



ESTIMATES

Canada Revenue Agency

2007-2008
Estimates

Part III – Report on Plans and Priorities

Canada

The Estimates Documents

Each year, the government prepares Estimates in support of its request to Parliament for authority to spend public monies. This request is formalized through the tabling of appropriation bills in Parliament. The Estimates, which are tabled in the House of Commons by the President of the Treasury Board, consist of:

Part I – The Government Expense Plan provides an overview of federal spending and summarizes the key elements of the Main Estimates.

Part II – The Main Estimates directly support the *Appropriation Act*. The Main Estimates identify the spending authorities (votes) and amounts to be included in subsequent appropriation bills. Parliament will be asked to approve these votes to enable the government to proceed with its spending plans. Parts I and II of the Estimates are tabled concurrently on or before March 1.

Part III – Departmental Expenditure Plans, which is divided into two components:

- 1) **Reports on Plans and Priorities (RPPs)** are individual expenditure plans for each department and agency (excluding Crown corporations). These reports provide increased levels of detail over a three-year period on an organisation's main priorities by strategic outcome(s), program activity(s) and planned/expected results, including links to related resource requirements. The RPPs also provide details on human resource requirements, major capital projects, grants and contributions, and net program costs. They are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the appropriation dependent departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*. These documents are usually tabled on or before March 31 and referred to committees, which may then report to the House of Commons pursuant to Standing Order 81(7).
- 2) **Departmental Performance Reports (DPRs)** are individual department and agency accounts of results achieved against planned performance expectations as set out in respective RPPs. These Performance Reports, which cover the most recently completed fiscal year, are tabled in Parliament in the fall by the President of the Treasury Board on behalf of the ministers who preside over the appropriation dependent departments and agencies identified in Schedules I, I.1 and II of the *Financial Administration Act*.

Supplementary Estimates directly support an *Appropriation Act*. The Supplementary Estimates identify the spending authorities (votes) and amounts to be included in the subsequent appropriation bill. Parliamentary approval is required to enable the government to proceed with its spending plans. Supplementary Estimates are normally tabled twice a year, the first document in early November and a final document in early March. Each Supplementary Estimates document is identified alphabetically A, B, C, etc. Under special circumstances, more than two Supplementary Estimates documents can be published in any given year.

The Estimates, along with the Minister of Finance's Budget, reflect the government's annual budget planning and resource priorities. In combination with the subsequent reporting of financial results in the Public Accounts and of accomplishments achieved in Departmental Performance Reports, this material helps Parliament hold the government to account for the allocation and management of public funds.

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Canada Revenue Agency

2007-2008
Estimates

Report on Plans and Priorities

Carol Skelton

The Honourable Carol Skelton, P.C., M.P.
Minister of National Revenue

Mission

To administer tax, benefits, and related programs and ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians

Vision

The Canada Revenue Agency will be the preferred provider to deliver tax, benefits and related programs for governments across Canada

Values

Integrity
Professionalism
Respect
Co-operation

Message from the Minister

The *2007-2008 Report on Plans and Priorities* comes at a time when Canada's economy is strong and its economic forecast should remain attractive for the foreseeable future. The Canada Revenue Agency (CRA) has been at the forefront of many recent government changes aimed at



lessening the tax burden and increasing benefits for Canadians. The Government's long-term economic plan, Advantage Canada, continues the emphasis on tax reduction, which will help Canada gain a global competitive advantage.

Over the coming years, the CRA will need to focus on those qualities which have distinguished it since becoming an agency: being responsible in its spending, efficient in its operations, effective in its results, and accountable to taxpayers. For this reason—in addition to its essential contribution to administering tax and benefit programs for Canadians—the CRA is investing in new partnerships with other government organizations to increase efficiencies in administration and continue to reduce the overall cost of tax administration in Canada. For

example, by early 2009, the Agency will have fully harmonized the administration of Ontario's corporate taxes with the CRA's national system, a move that will significantly reduce the administrative tax burden for about 40% of Canadian corporations.

Maintaining the confidence of Canadians in the fairness and integrity of our system of tax administration will always be essential to the success of the CRA in managing changes to tax and benefit programs for Parliament and the Agency's many clients. We earn Canadians' trust through our emphasis on excellence in service, protection of information, clarity in the way we account for our performance, and impartiality in our dealings with taxpayers and benefit recipients.

Carol Skelton

The Honourable Carol Skelton, P.C., M.P.
Minister of National Revenue



Foreword by the Chair

This Report on Plans and Priorities guides the Canada Revenue Agency (CRA) over the next three years as it invests in, works toward, delivers, and reports on the strategic outcomes identified in its mandate. These are: that taxpayers meet their obligations, that Canada's revenue base is protected, and that eligible families and individuals receive timely and correct benefit payments.



The successful realization of these outcomes will rely, in part, on the fundamental role played by the CRA Board of Management as it advises on these high-level strategic outcomes, while at the same time overseeing the administration of the CRA, including the stewardship of financial and other resources. The five-year review by Parliament has confirmed that the Agency's mandate and governance structure are successful and financial accountabilities are robust.

The "Agency Governance and the Board of Management" chapter of this report marks the first time that the CRA's Report on Plans and Priorities has included a section focused on the Board. This chapter provides a vehicle to publicly discuss what we are doing as a Board and it reflects the Board's increasingly important role as the Agency takes full advantage of its legislated authorities and flexibilities.

While its main focus is on the administration of the CRA, the Board constantly examines its own role and operations, adopting and adapting recognized best practices in governance to ensure that the Board functions in an effective manner that successfully supports the CRA's strategic objectives and program operations.

The CRA is pursuing a corporate vision to become the preferred provider to deliver tax, benefits, and related programs for governments across Canada, and it is my privilege to be part of the dedicated group of people committed to that goal.

A handwritten signature in dark ink, appearing to read "Connie I. Roveto". The signature is fluid and cursive.

Connie I. Roveto, ICD.D
Chair, Board of Management



Management Representation

We submit for tabling in Parliament, the *2007-2008 Report on Plans and Priorities* (RPP) for the Canada Revenue Agency (CRA).

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Report on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on the Agency's strategic outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved, planned spending numbers from the Treasury Board Secretariat.



Michel Dorais, ICD.D
Commissioner and Chief Executive Officer
Canada Revenue Agency



William V. Baker
Deputy Commissioner and Chief Operating Officer
Canada Revenue Agency



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Executive Summary

The Canada Revenue Agency (CRA) has established a reputation for achieving solid results. The *2007-2008 Report on Plans and Priorities* outlines the strategies to build on these results, while continuing to direct the CRA along the path set out for it by Parliament in the *Canada Revenue Agency Act*.

Pursuant to its mandate, the CRA is governed by two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected;
- Eligible families and individuals receive timely and correct benefit payments.

Continuing with the implementation of our Agency 2010 vision which was set out in last year's Report on Plans and Priorities, we recognize that the success of the Agency depends on our ability to sustain and enhance the effectiveness of our core business and to pursue new business.

The Government of Canada signed a Memorandum of Agreement with the Government of Ontario, under which the CRA will administer Ontario's corporate taxes in 2009. We established a CRA governance structure to oversee the project implementation and guide the negotiations of the various agreements required between the CRA and Ontario.

Tax Services

It is our view that, if we make it easier for taxpayers to deal with the CRA, taxpayers are more likely to comply with Canada's tax laws.

Our tax strategic outcome will be achieved by:

- continuing to enhance rights and service delivery;
- maximizing tax debt collections;
- identifying and addressing specific compliance challenges;
- enhancing trust in tax administration; and

- enhancing business arrangements with clients.

Benefit Programs

Our benefits strategic outcome will be achieved by:

- enhancing electronic services for benefit recipients;
- continuing to issue timely benefit payments;
- strengthening benefits compliance; and
- fostering growth in programs and services administered for clients.

Corporate Administration

Excellence in corporate services is necessary in order for us to achieve the expected results. In support of our two strategic outcomes, we will focus on the following areas:

- strengthening the CRA infrastructure and, in particular, risk management and strategic investments in technology; and
- maturing accountability practices in our unique governance regime.

Conclusion

Canadians have the right to expect a high degree of integrity in the administration of government tax policies and benefit programs. They want a system that is fair and responsive to their needs; a system that encourages all taxpayers to respect their obligations and that ensures benefit recipients obtain their entitlements in a timely and accurate manner. The report set out by the Canada Revenue Agency moves forward to achieve these goals. We are investing in our infrastructure to further enhance our efficiency and reduce government cost for Canadians; we are modernizing our service delivery to take advantage of emerging technology; we are actively identifying compliance risks and implementing strategies to address these risks, and we are continuing to develop a knowledgeable, professional and value-driven workforce.

The Canada Revenue Agency is also strengthening its performance measures and service standards to improve accountability. We are confident that the CRA will continue to meet its challenges, delivering concrete results for Canadians with professionalism, integrity, respect and cooperation.

Chapter 1 – Meeting Our Mandate

Agency Mandate

The Canada Revenue Agency (CRA) has the mandate to administer tax, benefit and other programs on behalf of the Government of Canada and provincial, territorial and First Nations governments.

Parliament created the CRA so we could meet the mandate by:

- providing better service to Canadians;
- offering more efficient and more effective delivery of government programs; and
- fostering closer relationships with provinces and other levels of government for which the CRA delivers programs, and providing better accountability.

The CRA's mandate reflects the broad role that the Agency plays in the lives of Canadians. The CRA contributes to two of the Government of Canada's Strategic Outcomes: *Federal organizations that support all departments and agencies* and *Income Security and Employment for Canadians*.

In December 2006, the Parliamentary Review of the CRA's effectiveness as an Agency in meeting its mandate since 1999 was released. The report highlights some of the CRA's successes and makes a number of recommendations. Over the course of the planning period, the CRA will respond to the recommendations and take steps to implement them appropriately.

A Strategic Perspective

Since becoming an agency in 1999, the CRA has placed an increasing emphasis on results-based management in order to ensure accountability for results. The *Financial Administration Act* requires us to produce a report on plans and priorities that states our corporate objectives, strategies to achieve those objectives and our expected performance.

We measure the results of our performance in administering tax and benefit programs against the CRA's strategic outcomes (see the discussion starting on page 19). We also measure our performance at the program activity level, which provides an effective view of how our performance in specific activities affects the achievement of our strategic outcomes.

With this Report on Plans and Priorities, we are committing to develop a suite of indicators that will provide a high-level, strategic view of the context in which we work to meet our mandate.

We recognize that our success in providing service to government clients and Canadians is more than just the sum of our individual activities. Agency indicators situate CRA results in relation to Canadians' expectations, Canada's economic performance, and the contribution we make in conjunction with and on behalf of other governments throughout the country in maintaining Canada's social and economic well-being.

It is important to recognize that the CRA cannot attribute overall results solely to its own activities. Our results are influenced by many external economic and legislative factors over which we have no control. As Canada's principal revenue collector, we play a strong role in bettering the quality of life in Canada, but we also look to Canadians, to our partners and to other stakeholders for the role they play in safeguarding Canada's social and economic well-being.

