# Claim Tax Benefits

March 2020

https://claim-tax-benefits.azurewebsites.net/start

# **Overview**

- Why the partnership began

- What we did

- What we found

- How we work

- What we built

- Would this improve services to tax-filers?

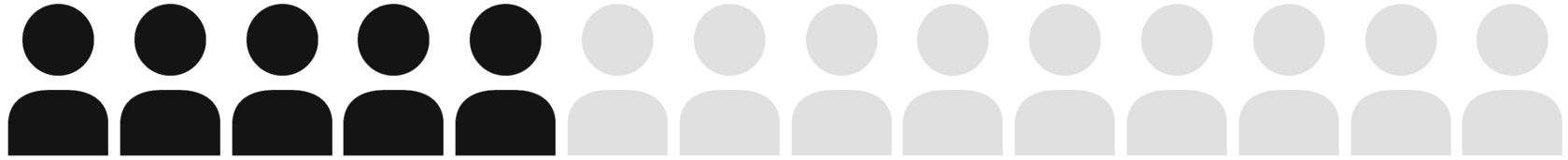# **Why the partnership began**

According to the 2016 Census, **there are 13.4 million individuals\* across Canada with income below $35,000.**



Of those, in 2018, the volunteer tax clinics were able to help 741,460 individuals receive benefits they were owed.

\* Over 17 years of age

# Many individuals are still left behind.



For individuals and families with a limited income, benefits reduce poverty levels and improve quality of life.

# **Our *Challenge***

# How can we help people with low income file taxes to access CRA benefits and refunds?

# What we *did*

# Conducted research

Reviewed existing CRA research. Collaborated with CRA service team.

Interviewed and tested with tax-filers at tax clinics, food banks and homes.

**152**
**Surveyed**

**82**
**people interviewed**
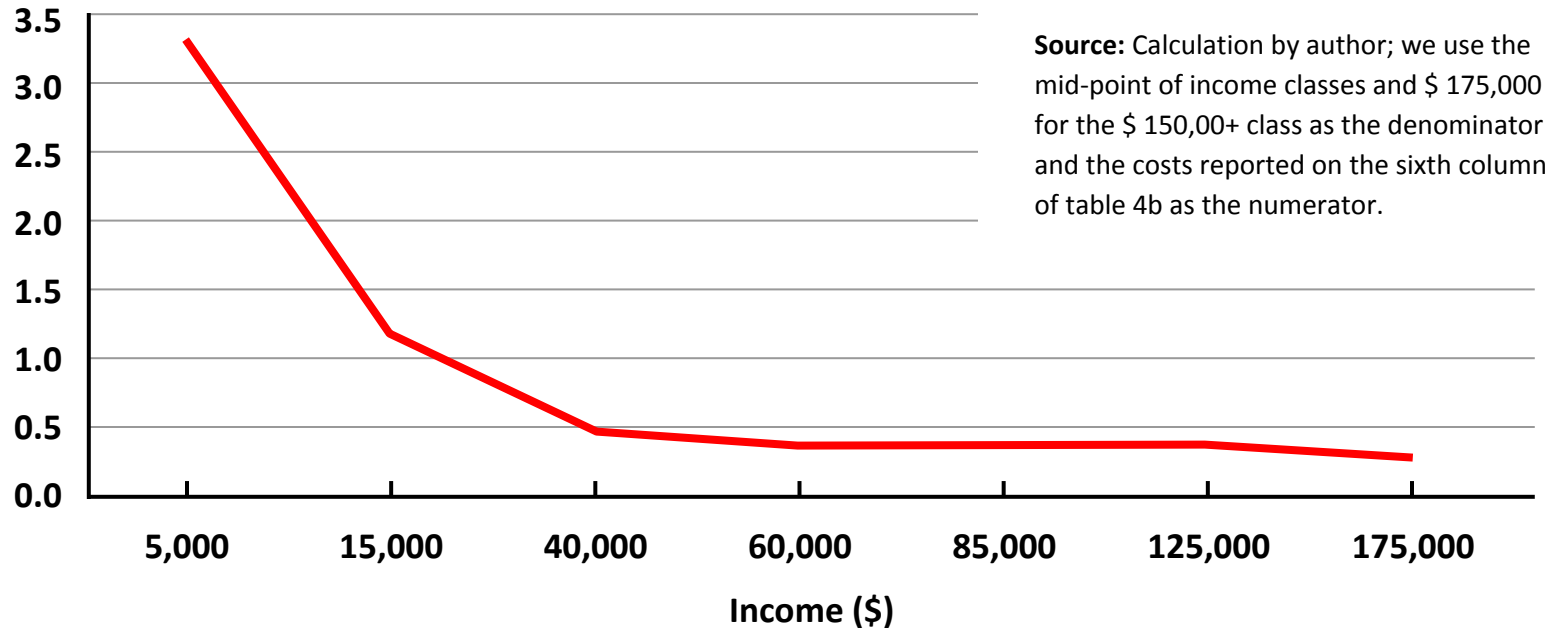
**11**
**studies conducted**

# **What we *found***

"Panic. Oh– panic. Sheer Panic. I just wanted to get it over with… I didn't want to deal with the conflict."

