- **Internal interviews:** Interviewed a total of 82 CRA employees of varying levels, in the regions and Headquarters, working in program areas responsible for assessing tax returns and in identified tax preparer programs.
- **Public Opinion Research:** Conducted four focus groups with tax professionals to gauge their level of understanding of the tax rules, along with their experiences with CRA tax preparer programs.

The evaluation team maintained open communication channels with CRA stakeholders through regular meetings and status updates (see Appendix C). For methodological limitations, refer to Appendix D.

Findings, recommendations, and management action plans

The findings of the evaluation are detailed below along with recommendations to address issues or opportunities of high significance and mandatory requirements.

The Assessment, Benefit, and Service Branch agrees with the recommendations in this report and has developed related action plans. The Audit, Evaluation, and Risk Branch has determined that these action plans appear reasonable to address the recommendations.

EFILE Service

The EFILE service has a high level of tax preparer satisfaction and meets its expected outcomes; however, the Assessment, Benefit, and Service Branch should update its published processing times to manage tax preparers' expectations in certain situations.

Findings

The evaluation conducted focus groups with tax preparers to gain insight into their perceptions of the CRA's EFILE services. The participants in the focus groups regularly used these services, which were critical to their work. Aside from minor delays, very few tax preparers experienced issues when registering for or renewing their EFILE credentials, and they generally had positive experiences with resolving issues through the EFILE help desk.

The Assessment, Benefit, and Service Branch (ABSB) keeps tax preparers informed of any program updates and news through the EFILE news and program updates web page, which tax preparers appreciated.

According to the CRA's website: "Although you will be issued an EFILE number and password as soon as you apply, your registration may take up to 30 business days to process." While the CRA met this standard processing time for 60% of applications, data analysis found that in more than 40% of cases (in other words 21,176 applications out of 52,656 total), the processing time took longer than the standard 30 days.

The data analysis of EFILE registration and renewal applications found that 75% of EFILE registration and renewal applications were received in the months of November (24.8%), December (25.8%), and January (24.5%), which resulted in longer than usual processing times. This spike can likely be attributable to tax preparers preparing for the upcoming filing season. If an interview with the applicant or a request for additional information is required, the screening process can take longer than usual, resulting in longer processing times.

Why it matters

Fundamentally, the CRA strives to meet and reasonably manage taxpayer expectations with regards to its published service standards, and to drive potential phone calls away from call centres to the information on its website to help taxpayers self-serve. The Taxpayer Bill of Rights also states that taxpayers have the right to, "complete, accurate, clear, and timely information", as well as have the right to, "expect us to publish our service standards and report annually."

Although the CRA meets its published 30-day processing time 60% of the time, for 40% of EFILE applications, the processing time is not met, as noted above, for varying circumstances. As a result, this can lead to unnecessary phone calls to the CRA EFILE help desk. Using CRA performance measurement data, the CRA should indicate the varying times it can take for EFILE applications to be processed, or add information about different

processing times for varying situations. This could improve transparency to tax preparers around processing times, and help reduce unnecessary calls to the CRA EFILE helpdesk.

Recommendation #1

The Assessment, Benefit, and Service Branch (ABSB) should update its EFILE web page to include more information about the standard processing time for EFILE registrations and renewals, as well as situations that may warrant longer processing times.

Management response #1:

The ABSB agrees with this recommendation.

It is noted that some applications/renewals may take up to 60 days to complete because of factors that are beyond the Agency's control, such as intake volume, complex applications involving multiple applicants, difficulty contacting the applicant(s) for additional steps, like an interview, failure to meet the screening criteria (for example, failure to file and/or pay, collect debt), or other reasons.

The ABSB is committed to taking the following steps to enhance its application and renewal processes and ensure transparency related to processing times:

- in advance of the certification period, review and update the Canada.ca content to ensure that information related to processing timeframes is clear;
- implement workload adjustments across tax centres to improve overall turnaround times;
- enhance messaging in EFILE tax software to prompt tax preparers to renew their EFILE credentials before December 31.

i The target completion date for this action plan is April 2025.

Discounting Program - outcomes

The CRA should improve its publicly available information on the Discounting Program fee so that taxpayers understand their options more clearly.

Findings

The discounting service charge refers to the service fee that a tax preparer charges a taxpayer for filing their return through the Discounter Program. The service charge tends to vary with income ranges, for example, a higher income may result in higher refund amounts and, consequently, higher service fees.

According to the CRA website, “the *Tax Rebate Discounting Act* requires that you, as a discounter, pay the client (at the time the discounting transaction took place) at least”:

If the estimated refund is \$300 or less

% 85% of the estimated refund

or

If the estimated refund is more than \$300

\$ \$225

+ **%** 95% of the amount over \$300

Taxpayers may also be owed additional or excess amounts by the tax preparer, or they may owe amounts back to the tax preparer depending on various outcomes of the taxpayer’s final notice of assessment when

confirmed by the CRA. Taxpayers with less tax knowledge about the Canadian tax system may not be aware of their options regarding discounting fees.

There are three outcomes when a taxpayer uses the Discounter Program:

- the tax preparer accurately calculates the taxpayer's eligible refund;
 - According to data, this occurs approximately 89% of the time
- the tax preparer overestimates the taxpayer's eligible refund;
- the tax preparer underestimates the taxpayer's eligible refund.

In 2022, 4.3% of discounted tax returns had an excess amount, meaning the refund calculated by the CRA and paid to the tax preparer was higher than the refund calculated by the tax preparer. In these cases, the tax preparer is expected to inform the taxpayer and pay them the difference.