Agency Indicators

The value of the Agency indicators we are developing will be in analyzing and understanding trends, rather than in meeting specific targets. Trends provide the contextual information that will allow CRA management to assess changes in our operating environment, to analyze the risks and

opportunities related to those changes, and to consider the potential impact on the CRA's activities and performance.

Agency indicators will be presented according to five general categories: efficiency, effectiveness, service satisfaction, clients, and workforce satisfaction. These categories reflect key aspects of our mandate. Examples of proposed indicators, which are still under development, include a perspective on:

- the efficiency of our major activities by examining the costs for T1, T2, GST returns, and benefit payments; and
- the level of satisfaction expressed by taxpayers and benefit recipients, based on an index of key elements of the annual CRA Corporate Survey.

Some influences that could affect our trend analyses

- Economic growth in Canada
 - Changes in tax policy
 - Perceptions of government in general and of the CRA's role in tax administration
 - One-time costs for the implementation of new programs and infrastructure improvements
 - Technological advancements
 - Perceptions of the fairness of Canada's tax rates and policies
-

Chapter 2 – Our Operating Environment

As part of our strategic planning process, we conduct regular environmental scans, and assess corporate risks to identify and manage key challenges and opportunities. With representatives from across Canada, our Board of Management brings a broad public- and private-sector perspective to this process. This chapter addresses key risks and challenges in our operating environment.

Government Environment

The government's long-term economic plan, entitled Advantage Canada, identified five areas for improvements. The first of these areas is reducing taxes for Canadians. Areas under review include a deferral of taxes on capital gains that are reinvested, and other additional reductions in personal and corporate income tax.

Focusing government is one of the core principles of Advantage Canada. All new and existing government programs will be subject to ongoing reviews through the revamped expenditure management system.

The Economy

Canada's economy is expected to continue to perform reasonably well in the foreseeable future. There has been a solid 2% growth in employment and wages are ahead of inflation. The Bank of Canada expects the growth in the GDP to be 2.5% in 2007 and 2.8% in 2008. The Organisation for Economic Co-operation and Development (OECD) projections show Canada's GDP at 2.7% in 2007 and 3.1% in 2008.

The overall financial climate is reflected in the statistics for tax revenues. Net individual and trust taxes assessed over the past three years have climbed from \$93.1 billion to \$103.8 billion. Over the same period, corporate taxes climbed from \$27.4 billion to \$31.7 billion. Pre-tax corporate profits are expected to remain healthy in 2007.

Looking forward, in his November 2006 Economic and Fiscal Update, the Minister of Finance projected that total tax revenues would climb from \$186 billion in 2005-2006 to \$235 billion in 2011-2012.

Compliance Challenges

The evolving international economy, increasing business integration across borders, electronic commerce and changing demographics are examples of the many factors that present compliance challenges to the CRA. The CRA's risk-assessment systems and procedures enable us to target compliance and enforcement activities toward the areas of highest risk, and to shift resources to these areas.

The Agency continues to address the four areas determined to be of greatest risk to our tax base: the underground economy; aggressive tax planning; GST/HST fraud; and non-filers, non-registrants and collections. Recent government announcements of plans to address tax havens, combined with the government's focus on maximizing tax debt collections, confirm that these are key areas to address. This report identifies the steps that the Agency will take to address these risks to compliance.

Trust, Transparency and Accountability

The Agency works hard to maintain Canadians' trust in the CRA, placing continued emphasis on our four corporate values. The CRA continues to have a positive image with Canadians, largely because the Agency is seen as operating consistently with its corporate values. According to the CRA's 2006 Annual Corporate Survey, about 85% of respondents agreed that "the CRA treats taxpayer information with complete confidentiality."

Strengthening its accountability to all client governments is a key element in the CRA's Agency 2010 initiative. The effective implementation of the recently announced agreement with the Province of Ontario to administer Ontario's corporate tax is a key challenge for this planning period.

Demographic Trends

According to a 2005 Statistics Canada Study, it is projected that, within 10 years, visible minorities will constitute the majority of the population of Canada's three largest cities. Since self-assessment is at the core of our tax system, the CRA must be able to communicate effectively with new Canadians who may be unfamiliar with our tax and benefit systems. The CRA must also deal with the effects that our aging population has on tax sectors (e.g. the shift from employee to pension recipient status).

Internally, the CRA needs to ensure that professional skills are in place in critical areas. We must compete vigorously with the private sector to attract the most talented workers. Supported by focused investments, the CRA will offer staff more rewarding work, as the balance of jobs shifts from traditional activities to work requiring more technical, analytical and client relationship

competencies. This is in line with the government-wide strategy to ensure that the public service is renewed, innovative and dynamic, and that it reflects Canadian diversity.

Technological Change

Canadians demand electronic service options that are fast, efficient and convenient, and that protect the privacy of confidential information. The effective implementation of technology offers the opportunity to improve service and increase productivity. The CRA is a leader in government in using information technology (IT).

Our key challenge is to maintain the right balance of effort and investment between addressing existing program commitments and creating additional capacity. Our strategies must enhance the continuity of IT services, modernize security, and facilitate information and knowledge management. For those Canadians who do not have a computer, we will continue to offer traditional forms of service. IT solutions will demand new skill sets in the CRA workplace, and the resulting impact on training and staffing must be managed carefully to maintain and enhance the strategic advantage that technology provides to this organization.

Chapter 3 – Moving Forward With the Agency's Strategic Themes

In its most recent report on plans and priorities, the CRA set a suite of three strategic themes through which it will further pursue its key objectives:

- providing better service to Canadians;
- offering more efficient and effective delivery of government programs; and
- fostering closer working relationships with and better accountability to its clients (federal, provincial, territorial and First Nations government organizations).

Summary of the Strategic Themes

The CRA pursues a strategy based on three themes:

- a core business capacity that is well defined, modern and high performing;
- a governance model that reflects the best possible blend of accountability, rigour and sensitivity; and
- the pursuit of new business opportunities that the Agency could deliver on behalf of current and new clients.

Theme One: Building a Strong and Modern Core Business

The Agency's focus is its core tax, benefits and revenue business. Agency 2010 recognizes that the Agency's continuing success depends on its ability to sustain and enhance the effectiveness of its core business capabilities. To promote a stronger, modernized core business, the Agency is further strengthening its program integrity with an efficient and effective high-volume processing capacity and IT infrastructure, and a skilled workforce. Key strategies for meeting ongoing challenges are outlined in Chapter 4 Achieving Our Strategic Outcomes.

Expected Result and Key Activities

Expected result: **A well-defined and high-performance business capacity capable of responding effectively to change.** To achieve this result, the Agency will

- promote productivity, efficiency and effectiveness gains on an ongoing basis in the Agency's core business by undertaking a review of business processes and geography of work;
- ensure that the Agency has the capacity to deliver high-quality, effective and cost-efficient programs and services through investing strategically in required systems and technology, based on improved business cases and selection criteria;
- continue to analyze and address compliance risks;
- align service delivery to respond to taxpayers' and benefit recipients' needs through the development of a CRA service strategy; and
- invest in the skills and development of the Agency's workforce and in a strong management cadre, by providing training, and promoting continuous development, effective recruitment, and the retention of quality employees.

Theme Two: Maturing the Governance Model

The Agency will further develop its unique governance model to strengthen planning and decision making at all levels and to ensure alignment of resources with priorities. Accountability to Parliament and the Agency's government clients will be improved through an enhanced focus on reporting and responsiveness to needs.

Expected Result and Key Activities

Expected result: **A governance model that enhances accountability, rigour and effective management practices.** To achieve this result, the Agency will:

- improve the accountability framework by developing Agency success measures and a management oversight framework that will allow the Board of Management to annually review the Agency's management strengths and suggest areas for improvement; and
- enhance accountability and reporting to clients by developing service arrangements and annual work plans, designating a point of client contact with the appointment of account executives, and improving annual reports to the provinces and territories by strengthening linkages with other CRA reporting documents.

Theme Three: Pursuing New Business Opportunities

Consistent with its objectives, the CRA is committed to seeking opportunities to increase the number of tax and benefit programs that it administers on behalf of federal, provincial and territorial clients. Such action would have direct benefits for Canadians, businesses and governments. It would provide a better service interface because individuals and businesses would be able to contact only one organization, the CRA, about a number of government programs. It would reduce the compliance burden because the CRA would be able to integrate information requirements and follow-on activity. Further, it would reduce the cost of administration for governments by eliminating the duplication of activities and achieving economies of scale.

As part of its ongoing process of identifying possible new business opportunities, the CRA regularly consults with other departments and agencies to ensure they support the direction the CRA is considering. These consultations also provide an opportunity for departments and agencies to explore other services or functions the Agency could perform on their behalf.

However, new business will be assumed only when it can be accommodated with current core business services and in consultation with the Department of Finance Canada, where appropriate. Before accepting new business opportunities, the CRA will take a number of factors into consideration: the capacity of the Agency's service delivery platform, IT systems and workforce; the value for the Agency of increased productivity, better service or improved compliance; and the achievement of positive public policy outcomes.

Expected Result and Key Activities

Expected result: **A simpler, more integrated tax and benefit administration at lower total cost for governments across Canada.** To achieve this result, the Agency will

- implement the agreement to administer Ontario's corporate taxes;
- seek and implement other opportunities where there are public policy benefits; and
- improve communication about business development to the Agency's clients and stakeholders, through a communications strategy and various business development promotions that articulate the Agency's strengths and values as a delivery agent and partner.

Chapter 4 – Achieving Our Strategic Outcomes

Introduction

Through our Canada-wide network and distributed processing operations, the CRA delivers tax services and benefit programs on behalf of the Government of Canada, provincial and territorial governments, and certain First Nations. The CRA's mandate sets out two strategic outcomes:

- Taxpayers meet their obligations and Canada's revenue base is protected;
- Eligible families and individuals receive timely and correct benefit payments.

These strategic outcomes govern the priorities we pursue and the investments we make to support those priorities.

Our Strategic Planning and Reporting Framework (see page 20) is the foundation of the *2007-2008 Report on Plans and Priorities*. This framework links our strategic outcome measures to our two strategic outcomes, and identifies the expected results for the program activities that support these outcomes.

The Agency 2010 vision will guide us during the period covered by this report. Two themes of Agency 2010 shape the strategies we will pursue to achieve our strategic outcomes:

- strong and modern core business
- expanded business opportunities.

Strong and Modern Core Business

The core business of the CRA is tax administration, revenue collection and benefits administration. This is where our expertise lies and where we will focus our attention to identify opportunities for building our programs and services. Effective compliance and service delivery are key elements to the core business. Over the planning period, the CRA will continue to strive for excellence in service

delivery and compliance. For example, for the first time we are introducing two new external service standards related to accuracy of information (Benefit Programs), as well as a standard for responding to taxpayer requested adjustments via the Internet (for new service standards, see Appendix D).