— *Feelings of a **Canadian tax-filer** about opening a letter from CRA*

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# 2. People with low income pay a disproportionate cost

**Ratio (%) of all compliance costs to income, seven income categories**



**Source:** Calculation by author; we use the mid-point of income classes and $ 175,000 for the $ 150,00+ class as the denominator and the costs reported on the sixth column of table 4b as the numerator.

Vaillancourt, 2010

"Good god, no.
I might screw it up.
The tax agency guy
would be out there."

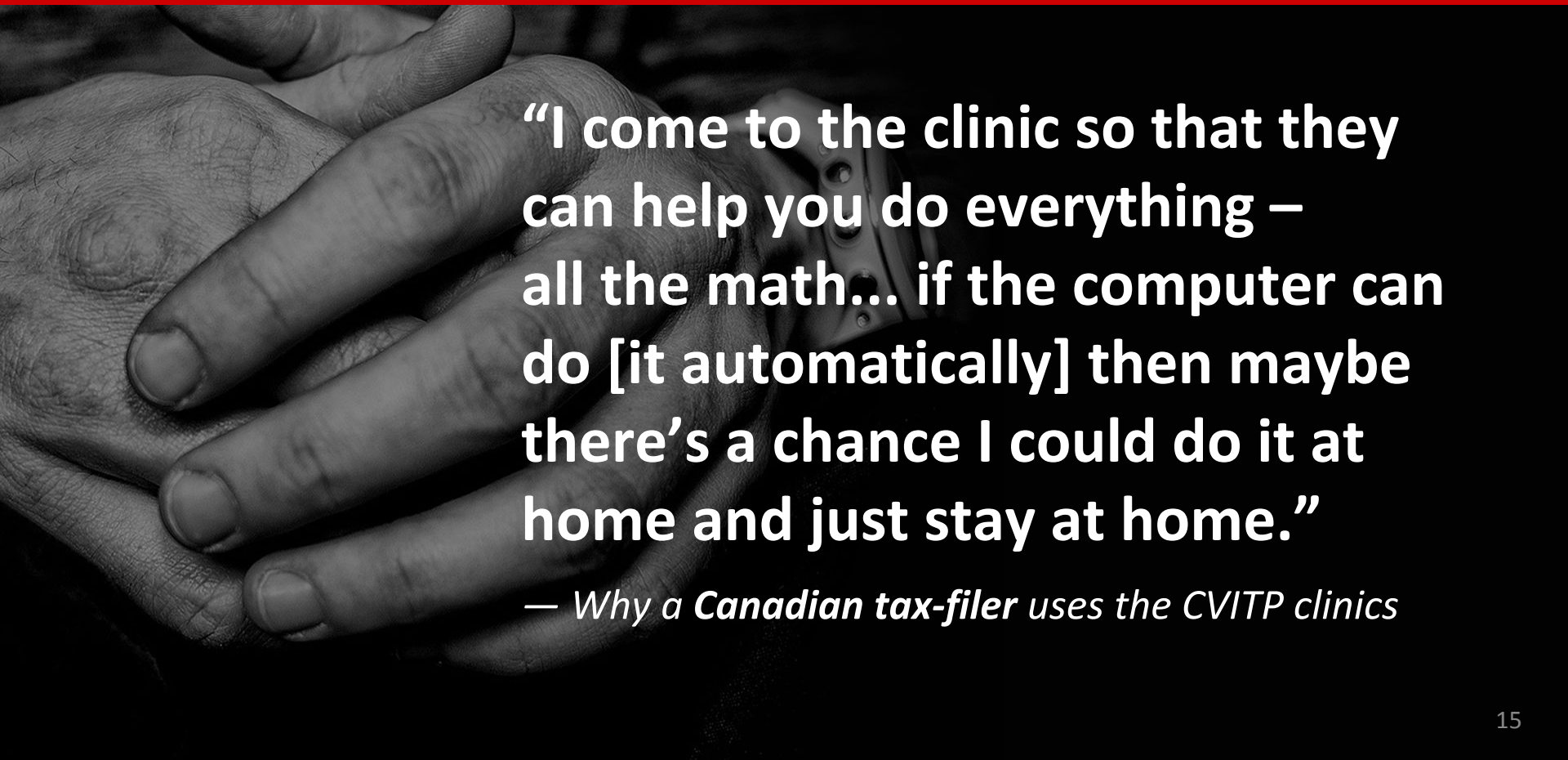*— Canadian tax-filer*
*(When asked if they would
file by themselves)*