Conversely 6.8% of discounted tax returns had a shortage amount, meaning the taxpayer was overpaid by the tax preparer and owed the tax preparer the difference between the estimated and the actual refund. There was a steady upward trend in the median excess amount between 2018 and 2022, with a significant increase in 2020.

Based on the estimated refund from the RC71 Statement of Discounting Transaction form, the median service charge remained at \$97 between 2018 and 2022.

However, there are instances of higher service charges (more than \$1,000) within lower-income taxpayer categories. In 2022, 12,756 discounted returns involved clients paying more than \$300, representing 4.25% of the discounted returns that year. Clients with less than \$50,000 in reported income represented 37.8% of the discounted returns that incurred a fee greater than \$300.

Furthermore, in focus groups that were conducted by the evaluation team, participants noted there are perceived risks for tax preparers associated with discounting, especially if clients fail to share additional revenue information, such as T4 slips. As noted above, this can affect the tax refund amount, resulting in money owed back to the tax preparer. Tax preparers also indicated that they perceive that the Discounter Program may leave some individuals with less knowledge of the Canadian tax system vulnerable to paying higher than necessary fees.

Regarding service standards for the Discounter Program, the CRA exceeded these both in terms of efficiency and timeliness. The Audit, Evaluation, and Risk Branch analyzed data taken from the RC76 Application and Agreement to Obtain a Discounter Code/Discounter Direct Deposit Enrolment form that is used by taxpayers and tax preparers to register for the service with the CRA, and found that the service standard to process this form within 30 days was consistently met. For requests received between 2018 and 2023, the average processing time for new requests was 12.7 days and 5.1 days for change requests.

In summary, while the overall trend for tax discounters service usage shows a marked decline from 2018 to 2022, with significant Gender-based analysis plus (GBA Plus) variations as detailed in the next section, the Discounter Program continues to remain a relevant program for Canadians to help them file their returns and access benefits, where warranted. Processing times for discounting services remain efficient, with service charges varying by income level. However, ethical considerations were raised during the focus groups, with some of the tax preparers indicating that vulnerable taxpayers with high refund amounts could be overcharged for filing their returns. The potential risks associated with incomplete client information are opportunities to further improve this program and ensure that new taxpayers who wish to use this service continue to have

confidence in the Canadian tax system. As such, improving the information made available to taxpayers will allow them to make informed decisions as it pertains to using the Discounter Program.

Why it matters

While noting that fewer Canadians are using discounting services, it continues to remain a relevant program for vulnerable taxpayers to file tax returns and access benefits and refunds. The Discounter Program contributes to the CRA's priority of improving access to benefits, particularly for underserved populations as articulated in the CRA's 2024-2025 Departmental Plan.

As such, ensuring Canadians have access to clear information regarding this program is important to ensure taxpayers understand their filing options. Taxpayers should be made aware of the possibility that discounting fees may be less cost-effective than the regular tax filing fees charged by tax preparers, and informed of the refund amount being paid out to the tax preparer, along with information on any excess or shortage.

Discounting Program - relevancy

While uptake in the Discounter Program has decreased since its peak in 2010, GBA Plus analysis reveals the Program continues to encourage vulnerable taxpayers to file their taxes.

Findings

GBA Plus is an analytical tool used to support the development of responsive and inclusive policies, programs, and other initiatives ¹. GBA Plus is driven by the *Canadian Gender Budgeting Act*, which requires the

Canadian government to consider gender and diversity in its budgetary and financial management processes (in other words, how the government designs programs for Canadians).

With this in mind, the evaluation team made several observations about various groups of taxpayers who use the Discounter Program. Between 2018 and 2022, the usage of the Discounter Program steadily declined at an average annual rate of 13%. The number of users decreased from approximately 670,000 in 2018 to around 370,000 in 2022. Part of the usage decline can be attributed to the COVID-19 pandemic, which may have reduced interactions between taxpayers and tax preparers, although this was not confirmed in this evaluation. When accounting for filing population growth over this period, the percentage of discounted returns has dropped from 2.44% in 2018 to 1.2% in 2022.

Although the Program is being used less over time, through the lens of GBA Plus, the Discounter Program remains relevant as a priority for the CRA to ensure access to benefits, particularly for underserved populations.

Discounting services are disproportionately used by:

- individuals under the age of 45, particularly those in the 25 to 35 age range, use this service six times more than the rest of the population;
- of individuals with disabilities, particularly those in the 36 to 55 age range, use this service twice as much as individuals without disabilities;
- First Nations are nine times more likely to use this service than the rest of the population:
 - More than 18% of First Nations rely on this service to file their return, and reliance on the service becomes higher as revenues and age decrease.

The use of the Discounter Program across Canada also varies by province and territory. For example, Quebec filers represent 22% of the total population and account for 1.3% of total discounted returns. Conversely,

Manitoba T1 filers represent 3.4% of the population, and account for 10% of total discounted returns.

The potential of GBA Plus analysis, such as the above, can be useful to programs to help target and distribute resources.

Recommendation #2

The Assessment, Benefit, and Service Branch (ABSB) should:

- update the published information provided to taxpayers regarding the discounting service fee to ensure that examples are expanded to include scenarios in which the fee may be high;
- alert taxpayers to the existence of any discrepancies between the actual refund amount and the refund calculated by the tax preparer.

Management response #2:

The ABSB agrees with this recommendation.