In addition, we believe that taxpayers' compliance behaviour is influenced by their trust in the integrity and fairness of the tax administration system. We will therefore continue to improve our service and compliance programs, and administer them according to our values, to maintain the integrity and fairness of the tax system.

Expanded Business Opportunities

Our flexibilities as an agency and the adaptability of our systems enable us to use our federal delivery infrastructure to administer a range of programs and other services on behalf of clients. Throughout Canada, our approach is consistent on matters such as compliance activities, service standards, workflows and program administration. This approach instills confidence for clients that their programs will be administered efficiently and according to their expectations.

Over the planning period, we will maintain current programs and services administered for provinces, territories and other government departments, and look for potential efficiencies for clients.

The following pages provide more details about the strategies we will pursue to support the two main themes. Details about the specific approaches to these strategies, as well as the key initiatives we will undertake, are provided in Chapter 5 (which begins on page 29), where we describe our plans for each of our program activities.

Strategic Planning and Reporting Framework

Our Mission

To administer tax, benefits, and related programs and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians

Agency Indicators

Examining our Strategic Context

Efficiency

Effectiveness

Service Satisfaction

Clients

Workforce Satisfaction

Strategic Outcomes

Achieving our Mission

Tax Services

Taxpayers meet their obligations and Canada's revenue base is protected

Benefit Programs

Eligible families and individuals receive timely and correct benefit payments

Strategic Outcome Measures

Measuring our Performance in Tax Services and Benefit Programs

Filing Compliance

Registration Compliance

Remittance Compliance

Reporting Compliance

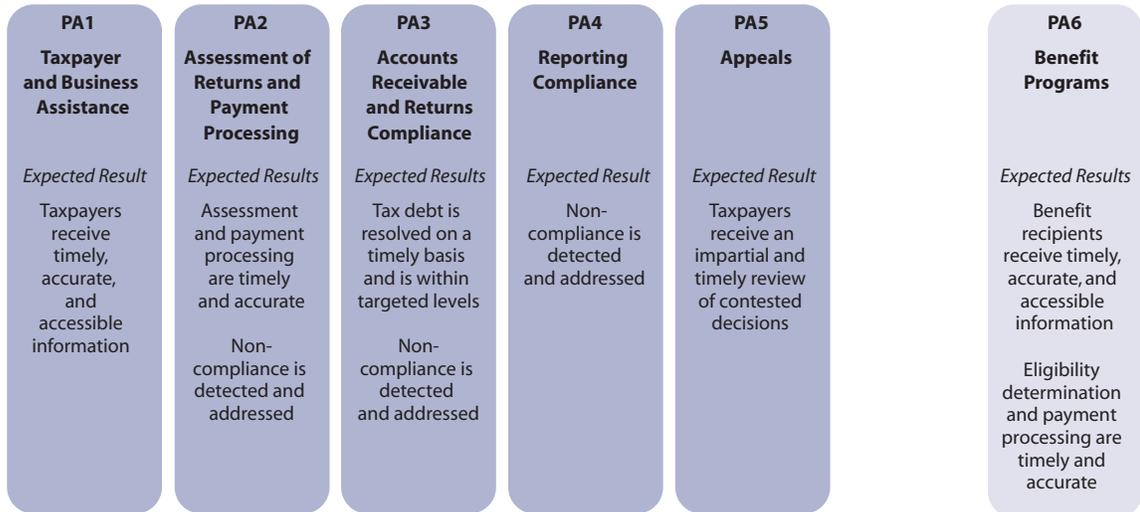
Reliance on CRA as a key Service Provider

Payment Timeliness

Benefit Payment Correctness

Program Activities

Meeting our Expected Results, thereby achieving our Strategic Outcomes



Measures for each of these Expected Results can be found in the Program Activity chapter starting on page 29.

The efforts of the CRA contribute to two of the Government of Canada's Strategic Outcomes: *Federal organizations that support all departments and agencies* and *Income security and Employment for Canadians*.

Further information on these outcomes can be found at www.tbs-sct.gc.ca

Program Activities by Strategic Outcome

Program Activity	2007-2008	Planned Spending ¹	
		2008-2009	2009-2010
(thousands of dollars)			
Strategic Outcome: Taxpayers meet their obligations and Canada's revenue base is protected.			
Tax Services			
Taxpayer and Business Assistance	296,711	301,085	301,610
Assessment of Returns & Payment Processing	839,892	817,534	821,876
Accounts Receivable and Returns Compliance	662,292	668,397	674,654
Reporting Compliance	1,195,958	1,207,894	1,196,102
Appeals	149,545	147,825	148,407
Strategic Outcome: Eligible families and individuals receive timely and correct benefit payments.			
Benefit Programs	335,779	342,034	349,725
Total Planned Spending	3,480,177	3,484,769	3,492,374
Human Resources (FTE)	38,756	38,244	38,249

¹ Corporate Services (Program Activity 7) planned spending has been attributed to the 6 PAs under the two strategic outcomes as follows: Taxpayer and Business Assistance, 11%; Assessment of Returns and Payment Processing, 29%; Accounts Receivable and Returns Compliance, 24%; Reporting Compliance, 28%; Appeals, 4%; and Benefit Programs, 4%.

Agency Link to the Government of Canada Outcomes

Program Activity	2007-2008							Adjustments (Planned Spending not in Main Estimates)	Total Planned Spending
	Budgetary								
	Operating	Grants	Contributions	Gross Budgetary Expenditures	Revenues Credited to the Vote 1	Total Main Estimates			
(thousands of dollars)									
Taxpayer and Business Assistance ¹	293,387		2,000	295,387	(14,123)	281,264	15,447	296,711	
Assessment of Returns & Payment Processing ¹	838,868			838,868	(32,666)	806,202	33,690	839,892	
Accounts Receivable and Returns Compliance ¹	751,791			751,791	(99,363)	652,428	9,864	662,292	
Reporting Compliance ¹	1,168,185			1,168,185	(8,731)	1,159,454	36,504	1,195,958	
Appeals ¹	153,811			153,811	(7,478)	146,333	3,212	149,545	
Benefit Programs ²	130,843	205,000		335,843	(1,600)	334,243	1,536	335,779	
Total	3,336,885	205,000	2,000	3,543,885	(163,961)	3,379,924	100,253	3,480,177	

¹ This Program Activity contributes to the achievement of all the Government of Canada outcomes.

² This Program Activity contributes to the achievement of the Government of Canada Outcome: Income security and employment for Canadians.

Tax Services: Taxpayers meet their obligations and Canada's revenue base is protected

Overview

We rely on the government's revenue base to provide funding toward social and economic objectives. The CRA's primary focus is to maintain the integrity of the administration of Canada's tax system by delivering a wide range of programs to ensure that Canadians meet their tax obligations and, in so doing, help protect Canada's revenue base.

Our five tax-related program activities are listed in our Strategic Planning and Reporting Framework (see page 20), along with their respective expected results. These program activities support the achievement of the tax services strategic outcome, by helping to ensure that taxpayers and businesses receive accurate information and assistance, in order for them to understand their rights and obligations. Our program activities identify instances when any of these obligations are not met, and they deter and correct non-compliance. Where taxpayers decide to exercise their right to a formal review of their file, the Appeals program activity conducts a formal and impartial review. Details describing our plans to strengthen tax services core business are provided on pages 30 to 48.

Our Areas of Focus

In order to ensure the integrity and fairness of the Canadian system of tax administration, and to address areas of risk critical to **strengthening our core business** and fostering our ability to **expand business opportunities**, over the planning period we will focus on:

- continuing to enhance rights and service delivery for taxpayers;
- maximizing tax debt collections;
- addressing specific compliance challenges;
- enhancing trust in Canada's tax administration; and
- enhancing partnerships with our clients.

Enhancing Service Delivery

We believe that, given the right opportunities, information and tools, most individuals and businesses will comply with the law. The open, responsive, timely and accessible nature of information on a taxpayer's obligations is a key aspect of a fair revenue administration. It is our aim to make available current and accurate information in a manner that is best suited to the needs, abilities and preferences of taxpayers, thereby **positively influencing compliance**.

Over the planning period, we will enhance service delivery by:

- reducing the compliance and paperwork burden on small business, simplifying, improving, and, where appropriate, reducing the frequency of small business interactions with the CRA;
- encouraging the take-up of our electronic services;
- adding new services to our Web channel;
- building on our electronic services infrastructure; and
- continuing to develop innovative electronic initiatives to be more effective.

Descriptions of the specific initiatives that we will undertake in response to service program priorities are provided in Chapter 5, which begins on page 29.

Maximizing Tax Debt Collections

A key measure that we use to evaluate our success in **protecting Canada's revenue base** is taxpayers' compliance with their remittance obligations. It is our aim to ensure that assessed and collectible taxes are paid in a timely manner.

To maximize revenue collection and revenue generation over the planning period, we will undertake the following:

- integrate business processes, and improve our risk profiling capability regarding accounts subject to our tax debt activities; and
- implement integrated and effective risk profiling and scoring for all debt types, as well as the integration of business processes.

Additional details concerning our plans to maximize tax debt collections and mitigate risk of loss are provided beginning on page 40 in our Accounts Receivable and Returns Compliance (PA3) program activity.

Addressing Non-Compliance

Over the 2007-2008 planning period, we will continue to pursue the compliance priorities identified in the previous report on plans and priorities: aggressive tax planning, the underground economy, GST/HST fraud, non-filers, non-registrants and collections.

In addition, we will increase our focus on compliance issues related to international commerce through the following approaches:

- focusing on high-risk taxpayers and intermediaries who develop and promote aggressive international tax planning schemes;
- using communications strategically to increase awareness of CRA compliance activities to deter international non-compliance;
- working in collaboration with the Department of Finance Canada in developing enhanced policy and legislative change proposals to target international non-compliance; and
- strengthening our relationships with other tax administrations and organizations, such as the OECD and the Commonwealth Association of Tax Administrators.

We will also increase our focus on interprovincial compliance issues. Specifically, we will

- develop strategies to address profit shifting and provincial tax avoidance; and
- work to address concerns about provincial income allocation, to ensure that our clients receive the tax revenue derived from the economic activity undertaken in their jurisdictions.

Specific program priorities for addressing these items are discussed in our Reporting Compliance (PA4) program activity section, beginning on page 43.

Enhancing Trust

Our ability to **protect Canada's revenue base** can be affected by the public's confidence in the firmness and fairness of the overall tax administration system and Canadians' trust in the integrity of the CRA. To earn and retain the trust of Canadians requires a tax administration that is both fair and seen to be fair.

Keeping personal information secure is also key to maintaining the trust of Canadians. The Agency's rigorous IT and administrative security programs will ensure that their information is protected.

Enhancing Partnerships

The CRA has established partnerships with other federal government departments, provinces, territories and First Nations governments for many years. We believe that our strengths and competitive advantages increase the effectiveness and efficiency of tax administration and revenue collection for all levels of government in Canada. In addition, taxpayers—especially businesses—find it much more effective to deal with a single administration for their tax issues.