# Result: A vicious cycle

**Confusion about how to complete a form correctly.**

Willing to pay someone to secure peace of mind

Lack of confidence in doing taxes themselves.
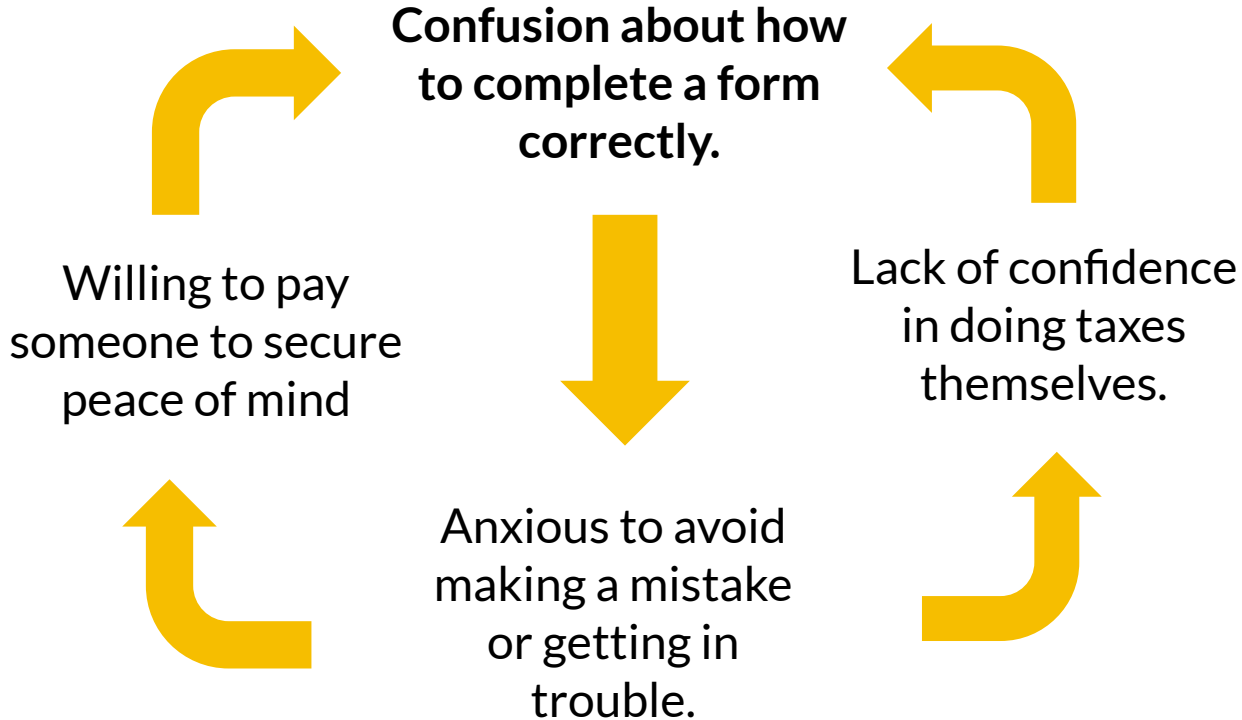
Anxious to avoid making a mistake or getting in trouble.

"I come to the clinic so that they can help you do everything – all the math… if the computer can do [it automatically] then maybe there's a chance I could do it at home and just stay at home."