The ABSB, in consultation with CRA stakeholders, will:

- collaborate with the communication advisors in the Public Affairs Branch to improve information on the RC71 form, the RC72 form, and the discounter web page with regards to the discounting fee structure for taxpayers;
- explore adding information to the forms and web page encouraging taxpayers to update their contact information with the tax preparer to facilitate timely issuance of excess refunds by the tax preparer;
- explore improving communications and information about excess refunds owed to the taxpayer by the tax preparer.

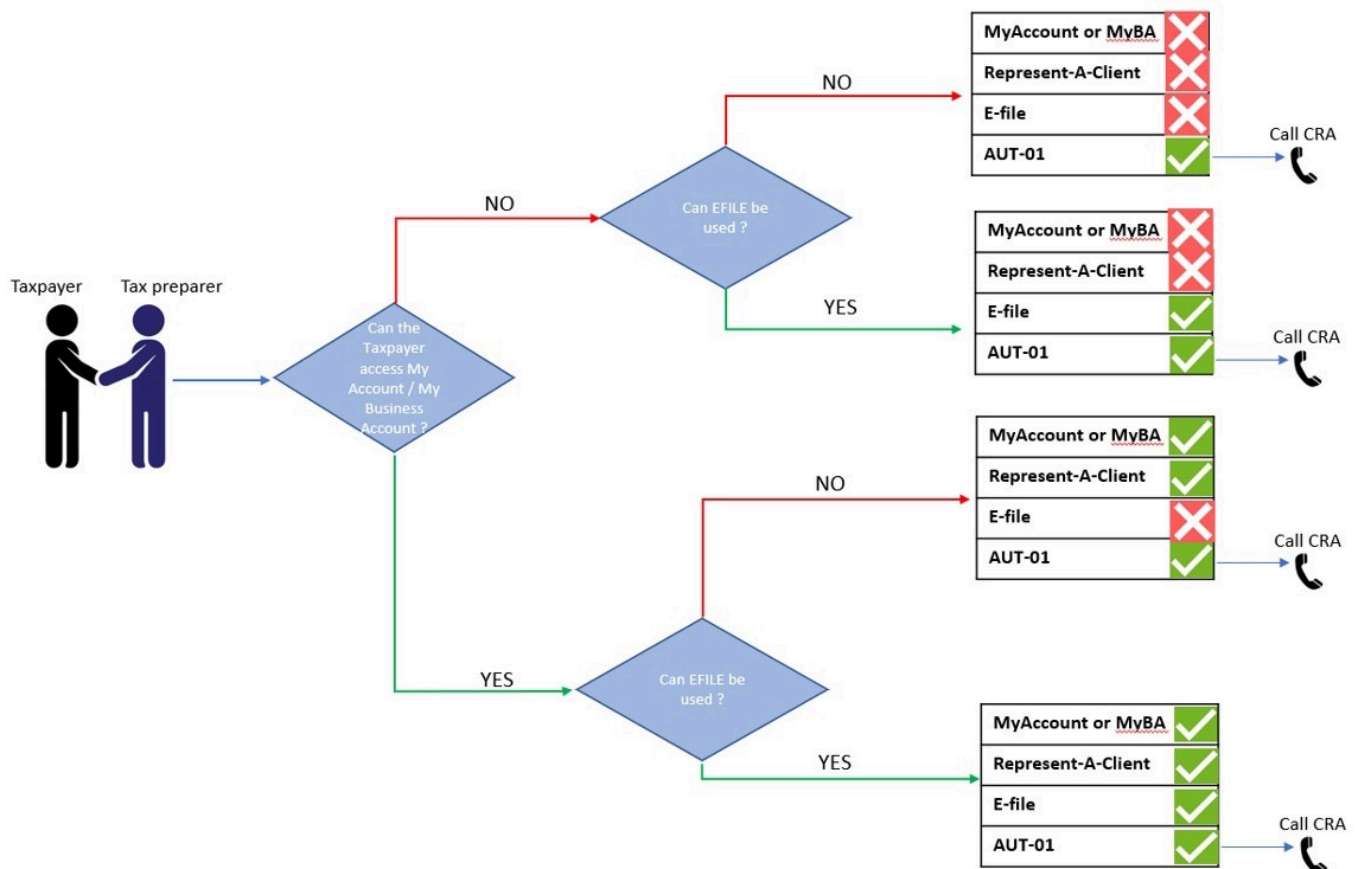
i The target completion date for this action plan is April 2025.

Representing a client

While the suite of services for representing a client has a high level of satisfaction and meets its expected outcomes, some segments of the population continue to face frustration with authentication processes.

Findings

The following chart is a general representation of the four services available to tax preparers under the suite of services for representing a client.



▼ Description for the above image

A Taxpayer and a Tax preparer agree on representation.

The first decision diamond asks: “Can the Taxpayer access My Account / My Business Account?”

If No: Next decision point: “Can EFILE be used?” If No: then can use AUT-01, and may Call CRA. If Yes: then can use E-file or AUT-01, and may Call CRA

If Yes: Next decision point: “Can EFILE be used?”. If No: then can use MyAccount, MyBA, Represent-A-Client or AUT-01, and may Call CRA. If Yes: then can use MyAccount, MyBA, Represent-A-Client, E-file or AUT-01, and may Call CRA.