For these reasons, enhancing our partnerships is a key focus over the planning period. The CRA will undertake the following:

- complete the implementation of our agreement with the Government of Ontario to design and implement a single corporate income tax;
- continue to work toward creating new opportunities for partnerships with interested provinces, territories, First Nations governments, and other federal government departments and agencies to reduce duplication and enable single-window delivery of services; and
- improve the scope and quality of current partnerships with other federal departments and provincial and territorial governments.

Specific steps to be taken in this regard are discussed throughout the program activity sections related to tax services (PA1 to PA5), on pages 30 to 46.

Strategic Outcome Measures— Tax Services

We estimate the rates of compliance in a number of areas to assess whether or not taxpayers are meeting their obligations, and to identify potential compliance issues. Compliance measures are grouped under four headings that equate to the following broad categories of taxpayer obligations.

- **Filing compliance** measures estimate the proportion of taxpayers who file their returns on time.
- Our **registration compliance** measure estimates the proportion of Canadian businesses that have registered, as required by law, to collect GST/HST.
- **Remittance compliance** measures estimate the proportion of taxpayers who paid amounts due on time.

- **Reporting compliance** measures contribute to our assessment of the degree to which taxpayers report complete and accurate information to allow for the determination of their liability for tax.

We have also identified a strategic measure intended to gauge our achievements as a **key service provider** for clients.

Recent results reported against some of our key compliance rate measures have indicated specific areas where compliance rates have not met our expectations. We believe that focusing over the planning period on the key areas described earlier will have a positive influence on the recent slight downward trends in the following key measures:

- timeliness of the filing of income tax returns by taxable corporations;
- timeliness of remittances by employers and taxable corporations; and
- levels of individuals' claims for key deductions and credits not subject to third-party reporting.

In addition, we will develop strategic outcome measures for both registered charities and registered plans over the planning period, in order to gauge our success in administering both of these very important sectors of Canada's economy.

Measures		Target
Filing compliance	Returns are filed on time by the following, by the specified due dates, without direct intervention on the part of the CRA: <ul style="list-style-type: none"> Individuals Taxable corporations Registrants (GST/HST, registered plans) Employers 	<ul style="list-style-type: none"> 90% 90% 90% 95%
Registration compliance	High degree of registration compliance rates for GST/HST	<ul style="list-style-type: none"> 90%
Remittance compliance	Reported taxes (including instalments) and source deductions are paid on time by <ul style="list-style-type: none"> Individuals Taxable corporations Businesses that collect GST/HST Employers for source deductions Ratio of outstanding tax debt to gross cash receipts is within targeted levels	<ul style="list-style-type: none"> All 90% Stable trend
Reporting compliance	Macro indicators: <ul style="list-style-type: none"> Comparison of corporate income tax assessed by the CRA relative to corporate profits before tax estimated by Statistics Canada Comparison of net income of unincorporated businesses reported to the CRA relative to net income of unincorporated businesses per Statistics Canada National Accounts estimates Comparison of net GST revenues relative to total sales, personal expenditures on goods and services, and total provincial sales tax revenues Comparison of personal income reported to the CRA relative to personal income estimated by Statistics Canada Key compliance rate estimates: <ul style="list-style-type: none"> Key tax credits and deductions not subject to third-party reporting—individuals Self-employed individuals* Small and medium-sized businesses that collect GST/HST* Small and medium-sized enterprises* 	<ul style="list-style-type: none"> All track favourably All track favourably
Key service provider	<ul style="list-style-type: none"> Value/number of programs and services administered on behalf of our clients 	<ul style="list-style-type: none"> Upward trend

* Availability based on audit cycle (not available every year)

Benefit Programs: Eligible families and individuals receive timely and correct benefit payments

Overview

The CRA supports the efforts of federal, provincial and territorial governments to assist families and children, low- and moderate-income households, and persons with disabilities. We do this by providing Canadians with benefits, credits and other services that contribute directly to their economic and social well-being.

In addition, our flexibilities as an agency and the adaptability of our systems enable us to leverage our federal delivery infrastructure to administer a range of ongoing and one-time programs on behalf of the provinces, territories and other government departments, and provide information, as authorized by law, to support programs administered by provinces, territories and other government departments.

Our Benefit Programs program activity, and the related expected results, are included in our Strategic Planning and Reporting Framework (see page 20). This program activity supports the achievement of the Benefit Programs strategic outcome by helping to ensure that recipients are informed about our programs, that they clearly understand what they need to do to meet eligibility requirements and receive their entitlements, and that they understand their obligations when their family circumstances change. When our efforts are successful, eligible recipients can count on receiving the right benefit at the right time, and on knowing where the benefit came from and why.

Our Areas of Focus

To strengthen our core business and foster our ability to expand business opportunities, over the planning period we will focus on the following approaches:

- enhancing electronic services for benefit recipients;

- maintaining strong performance in the timely issuance of millions of benefit payments;
- ensuring that only those who are entitled receive benefits, through strengthened benefits compliance; and
- maintaining the current programs and services administered for provinces, territories and other government departments, and fostering business growth.

Enhancing Electronic Services

We believe that, when benefit recipients are given the right information, tools and services, accessible through a variety of channels, they will be able to provide us with the information we need to register them and maintain complete and accurate benefit account information, thereby positively influencing program awareness, take-up and overall rates of benefits compliance.

Over the planning period, we will enhance electronic services by:

- adding new features to My Account, particularly for the Disability Tax Credit, and promoting take-up; and
- implementing a facility for online benefits applications.

Timely Benefit Payments

Ensuring timely payments for millions of recipients, based on the accurate determination of program eligibility, takes continuous planning and effort; it is not automatic. Changes to our systems, which are required annually, are thoroughly planned, monitored and tested before implementation. Our processes are designed with safeguards and checkpoints to contain the risks of delays or interruption. New or revised programs are carefully negotiated with program owners to ensure that their requirements can be achieved without interrupting existing program delivery commitments.

To maintain strong performance in the timely issuance of benefit payments, we will continue the multi-year effort of reassessing our core payment processing system and our Individual Identification System to ensure that they retain the capacity to deliver high quality programs.

Accurate Benefit Payments by Strengthening Compliance

We need to ensure that the benefits and credits we issue are correct and that eligible recipients receive the proper entitlement—no more and no less—based on complete and accurate payment and account information, in accordance with applicable legislation.

To positively influence and maintain existing high levels of benefits compliance, we will undertake the following over the planning period:

- continue to implement key elements of the Compliance Strategy for Benefits, in order to ensure program integrity; and
- develop methodologies to measure overall compliance for the GST/HST credit program.

Business Growth

We believe that our strong federal benefit delivery infrastructure, which makes use of adaptable automated systems, enables the CRA to attract a range of programs and a variety of services that we can provide for provinces, territories and other government departments. Our objectives in doing so are to lower the overall cost of benefit program administration for all levels of government while maintaining high quality and secure service to benefit recipients.

Provinces, territories and other federal government departments also depend on CRA data exchanges and data transfers to support their own income-tested benefit and payment programs. Sharing of a limited amount of data, done with taxpayer consent or as authorized by law, simplifies the administration of programs and minimizes the burden on applicants.

To improve benefits administration for all levels of government, we will undertake the following:

- continue to use our unique technology and national benefit delivery infrastructure (our competitive advantage as a service provider) to deliver new programs, where feasible; and
- expand data exchange services using file transfer protocol (FTP) methodology, where feasible.

Details beginning on page 48 in our Benefit Programs (PA6) program activity describe our specific plans over the next three years.

Strategic Outcome Measures—Benefit Programs

Our strategic outcome for Benefit Programs, and the measures we employ to evaluate our success, focus on the timeliness and accuracy of the payments we issue, as well as on the number of programs and services we deliver on behalf of clients. We expect the results we achieve to influence program enrolment and awareness among eligible recipients, maintain timely and accurate payments, and enhance the contribution we make to clients as a key program administrator and service provider.

Measures		Target
Timely benefit payments	Timeliness of processing benefit payments	99%
Benefit payment amounts are correct	Recipients of the Canada Child Tax Benefit have complete and accurate account and payment information	95% or more
The CRA is a key service provider	Value/number of benefit programs and services administered on behalf of our clients	Growth, where feasible



Chapter 5 – Program Activities

Overview

This chapter is based on the Program Activity Architecture (PAA) developed by the CRA with the Treasury Board of Canada Secretariat. The PAA provides a structure for organizing, integrating, and presenting plans, budgets and performance measures.

The Strategic Planning and Reporting Framework on page 20 links program activities and expected results, according to the PAA.

The chapter is organized according to our two strategic outcomes and the seven program activities (PAs) that support them:

- Tax Services
 - Taxpayer and Business Assistance (PA1)
 - Assessment of Returns and Payment Processing (PA2)
 - Accounts Receivable and Returns Compliance (PA3)
 - Reporting Compliance (PA4)
 - Appeals (PA5)
- Benefit Programs (PA6)
- Corporate Services (PA7)

For program activities 1 to 6, we present planned spending, an overview of the program, the approaches planned to advance the program

and the priority initiatives for the planning period. We group together initiatives supporting core business and other initiatives reflecting new business opportunities.

Each section concludes with a table of deliverables for the planning period, as well as performance indicators and targets that measure the program activity's expected results. These targets identify the percentage or degree of expected attainment of a performance level. Targets are established by program managers through analysis of operational realities and infrastructure, historical performance, the complexity of the work involved, and the expectations of Canadians.

The Corporate Services section covers infrastructure activities (e.g. information technology, financial management and human resource administration) where enhancements support both a strong core business and capacity changes implicit in Agency 2010. Initiatives to mature the governance regime are also outlined in this section. As with last year's plan, Corporate Services expenses have been proportionately allocated among the six core tax and benefit program activities.

Taxpayer and Business Assistance (PA1)

Program Priorities

Enquiries and Information Services

- Enhance taxpayer service on the Internet
- Implement channel convergence to allow taxpayers to move more easily across channels
- Enhance targeting and customization of outreach programs, and expand taxpayer and business consultation efforts
- Increase partnerships and innovate in delivering services
- Ensure consistency, timeliness and accuracy of information

Legislative Policy and Regulatory Affairs

- Modernize and strengthen charities programs
- Continue the implementation of a risk-based approach to registering plans
- Implement the *Softwood Lumber Products Export Charge Act, 2006* legislation
- Fully integrate the Ontario rulings function as part of the Corporate Tax Administration for Ontario Initiative

Program Overview

The Taxpayer and Business Assistance program activity is responsible for providing tools, assistance and information that facilitate voluntary compliance with tax obligations. We undertake this work through several Call Centres and 46 Tax Services Offices (including the International Tax Services Office). We also supply taxpayers, businesses and registrants with rulings on legislative policy, and procedural entitlements and obligations in accordance with relevant federal and provincial/territorial legislation.

Enquiries and Information Services assists individuals and businesses in meeting their obligations under tax legislation by providing information, education and outreach services, and by responding to enquiries.

