



INTUIT SUBMISSION TO THE 2021 PRE-BUDGET CONSULTATIONS

Recommendation 1: Program delivery should be oriented around the needs of citizens, not government, by encouraging creative ways to bring services to Canadians within private sector digital tools that have already been broadly adopted. By leveraging the power of APIs, digital government services can be offered through the mechanisms that are easiest and most convenient for Canadian citizens and small businesses.

Recommendation 2: Create an API that would allow small businesses to submit automated GST/HST returns directly to the Canada Revenue Agency through bookkeeping software, similar to the NETFILE API that allows Canadians to file taxes directly from online tax software.

Recommendation 3: Create an API for the calculation and submission of Records of Employment directly through payroll software, easing compliance for small business and speeding up the processing of Employment Insurance claims.



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Intuit would like to thank the members of the House of Commons Standing Committee on Finance for the opportunity to contribute to its consideration of recommendations for Budget 2021.

Intuit's mission is to Power Prosperity Around the World. We are a global financial platform company with products including TurboTax, QuickBooks and Mint, designed to empower consumers, self-employed and small businesses to improve their financial lives. Our platform and products help customers get more money with the least amount of work, while ensuring complete confidence in their actions and decisions. We provide an innovative ecosystem of financial management solutions serving approximately 50 million customers worldwide.

With over 400 employees in Canada, our products are uniquely created for the Canadian market and Canadian compliance needs. We are proud to say that QuickBooks is Canada's best-selling small business accounting and payroll software, and TurboTax, Canada's number one online income tax software for individuals.

THE IMPACT OF COVID-19 ON SMALL BUSINESS

Around 98% of companies in Canada are small or medium businesses (SMBs) and COVID-19 has been particularly devastating for many. In June, Intuit Canada surveyed some of our thousands of QuickBooks customers to better understand how small businesses had managed through the downturn and prepared for the economy to reopen.

Most small businesses owners expected to see a significant decline in revenue compared to 2019. Around 18% of our survey respondents expected to see revenue go down more than 75%, while 23% expected a decrease of 50 to 74.9%. Just under 25% expected revenues to drop between 25 to 49%.

Nearly 52% of small business owners reported business cash flow, getting paid, meeting payroll and paying rent and other bills as one of their top three concerns. With reduced economic activity, 41% of small business owners were worried that consumer spending will continue to be reduced, even beyond the initial COVID-19 crisis period. Nearly 18% listed overwhelming stress among their top three concerns.

Not surprisingly, the impact of COVID-19 has many small business owners questioning their future. Over one-third (almost 34%) estimated that they would last only 1-5 months at current or expected revenues, while approximately 21% believed they could continue 6-12 months under current economic conditions.

Government support programs have helped many small businesses to weather the COVID emergency. Of firms who estimated in June that they could continue under current conditions for 6-12 or 12+ months, nearly 49% had received the Canada Emergency Business Account (CEBA) and 44% the Canada Emergency Wage Subsidy (CEWS). Of those saying they could last just 1-5 months, 43% had accessed CEBA and 39% had used the CEWS.

SMALL BUSINESS DIGITAL GOVERNMENT SERVICE DELIVERY

While the direct support offered through COVID-19 has helped a number of businesses to make it through, digital service delivery offers a way for the federal government to simplify regulatory compliance and reduce stress for all small business owners.



The success of regulatory compliance should not only be measured in the percentage of those who meet their obligations, but in how easy it is for them to do so. We believe the future of digital government services is increasingly in matching service delivery to the needs of citizens, not of government. This includes finding opportunities to reach Canadians where they are, instead of making them come to government portals and websites which are often outdated and difficult to use, and costly for the public service to maintain.

Intuit has a long history of piloting new ways of simplifying compliance and access to government programs through the products and platforms that they already use. The low enrolment rates in the Canada Learning Bond (CLB) program offered us an opportunity to serve our customers' interests while also advancing a key public policy priority – helping Canadian families save for their children's post-secondary education. While not a tax related benefit, we realized that TurboTax customers had already input sufficient data into our product to enable us to determine their CLB eligibility through their tax filing. Thus, we began a partnership with the non-profit SmartSAVER to pilot a digital enrollment to the CLB program.

In May 2018 (after tax season), Intuit reached out by email to customers eligible for the CLB and, in July 2018, we added an in-product message that eligible individuals would trigger when they complete their taxes. Both the email and in-product message provided information on the CLB and linked them to the SmartSAVER website where they could begin the registration process. With strong initial results in our pilot outside of tax season, both organizations were looking forward to seeing the success of in-product promotion during the tax season in 2019.