For situations where electronic services are unavailable, there may be workarounds to avoid calling the CRA when using the AUT-01 paper form. For example, the taxpayer can first contact the CRA by phone to obtain information from a previous year’s tax return, which can then be used by a tax preparer to obtain authorization using Represent a Client. In this situation, a taxpayer does not need to approve authorization in their My Account. While this workaround is useful in many situations, it is not available to all individuals for different reasons, such as not being able to authenticate themselves to the call centre agents, if they do not have access to a previous year’s notice of assessment, or if they have not filed a tax return before (for example, a recent immigrant or youth).

These services consider recent changes to the authorization process that aim to enhance security and confidentiality, while also considering the service needs of most clients. These enhancements included, in February 2022, the introduction of Confirm My Representative, a two-step verification system where authorization requests remain pending until they are explicitly confirmed by the client in their My Account or My Business Account.

While these changes aim to enhance security and confidentiality, they have introduced delays and generated occasional frustration from tax preparers that represent clients with forgotten, lost, revoked, or no online credentials. Authorization requests that are not confirmed within 10 days are automatically cancelled, leading to re-submissions and extended processing times. Focus group participants indicated that taxpayers may have difficulty navigating CRA systems or may forget their passwords, which could cause delays of up to 10 days while a taxpayer waits for the CRA to issue a security code by mail to regenerate their credentials. However, the CRA continues to explore different service options and technologies to make authentication more convenient for taxpayers.

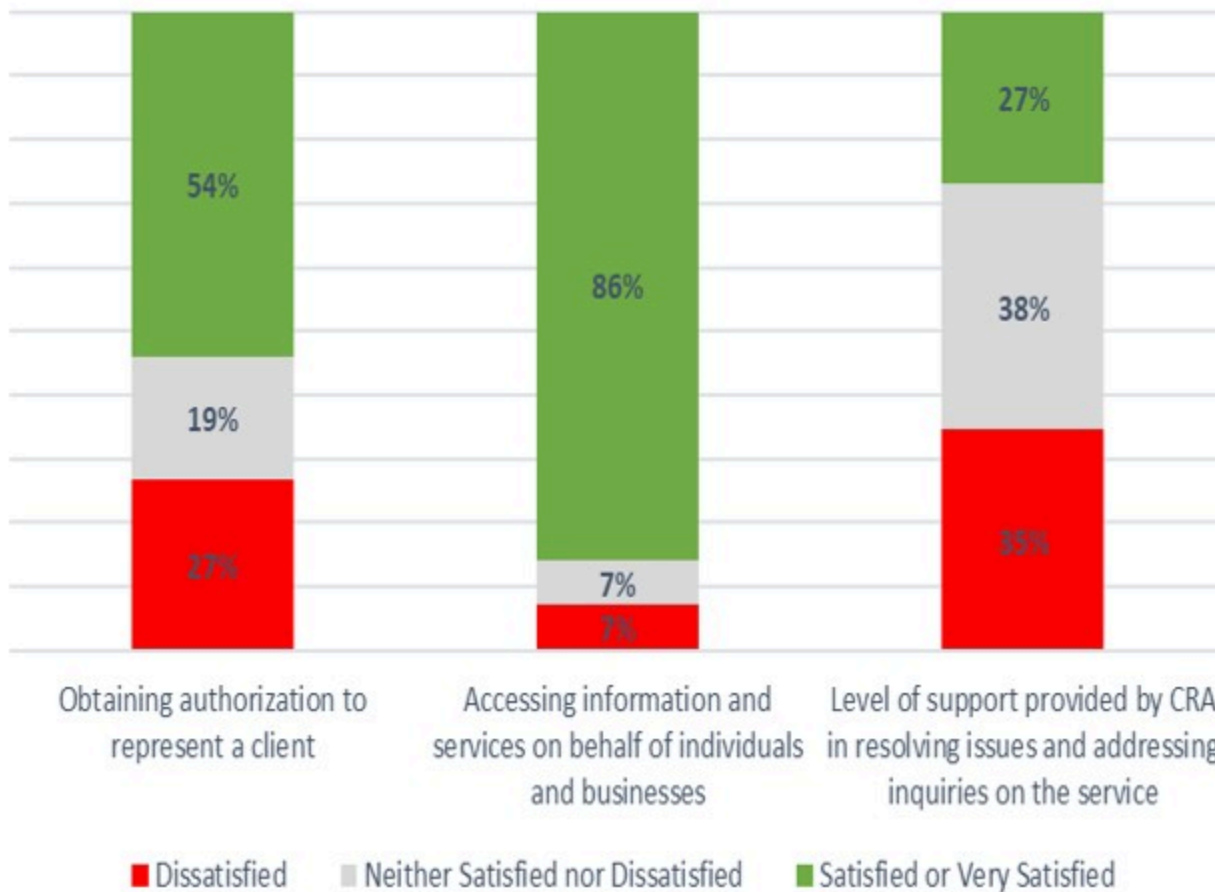
Although the CRA offers a dedicated telephone service for tax preparers to discuss technical tax interpretations, there is no dedicated telephone support line to specifically resolve credential and access issues. As such, wait times maybe longer, as tax preparers must rely on the general CRA contact centre for support.

Based on the completed Public Opinion Research conducted for this evaluation, Figure 2 illustrates the experiences and opinions of tax preparers.

