Re-envisioning the Canada Revenue Agency: From Tax Collector to Benefit Delivery Agent

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Abstract

In Canada, the tax system is not just used to raise revenue; it is also an important instrument for achieving various social objectives. As a result, the tax system is now closely intertwined with the income support system: many key income support benefits are either delivered through the tax system. As a benefit administration tool, the tax system has advantages; however, it is also problematic. First, it relies on self-assessment, which means the onus is on the individual tax filer to provide complete and accurate information to the government on the income taxes they owe. The problem is that tax filing is not, generally, legally required. Applied in the context of benefit delivery, such an approach thus risks missing many eligible recipients of income benefits. Second, individuals generally only file a self-assessed tax return once a year. COVID-19 laid bare a lack of sophistication and marked incapability of such a system to respond adequately in a time of real crisis. Since tax filing only occurs once a year, Canada's system could not respond to the dramatic in-year income shocks which occurred during COVID-19. We identify and highlight ways to modernize Canada's tax system and make it more responsive and streamlined. Introducing reforms such as pre-filled tax forms and real-time reporting could greatly improve the ability of the CRA to deliver income benefits. Improved benefit delivery would improve both the federal and provincial governments' ability to meet social objectives, including the reduction of poverty in line with Canada's and the provinces' poverty reduction strategies.

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1. Introduction

Canada's income tax system is used not just to raise revenue; it is also an important instrument for achieving various social objectives. As a result, the tax system is now closely intertwined with the income support system. Many key income benefits are either delivered through the tax system, like the Canada Child Benefit, or are dependent on information provided by the tax system, like the Guaranteed Income Supplement.

The incorporation of these social objectives means that the mandate of the Canada Revenue Agency (CRA) has expanded to not only administering taxes but also income benefits and related programs (Agency 2019). As a benefit administrator, the CRA has advantages over other agencies, notably over other governmental entities that administer programs such as provincial social assistance. These advantages include: a one-stop shop for benefit access as opposed to having to navigate a myriad of benefits through different agencies[1], lower administrative costs, lower stigma attached to benefit receipt, and the integration of revenue and redistributive objectives into one administration (Tedds 2017). Despite these advantages in benefit delivery, the CRA's current authority and structure hamper its ability to be effective in delivering on social objectives associated with these benefits. In this paper, we discuss the principal features that prevent the CRA from being a more effective benefit administrator for the purposes of achieving social objectives. Then, based on a scan of practice in other countries, we suggest reforms that would make the CRA a more effective vehicle for delivering social benefits.

We argue that, in order to be a more effective benefit administrator, the CRA should ensure that everyone who is entitled to benefits receives those benefits. The Minister of Natural Revenue's 2019 Mandate Letter agrees with this sentiment, stating that modernizing the CRA includes proactively contacting Canadians who are entitled to but are not receiving tax benefits (Office of the Prime Minister 2019). Regardless of this recognition, the CRA appears to limit their service focus to those who already interact with the agency. In particular, their mandate states the following: "contribute to the economic and social-well-being of Canadians by making sure that…clients receive the benefits for which they are eligible" (Canada Revenue Agency 2020a). The term "clients" is not defined, but, from the context, it appears that "client" refers to persons and entities that file tax returns. That is, the CRA ensures persons who interact with them receive the benefits for which they apply and are eligible or for which there is automatic assessment (dependent on the benefit). However, for non-filers who do not interact with the CRA, there appears to be no such assurance.[2]

To be more effective as a delivery vehicle for social benefits, the CRA also needs to be more responsive to real-time fluctuations in income. Currently, there is a potentially large time lag between when persons who are eligible for benefits need them and when they receive the money. For example, consider a person with a job in an initial year (say, 2017) with pay that is too high to qualify for the Canada Workers Benefit. If this person lost that job in February of 2018, replacing

[1] See Petit and Tedds (2020) for a detailed description and visualizations of the complexity of the system.
[2] The Community Volunteer Income Tax Program, which offers free tax preparation clinics, does attempt to help those who would not otherwise file a tax return. However, these clinics still only reach those who engage with them. Persons who do not engage with a clinic or the CRA do not receive the benefits they are entitled to.

it with a lower-paid job that does qualify for the benefit, they will not be able to get those benefits for at least 13 months, at their next tax filing (in the spring of 2018). This delay may drive them deeper into a financial insecurity, requiring them to take actions, such as taking out loans, with long-term ramifications.