— *Why a **Canadian tax-filer** uses the CVITP clinics*

# 5. Tax clinics do not scale

**% of growth in volunteers, organizations, people served and returns filed**
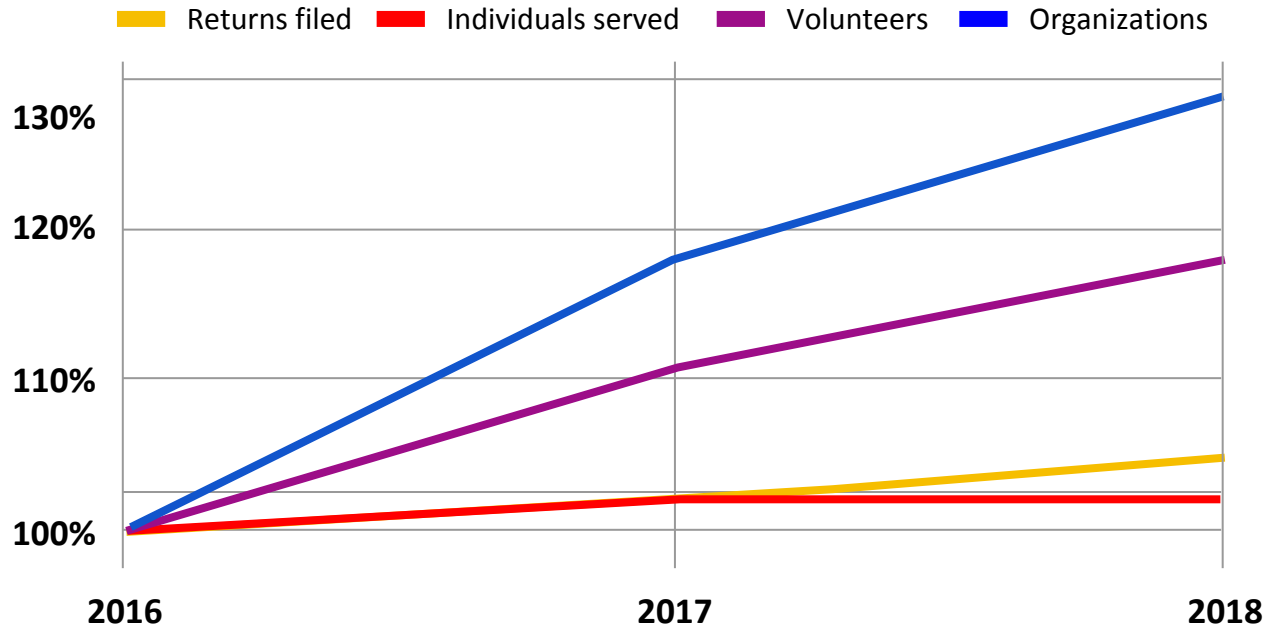


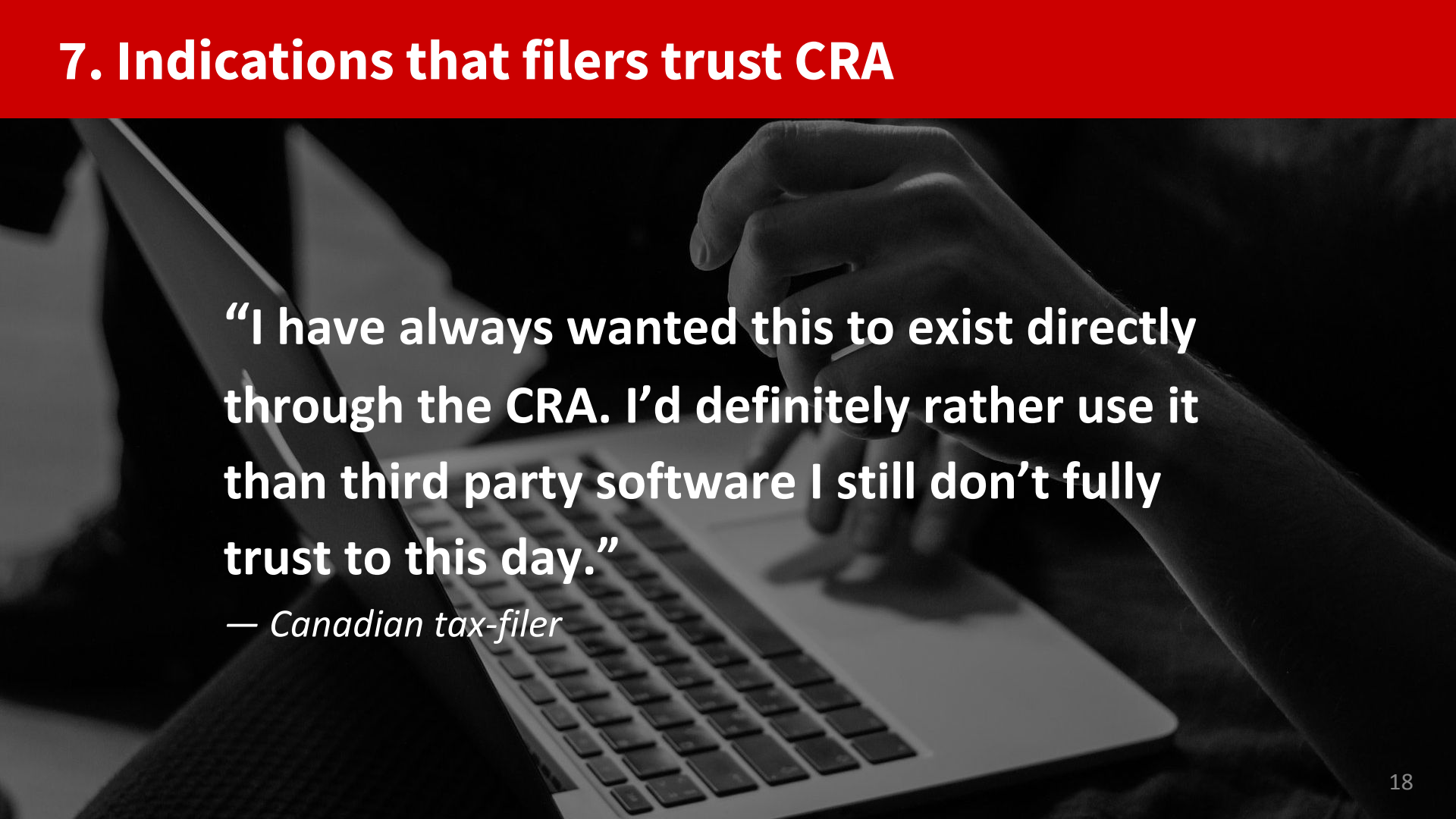Adding clinics and volunteers does not translate to a proportionate increase in the number of returns filed or people helped.

CVITP Program data, 2018

16

"I don't get to the mail very much because it's difficult to get out especially if it's icy. For me it's hard and I tend to not go out for that reason."