- 86% of tax preparers were satisfied with their ability to access information on behalf of individuals and businesses
- 54% of tax preparers were satisfied with the process of obtaining authorization
- 27% of tax preparers were satisfied with the CRA's services for resolving issues and addressing enquiries
 - This result aligns with previous studies regarding CRA contact centre satisfaction, and more specifically regarding the Individual Tax Enquiries Line, which is the only support available to tax

preparers for enquiries related to obtaining access to taxpayer accounts

Figure 2: Satisfaction of tax return preparers by service sector – Results from discussion groups



▼ Description for the above image

Authorization to represent a client: 27% dissatisfied, 19% neither satisfied nor dissatisfied, 54% satisfied

Access to information and services: 7% dissatisfied, 7% neither satisfied nor dissatisfied, 86% satisfied

Agency support in resolving issues: 33% dissatisfied, 38% neither satisfied nor dissatisfied, 27% satisfied

Focus group participants provided the following suggestions for improving the suite of services for representing a client:

- ensure that maintenance issues, such as system updates, do not prevent access to basic information (for example, create back-ups that provide access to basic information);
- make the website more user-friendly;
- make it easier for taxpayers and tax preparers to obtain more detailed information about the status of a return.

Overall, tax preparers appreciate the suite of services for representing a client and understand the CRA's need to protect taxpayer information. The challenges related to obtaining authorization and contacting the CRA contact centre for support with accessing information are the main areas of service dissatisfaction that were identified in the evaluation. This finding is consistent with feedback received from tax preparers during engagements conducted by the CRA's Board of Management in March 2024.

Why it matters

The current tax preparer dissatisfaction with the CRA's support and authorization processes could lead to increased reliance on the CRA's contact centre, creating additional stress on the CRA's support systems and potentially extending call processing times for all users.

In summary

To allow time for the implementation of the two-step verification system and the Document Verification Service to take full effect and to stabilize, the Audit, Evaluation, and Risk Branch has not made a recommendation for the suite of services for representing a client service at this time. According to program senior management, the CRA strives to achieve a reasonable balance between protecting taxpayers' data and service convenience.

Conclusion

This evaluation was designed to evaluate the CRA's available services to tax preparers who file tax returns on behalf of their clients. The evaluation found that overall, the services are achieving their desired outcomes and that tax preparers are mostly satisfied. The Assessment, Benefit, and Service Branch should consider opportunities for improvement to assist certain segments of the population, such as hard-to-reach populations, new filers, and First Nations, to maximize outcomes and satisfaction.

Acknowledgement

The evaluation team would like to thank the Assessment, Benefit, and Service Branch, the Public Affairs Branch, and the Service, Innovation and Integration Branch for contributing their time and providing information for this engagement.

Appendices

Appendix A: Evaluation issues and methodology

Based on the Audit, Evaluation, and Risk Branch's consultations and research, the following issues have been identified. Each issue was investigated through a series of research questions.

Issue 1: To what extent do tax preparers use, and are optimally supported by, the CRA's web, electronic, and telephone services?

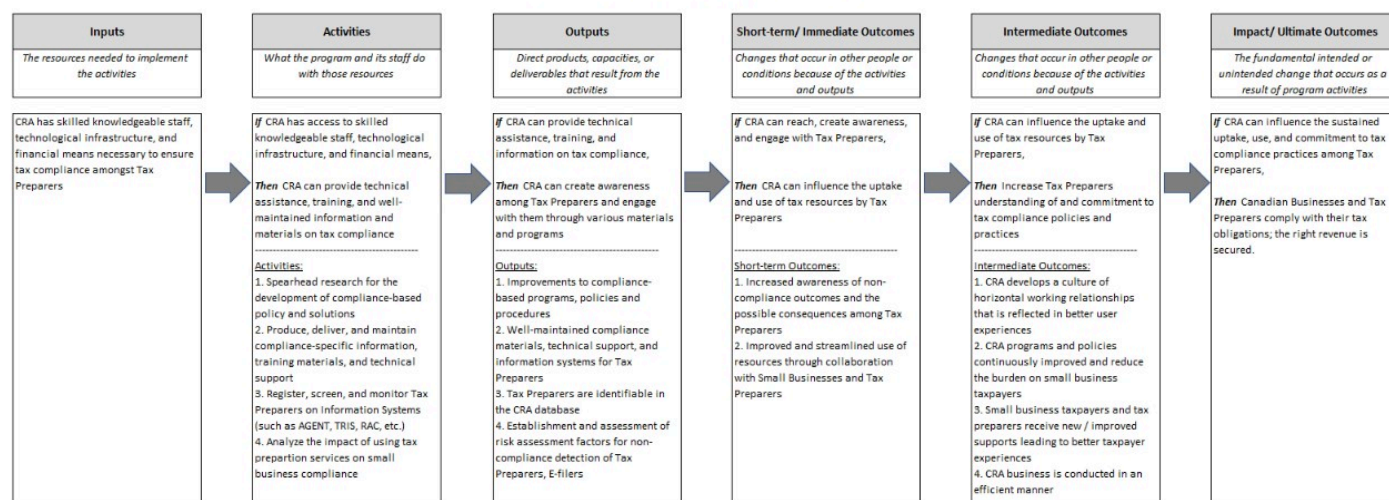
- Are tax preparers aware of, and do they have an adequate understanding of:
 - their obligations and requirements to the CRA with respect to EFILE registration, Represent a Client, or any other relevant forms or documents?
 - the services provided by the CRA to support them?
- Does the CRA ensure that tax preparers have access to the necessary information to support their awareness and understanding of up-to-date and relevant tax rules?
- Do tax preparers find the CRA's services (in other words, EFILE, the Discounter Program, phone, and web) relevant, easy to understand, and supportive?