Both of these tax administration shortcomings—not ensuring those who are entitled to benefits receive them and unresponsiveness of benefits—reduce the ability of federal and provincial governments to achieve poverty reduction goals (when the CRA is the delivery vehicle). For example, the federal Poverty Reduction Strategy's goal of protecting Canadians from falling into poverty (Government of Canada 2018)(Government of Canada 2019)(Government of Canada 2018, 6) will be hard to meet with the type of response lags described in our example. Similarly, if families with low income are not being assessed for the Canada Child Benefit and provincial child benefits because they do not interact with the CRA, the ability of both levels of government to meet their stated child poverty reduction goals is limited.

This paper is set out as follows. In the next section, we examine the problem of lack of receipt of benefits among those who are entitled to benefits arising from self-assessment and a lack of a requirement to file. We examine the use of pre-filled tax forms used by other tax authorities, how this could help ensure more eligible persons receive CRA-delivered benefits, and what would be required for Canada to implement such a system. We then look at the problem that once-a-year tax filing creates for the responsiveness of CRA-delivered benefits, and we assess how real-time reporting used by other tax authorities could make benefits more responsive. We examine some notable difficulties with real-time reporting and the assessment of benefits and how these could be handled.

Pre-filled tax forms

The current administration of the tax and benefit system is predominantly based on the notion of self-assessment. Self-assessment means that the onus is on the individual tax filer to provide complete and accurate information to the government on the income taxes they owe, on any income earned in the previous calendar year, and generally to do so by April 30 of the subsequent year. CRA then uses third-party information reported separately to CRA and matching techniques to verify the information provided by the tax filer. Third-party reporting, or matching, is a tax policy concept according to which a third party (i.e., neither the individual nor the tax authority) provides an impartial verification of income. For example, all employers are required to report to the tax authority on a T4 information slip the wage income of their employees, on or before the last day of February of the year following that to which the income information applies. While not all income is subject to such reporting, a significant amount is. This means that CRA actually already knows a fair amount about much, if not all, of the income earned by a significant number of tax payers (Canada Revenue Agency 2020c). This annual, self-assessed reporting regime with matching verification has remained fundamentally unchanged since it was established in 1918, when Canada's economy was primarily agrarian.

This process of self-assessment certainly has some advantages; however, as a benefit administration tool, this approach is problematic because the onus to file taxes is on the individual in order to claim or be assessed for income benefits. The problem is that tax filing is not, generally, legally required. While there are some additional rules governing who is required to file (Canada Revenue Agency 2004), the most important one is that only those individuals with a balance owing are legally required to file a tax form. If the individual has no taxes owing, either because their income is at or below the amount set for the basic personal exemption or because sufficient tax was withheld by their employer and remitted to CRA, they are not obliged to submit a tax return, even if completing and submitting one would provide a refund. However, individuals who do not file tax returns are essentially excluded from being assessed for (and receiving if eligible for) any CRA-delivered benefits associated with that tax year. While the agency currently has some measures in place to identify and contact individuals who may lose benefits because they have not filed a return (Canada Revenue Agency 2020b), this approach is based on the client-centred model of its mandate noted in the introduction. If an individual has not been a client, that is, has not filed a tax return either recently or ever, they are unlikely to be included in this initiative. The self-assessment model upon which Canada's tax system is currently based, therefore, hampers the ability of the federal and provincial governments, through the CRA as the benefit administrator, to achieve social objectives.