— *Canadian tax-filer*

# 7. Indications that filers trust CRA

"I have always wanted this to exist directly through the CRA. I'd definitely rather use it than third party software I still don't fully trust to this day."

— *Canadian tax-filer*

# The importance of our findings were further validated by:

- 2019 CRA consultations, which concluded that **Canadians want to see real change**

- 2019 Minister of National Revenue Mandate Letter…

I will expect you to work with your colleagues and through established legislative, regulatory and Cabinet processes to deliver on your top priorities. In particular, you will:

- Continue your work to modernize the Canada Revenue Agency (CRA) and make it client-based, including to:
  - Reduce the burden on Canadians by leveraging data and emerging technologies;
  - Proactively contact Canadians who are entitled to, but are not receiving, tax benefits;
  - Offer to complete returns for some clients, particularly lower-income Canadians and those on fixed incomes whose financial situation is unchanged year to year;
  - Support more Canadians who wish to file taxes using no paper forms; and
  - Ensure correspondence and other communications are straightforward and easy to read.

# **Our *Goal***

To build a service that **people with low income can use themselves** to file taxes.

# How we *Work*

8 weeks → 12 weeks → 24 weeks → 48+ weeks

Discovery Phase

ALPHA Phase

BETA Phase

Canada

LIVE

Iterations

User needs
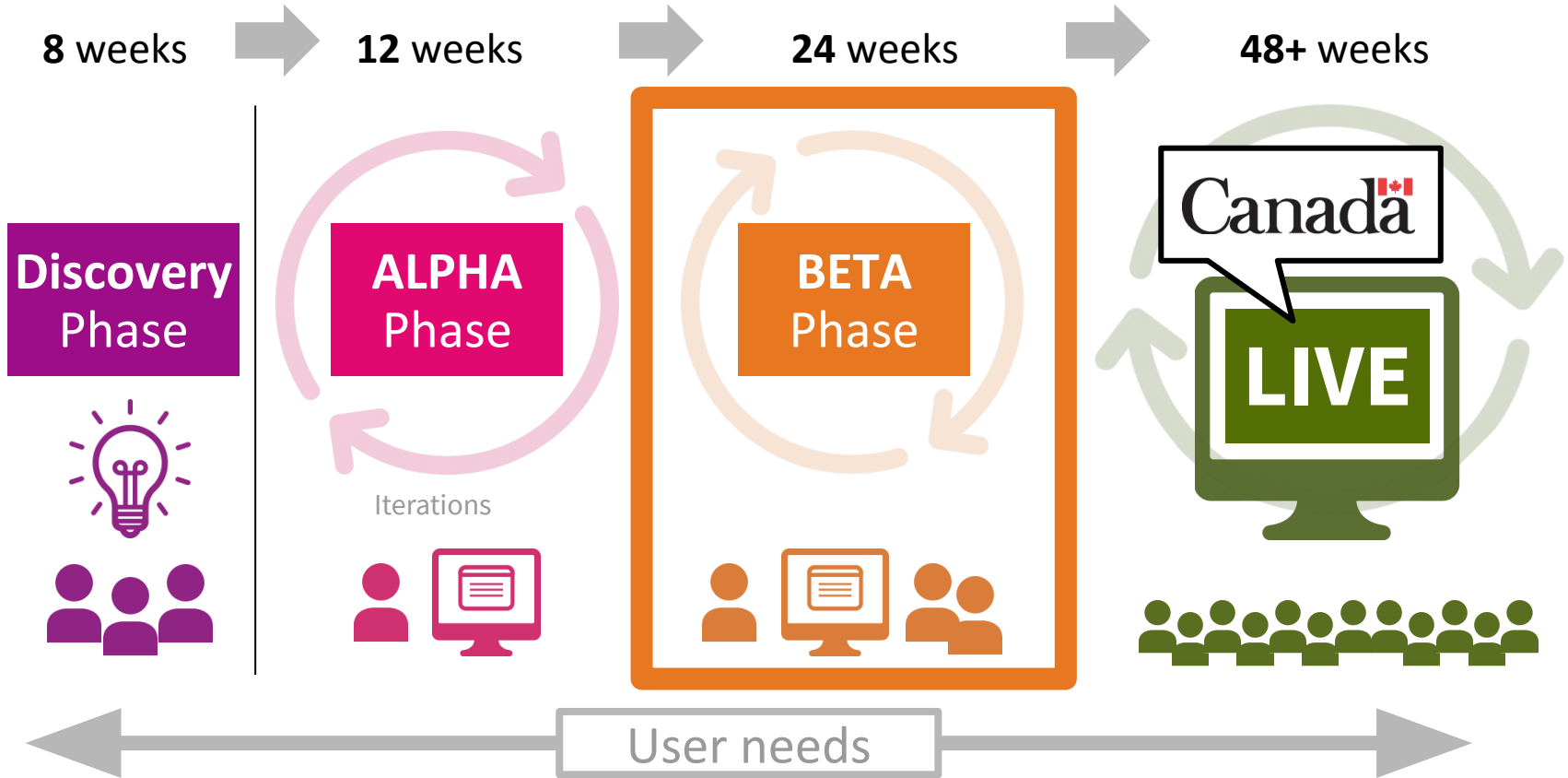
# For our Minimum Viable Product we started small