Legislative Policy and Regulatory Affairs assists taxpayers in meeting their obligations by providing income and commodity tax rulings and interpretations; Canada Pension Plan and *Employment Insurance Act* rulings; and services relating to the registration and audit of pensions, other deferred income plans and charities; and by administering duty programs for certain commodities and certain provisions of the softwood lumber agreement.

Enquiries and Information Services and Legislative Policy and Regulatory Affairs are distinct sub-activities, and are discussed separately under this program activity.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	296,711	301,085	301,610

Program Strategies—Enquiries and Information Services

The CRA continues to focus on improving the quality of our services to make them simpler and easier to use, and thus facilitate compliance. We

continually enhance and modernize our services to **strengthen our core business** of protecting Canada's revenue base, by building on our position as an innovative service leader.

During the current planning period, our strategy for service enhancement will undertake the following:

- continue to realign our service options and information toward an approach centred on taxpayers or businesses, offering tools and information tailored to their needs;
- reduce costs by encouraging the increased use of self-service options through targeted outreach and educational programs to promote the use of assisted self-service and, at the same time, offering in-person service by appointment;
- foster a dynamic and flexible workforce with new strategies that respond in a taxpayer- or business-centred manner to changing and increasingly complex enquiries and concerns and, by using increased self-service options and program integration, enhance CRA agents' ability to respond to more complex issues;
- provide interactive e-learning and online integrated reference tools to assist CRA agents;
- include feedback from taxpayers, businesses and their agents in our analysis and research results to support decisions on our Web site design;

- address changing demographics, economic trends, and national and local compliance issues through outreach programs that are fine-tuned, through a research-based approach, to meet the particular needs of specific taxpayer or business groups, such as seniors, new Canadians, existing ethno-cultural communities, students, and small and medium-sized enterprises;
- expand consultation and feedback in order to continually evaluate taxpayer, business and stakeholder needs and expectations; and
- ensure date stamping of documents hand delivered to CRA tax services offices.

The CRA will pursue partnerships with other service organizations at the federal, provincial, territorial and First Nations levels, and will **expand the CRA's business opportunities**, providing more integrated services to Canadians where it makes sense to do so. In so doing, we will strengthen and enhance our technology/ infrastructure across channels, which will support an integrated, taxpayer- or business-centred service approach and give us more flexibility to link to other organizations, programs and levels of government, providing services on their behalf.

Priority Initiatives—Enquiries and Information Services

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> • Enhance taxpayer service on the Internet 	<ul style="list-style-type: none"> • Implement Web site enhancements through inquiry demand analyses and improved linkages between the CRA and taxpayers 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Implement channel convergence 	<ul style="list-style-type: none"> • Implement Smartlinks in remaining call centres 	<ul style="list-style-type: none"> • 2007-2008
<ul style="list-style-type: none"> • Enhance targeting and customization of outreach programs, and expand taxpayer consultation efforts 	<ul style="list-style-type: none"> • Target changing demographics and economic trends, and address national and local compliance issues 	<ul style="list-style-type: none"> • Ongoing
<ul style="list-style-type: none"> • Increase partnerships and innovate in delivering services 	<ul style="list-style-type: none"> • Deliver a taxpayer service infrastructure to the Corporate Tax Administration for Ontario initiative 	<ul style="list-style-type: none"> • To be determined
<ul style="list-style-type: none"> • Ensure consistency, timeliness and accuracy of information 	<ul style="list-style-type: none"> • Support the implementation of a content management system 	<ul style="list-style-type: none"> • Ongoing

Measures—Enquiries and Information Services

Performance Expectations	Indicators	Target
Expected Result – Taxpayers and businesses have access to timely and accurate responses to their tax enquiries		
Maintain accurate and effective communications	<ul style="list-style-type: none"> Accuracy of communications products (e.g. publications, Web content) Partner with various stakeholders, including industry representatives, to ensure that information is targeted to taxpayers' needs 	<ul style="list-style-type: none"> N/A Enhanced publications and Web content
Meet our service standards and internal performance targets	Service standards Internal performance targets: <ul style="list-style-type: none"> General and business enquiries: telephone caller accessibility 	<ul style="list-style-type: none"> See Appendix D – Service Standards 80%

Program Overview—Legislative Policy and Regulatory Affairs

For taxpayers, our Legislative Policy and Regulatory Affairs sub-activity publishes advance income tax rulings relating to the tax consequences of proposed transactions, as well as technical interpretations of income tax law. Our GST/HST rulings area provides taxpayers with an official interpretation of or ruling on Part IX of the *Excise Tax Act* in writing, by telephone or in person, and through various technical publications.

Our registered plans area registers and monitors pension and other deferred income plans, while our charities function administers the national registration program for charities. The charities program's overriding objective is to improve compliance through strategic enhancements to education, outreach and service, balanced with an effective, risk-based monitoring and enforcement regime.

Our excise duties and taxes area is responsible for administering the non-GST portions of the *Excise Tax Act*, as well as the *Excise Act*, the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, the *Importation of Intoxicating Liquors Act* and the *Softwood Lumber Products Export Charge Act, 2006*. This area is responsible for initiatives such as the Tobacco Compliance Strategy, which will bring in a new stamping and marking regime to improve compliance with the tobacco tax legislation.

We administer the determination of employment status, pensionable earnings and the insurability of earnings provisions under the Canada Pension Plan and the *Employment Insurance Act* on behalf of Human Resources and Social Development Canada.

Program Strategies—Legislative Policy and Regulatory Affairs

The CRA is committed to increasing compliance in all areas of tax regulation and **strengthening our core business** of protecting Canada's revenue base, by providing strong taxpayer assistance.

In the area of **charities**, we will undertake the following:

- work with the sector to promote the accurate and timely filing of the charity information return, and further the development of compliance-related educational projects through the Charities Partnership and Outreach Program;
- strengthen accountability and transparency through enhancements to the CRA's charities Web site, and through public education and awareness initiatives;
- work with the provinces and territories to streamline and coordinate the overall regulatory framework;

- continue implementation of the *Charities Registration (Security Information) Act*, which supports Canada's national security agenda and international obligations to counter terrorism;
- continue to develop and implement systems to modernize charities operations and initiate work on the development of electronic service options for charities;
- implement a more sophisticated risk management regime with respect to monitoring and compliance; and
- continue the smooth implementation of a graduated approach to administering the new sanctions regime.

In the area of **registered plans** we will undertake the following:

- increase compliance by providing strong assistance to taxpayers across the sector;
- improve monitoring of all registered plans, by using an enhanced audit and review function and increasing the number of audits for registered plans;
- implement new procedures to register deferred income plans, using a risk-based approach, and ensure that the plans are in compliance with the *Income Tax Act* and regulations; and
- continue to enhance services to plan administrators by upgrading our toll-free enquiries line, making more information available electronically on our Web site, and improving our outreach activities and electronic publications.

For **GST/HST/Excise**, legislation underwent many amendments as a result of the 2006 federal budget, including the 1% GST/HST rate reduction, a one-time Tobacco Products Inventory Tax, and excise duty rate increases for alcohol and tobacco products. In addition, the budget added exemptions for Canadian wine and rate reductions for beer, resulting in new complexities to the excise legislative framework. To deal with these

changes and generally enhance the effectiveness of our programs, the CRA will undertake the following:

- substantially increase the frequency of audit and compliance visits to tobacco manufacturers;
- implement initiatives under the Tobacco Compliance Strategy Project to enhance compliance at different stages of the production and distribution process; and
- implement an exemption for Canadian wine and beer, which will expand the scope of excise audits and compliance reviews to include the origin of raw materials.

The CRA is also responsible for the administration of the *Softwood Lumber Products Export Charge Act, 2006*, which includes administration of the export charge, the charge on duty deposit refunds and the distribution of funds to the provinces. To promote compliance during the implementation period, the CRA will initiate an outreach program to provide taxpayers with information on their rights and obligations under the new legislation. Later, the CRA will establish and maintain a post-verification program.

In the area of the **Canada Pension Plan/ Employment Insurance**, the CRA is undertaking the following:

- converting requests for CPP/EI rulings from paper to an electronic format, which has already started by allowing payers to request rulings online for coverage requirements for their workers; and
- implementing a national quality assurance process in order to maintain reliable rulings.

The CRA will **expand business opportunities** by continuing to establish business relationships with other federal government departments, provinces and territories, and First Nations to improve service and reduce overall administrative costs. In particular, the Income Tax Rulings Directorate will pursue the full integration of the Ontario rulings function as part of the corporate tax administration for Ontario initiative.

Priority Initiatives—Legislative Policy and Regulatory Affairs

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> Modernize and strengthen charities program 	<ul style="list-style-type: none"> Improve internal business processes and strengthen information management through the implementation of enhanced systems Enhance access to program information via the Internet, commencing with a new section for donors Develop electronic filing capabilities for charities information returns (T3010) Develop online My Account functionality for charitable organizations 	<ul style="list-style-type: none"> 2007-2008 Ongoing March 2008 March 2009
<ul style="list-style-type: none"> Continue the implementation of a risk-based approach to registering plans 	<ul style="list-style-type: none"> Streamline the registration process using a risk-based approach for deferred profit sharing plans, supplementary unemployment benefit plans, registered retirement savings plans, registered retirement income funds, registered education savings plans, and registered investments Implement an enhanced audit and review program 	<ul style="list-style-type: none"> March 31, 2008 March 31, 2008
<ul style="list-style-type: none"> Fully implement the <i>Softwood Lumber Products Export Charge Act, 2006</i> legislation 	<ul style="list-style-type: none"> Ensure that exporters receive the benefits of the new legislation Ensure that payments to the provinces are distributed Work with our partners and ensure a smooth transition through an outreach program Work with the forestry product manufacturers to promote compliance 	<ul style="list-style-type: none"> Ongoing Ongoing 100% of outreach contacts to be completed by 2007-2008 Establish and maintain a post-verification program by 2008-2009
<ul style="list-style-type: none"> Implement a new tobacco product stamping regime with covert and overt security features 	<ul style="list-style-type: none"> Availability of enhanced stamps for tobacco manufacturers Enhanced ability to detect counterfeit stamps 	<ul style="list-style-type: none"> New regime will be implemented by the Summer of 2008
<ul style="list-style-type: none"> Fully integrate the Ontario rulings function as part of the Corporate Tax Administration for Ontario Initiative 	<ul style="list-style-type: none"> Under review 	

Measures—Legislative Policy and Regulatory Affairs

Performance Expectations	Indicators	Target
Expected Result – Taxpayers, businesses, and registrants receive timely, accurate, and accessible information		
Meet our service standards and internal performance targets	<ul style="list-style-type: none"> Service standards 	<ul style="list-style-type: none"> See Appendix D – Service Standards
Rulings with respect to Canadians' entitlement under the CPP and/or EI are timely	<ul style="list-style-type: none"> Percentage of CPP/EI rulings completed within target time frames 	<ul style="list-style-type: none"> 85%
Responses to applications for charitable registration are timely	<ul style="list-style-type: none"> Percentage of responses to applications within target time frames 	<ul style="list-style-type: none"> Simple applications – 80% within 2 months Complex applications – 80% within 6 months
Expected Result – Enhance ability to target production under-reporting with Canada's tobacco tax laws		
Enhance ability to target under-reporting of production of dutiable products	<ul style="list-style-type: none"> Actual Regulatory Reviews and Compliance Visits versus Planned Reviews and Visits Amount assessed per day 	<ul style="list-style-type: none"> 90% Downward trend

Assessment of Returns and Payment Processing (PA2)

Program Priorities

- Provide enhanced Internet services
- Implement the redeveloped GST/HST system
- Redevelop the GST34 return
- Implement Corporate Tax Administration for Ontario Initiative
- Focus on business opportunities
- Implement ongoing legislative changes

Program Overview

This program activity encompasses a range of activities to accurately, efficiently and effectively process millions of individual and business tax returns and payments using risk assessment, third-party data matching and dependable information validation processes. As well, every known business in Canada is registered through this activity area (except those for which registration is not required by law). The key sub-activities in this program are the following:

- **Individual Returns Processing** processes T1 Income Tax and Benefit Returns and T3 Trust Income Tax and Information Returns for tax programs, through initial assessment,

pre-and post-assessment validation review (T1 returns), accounting, adjustments, and general correspondence.