By the end of May 2019 this partnership had resulted in over 3,500 new registrations for the CLB – up to \$7 million to support the future education of children from modest income families. SmartSAVER also experienced the highest conversion rate they had ever achieved through a direct pathway from any of their digital partners. Given the success, Intuit and SmartSAVER have continued to build on this partnership to further integrate and simplify the application process. Results from this most recent, COVID-19-delayed tax season are still being compiled, but we expect that these efforts will continue to help ensure families to access this important benefit.

Opportunities for Improved Digital Government Services for Small Business

Application programming interfaces (APIs) have the power to transform digital government services. As the Public Policy Forum (PPF) found in its report on [APIs in Government](#), "By using APIs to share data, governments can stimulate the economy, improve their service delivery, update their IT, improve their understanding of how citizens use their services, reduce the risks associated with digital project development and make themselves more open and transparent."

The CRA NETFILE program is recognized as one of the biggest successes of digital government service and an example of the power of APIs to transform program delivery. CRA certifies a wide variety of paid and free tax products developed for the Canadian marketplace by the private sector. These companies compete to build the most affordable, innovative and intuitive products for Canadians, at no cost to government. This partnership has helped to transform the formerly paper-based tax filing experience to one where over 90% of Canadians file online. Returns are more accurate and easier to review, allowing a significant diversion of internal CRA resources from paper-processing of tax returns to higher priority areas such as investigating tax avoidance and ensuring compliance.

The lessons from the CLB pilot and from NETFILE provide proven roadmap for governments looking to simplify regulatory compliance for small businesses. In addition to providing Canada's most popular digital tax software, Intuit is the maker of the most widely used small business bookkeeping and payroll software, QuickBooks. Our customers are predominantly micro small businesses with fewer than ten employees and we also serve a growing number of self-employed and gig economy workers. These small businesses face an enormous time, resource and capacity constraints – which have grown exponentially with COVID-19 – and we believe that APIs offer significant opportunities to help simplify compliance with tax and payroll obligations.

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HST/GST Quarterly Returns

Alternative compliance portals that seek to leverage the digital bookkeeping tools used by millions of small businesses could be a game changer for complying with GST/HST reporting obligations. Currently, Canadian businesses wishing to use a digital option are required to use the Canada Revenue Agency's website to manually enter the details of their quarterly GST/HST returns and submit the electronic form. While small businesses may diligently comply with these obligations, many report frustrations with the CRA portal and delays accessing service options when they encounter problems.

By working with software developers to fully integrate this compliance activity through a direct API, small businesses would be able to fully automate their GST/HST calculations and submit their return to the CRA using their bookkeeping software, in the same way that Canadians submit their personal tax returns directly with NETFILE from their online tax software of choice. Such an initiative would save time, frustration and anxiety about calculation errors for small businesses and would increase timely and accurate compliance for CRA.

Recommendation 2: Create an API that would allow small businesses to submit automated quarterly GST/HST returns directly to CRA through bookkeeping software, similar to the NETFILE API that allows Canadians to file taxes directly from online tax software.

Records of Employment (RoE) Submission

Similarly, small businesses face a significant compliance burden with the current online process to submit Records of Employment (RoE) to Employment and Social Development Canada (ESDC). RoEs are used to validate Employment Insurance (EI) eligibility and EI applications cannot be processed by Service Canada without the correct, timely submission of an RoE. Time delays or errors when small businesses manually create an RoE for a departing employee creates a knock-on effect in delaying access to income for recently unemployed EI claimants.

In the initial weeks of the COVID-19 closures and before the simplified qualification requirements for the Canada Emergency Response Benefit (CERB) were announced, ESDC's ROE submission portal could not handle the volume and was frequently unavailable. This added significant stress for small businesses who wanted to ensure the employees they were forced to lay off would not face challenges accessing support during the pandemic.



The completion of RoEs could be simplified significantly were the calculation and submission integrated with payroll software and Service Canada through a direct API. Government would receive more accurate filings, small businesses would save time and hassle, and recently laid off employees would receive faster processing of their employment insurance claims. The mandate letters for the Ministers of Families, Children and Social Development, of Revenue, and of Digital Government include a commitment to work to implement a voluntary, real time e-payroll system, a longer-term project that could also help reduce RoE requirements for small businesses. However, an API would be easier to implement in the short term to help alleviate an important compliance burden for small businesses, and provide the first step in a broader e-payroll system.

Recommendation 3: Create an API for the calculation and submission of RoEs directly through payroll software, easing compliance for small business and speeding up the processing of EI claims.

CONCLUSION

As the government looks to ensure small businesses are able to recover from the COVID-19 pandemic, API integrations with private sector software can be a powerful tool to make it easier for small businesses to meet their government compliance obligations and alleviate administrative burden from government IT departments. The added stress from COVID-19 is likely to be with us for some time. By leveraging the digital tools that millions of small businesses already use, the government can better meet the needs of small businesses while helping to ensure it receives timely and accurate filings.

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