

Innovations in Tax Filing: Study of Barriers Faced by Low Income People and Finding Potential Solutions





Main goals of the study

- Gain a greater understanding of low – income group's overall experience around tax filing
- To learn about current tax filing services in Toronto





Data collection

- Online survey (Feb – March, 2021) with low-income clients in receipt of Ontario Works in Toronto registered with TESS.
- Semi-structured interviews with staff at free tax clinics from Jan – March 2021.



Survey – How do people file taxes

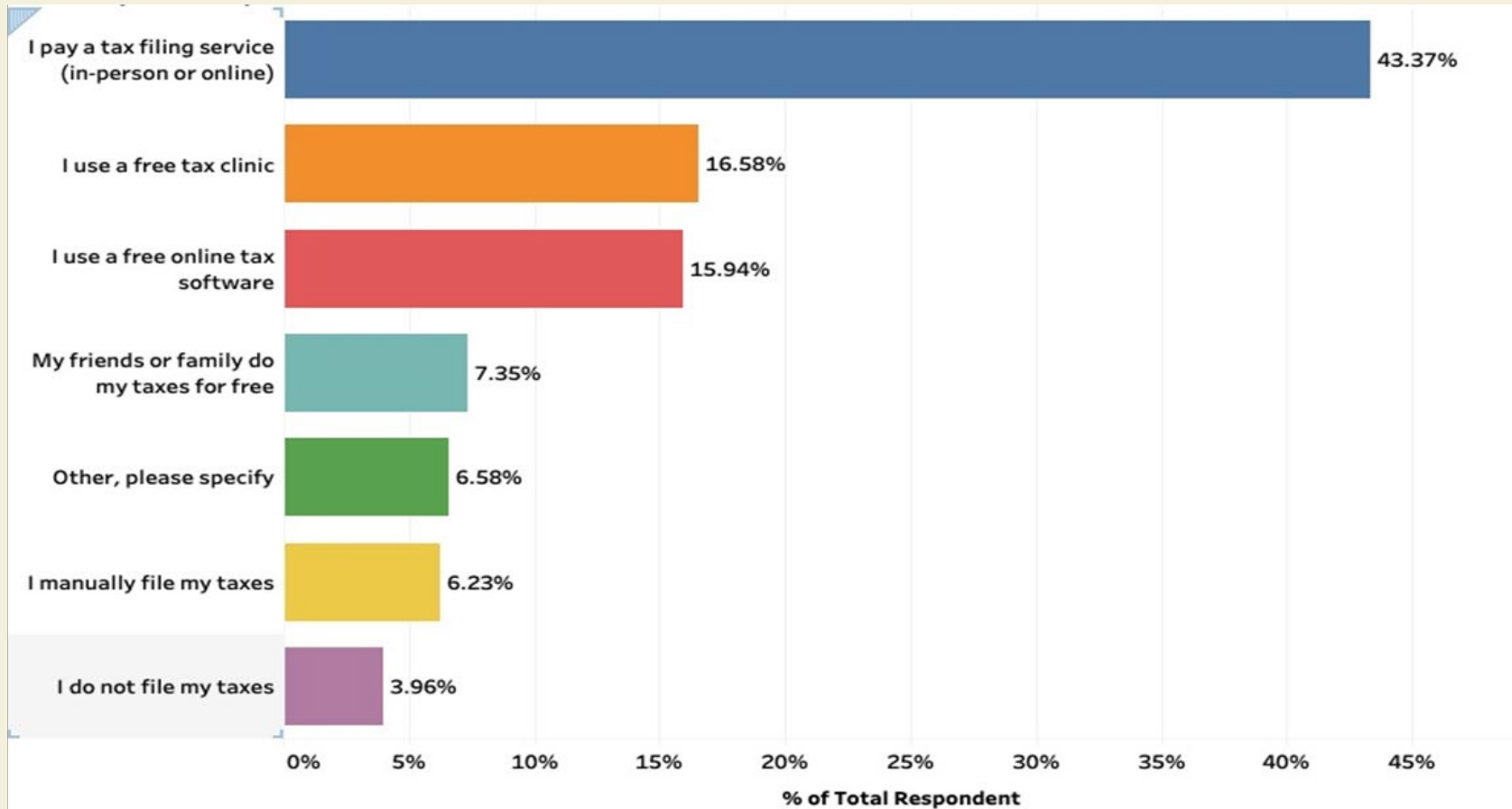


Figure 1: Methods reported for how taxes are filed



Survey – Barriers faced to file taxes

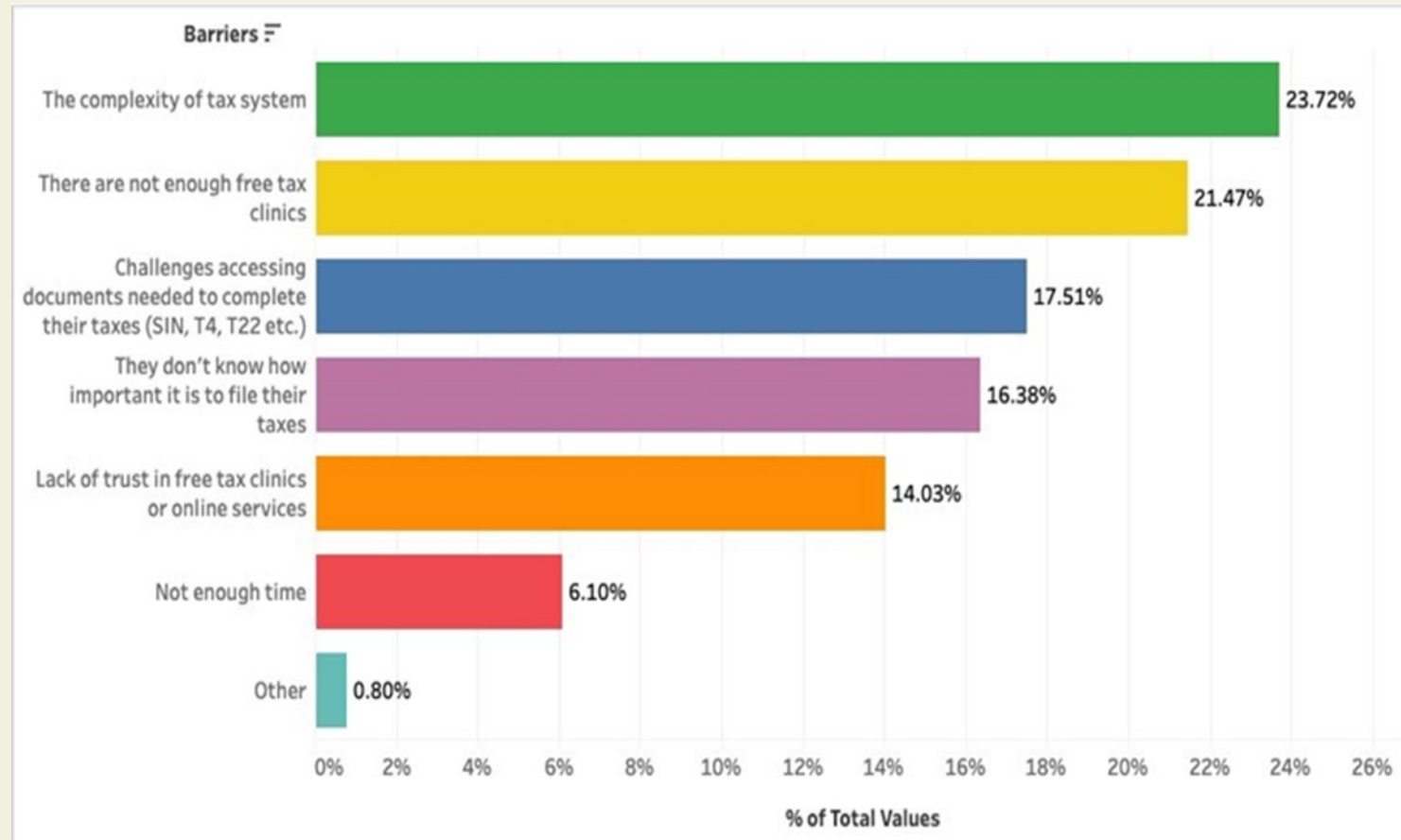
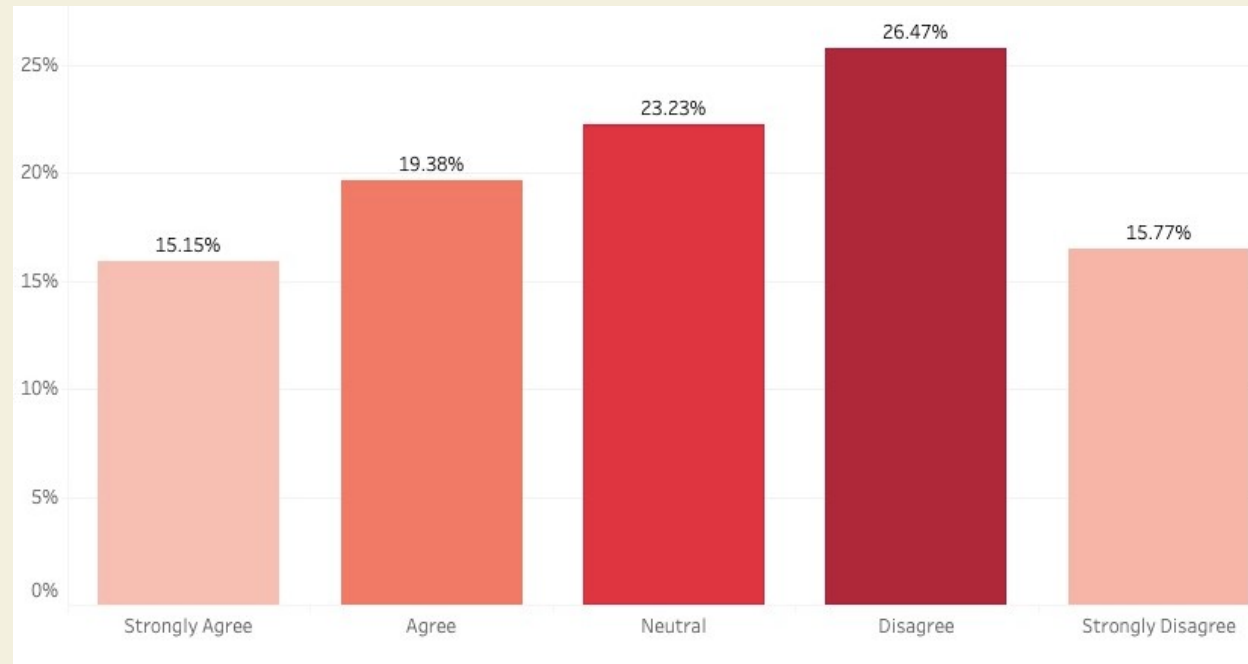