- **Business Returns Processing** registers businesses in Canada using the Business Number; processes, assesses and validates information filed through T2 (corporate income tax), T4 (employee), T5 (interest income) and GST/HST returns; establishes and maintains account status; carries out excise programs; and processes all payments.
- **GST Administration in Quebec** administers both the memorandum of understanding with the ministère du Revenu du Québec (MRQ) and payments to the MRQ.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	839,892	817,534	821,876

Program Strategies

The ways of delivering our programs have been undergoing significant changes during the past several years. Client needs and changes in the environment are the chief considerations in our commitment to improving the accessibility and efficiency of our programs and services. Over the planning period, we will continue to **strengthen our core business** by encouraging wider use of electronic filing and expanding our electronic service offerings, and by redeveloping and modernizing our core information processing

systems. Specifically, we will provide enhanced services to increase accessibility and efficiency, for example, by enhancing My Account and My Business Account, introducing third-party privilege management for businesses, and expanding GST/HST NETFILE and TELEFILE to allow the filing of debit returns.

The CRA will pursue partnerships with other service organizations at the federal, provincial, territorial and First Nations levels, and will **expand the CRA's business opportunities**, providing

more integrated services to Canadians where it makes sense to do so. Over the planning period, we will undertake the following:

- implement the redeveloped GST/HST system to modernize the delivery of the program, capitalize on opportunities to improve client service and compliance, position the CRA to develop new partnerships with the provinces and territories, and address the interface with the ministère du Revenu du Québec and provinces that use the harmonized system;
- focus on business opportunities by establishing and expanding business relationships with, and developing and delivering more programs for

other federal, provincial, territorial and First Nations organizations, thereby improving and integrating services and reducing the overall administrative burden and costs for taxpayers/businesses and clients; and

- work with Ontario to begin the implementation of the Business Number as the file identifier for businesses, and start the development of business requirements for the delivery of the Corporate Tax Administration for Ontario Initiative—success will be measured against agreed project plans and deliverables.

Priority Initiatives—Assessment of Returns and Payment Processing

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> • Provide enhanced Internet services 	<ul style="list-style-type: none"> • Enhance My Account and My Business Account • Streamline the authentication process for certain users to access personal information and develop partnerships with other clients for CRA authentication services • Provide tax professionals with tools to manage online their authorized taxpayers' business accounts 	<ul style="list-style-type: none"> • Ongoing • Ongoing • October 2007
<ul style="list-style-type: none"> • Implement the redeveloped GST/HST system 	<ul style="list-style-type: none"> • Move to common platforms for financial accounting and output • Implement GST/HST TELEFILE/NETFILE debit returns and changes to health care and housing rebates • Include in My Business Account • Move to Agency Disbursement Platform; automate Joint Filing and Special Offset Mechanism processes, government rebates, and municipality distinction 	<ul style="list-style-type: none"> • April 2007 • October 2007 • April 2008 • October 2008
<ul style="list-style-type: none"> • Redevelop the GST34 return 	<ul style="list-style-type: none"> • Implement a redeveloped GST34 return to increase compliance and data analysis capabilities, decrease the risk of fraud, and reduce the compliance and paperwork burden on small and medium-sized enterprises (SMEs). 	<ul style="list-style-type: none"> • December 2010
<ul style="list-style-type: none"> • Implement Corporate Tax Administration for Ontario Initiative 	<ul style="list-style-type: none"> • Process Ontario T2 (corporate) returns 	<ul style="list-style-type: none"> • April 2009

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> Focus on business opportunities 	<ul style="list-style-type: none"> Implement additional Business Number agreements Develop strategies to optimize organization of business in tax centres Facilitate the standardized electronic exchange of tax information Implement the report of the Action Task Force on Small Business Issues by improving and promoting the CRA's small business systems, products and services and by focusing on reducing, managing and measuring the compliance and paperwork burden for SMEs 	<ul style="list-style-type: none"> Ongoing Ongoing Ongoing Ongoing
<ul style="list-style-type: none"> Implement legislative changes 	<p>Implement all required federal, provincial and territorial legislative changes, including the following:</p> <ul style="list-style-type: none"> changes to tax rates and tax credits for individuals changes to allow pension splitting by individuals changes to the taxation of income trusts payment and repayment provisions of new Universal Child Care Benefit and the new Apprenticeship Incentive Grant multi-year reductions to the small business tax rate changes to corporate tax rates and elimination of the corporate surtax harmonized administrative measures in support of standardized accounting administer the softwood lumber products export charge by processing returns, refund applications and payments 	<ul style="list-style-type: none"> 2007-2008 2007-2008 2007-2011 2007-2008 2008-2009 2008-2011 April 2007 Ongoing

Measures—Assessment of Returns and Payment Processing

Performance Expectations	Indicators	Target
Expected Result – Assessment and payment processing are timely and accurate		
Meet our service standards	Service standards	<ul style="list-style-type: none"> See Appendix D – Service Standards
Meet internal performance targets	Internal performance targets, percentage of: <ul style="list-style-type: none"> payments deposited within 24 hours of receipt Business Number registrations processed within ten working days T1 returns received on time processed by mid-June T4 information returns processed by April 30 T5 information returns processed by May 31 	<ul style="list-style-type: none"> 96% 95% 98% 90% 90%
Processing and assessing of returns are accurate	<ul style="list-style-type: none"> T1 individual returns are assessed accurately Taxpayer-requested adjustments are reassessed accurately 	<ul style="list-style-type: none"> 98% 96%
Improved take-up rates for alternative electronic services	<ul style="list-style-type: none"> Percentage take-up rate of electronic services 	<ul style="list-style-type: none"> Year-over-year improvement in take-up rates
Expected Result – Reporting non-compliance is detected and addressed		
Effective assessment of risk	<ul style="list-style-type: none"> Ratio of dollar value of targeted versus random reviews 	<ul style="list-style-type: none"> Upward trend
Effective detection of non-compliance	<ul style="list-style-type: none"> Dollars assessed through pre-assessment reviews per dollar expended Dollars assessed through post-assessment reviews per dollar expended 	<ul style="list-style-type: none"> Not applicable Not applicable

Accounts Receivable and Returns Compliance (PA3)

Program Priorities

- Maintain strong core business programs
- Implement business transformation
- Expand business opportunities

Program Overview

Our Accounts Receivable and Returns Compliance program activity ensures compliance with tax laws for filing, withholding and payment requirements, including amounts collected or withheld in trust on behalf of the Government of Canada, as well as provinces, territories and certain First Nations.

Our non-filer/non-registrant function pursues unfiled personal and corporate income tax returns, as well as the registration of businesses that have not registered for the GST/HST as required. We also carry out compliance and enforcement

activities related to filing returns and remitting payroll source deductions (encompassing taxes and CPP/EI premiums) and GST/HST amounts.

Our accounts receivable function is responsible for the timely collection of overdue accounts for all taxes, levies, duties and other amounts, and assures effective tax debt management. This function now also deals with the collection for other departments of non-tax debts related to overpaid CPP and EI benefits, as well as the collection of defaulted student loans. The collection activities for these programs were transferred to the CRA on August 1, 2005.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	662,292	668,397	674,654

Program Strategies

Since our collection and non-filer sub-program activities are subject to important compliance risks, we plan to reinforce our processes and enforcement approaches aimed at curbing non-compliance and maximizing tax debt collections. In so doing, we will **strengthen our core business** of protecting Canada's revenue base.

For the planning period, we have an aggressive business transformation agenda built on the following:

- the adoption of an integrated taxpayer-/debtor-centred approach aimed at modernizing our procedures;

- the adoption of new technologies to enhance strong core performance, and to allow for improved analytical capacity and associated risk-based approaches; and
- the development and support of our employees, as we modify our approaches and prepare them to work with new technologies and to face more complex and diverse workloads.

Our business transformation agenda will strengthen the CRA's position as an attractive and effective service provider. It will also **expand the CRA's business opportunities** in the areas of tax and non-tax accounts receivable and returns compliance.