The need to file a tax return in order to access income benefits imposes a barrier to benefit access, especially for those who are most likely to benefit from these benefits. Robson and Schwartz (2020) estimate that 10-12 percent of Canadians do not file tax returns, and as a result their entitled but unclaimed benefits amounted to about $1.7 billion in 2015. They also find that persons in families with a disposable income less than the Market Basket Measure (MBM) poverty line were 8.6 percentage points less likely to file a tax return than those in families with income greater than 200% of the MBM threshold. Furthermore, in the City of Calgary, an estimated 97 percent of the homeless population do not file tax returns (Calgary Homeless Foundation 2018), and an estimated one-third of social assistance recipients in Ontario do not file returns (Stapleton 2018). Finally, it has been estimated that 40 percent of eligible First Nations families do not receive the Canada Child Benefit (Prosper Canada 2018). While the Government of Canada has committed to simplifying the CCB application form to help address barriers to new immigrants and indigenous people (Press 2019) and increase the tax filing rate in indigenous communities by at least 10 percent by 2020, the ongoing gap impedes the ability of governments to reduce child poverty. The evidence presented here shows that tying benefit delivery with tax filing risks missing many eligible recipients.

To expand the reach of CRA-delivered benefits, the tax filing onus should be reversed. Rather than the individual completing their own tax form and CRA verifying it, tax forms instead could be pre-filled by CRA, using the information that CRA already possesses to verify the information submitted by the individual, and distributed to the individual for verification. During the verification stage, the individual can change and add information to their tax form. This phase is important to not only add income which is yet to be subject to third-party reporting, but also to claim important tax credits, like the medical expenses tax credit, where the information is only known by the individual. Many organizations have been actively calling for the government to implement a pre-filled tax form approach (Canada Revenue Agency 2004; Canadian Chamber of Commerce 2019; Canadians for Tax Fairness 2020). More recently, in the September 2020 Throne Speech, the Liberal government pledged to "work to introduce free, automatic tax filing for simple returns to ensure citizens receive the benefits they need" (Government of Canada 2020). If implemented, this will be a significant first step towards a comprehensive system of pre-filled tax forms.

As mentioned above, the CRA already collects third-party information on a large amount of income. Organizations that provide T-slips to taxpayers, such as employers who provide T4s stating an employee's wages/salary, provincial social assistance providers who provide T5007s stating a recipient's social assistance income, and financial institutions who provide T5s stating investment income, also provide this information to the CRA through third-party reporting. The pre-filled tax forms approach simply requires the CRA to use this third-party information more efficiently. Pre-filled tax forms could ensure that for persons who would not otherwise file a return, if the CRA has third-party information on them, their returns could actually be filed and they could receive the CRA-delivered benefits to which they are entitled.

A number of countries already employ pre-filled tax forms; as of 2019, there were 10 countries (of 58 developing and developed countries examined by the OECD) that used them, including Austria, Belgium, Denmark, Finland, Hungary, Lithuania, Malaysia, Norway, Slovenia, and Spain (OECD 2019). Denmark was the first country to adopt pre-filled (paper) tax forms in 1988. In Denmark, 100% of tax filers receive a pre-filled tax form and only 22 percent of those tax forms are adjusted by the tax filer (OECD 2006).

Canada has made some advances in moving toward pre-filled forms. Since 2016, CRA has offered "Auto-fill". Auto-fill uses available third-party information to pre-fill tax forms for Canadian tax payers who voluntarily choose to have their tax forms pre-populated, have a My Account through the CRA, and are using a certified software (Canada Revenue Agency 2016). Auto-fill, however, is limited because an individual's tax forms are not pre-filled automatically nor is anything done for persons who do not file a return. In addition, in 2016 CRA developed a pilot-project that would allow it to prepare the tax returns for low- or fixed-income Canadians. However, the pilot project was quietly cancelled in 2018 after an agreement was signed between the CRA and the tax preparation software industry (Nardi 2020).