## We targeted individuals who

- Have no taxable income
- Are single/divorced/widowed
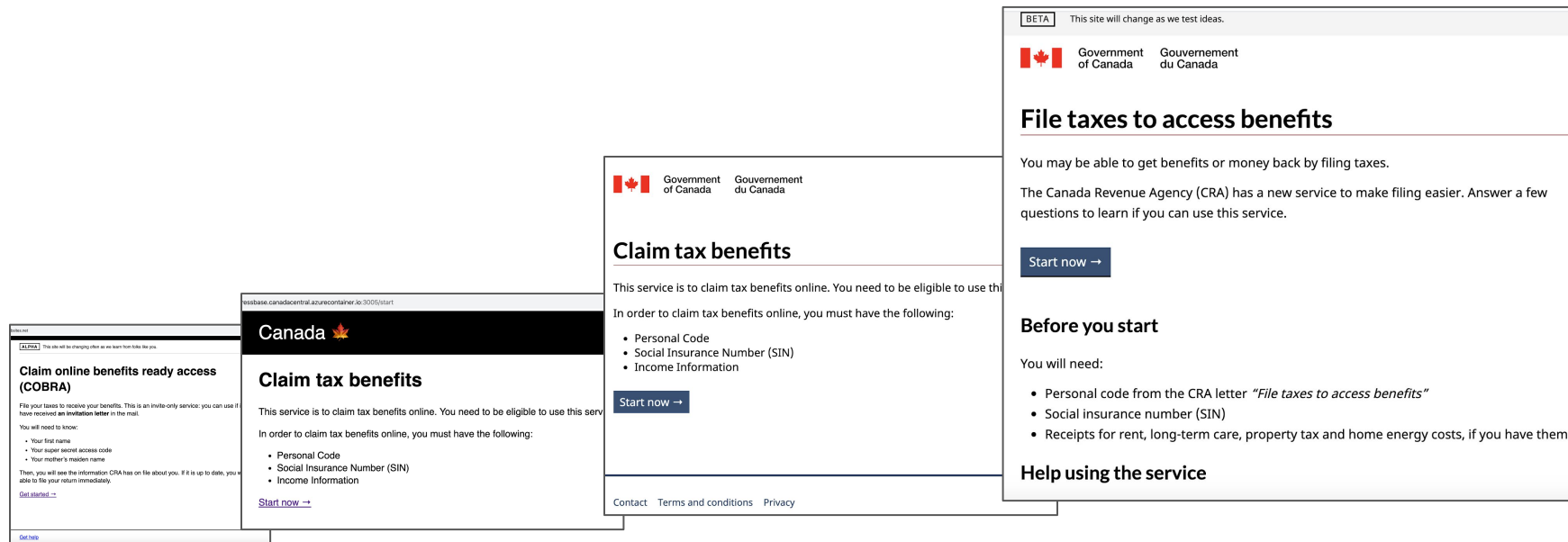- Have no dependent children
- Are not students
- Live in Ontario
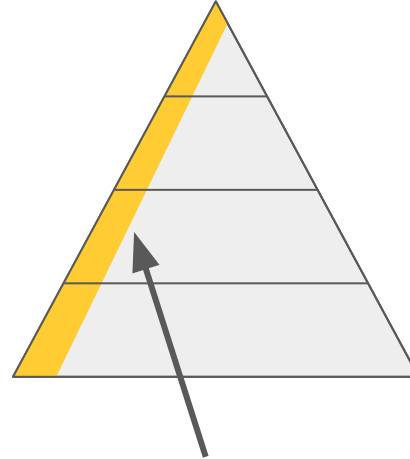
**THIS**
(mvp)
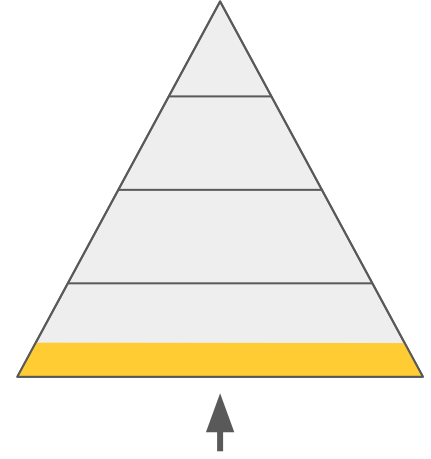
**NOT THIS**
(Traditional approach)

We could help up over **500,000** individuals by releasing our MVP service.