Priority Initiatives—Accounts Receivable and Returns Compliance

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> Maintain strong core business 	<ul style="list-style-type: none"> Stem the growth in the accounts receivable inventory Reduce the level of aged inventory Implement the insolvency strategy and the instalment campaign Continue the creation of a national inventory for new accounts and workloads 	<ul style="list-style-type: none"> Ongoing 2007-2009 Ongoing 2007-2009 Ongoing 2007-2009 Ongoing 2007-2010
<ul style="list-style-type: none"> Implement business transformation 	<ul style="list-style-type: none"> Roll out Integrated Revenue Collections for our individuals-based tax programs Roll out Integrated Revenue Collections for our non-tax collection program Progressively roll out Integrated Revenue Collections for business-based tax programs Develop an integrated taxpayer-centred approach aimed at modernizing processes and facilitating the integration of tax and non-tax debt workloads Implement the National TSDM 2010 Collections Program Delivery Model, including non-tax lines of business Support our employees as we progress with our business transformation agenda 	<ul style="list-style-type: none"> Ongoing with full implementation by March 31, 2009 March 31, 2010 2010-2012 2007-2009 By 2010 Ongoing 2007-2009
<ul style="list-style-type: none"> Expand business opportunities 	<ul style="list-style-type: none"> Integrate collection and compliance operations from other levels of government as part of the CRA's desire to become the government's provider of choice for collections services Review the legislative provisions aimed at further supporting our debt management services 	<ul style="list-style-type: none"> Ongoing 2007-2009 Ongoing 2007-2009

Measures—Accounts Receivable and Returns Compliance

Performance Expectations	Indicators	Target
Expected Result – Tax and non-tax debt is resolved on a timely basis and is within targeted levels		
Tax debt is resolved on a timely basis	<ul style="list-style-type: none"> Percentage of accounts collected within the year of intake 	<ul style="list-style-type: none"> Resolve the equivalent of 90% of intake to the tax services office Resolve 60% of accounts in the year of intake
Tax debt is within targeted levels	<ul style="list-style-type: none"> Dollars collected Percentage of accounts receivable over five years old 	<ul style="list-style-type: none"> \$8.7 billion for 2007-2008 Maintain under 16% of the total tax debt
Non-tax debt recovery objectives are met	<ul style="list-style-type: none"> Non-tax debt is recovered within the established objectives 	<ul style="list-style-type: none"> 100% of annual objectives
Expected Result – Non-compliance is detected and addressed		
Non-compliance is identified and addressed through tax review programs	<ul style="list-style-type: none"> Dollar value of non-compliance identified through tax review programs 	<ul style="list-style-type: none"> Employer/payroll/GST compliance audits: \$1.8 billion T1/T2 non-filers/GST non-registrants: \$2.2 billion

Reporting Compliance (PA4)

Program Priorities

- Increase our focus on aggressive tax planning, in particular the abusive use of international transactions and tax havens
- Enhance programs to address interprovincial tax avoidance and Provincial Income Allocation
- Continue to combat the underground economy and GST/HST fraud
- Continue development and implementation of a compliance communications strategy action plan that uses communications to promote compliance
- Improve the administration of the Voluntary Disclosures Program
- Enhance the administration of the Scientific Research and Experimental Development (SR&ED) program

Program Overview

The Reporting Compliance program activity addresses the accuracy and completeness with which taxpayers report their tax liability. It covers a range of audit and enforcement sub-activities. Major functions include examinations, reviews, audits and investigations to ensure compliance with federal, provincial and territorial income tax and GST laws.

Our audit sub-activity deals with individual audits, business audits, international tax and tax avoidance.

Our investigations sub-activity investigates suspected cases of tax evasion and fraud, pursues criminal prosecutions, and publicizes convictions of tax law offenders in order to deter others. In addition, our Special Enforcement Program helps combat organized crime by enforcing the legislation that the Agency administers.

The Reporting Compliance program activity is also responsible for administering the Voluntary Disclosures Program. The program encourages

taxpayers to come forward and correct past omissions in order to comply with their legal obligations relating to taxation.

Our SR&ED sub-activity is a federal tax incentive program that encourages Canadian businesses to conduct research and development in Canada. Under this program, we provide credits to more than 18,000 SR&ED claimants each year.

Other functions include research and analysis of compliance behaviour and trends, the identification and assessment of tax compliance risk, and the development of tools for use in audits and investigations.

The Reporting Compliance program activity is delivered by more than 9,500 employees across Canada. We conduct more than 388,000 compliance actions every year and refer over 200 investigations to the Department of Justice Canada for prosecution. In 2005-2006, our actions had an identified fiscal impact of \$5.5 billion, which exceeded our commitment to the Government of Canada.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	1,195,958	1,207,894	1,196,102

Program Strategies

The vast majority of Canadians (individuals and businesses) comply with tax laws when provided with the proper information, tools and assistance. When they do not, our strategy is to identify and address the most serious non-compliance issues and cases, take appropriate action, and deter future non-compliance. To this end, we review all returns, continually refine our understanding of non-compliant taxpayer behaviour, improve risk management and targeting techniques, and sharpen the focus of our audit and investigation resources. Our program priorities for the coming period are the following:

- increasing our focus on aggressive tax planning, in particular the abusive use of international transactions and tax havens;
- enhancing programs to address interprovincial tax avoidance and provincial income allocation;
- continuing to combat the underground economy and GST/HST fraud;
- developing and implementing a compliance communications strategy action plan to guide the publication of information about CRA activities to address non-compliance, in order to inform taxpayers of their obligations and the consequences of not meeting them;
- improving the administration of the Voluntary Disclosures Program; and
- enhancing the administration of the SR&ED program.

Priority Initiatives—Reporting Compliance

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> • Aggressive tax planning 	<ul style="list-style-type: none"> • Increase audit and enforcement against aggressive international tax planning • Include aggressive tax planning schemes in the CRA tax alert system • International tax compliance action plan implementation • Interprovincial tax avoidance and provincial income allocation action plan implementation 	<ul style="list-style-type: none"> • Ongoing • Ongoing • 2007-2009 • 2007-2008
<ul style="list-style-type: none"> • Underground economy 	<ul style="list-style-type: none"> • Evaluate results of pilot projects begun in 2005-2006 	<ul style="list-style-type: none"> • 2007-2008
<ul style="list-style-type: none"> • GST/HST fraud 	<ul style="list-style-type: none"> • Evaluate results of pilot projects begun in 2005-2006 • Re-engineer the GST/HST High Risk Analysis Team program 	<ul style="list-style-type: none"> • 2007-2008 • 2007-2008
<ul style="list-style-type: none"> • Enhancing communications 	<ul style="list-style-type: none"> • Continue development and implementation of a compliance communications strategy action plan 	<ul style="list-style-type: none"> • 2007-2009
<ul style="list-style-type: none"> • Improvements to the administration of the Voluntary Disclosures Program 	<ul style="list-style-type: none"> • Review policies and guidelines • Implement action plan 	<ul style="list-style-type: none"> • 2007-2008 • 2007-2008
<ul style="list-style-type: none"> • SR&ED administration enhancement 	<ul style="list-style-type: none"> • Simplified and streamlined forms and publications • Enhanced interaction with SMEs 	<ul style="list-style-type: none"> • 2008-2009 • 2008-2009

Measures—Reporting Compliance

Performance Expectations	Indicators	Target
Expected Result – Non-compliance is detected and addressed		
Meet our service standards and internal performance targets	Service standards for SR&ED Service standards for film/video tax credits Internal performance targets: <ul style="list-style-type: none"> • Number of claims reviewed • Outreach activities completed 	<ul style="list-style-type: none"> • See Appendix D – Service Standards • 100% compared with plan • 100% compared with plan
Effective assessment of risk and detection of non-compliance	<ul style="list-style-type: none"> • Results of targeted reviews compared to random reviews • Percentage of risk-based reviews resulting in detection of non-compliance • Prosecution results 	<ul style="list-style-type: none"> • Results of targeted reviews exceed those of random reviews • Upward trend • Not applicable
The Voluntary Disclosures Program (VDP) is administered in a consistent manner	<ul style="list-style-type: none"> • VDP cases validated as a result of quality assurance (monitoring) reviews 	<ul style="list-style-type: none"> • 90%

Appeals (PA5)

Program Priorities

- Review and strengthen core business processes and operations
- Improve consistency in the administration of the Taxpayer Relief Provisions
- Formalize the process for resolving service-related complaints

Program Overview

This program aims to resolve disputes between the CRA and taxpayers by conducting fair and impartial reviews, including the following:

- reviewing decisions contested by taxpayers in the areas of:
 - income tax;
 - commodity taxes;
 - pensionability of employment under the Canada Pension Plan; and
 - insurability of employment under the *Employment Insurance Act*.

In addition, this program activity is responsible for:

- collaborating with the Department of Justice Canada during any subsequent appeals to the courts; and
- horizontally managing the administration of:
 - the Taxpayer Relief Provisions (formerly the Fairness Provisions) across all CRA program activities; and
 - the newly-formalized complaints resolution process across all program activities.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	149,545	147,825	148,407

Program Strategies

Our objective is for Canadians to continue receiving an impartial and responsive review of contested decisions. Over the planning period, we will continue to **strengthen our core business** by improving the CRA's business intelligence related to our dispute resolution procedures and our response to court challenges. In so doing, we will foster increased taxpayer confidence in our self-assessment system, thereby helping further protect Canada's revenue base.

Our program priorities are as follows:

- reviewing and strengthening core business processes and operations to enhance the accessibility, transparency, consistency and timeliness of dispute resolution;
- improving the consistency of the Agency-wide administration of the Taxpayer Relief Provisions; and
- formalizing the process for resolving service-related complaints.

Priority Initiatives—Appeals

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> Review and strengthen core business processes and operations 	<ul style="list-style-type: none"> Improve management of the CPP/ EI Program Continue our work to enhance electronic capability 	<ul style="list-style-type: none"> March 2008 September 2008
<ul style="list-style-type: none"> Improve consistency in the Agency-wide administration of the Taxpayer Relief Provisions 	<ul style="list-style-type: none"> Enhance system capability to facilitate improved data capture and program reporting of amounts forgiven under the Taxpayer Relief Provisions 	<ul style="list-style-type: none"> March 2008
<ul style="list-style-type: none"> Formalize the process for resolving service-related complaints 	<ul style="list-style-type: none"> Implement the formalized process for resolving service-related complaints Data collection, analysis and reporting of service-related complaints, including systemic issue identification 	<ul style="list-style-type: none"> Spring 2007 2008-2009

Measures—Appeals

Performance Expectations	Indicators	Target
Expected Result – Taxpayers receive a timely and impartial review of contested decisions		
Meet our established service standard	<ul style="list-style-type: none"> Service standard 	<ul style="list-style-type: none"> See Appendix D – Service Standards
Maintain high levels of transparency, consistency and accuracy	<ul style="list-style-type: none"> Levels of transparency, consistency and accuracy 	<ul style="list-style-type: none"> Targets of 94% and 100% as applicable per Quality Assurance Program
Contested decisions are resolved within appropriate time frames	<ul style="list-style-type: none"> Average number of workable days to complete a case Average age of workable inventory 	<ul style="list-style-type: none"> Various Neutral or downward trend
Expected Result – Complaint service and tax relief provisions are administered consistently		
Maintain high levels of consistency	<ul style="list-style-type: none"> Level of consistency 	<ul style="list-style-type: none"> (Under development)

Benefit Programs (PA6)

Program Priorities

- Ensure timely, accurate and accessible information and services to benefit recipients
- Ensure timely and accurate processing of benefit payments, applications and other transactions, by maintaining and enhancing our infrastructure
- Ensure benefits compliance
- Expand business opportunities to deliver new programs and services on behalf of federal, provincial, and territorial governments

Program Overview

The Benefit Programs program activity supports the efforts of federal, provincial and territorial governments to assist persons with disabilities, families and children, and low- and moderate-income households, and to reduce child poverty. We provide Canadians with benefits, credits and other services that contribute directly to their economic and social well-being. The CRA administers three federal programs that issue benefit payments:

- the Canada Child Tax Benefit (CCTB);
- the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit; and
- Children's Special Allowances (CSA).

The CRA also delivers the Universal Child Care Benefit (UCCB) on behalf of Human Resources and Social Development Canada and administers the Disability Tax Credit (DTC), under which entitlements are delivered at the time individual tax returns are processed, rather than as direct cash payments.