The CRA could move toward a full system of pre-filled tax forms in a strategic fashion following lessons learned from those countries that have already implemented it. First, aligned with the commitment in the Speech from the Thone, it could be implemented for "simple" tax returns, that is, for persons with employment income and social assistance income (e.g., income for which there is already sufficient third-party reporting, relatively simple deductions and credits, and for persons who do not owe any or very little taxes). This would ensure CRA-delivered benefits are received by those who are entitled to them. However, this system is not a full system of pre-filled tax filing and potentially misses tax credits and deductions for which third-party reporting does not currently exist.

Second, to move towards a complete system of pre-filled tax forms, more accurate pre-filled tax forms would need to be provided. The success of pre-filled tax forms in the countries that have adopted it has been attributed to a number of pre-existing factors affecting pre-filling including: high integrity taxpayer identifiers, a comprehensive system of third-party reporting, a high degree of automation among information suppliers, and a compatible legislative framework including limited non-standard deductions (Ibrahim and Pope 2011; Highfield 2006; OECD 2008). Canada already has high-integrity tax identifiers (i.e., Taxpayer Identification Numbers). However, Canada is lacking in the other requisite dimensions. First, third-party reporting would need to be expanded in order to pre-fill more information. For example, in most cases, self-employment income is not subject to third-party reporting. This is concerning as it means CRA fails to capture information on the income of an important segment of the Canadian workforce, including those employed in precarious, non-standard, and contract work. However, this can be addressed through changes in reporting, similar to that related to self-employed income paid by public entities which is reported on a T4A, for example. Other challenges are posed by foreign income (both earned and investment), rental income, most capital gains, interest on private loans, business income, and cash receipts (which are hard to track under any system). However, all of these items except for cash income and self-employment income are unlikely to be received by the low-income population (Canada Revenue Agency 2020c). For that reason, the inability to extend third-party reporting to some areas is unlikely to pose a major barrier to pre-filling tax returns with respect to the delivery of most income benefits.

Canada also lacks a compatible legislative framework: deductions, tax credits, and other items of income must be verifiable by the CRA for an effective system of pre-filled returns. The current tax legislation is complex. For example, persons with rental income can currently deduct their expenses related to renting from their rental income. These expenses can be difficult to verify. In Denmark persons with rental income[3] (including from Airbnb) can choose between a standard deduction or an accounting deduction. For the standard deduction, in 2019, DKK 28,600 ($6,013 CAD) was deducted from rental income and 60 percent of rental income over that amount was taxed. This is relatively straightforward to automatically pre-fill. Persons with rental expenses higher than the standard deduction can elect to deduct their actual expenses from rental income (similar to what Canada currently does). This must be done by the tax filer and is not pre-filled.[4] This choice of a standard deduction or an accounting deduction allows for both better pre-filling and taxpayer choice in what model best suits their situation.

A number of concerns arise with auto-filling and third-party reporting. First, there is a worry that the risk of errors will increase, including overestimating and underestimating taxes owing (Brookes and Dery 2018). That is, the CRA could make an error in pre-populating the tax forms and the taxpayer might not notice or choose not to notice (e.g., because they then owe less taxes if they do not correct it). To avoid technology-related errors, particularly in "simple" returns, before implementation, the CRA should perform extensive testing of pre-population. Further, it should be clear that the legal obligation remains on the tax filer to ensure their tax forms are correct, encouraging them to double-check their pre-populated information. It has also been shown that the use of behavioural 'nudges,' such as a message that pops up when income information entered is different from the norm, can reduce revenue loss from under-reporting of income in pre-populated tax forms (Fonseca and Grimshaw 2017). Extending third-party reporting also raises the possibility of increased errors in submitted information. This is particularly true if, as we suggest below, there is a move to real-time reporting. It will be important to enforce legal obligations related to information filing to make sure that third parties see that they have a stake in the tax filings.

