

## Submission to the 2021 Pre-Budget Consultations by Tax-Filer Empowerment Canada (TFEC)

### Recommendations

1. **Further collaboration.** Tax-Filer Empowerment Canada (TFEC) and its members recommend that the Canada Revenue Agency (CRA) and Revenu Québec (RQ) continue to collaborate closely with the tax preparation and software industry to further improve tax filing for Canadian taxpayers and businesses.
2. **Permanently allow e-signature for all tax filing forms.** Following the successful implementation of temporary e-signature for some key tax forms due to the COVID-19 global pandemic, TFEC and its members strongly recommend the permanent implementation of e-signature provisions for all tax filing forms by January 2021.
  - a. E-signature should be accepted by CRA and RQ for all forms that are required to meet tax filing requirements.
  - b. A prioritized list of tax forms to be considered by the Government of Canada for immediate e-signature is included in *Annex A* of this submission. *Annex B* includes key tax forms in Quebec that TFEC recommends RQ permit for e-signature on a permanent basis.

### Introduction

TFEC and its members welcome this opportunity to provide input and recommendations to the House of Commons Standing Committee on Finance (FINA) as part of its pre-budget consultation process.

TFEC is a 10-member national industry association comprised of Canada's leading tax preparation and software firms from coast-to-coast. Our members include Thomson Reuters; Wolters Kluwer; H&R Block Canada; Intuit; FBC; Liberty Tax; MNP; TaxTron; TaxCycle; and the American Coalition for Taxpayer Rights.

Formed in 2018, TFEC promotes greater collaboration between government stakeholders, including the CRA and RQ, the tax-filing industry, and Canadian taxpayers and businesses. TFEC is committed to ensuring that all Canadians have access to impartial, accurate and accessible tax preparation and software options provided by industry in partnership with governments.

TFEC member companies' electronic filing offerings include:

- In-person (brick-and-mortar) tax preparation services, which have been adapted to include additional safety and sanitation measures during COVID-19



- Do-it-with-me software (providing live assistance from a professional tax preparer)
- Do-It-Yourself (DIY) software
- Professional software (for accounting, legal, and tax preparation firms)

In 2018, TFEC signed a joint agreement to collaborate on digital services with the CRA with the goal of improving the tax filing experience for Canadian taxpayers, including targeted tax filing services and products to support lower-income Canadians and those living in northern and remote areas.

Going forward, we hope to build on this agreement by finding ways to collaborate even more closely with CRA and RQ to further improve the tax filing experience for Canadians and businesses.

### **TFEC and COVID-19**

TFEC and its members provided technical and policy support to CRA and RQ to help manage the 2019 tax filing season in response to the challenges of COVID-19, particularly focusing on providing support to low-income Canadians and those living in rural and remote communities.

The global COVID-19 pandemic, which arose in the midst of tax filing season, represented an unprecedented challenge to governments and industry. Policy makers, together with our association, quickly rallied to ensure that Canadians could continue to file their taxes – while respecting public health guidelines – in order to ensure timely access to their benefits and refunds. In doing so, TFEC members also took all necessary steps to ensure the safety and health of their employees and Canadian taxpayers.

With the onset of COVID-19, the ability to file digitally while maintaining social distancing has become essential, and TFEC is pleased to see continued growth in digital filing and the use of TFEC member services, including the expanded use of member on line software tools without charge.

Throughout COVID-19, TFEC members have provided new or adapted services including helping Canadians apply for the Canadian Emergency Response Benefit at no charge; access to videoconference and virtual services as an alternative to filing taxes in person; and helping Canada's least well off by teaching them to use free industry software through community partnerships – this has helped Canadians file taxes that were unable to utilize Community Volunteer Income Tax Program (CVITP) clinics that were forced to close due to COVID-19.

### **The Success of e-Signature**

To facilitate online tax filing, TFEC recommended that CRA and RQ allow taxpayers to sign key forms electronically as a safer alternative to in-person signing. In the face of widespread and ongoing concerns with COVID-19, TFEC has found e-signature to be a very valuable and popular option.

While the CRA had long been working on permitting e-signature for the T183 form with the view of having it fully implemented for Tax Season 2021, COVID-19 created an immediate and urgent need



for this initiative. As a result, CRA provided temporary approval for the use of e-signature on certain key tax forms to reduce the need for direct contact between taxpayers and those filing with CRA on their behalf. RQ followed suit by providing similar temporary approvals in Quebec for some provincial tax forms.

Allowing e-signature has been an unqualified success, both as a convenience to taxpayers and given the need to respect social distancing. We believe the smooth implementation and success of this provision more than justifies a permanent approval of e-signature for all tax filing forms.

With this in mind, TFEC would like to make two recommendations to the Standing Committee on Finance (FINA) for its pre-budget consultations.

1. **Further collaboration.** Tax-Filer Empowerment Canada (TFEC) and its members recommend that the Canada Revenue Agency (CRA) and Revenu Québec (RQ) continue to collaborate closely with the tax preparation and software industry to further improve tax filing for Canadian taxpayers and businesses.
2. **Permanently allow e-signature for all tax filing forms.** Following the successful implementation of temporary e-signature for some key tax forms due to the COVID-19 global pandemic, TFEC and its members strongly recommend the permanent implementation of e-signature provisions for all tax filing forms by January 2021.
  - a. E-signature should be accepted by CRA and RQ for all forms that are required to meet tax filing requirements.
  - b. A prioritized list of tax forms to be considered by the Government of Canada for immediate e-signature is included in *Annex A* of this submission. *Annex B* includes key tax forms in Quebec that TFEC recommends for e-signature to RQ.

## Conclusion

TFEC thanks the Committee for providing us with an opportunity to participate in its Pre-Budget Consultations in Advance of the 2021 Budget. We would be happy to answer any questions on the recommendation or supporting information contained in this submission.

## Annex A: Priority CRA Tax Forms Recommended for e-Signature by TFEC Members

TFEC has identified a number of priority forms that we recommend be permanently included in CRA's e-signature program, in addition to the current e-signature allowance made for the main return and certain other forms:

- Form T183, Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return
- Form RC71, Statement of Discounting Transaction
- Form RC72, Notice of the Actual Amount of the Refund of Tax
- Form AUT-01 Authorize a Representative for Access by Phone and Mail
- Form T1A, Request for Loss Carryback
- Form T1135, Foreign Income Verification Statement
- Form T1032 Joint Election to Split Pension Income
- Form T2091(IND), Designation of a Property as a Principal Residence by an Individual (Other Than a Personal Trust)
- Form T2200, Declaration of Conditions of Employment
- Form T2202A, Tuition, Education and Tax Amounts Certificate
- Form TL11DE, Tuition Fees Certificate – Educational Institutions Outside Canada for a Deemed Resident of Canada

## Annex B: Priority RQ Tax Forms Recommended for e-Signature by TFEC Members

TFEC has identified the following priority forms that have been temporarily approved for e-signature due to COVID-19 that we recommend be permanently included in RQ's e-signature program:

- TP1000 – Online Filing of the Personal Income Tax Return by an Accredited Person Form
- MR-69 – Authorization to Communicate Information or Power of Attorney