Figure 2: Barriers faced by low-income individuals to file taxes in Toronto



Survey findings

- Almost 35% participants agreed that **they will owe money** to government for filing taxes and 23% were neutral about it.



Survey – Barriers faced to file taxes during pandemic

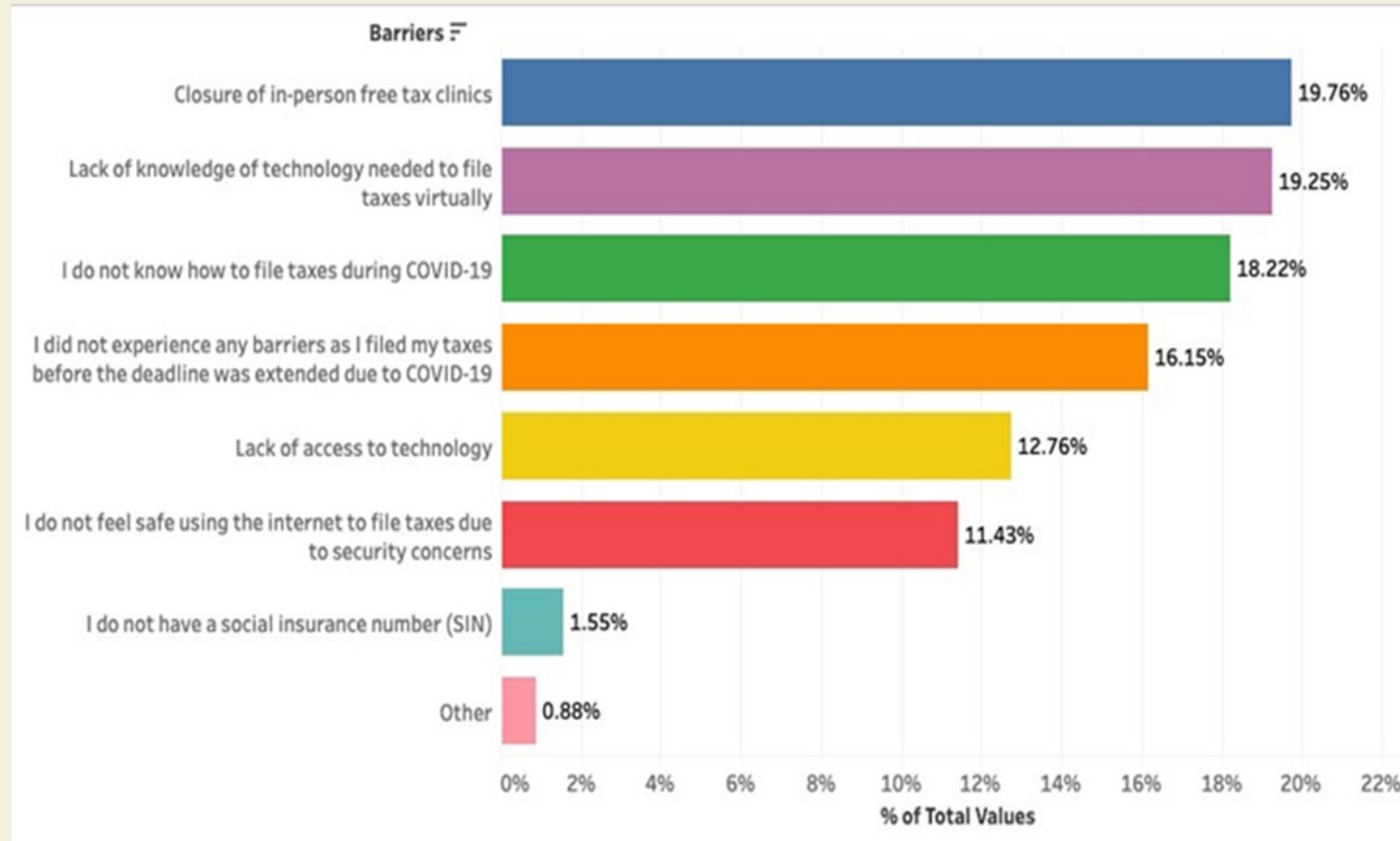
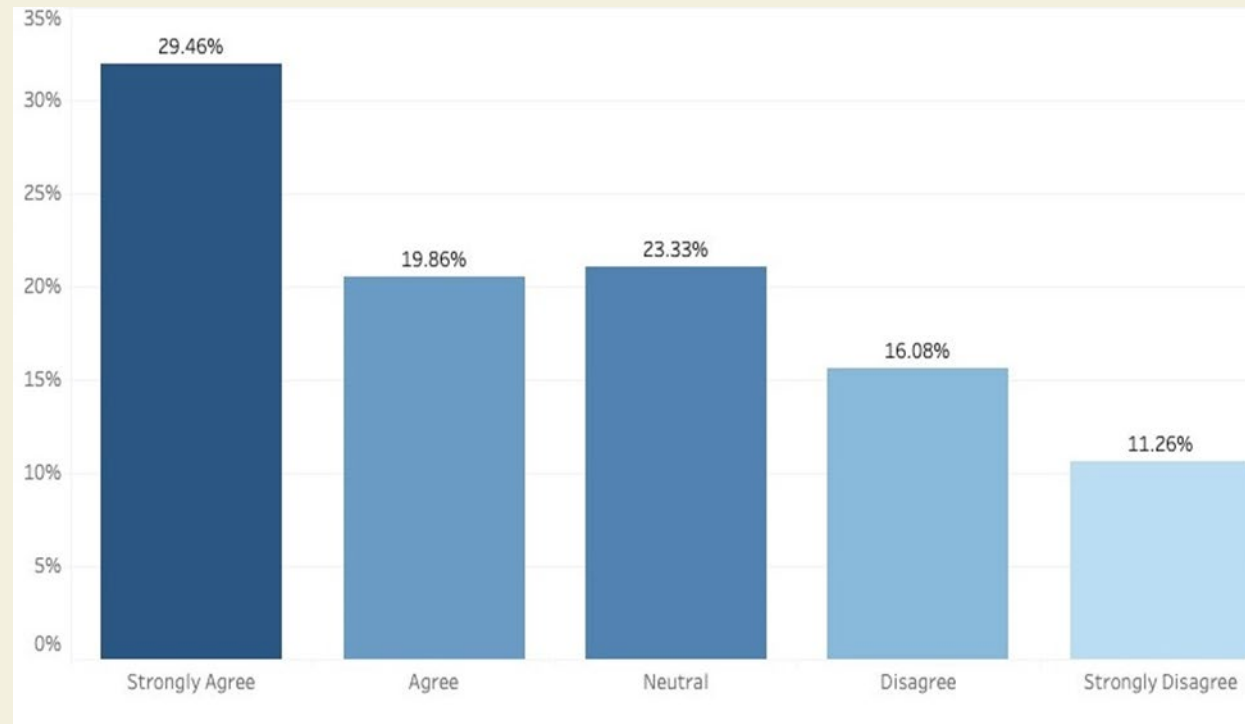


Figure 3: Barriers faced by respondents to file taxes during the COVID-19 pandemic



Survey findings

- Almost 50% of the participants agreed that government should file their taxes automatically and 23% were neutral about this.





Opportunities to enhance tax filing system and to mitigate barriers

- Simplicity of the process can improve overall tax filing.
- Efforts to mitigate language barriers should be enhanced.
- Outreach programs of free tax clinics should be increased to reach vulnerable populations.
- More effective marketing strategies are required to promote access to free income tax clinics.





Opportunities to enhance tax filing system and to mitigate barriers

- Automated tax filing should be implemented as a solution due to range of complex barriers experienced by OW clients.
- More training programs should be launched to train frontline service providers especially for virtual tax filing to gain clients' trust.
- People should be educated about how to file taxes independently to alleviate some burden of tax clinics.