[3] In Denmark, since 2018, persons renting out a property are encouraged to use an agency, but only AirBNB is required to report rental income to the tax agency. As of 2021, all persons renting out property will be required to use an agency which will then report the rental income. See: https://skat.dk/skat.aspx?oid=2285757.

[4] For more information, see the Danish tax authority website: https://skat.dk/skat.aspx?oid=2285757

Second, pre-filled returns may alter incentives for full reporting of incomes. Sending individuals a pre-filled tax return for their review and approval or correction would raise a new kind of risk for accurate and complete income reporting. Under the current system, the filer does not know exactly what information on their income the CRA possesses beyond items on T slips they have received. Thus, the tax filer may feel it risky not to report all sources of income including items for which they did not receive a T slip, such as foreign income or private loans. When receiving a pre-filled tax return, in contrast, the filer is more likely inclined to assume that the income items on the return are the entirety of what the CRA knows; they may thus perceive less risk in omitting to add other income sources that were not tracked on T slips. Whether this matter is significant in either quantitative or behavioural terms is unknown.

Third, there is a worry that increasing third-party reporting requirements will increase the cost for compliance by third parties that previously did not have to report (Brookes and Dery 2018). These additional administrative costs can be lessened through third-party consultations before implementation combined with technology/software that has been developed already for other countries and that integrates with already existing systems.[5] There will also be some increased costs to the CRA. Pre-population simply shifts the costs from the tax filer to the payer and CRA. However, these costs should not be substantial as the CRA already checks tax forms after they have been filed and already provides Auto-Fill.

Fourth, concerns may arise related to the response rate of individuals verifying their pre-filled tax form. In all places where pre-filled tax forms are used, there is a notice period, during which tax filers can change the pre-populated tax form by including missing information. Further, most system that use pre-filled tax forms also operate under a system where acceptance of the prefilled form is based on an opt-out system rather than the current opt-in system. For example, Denmark moved to a system of "silent acceptance" in 1992 (OECD 2008). That is, if the individual does not change the tax form or provide notification of acceptance, it is deemed "accepted" and filed as is.

Fifth, there is a need to ensure that the individual actually receives their pre-filled tax form for verification and acceptance? Information on individuals often becomes obsolete in between tax seasons, as people move, change their names, update their banking information, or pass away (Robson 2020). As was laid bare during the COVID-19 pandemic, the government maintains no super-database of all Canadians, their bank accounts, and addresses. As it stands, CRA lacks important real-time information that would allow for a seamless delivery of pre-filled tax forms to the entire population. While CRA may not have access to this information, this is not to say that this information doesn't already exist across Ministries and governments in Canada. An advanced eGovernment system would help the implementation of pre-filled tax forms be more successful.

Estonia and Finland have developed and implemented an advanced system of eGovernment whereby information on the individual is asked for only once by any government agency and that data point is only ever stored once (minimizing the collection of data). The individual owns and controls that data via an electronic identity card and can change or delete the data at any time; that

[5] See the next section for discussion on the implementation of Ireland's RTR system. Third parties were extensively consulted, and already-existing UK software was adapted and integrated with the extant processes.

is, the data is not under institutional control, although each agency is responsible for data privacy[6] (Priisalu and Ottis 2017). In Estonia, as of 2017, 4,196 government services were offered on-line through the eGovernment information system with only three services not being available online (have to be done in-person): getting an ID card, getting married, and real estate transactions (Priisalu and Ottis 2017). Because of this detailed information, Estonian tax forms are pre-populated with information including employment income (via digitized linked employer reporting), number of days sick and sick leave taken (via digitized linked health care system), and exact amount of income (via digitized linked banking system) (Klemm 2019). It is clear from current examples of pre-filled tax forms that eGovernment is an important tandem policy that would lead to more information being available to pre-populate tax forms.

