

Tax Agency Accountability

Issue

Small businesses and accountants report frustration and a need to commit significant time, often at considerable expense, to deal with taxation and filing issues with the Canada Revenue Agency and the Alberta Tax and Revenue Administration.

Background

As small business accounts for 98 per cent of business in Canada, employing 48 per cent of the labour force,¹ it is apparent that small businesses are the backbone of Canada's economy.

There are few businesses that at some point in time have not had to correspond with the Canada Revenue Agency (CRA), or Alberta Tax and Revenue Administration (TRA) over some matter related to their business, whether by letter, fax, telephone, online or in person. Inquiries typically centre around issues related to corporation income taxes, the goods and services tax, payroll taxes, customs and excise taxes, or even personal income taxes.

Although there is one basic number for business inquiries and one for inquiries regarding personal income tax, which should make for efficient, effective interaction with the CRA and TRA, many small businesses find themselves spending exorbitant amounts of time dealing with them. When a business makes an error in filing, there are strong timelines placed on correction and response; however, when the tax agency is in error, a small business person may invest significant amounts of time communicating or attempting to communicate with them and being transferred from department to department. In many cases an accountant is required to handle the matter, creating more cost and more red tape.

The CRA has held a number of consultations through 2012, 2014, and 2016 with the goal of reducing red tape and improving service for small and medium businesses. Across the country and through the years the feedback provided to the CRA has remained remarkably consistent. Businesses want to:

- Reduce the frequency of small business interactions with the CRA
- Improve how and when it communicates with small businesses
- Make "burden reduction" systemic within the CRA

Frustration and complaints about dealings with the TRA are similar to those with the CRA.

Unfortunately, business owners still report significant administrative burden, lack of timeliness, professionalism and predictability when dealing with regulators, lack of coordination between regulators, and a lack of fundamental understanding of the realities of small business.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

¹ Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html

1. Incorporate flexibilities into the Alberta Tax and Revenue Administration to allow frontline staff to manage communications between TRA streams on behalf of small business owners, and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
2. Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
3. Hold the TRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding TRA errors within 30 days of notification by the taxpayer or taxpayer's representative.

The Alberta Chambers of Commerce recommends that the Government of Canada:

4. Incorporate flexibilities into Canada Revenue Agency (CRA) systems to allow frontline CRA staff to manage communications between CRA streams on behalf of small business owners, and take initiative to resolve issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach.
5. Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler.
6. Hold the CRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding CRA errors within 30 days of notification by the taxpayer or taxpayer's representative.

1 Industry Canada Key Small Business Statistics July 2010. http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/h_rd02488.html

2 Canada Revenue Agency Form RC4483. <http://www.cra-arc.gc.ca/formspubs/pbs/rc4483-ctntmtpdt-eng.html>

3 CRA maintains regular updates of "ongoing action items" which it updated in November of 2009. No further updates have been published since that time.

4 "Focusing on Small Business Priorities: Canada Revenue Agency Consultations on Cutting Red Tape." 12 November 2012. http://www.cra-arc.gc.ca/gncy/rdtpdctn/rprt2012-eng.html#_Toc227916449 Canada Revenue Agency. Retrieved on 10 February 2015.