# Build client-centered service through iteration



April       July       September       January

# Tech choices
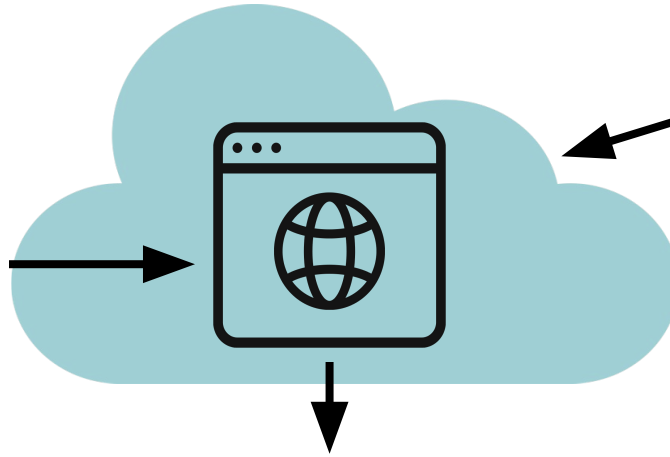
**Frontend interface**

*Cloud web application (MS Azure) to incorporate with CRA back-end API*

*Allows for frequent deployments*

Uses this service

**Tax-filer** (internet)

**GC Cloud access point** (GC-CAP)

Canada Revenue Agency

*API to interoperate with existing CRA downstream services*

API
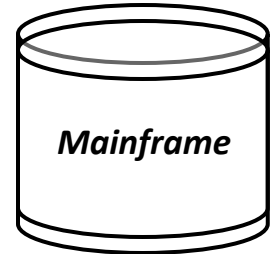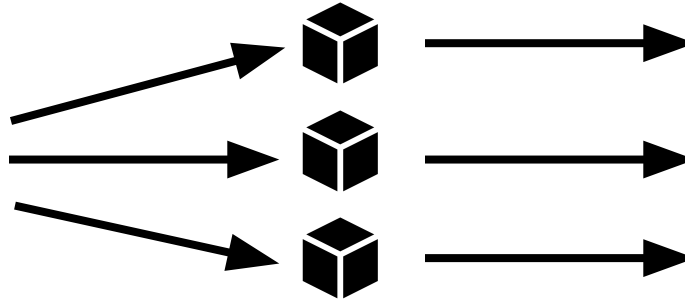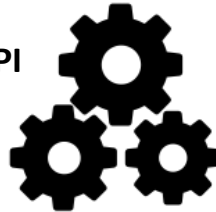
*Mainframe*

# We moved quickly

| Operation name | Status | Time | Time stamp |
| --- | --- | --- | --- |
| > ⓘ Update web sites config | Succeeded | 2 h ago | Tue Mar 03 2020 ... |
| > ⓘ Update web sites config | Succeeded | 2 h ago | Tue Mar 03 2020 ... |
| > ⓘ Update web sites config | Succeeded | 19 h ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 19 h ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 23 h ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 23 h ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 1 d ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 1 d ago | Mon Mar 02 2020... |
| > ⓘ Update web sites config | Succeeded | 4 d ago | Fri Feb 28 2020 1... |
| > ⓘ Update web sites config | Succeeded | 4 d ago | Fri Feb 28 2020 1... |

**multiple**
deployments
per day

**~12 mins**
to release
a new version

# We moved quickly *in a safe way*

With every change, we did

1. Automated tests

    ■ **600+** logic tests

    ■ Accessibility tests on **40 pages**

    ■ User flow tests on **4 different journeys**

2. A final manual test to make sure it worked as expected

# By moving quickly *we got better data*

In the **2 days** between user testing sessions

we were able to build and deploy **13 improvements.**

This resulted in new research findings that gave us better insight into how our users would use this service.

At all stages of development, **we need** to be able to **react quickly**

# What we *Built*

Government of Canada   Gouvernement du Canada

# File taxes to access benefits

You may be able to get benefits or money back by filing taxes.

The Canada Revenue Agency (CRA) has a new service to make filing easier. Answer a few questions to learn if you can use this service.

Start now →

## Before you start

You will need:

- Personal code from the CRA letter *"File taxes to access benefits"*
- Social insurance number (SIN)
- Receipts for rent, long-term care, property tax and home energy costs, if you have them

# We use plain language.
We layout the pages clearly.

*Current iteration*

33

Government of Canada   Gouvernement du Canada    Français

◀ Go back

Screening questions (Step 1 of 7)

## 2019 income

**Was your 2019 income less than $12,070?**

○ Yes

○ No

[ Continue ]    Cancel

# We put one question per page.

We only present the questions that are relevant to this population.

We use a consistent pattern of yes or no questions.

*Current iteration*

34

Government of Canada | Gouvernement du Canada

Français

◀ Go back

## Rent for the home where you usually lived

The next pages ask about your "principal residence". "Principal residence" means your main home, where you usually lived.

If you paid costs for several homes at the same time, only include costs for the main home where you usually lived.

The questions start with rent.

**At any time in 2019, did you pay rent for your principal residence?**

◉ Yes

○ No

▶ Learn about principal residence

[ Continue ]    Cancel

Contact • Terms and conditions • Privacy

Canada

# We ask questions people can answer.

People easily stuck on tax questions.

We ask questions about them not about taxes.