It is clear that such a system of eGovernment in Canada would require a massive reform and privacy concerns appropriately addressed. Canada's eGovernment is much more primitive: very few agencies share information, and those that do, share very limited information. In 2019, the Standing Committee on Access to Information, Privacy, and Ethics considered the Estonian model of eGovernment. In a report released in June 2019, they concluded that although Canada could learn from the Estonian model, a number of factors would need to be remedied first, including a deficiency in Canada's privacy laws, public trust in government, a change in the culture of the public service, guaranteeing access to the internet including rural and remote areas and consultations with Indigenous persons (Zimmer 2019). These concerns are not trivial; however, with a precisely defined outcome and a well-laid out strategy to get there, movement can be made towards more effective eGovernment in time, thus benefitting CRA benefit administration.

Real-time Reporting

Not only did COVID-19 highlight the lack of a super-database on Canadians, as discussed above, it also laid bare a lack of sophistication and marked incapability of income benefits delivered through the tax system to respond adequately in a time of real crisis. Since reporting of income on individuals occurs only once a year[7], Canada's system could not respond to the dramatic in-year income shocks which occurred during COVID-19, especially as the majority of first-wave shocks hit between March and June 2020.[8] As a result, Canada was forced to instead provide pandemic support through a less-than-ideal Canada Emergency Response Benefit (CERB) system administered by Service Canada, which required recipients to self-identify. In essence, Canada's tax system proved too clunky and unresponsive to deliver emergency pandemic income support.

To increase benefit responsiveness and ensure timely delivery of benefits, real-time reporting (RTR) should be adopted. RTR requires employers to submit employee payroll information to the

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[6] Some data is not controlled by the citizen, particularly data created directly by the government. For example, criminal activity data cannot be altered or deleted by the citizen.

[7] Employers' periodic (monthly or quarterly) reporting of income and tax remittances throughout the year are only on an aggregate basis. Organizations must submit their income information on individuals (e.g., T4 information from employers) by the last day of February (for the previous year January-December). Personal tax filers who owe taxes can begin filing taxes on February 18th and must complete filing by April 30th (for the previous year).

[8] Additionally, as there is no existing system for third-party reporting of self-employment income, the government struggled to verify income lost by those with self-employment earnings, particularly those in precarious and gig work. Not only is expanded third-party reporting important for a complete system of pre-filled tax forms, but it is also important to be able to deliver real-time income benefits.

tax authority on or shortly after the employee's pay date. A number of countries have adopted RTR including the UK in 2013 (HM Revenue and Customs n.d.) and Ireland in 2019 (Irish Tax Institute 2018). In both the UK and Ireland, RTR was integrated with existing payroll practices; that is, employers could continue to use their payroll software for payroll, and, with one additional extra click, that payroll data would then be uploaded to a data-gathering system used by the tax authority (Revenue 2017). Because of this integration with current practices, employers already using payroll software were projected to see no (or very little) additional administrative burden, and, in Ireland where year-end tax forms (such as our T4) were eliminated, there was projected to be administrative cost savings to employers using payroll software (Revenue 2017). However, some additional costs were projected to arise for firms not using tax software or professional bookkeepers; namely, small businesses (Revenue 2017).

An RTR system can aid in benefit administration by providing benefits when they are needed, and allowing for real-time monthly adjustments to benefit amounts. In 2019, the UK began to use their RTR system to deliver their Universal Credit (UC), and to provide monthly adjustments to the UC.[9] The UC replaced a number of social benefits including the housing benefit, the child tax credit, income support, income-based jobseeker's allowance, income-related Employment and Support Allowance, and the Working Tax Credit with one benefit paid monthly based on net income (as reported by employers in real-time) and personal circumstances such as the number of persons in the household and the cost of housing.[10] During COVID-19, UC benefit amounts adjusted in real-time to changes in earnings, and, for new UC claims, 74 percent of surveyed claimants expressed satisfaction with the speed that the claims were processed (Brewer and Handscomb 2020).