Issue 2: Does the CRA have the adequate tools, mechanisms, and available data to understand and manage the service needs of various tax preparer groups?

- What are tax preparers' perceptions of and experience with the CRA?
- What changes, if any, could improve the CRA's management of tax returns prepared by tax preparers?

Appendix B: Logic model

LOGIC MODEL - CRA PROGRAMS FOR RETURNS PREPARED BY TAX PREPARERS

Based on the W.K. Kellogg Foundation Results Chain Logic Model ¹

▼ Description for the above image

The graphic's title is "Logic Model for CRA Programs for Returns Prepared by Tax Preparers". It contains the logic model for the evaluation that demonstrates the relationship between program activities and the cause-effect between activities outputs, and immediate, intermediate, or ultimate outcomes. The logic model is based on the W.K. Kellogg Foundation Results Chain Model ². It contains six columns, goes from left to right, and is connected using sequential arrows to signify dependencies.

The first column's title is "Inputs". It is defined as "The resources needed to implement the activities". It contains the following: "CRA has skilled knowledgeable staff, technological infrastructure, and financial means necessary to ensure tax compliance amongst Tax Preparers".

The second column's title is "Activities". It is defined as "What the program and its staff do with those resources". It contains the following: "If CRA has access to skilled knowledgeable staff, technological infrastructure, and financial means, Then CRA can provide technical assistance, training, and well-maintained information and materials on tax compliance". It includes the

following: “1. Spearhead research for the development of compliance-based policy and solutions, 2. Produce, deliver, and maintain compliance-specific information, training materials, and technical support, 3. Register, screen, and monitor Tax Preparers on Information Systems (such as AGENT, TRIS, RAC, etc.), 4. Analyze the impact of using tax preparation services on small business compliance.”

The third column’s title is “Outputs”. It is defined as “Direct products, capacities, or deliverables that result from the activities”. It contains the following: “If CRA can provide technical assistance, training, and information on tax compliance, Then CRA can create awareness among Tax Preparers and engage with them through various materials and programs”. It includes the following: “1. Improvements to compliance-based programs, policies and procedures, 2. Well-maintained compliance materials, technical support, and information systems for Tax Preparers , 3. Tax Preparers are identifiable in the CRA database, 4. Establishment and assessment of risk assessment factors for non-compliance detection of Tax Preparers, E-filers.”

The fourth column’s title is “Short-term / Immediate Outcomes”. It is defined as “Changes that occur in other people or conditions because of the activities and outputs”. It contains the following: “If CRA can reach, create awareness, and engage with Tax Preparers, Then CRA can influence the uptake and use of tax resources by Tax Preparers”. It includes the following: “1. Increased awareness of non-compliance outcomes and the possible consequences among Tax Preparers, 2. Improved and streamlined use of resources through collaboration with Small Businesses and Tax Preparers.”

The fifth column's title is "Intermediate Outcomes". It is defined as "Changes that occur in other people or conditions because of the activities and outputs". It contains the following: "If CRA can influence the uptake and use of tax resources by Tax Preparers, Then Increase Tax Preparers understanding of and commitment to tax compliance policies and practices". It includes the following: "1. CRA develops a culture of horizontal working relationships that is reflected in better user experiences, 2. CRA programs and policies continuously improved and reduce the burden on small business taxpayers, 3. Small business taxpayers and tax preparers receive new / improved supports leading to better taxpayer experiences, 4. CRA business is conducted in an efficient manner."

The sixth column's title is "Impact / Ultimate Outcomes". It is defined as "The fundamental intended or unintended change that occurs as a result of program activities". It contains the following: "If CRA can influence the sustained uptake, use, and commitment to tax compliance practices among Tax Preparers, Then Canadian Businesses and Tax Preparers comply with their tax obligations; the right revenue is secured".

Appendix C: List of CRA stakeholders

The table below describes the key internal stakeholders and their roles and responsibilities.

Stakeholder	Roles and responsibilities
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Assessment, Benefit, and Service Branch (ABSB)	<ul style="list-style-type: none"> • Business Returns Directorate: authorizes third-party representatives (such as accountants or bookkeepers) for all clients (individuals, businesses, trusts, and non-residents) and manages the Authorization Services Program for individual, business, trust, and non-resident clients. • Individual Returns Directorate: maintains effective relationships with the tax preparation industry by administering EFILE, and oversees the administration of the Tax Rebate Discounting Act.
Public Affairs Branch	<ul style="list-style-type: none"> • Ministerial Services and Operations Directorate: responsible for public opinion research, public environment analysis, media monitoring, and coordinating the Issues Management Network and the quick response function of the CRA. • Communications Directorate: provides the CRA with strategic communication, issues management, and marketing services.
Service, Innovation and Integration Branch	<ul style="list-style-type: none"> • Chief Service Officer Directorate: guides the development and transformation of programs and services to improve the service experience of Canadians.