*Current iteration*

35

**We provide a Paper and a Digital channel for the service.**

Tax-filers can choose between filing taxes with the enclosed form or by visiting a URL.

# Let's take a *look*

https://claim-tax-benefits.azurewebsites.net/start

# **Would this improve services *to tax-filers*?**

# We tested our proposed service through mixed methods research

## Assessed through a quantitative study

- Online test of 72 tax-filers with an income less than $13K

## Refined through qualitative studies

- Content test of current design
- Multiple rounds of usability tests including a test using tax-filers **own data**

# Research *findings*

# Quantitative evidence shows people would switch

**Most people would consider or definitely switch:**

## 80%
Of people who currently file themselves*

## 74%
Of those who currently get help

\* Both figures +/-12%

# Quantitative evidence on ease of use

- Tax-filers find it easy to know how to file with the service (4.5 / 5)

- **60%** of respondents spontaneously commented that the service is easy to use.

**"Was extremely easy and quick."**

— *Canadian tax-filer*

**«Très simple et pas d'autre intermédiaire facile et direct.»**

— *Canadian tax-filer*

**"It was short, easy to understand, easy to fill out. I love it!"**

— *Canadian tax-filer*

■ Tax-filers report high confidence that they can do their taxes themselves with this service (4.2 / 5).

**"I like this. I'd get someone to help me but if I was on my own, I'd do this."**

— *Canadian tax-filer*

**"I would want to switch, it is easier, faster and cheaper. could do it myself no problems."**

— *Canadian tax-filer*

**"ridiculously easy"**

— *Canadian tax-filer*

# Increased Access

"I like getting my taxes done as fast as possible
but then have to go to the post office, buy the stamp.
I have financial issues and mobility issues.
But this way it's done through a CRA service
and it's free."

— *Canadian tax-filer*

# CRA as source has value

**8%** Of people **spontaneously** wrote into a comment box that **the reason they would switch** to this service is that it is from CRA.

# People want CRA to provide the service directly

"I like that the CRA provides this survey. It gives me more confidence that everything is proper and accurate. I like that it's a free service that I can also trust because it's the CRA itself. I would be more skeptical of a third party providing a free service for taxes."

— *Canadian tax-filer*

# Vicious cycle broken
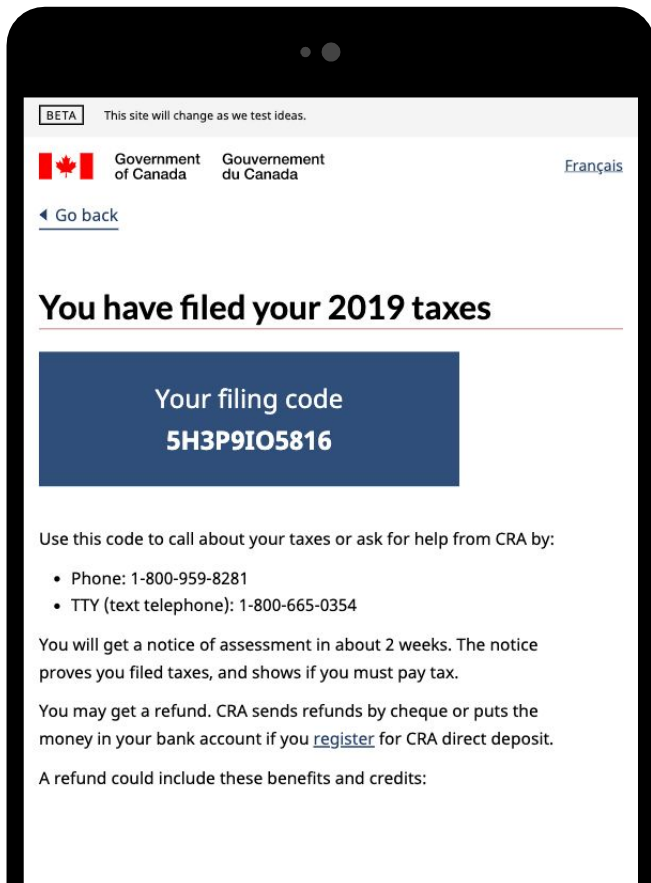


"It appears to be easy to use and understand. I would prefer not to have to spend the increase [amount] each year when filing for my income tax. The form appears to be quick to finalize the refund and a print out. **If it were this simple even I could do this income tax return.**"

— *Canadian tax-filer*

To start **helping people,** we would need *a clear path to production*

# What could happen next ?

**If all blockers to the partnership were removed, we could:**

- Complete the build of the MVP service
- Conduct a controlled pilot in a tax clinic to further refine the service
- Assess results and iterate as needed
- Pilot a first release with 1000 pre-identified late filers

Questions?

Canadian Digital Service
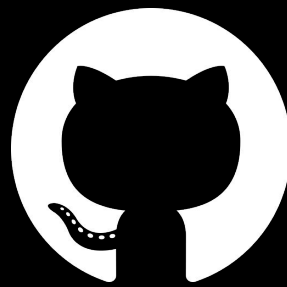Service numérique canadien

Canada

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