An RTR system would also materially aid tax administration and sharply reduce the numbers of tax filers with either tax due or tax refund claims at the time of tax filing. Canada's system of source withholding by employers assumes that each employee will be earning at the same rate as in the current pay period for the entire year. In effect, the tax rate brackets and tax-free amount are divided into the number of pay periods in the year, and income taxes are withheld on that basis in each pay period and irrespective of how much had been withheld from the employee in other pay periods. Given the progressivity of the rate schedule, this means that employees with variable earnings over the year, with only part-year work for that employer, or with jobs held simultaneously with multiple employers will tend to have their taxes over-withheld. Thus, many workers will have to await tax filing to claim and receive a refund of their over-withheld taxes.

In contrast, to the "current" assessment method used in Canada, a "cumulative" assessment method could be used. An example is the Pay as You Earn (PAYE) method used in the UK and elsewhere, in which an employer bases tax withholding on the cumulative entitlement to the tax-free amount and the rate schedule, both of which are updated each pay period.[11] The employee's cumulative

[9] The UK tax authority does not deliver or administer the UC. This falls to the Department of Work and Pensions. which uses real-time information provided by the tax authority to calculate the monthly UC amount.

[10] See https://www.gov.uk/universal-credit/how-your-earnings-affect-your-payments for more information on the Universal Credit.

[11] For example, with monthly pay periods, in the second month of the year the employer compares each employee's cumulative taxes withheld with the amount that should have been withheld based on 2/12 times the annual tax-free threshold and 2/12 times each tax rate bracket; excesses or deficiencies are addressed. This process is repeated for

taxes withheld at that point are compared with what should be due on that basis, and the withheld amount can be increased or decreased accordingly. If the employee's income falls sufficiently in that pay period, the employer can supplement rather than subtract from the pay cheque. The employer can also be used as the agent for timely dispensation of social benefits to be added to the pay cheques. RTR is not essential for Canada to adopt a cumulative assessment method, but RTR would make the system more efficient for workers with multiple employers, as the tax agency can coordinate withholding and benefit rates across firms (as in the UK).

Admittedly, a number of failings were associated with the roll-out of the UK's real-time UC, including errors in calculations leading to significant budgeting issues for recipients. However, Canada can learn from their mistakes. Ireland has shown that with a well thought-out strategy, sufficient consultation with software providers and third-party information suppliers, and extensive testing of the user interface, a large-scale roll-out of RTR can be relatively seamless. Second, UK's problems in introducing the UC teaches us that rolling out non-transparent benefits too quickly is bad practice. Ensuring CRA-delivered benefits that are provided in real-time are transparent—easy for the recipient to understand how eligible income was calculated and where the numbers come from—can ease the transition. Finally, it has been suggested that the UK's one-month assessment time for benefits may actually be *too* responsive due to lags in employer reporting (or reporting errors) and does not line up with the payment of wages (Millar and Whiteford 2020). Improving upon these implementation issues to suit the Canadian context is vital to well-functioning real-time benefits.

2. Conclusion

Re-envisioning the CRA as a benefit administrator delivering benefits to meet social objectives requires several types of reform. Current aspects of tax administration such as self-assessment, the lack of a universal filing requirement, once-a-year third-party income reporting, and a limited eGovernment hamper the CRA's effectiveness as a benefit administrator. Introducing reforms such as pre-filled tax forms—to ensure tax-delivered benefits reach all who are entitled to them, not just tax filers who manually file—and real-time reporting—to improve the responsiveness of benefits—could greatly improve the ability of the CRA to deliver benefits. Improved benefit delivery would improve both the federal and provincial governments' ability to meet social objectives, including the reduction of poverty in line with Canada's and the provinces' poverty reduction strategies. An incidental benefit would be more accurate tax withholding and less frequency of year-end tax refunds. While these changes to administrative will be associated with various implementation challenges, these can all be overcome with proper leadership, attention to policy objectives, and learning lessons from other jurisdictions.

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