Other stakeholders	<p>Ensure CRA programs are well supported in terms of:</p> <ul style="list-style-type: none"> • skills and expertise (Human Resources Branch); • IT tools (Information Technology Branch); • interpretations of the Income Tax Act and Income Tax Regulations (Legislative Policy and Regulatory Affairs Branch).
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Appendix D: Methodological limitations

- [content redacted]
- Although there are general indicators and attributes that can be applied to taxpayers using the Discounter Program, the reasons for why a taxpayer may use this service varies, depending on individual circumstances.
- Data is restricted to information recorded in CRA systems, and thus, the evaluation team could not account for individuals that provided inaccurate data relating to tax year-end, social insurance numbers (SIN), business numbers, or for individuals who failed to file required forms and schedules.
- [content redacted]

Appendix E: Glossary

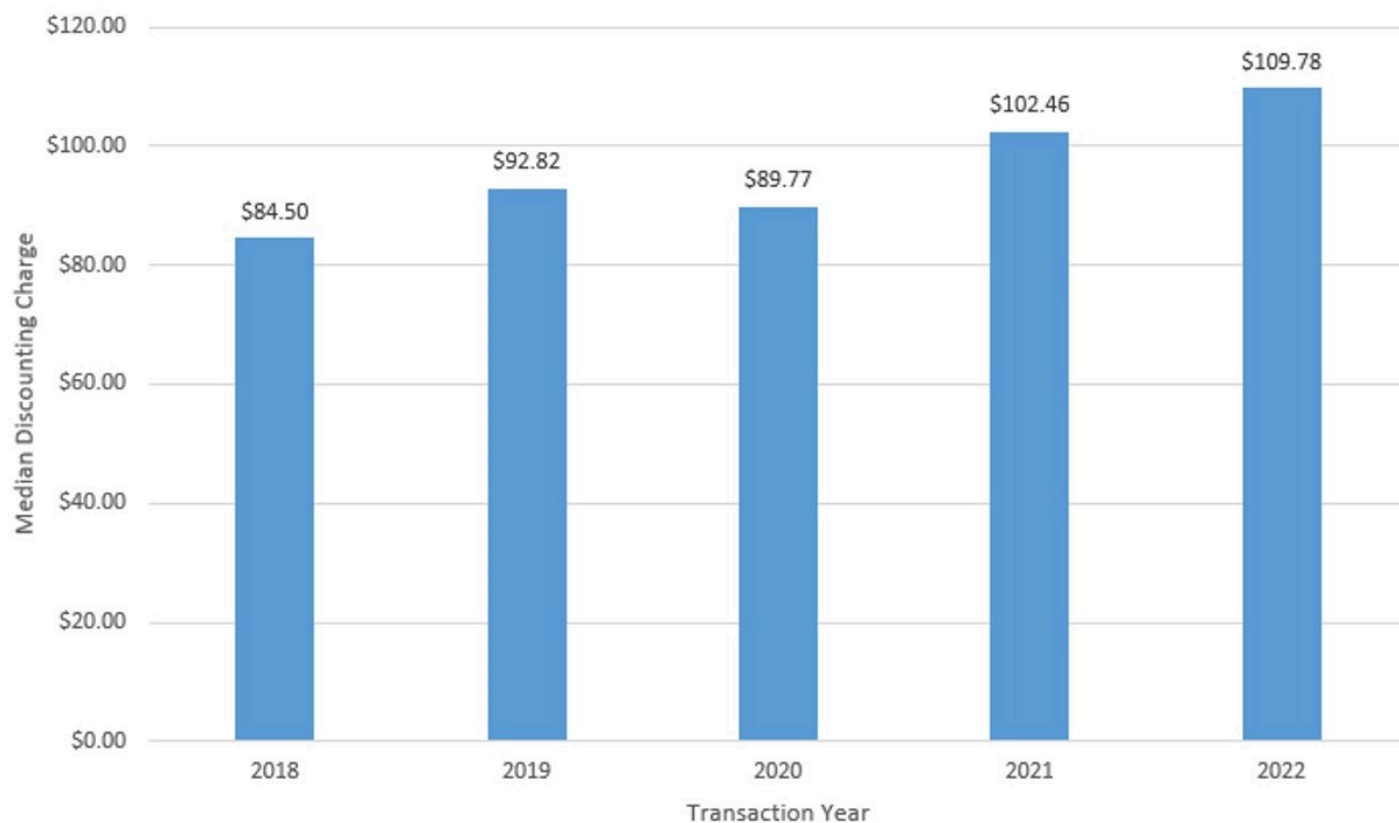
Term	Definition
Authorized representative	<p>Someone who represents a taxpayer for their personal tax, business tax, non-resident tax, or trust tax matters.</p>

Client	A taxpayer whose return is filed by a tax preparer. A client may be an individual filing a T1 return, or a corporation filing a T2 return.
Discounter	A registered EFILER who prepares tax returns and provides their clients with an immediate discounted tax refund before filing the returns, keeping a portion of the refund as a fee.
Discounting fee	Discounters keep part of the expected refund as a fee and pay the remainder immediately to their client. Fees charged are limited by the <i>Tax Rebate Discounting Act</i> .
EFILE system	A service that allows authorized service providers to transmit individual income tax, corporation income tax, and trust information returns to the CRA directly from the software used to prepare the tax return.
EFILER	A tax preparer who uses EFILE services to prepare and submit a tax return on behalf of their client.
Gender-based analysis plus	An analytical tool used to support the development of responsive and inclusive policies, programs, and other initiatives and to understand how factors such as sex, race, national and ethnic origin, Indigenous origin or identity, age, sexual orientation, socio-economic conditions, geography, culture, and disability, impact experiences and outcomes, and how these factors can affect access to and experience of government programs.
Represent a Client	A service that provides authorized representatives with secure and controlled online access to both individual and business tax information.

Tax preparer	<p>For the purpose of this evaluation, a tax preparer is an individual or a firm that prepares tax returns for a fee on behalf of self-employed individuals and corporations. There are three categories of tax preparers:</p> <ul style="list-style-type: none"> • accountants who prepare tax returns for a fee and are regulated by a professional association or other governing body • businesses (including employees of these businesses) that offer preparation services for a fee • others who offer tax preparation services for a fee, but who do not fall into the previous groups.
Tax rebate discounting	<p>A process where a tax preparer purchases the right to the anticipated tax rebate in exchange for a percentage of the rebate amount.</p>

Appendix F: Charts and tables

Figure 1: Median discounting service charge amount



▼ Description for the above image

Figure 1: Median discounting service charge amount

The y-axis represents the Median Discounting Charge (in dollars).

The x-axis represents the Transaction Year from 2018 to 2022.

The values are as follows:

2018 is \$84.50

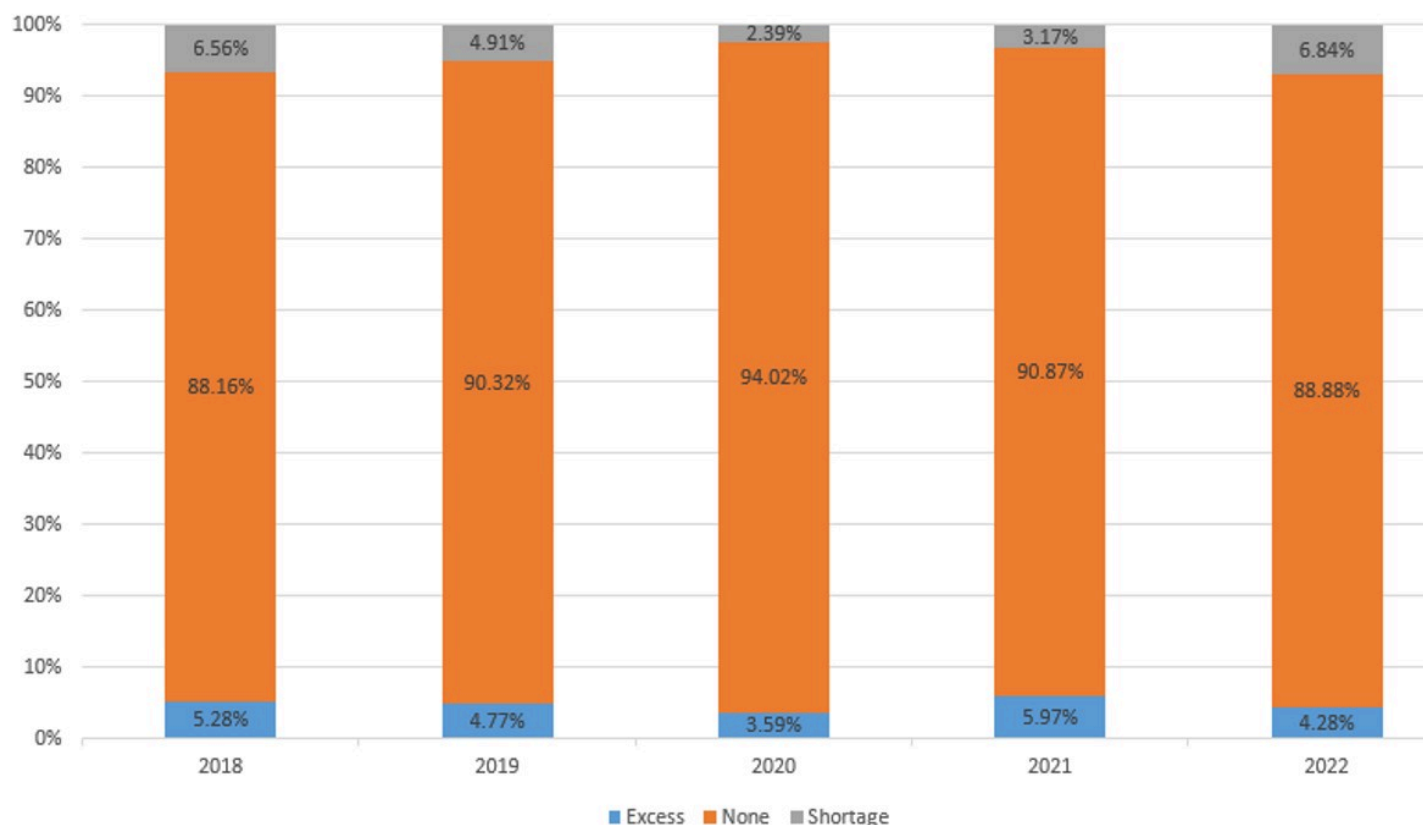
2019 is \$92.82

2020 is \$89.77

2021 is \$102.46

2022 is \$109.78

Figure 2: Percentage of discounting transactions by excess/shortage indicators



▼ Description for the above image

Figure 2: Percentage of discounting transactions by excess/shortage indicators

The y-axis represents the Percentage of Transactions.

The x-axis represents the Transaction Year from 2018 to 2022.

The values are as follows:

2018: Excess is 5.28%, None is 88.16%, Shortage is 6.56%

2019: Excess is 4.77%, None is 90.32%, Shortage is 4.91%

2020: Excess is 3.59%, None is 94.02%, Shortage is 2.39%

2021: Excess is 5.97%, None is 90.87%, Shortage is 3.17%

2022: Excess is 4.28%, None is 88.88%, Shortage is 6.84%

References

- 1 [What is Gender-based Analysis Plus - Canada.ca](#)
 - 2 [W.K. Kellogg Foundation Logic Model Development Guide](#)
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