In addition, we administer 17 ongoing benefit programs on behalf of the provinces and territories. As well, we deliver one-time payment programs for provinces and the Government of Canada, upon

request. We also supply information as authorized by law to federal, provincial and territorial clients, supporting the administration of their benefit and other income-based programs. In total, the CRA administered 66 different benefit-related programs and services for provinces, territories and other government departments in 2005-2006.

This program activity is divided into two sub-activities:

Benefit Enquiries provides benefit recipients with the tools, assistance and information they need by maintaining high-quality services on the telephone, and through self-service and in-person channels.

Benefit Programs Administration is responsible for issuing more than \$15 billion in benefit and credit payments on behalf of the federal, provincial and territorial governments. This sub-activity provides the right tools and information so that potential recipients can provide us with the information we need to register them on the appropriate benefit rolls and ensure that they receive timely and accurate benefit payments. Review activities are conducted to verify that only eligible recipients receive benefits and credits, and that the amounts they receive are correct, in accordance with the legislation.

Program Resources

(thousands of dollars)	Planned 2007-2008	Planned 2008-2009	Planned 2009-2010
Planned Spending	335,779	342,034	349,725

Program Strategies

The Benefit Programs program activity supports the achievement of the CRA’s strategic outcome for benefits. We process millions of timely and accurate payments each year for CCTB, UCCB, and GST/HST credit recipients, including payments under related provincial and territorial benefit and credit programs. We will continue to **strengthen our core business** by reassessing the core systems which ensure that the right benefits are delivered only to the right individuals. To maintain overall benefits compliance, we will continue to implement our benefits compliance strategy, based on education, facilitated compliance and a credible enforcement presence. Further, over the planning period, we will continue to enhance the self-service options on the Internet, while maintaining appropriate levels of telephone service. This is essential to many benefit recipients, especially those who may lack access to the Internet.

Maintaining our historically strong performance in benefits administration by enhancing the CRA’s national benefit delivery infrastructure also reinforces our capacity to **expand business opportunities**. Our aim is to reduce the overall administrative cost of government by making the use of our platform more attractive to provinces, territories and other government departments. By delivering new programs and services for clients, we can simplify administration and eliminate duplication, limit compliance burdens, and deliver higher-quality service.

The main priorities for this program are the following:

- ensure timely, accurate and accessible information and services to benefit recipients;
- ensure timely and accurate processing of benefit payments, applications and other transactions, by maintaining and enhancing our infrastructure;
- ensure benefits compliance; and
- expand business opportunities to deliver new programs and services on behalf of federal, provincial and territorial governments.

Priority Initiatives—Benefit Programs

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> • Ensure timely, accurate and accessible information and services to benefit recipients 	<ul style="list-style-type: none"> • Implement a service standard for Canada Child Tax Benefit (CCTB) telephone service level • Implement the facility for online benefits applications • Implement the Disability Tax Measures Initiative recommendations • Enhance My Account and promote increased usage 	<ul style="list-style-type: none"> • 2007-2008 • 2007-2008 • Multi-year period • Ongoing
<ul style="list-style-type: none"> • Ensure timely and accurate processing of benefit payments, applications and other transactions, by maintaining and enhancing our infrastructure 	<ul style="list-style-type: none"> • Reassess core systems and enhance flexibility in program delivery • Modernize the Individual Identification System 	<ul style="list-style-type: none"> • Multi-year period • Multi-year period

Program Priorities	Deliverables	Dates
<ul style="list-style-type: none"> Ensure benefits compliance 	<ul style="list-style-type: none"> Continue to implement the recommendations of the Compliance Strategy to enhance validation techniques and credible enforcement presence 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Continue to apply the communications strategy to enhance awareness of programs and obligations 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Work with partners to negotiate sharing notification of a vital event for an individual (e.g. births, deaths, etc.) 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Develop a measurement sample for the GST/HST credit program 	<ul style="list-style-type: none"> 2007-2008
<ul style="list-style-type: none"> Expand business opportunities to deliver new programs and services on behalf of federal, provincial, and territorial governments 	<ul style="list-style-type: none"> Expand data exchange opportunities (e.g. Income Verification Programs) with additional clients 	<ul style="list-style-type: none"> Ongoing

Measures—Benefit Programs

Performance Expectations	Indicators	Target
Expected Result – Benefit recipients receive timely, accurate and accessible information		
Maintain high program awareness and take-up through effective communications tools	<ul style="list-style-type: none"> CCTB take-up rate (can be measured only every five years) Range of communications products (publications, outreach, community volunteer programs) 	<ul style="list-style-type: none"> 95% N/A
Maintain or increase satisfaction level of benefit recipients	Evaluation of products by benefit recipients: <ul style="list-style-type: none"> Application instructions easy to understand Information received in the application process Service received in the application process 	Maintain level from CCTB first-time applicants survey <ul style="list-style-type: none"> 90% 90% 90%
Meet service standards and internal performance targets	Service standards Internal performance targets: <ul style="list-style-type: none"> Telephone caller accessibility Telephone service level 	<ul style="list-style-type: none"> See Appendix D – Service Standards 80% for CCTB Currently under review for GST/HST credit Currently under review for GST/HST credit

Performance Expectations	Indicators	Target
Increase use of self-service options	Range of self-serve options Take-up rates: <ul style="list-style-type: none"> • Change my address • Child and family benefits Web page views • Children's Special Allowances on the Web 	<ul style="list-style-type: none"> • Enhancements to My Account • Upward trend
Expected Result – Eligibility determination and payment processing are timely and accurate		
Meet or exceed service standards and internal performance targets for the timely and accurate processing of benefit payments, applications and account maintenance adjustments	Timeliness of processing <ul style="list-style-type: none"> • Service standards Accuracy of processing <ul style="list-style-type: none"> • Benefit payments, applications, account maintenance adjustments • CCTB overpayment debt as a percentage of payments issued 	<ul style="list-style-type: none"> • See Appendix D – Service Standards • 98% • 0.4% or lower
Maintain or increase satisfaction levels of benefit recipients	Satisfaction with service by benefit recipients: <ul style="list-style-type: none"> • Application processing time 	Maintain level from CCTB first-time applicants survey <ul style="list-style-type: none"> • 75%
Maintain high overall compliance	<ul style="list-style-type: none"> • % of CCTB accounts reviewed • % of CCTB targeted reviews resulting in an adjustment • Dollar value of net adjustments recouping benefits or in favour of the recipient 	<ul style="list-style-type: none"> • 5% • 50% • To be determined

Corporate Services (PA7)

Program Priorities

- Strengthen the CRA infrastructure, including advances in human resource management; rigorous financial, administrative and risk management; and strategic investments in technology systems
- Mature accountability practices in our unique governance regime
- Refine the strategy and framework for dealing with clients

Program Overview

The CRA delivers high-quality tax and benefit services. Our Corporate Services program activity includes human resource management, information technology, public affairs, finance and administration, corporate audit and program evaluation, legal services, and corporate strategies and business development. These activities are interrelated, and by managing our corporate services in an integrated manner across the CRA, we ensure that our tax and benefit services have the guidance, infrastructure and resources needed for successful delivery.

Program Strategies

As we move forward in implementing Agency 2010, the Corporate Services program activity will focus on **strengthening our governance and infrastructure** to support a **strong and modern core business** and **new business opportunities**.

Human Resources

The CRA is responsible for its own human resource regime. Since becoming an agency, we have continued to revise our human resource policies, systems and infrastructure in order to more effectively support the achievement of the CRA's business results.

In partnership with our clients, we will develop and implement strategies in support of the Agency 2010 vision. These strategies will help ensure that Agency employees have the competencies required to work effectively in our changing business environment. We will also continue to play a critical role in support of the Agency 2010 vision by providing effective support for the acquisition of new business.

We will maintain efforts to strengthen our human resource infrastructure by creating a robust, efficient and flexible human resource function that can rapidly meet the human resource service requirements of both core business functions and new business development. These efforts continue to be guided by our Competency-based Human Resource Management Framework and will include key priorities such as the Agency Classification Standard for Services and Programs, eResourcing, and union-management relations.

CRA Staffing Principles

Transparency	Communications about staffing are open, honest, respectful, timely and clearly understood.
Representativeness	The composition of our workforce reflects the available labour market.
Competency	The workforce possesses the attributes required for effective job performance.
Fairness	Staffing decisions are equitable, just and objective.
Efficiency	Staffing processes are planned and conducted with regard for time and cost, and linked to business requirements.
Adaptability	Staffing processes are flexible and responsive to the changing circumstances and to the unique or special needs of the organization.
Productiveness	Results in appointment of the necessary number of competent people for the proper conduct of business.

CRA Staffing Principles	
Non-Partisanship	The workforce must conduct itself in a manner that is free from political and bureaucratic influence. Staffing decisions must be free from political and bureaucratic influence.

Information Technology

The CRA is built on our information technology systems. The CRA will respond effectively to the key challenge facing the IT program, which is to maintain the right balance between delivering on existing commitments and creating the capacity to respond to the changing business context of Agency 2010, while addressing pressures such as the “enterprising” of government and the evolving technological environment.

Over the planning period, we will undertake the following:

- strengthen our technical infrastructure and identify opportunities for increased efficiencies by taking an enterprise view of program plans;
- develop the core building blocks for supporting self-service and enhanced compliance;
- provide supportive technology to allow appropriate access to Agency data:
 - Canadians will view their own information through convenient and secure solutions; and
 - Agency employees will be provided with the data required to perform their business functions;
- continue deployment of the IT Security Program to maintain the integrity and security of the Agency’s electronic data and IT systems;
- strengthen the recovery capability for IT systems and services to support critical business processes and meet the changing needs of the Agency, with the completion of the multi-year Data Centre Recoverability project;
- continue to build a more robust IT infrastructure that will support the high availability systems required by the Agency’s 2010 agenda and the IT infrastructure for the Canada Border Services Agency (CBSA);

- leverage evolving technology by increasing automation, rationalizing architecture, and consolidating services and products through the multi-year Managed Distributed Environment Program, in concert with the National IT Support Program;
- continue to improve the control of key development and operations processes by leveraging the Quality Program using industry best practices; and
- leverage our efficient and effective high-volume transaction processing capacity to ensure that we will have the IT resources available to take on new business.

Public Affairs

To improve the Agency’s use of its intranet as a preferred working tool and increase the value of the information it contains, we will continue to examine ways to effectively manage the Agency’s intranet content and applications.

Canadians rely on CRA’s publishing products for access to Agency information and services. We will continue to modernize our publishing function to achieve better value for money, while recognizing environmental concerns.

The CRA continues to effectively administer the Privacy Impact Assessment Policy. During fiscal year 2005-2006, the CRA’s Director-General level ATIP Oversight Review Committee expanded its mandate to ensure experienced senior horizontal review and monitoring of all privacy issues and developments that could have an impact on the CRA’s business.

Public Affairs will continue to build and implement a communications strategy aligned with the future direction of the Agency. We will emphasize the image of the Agency as a responsive service provider in all regions of Canada, and promote the Agency as contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit services.

Finance and Administration

To sustain trust in our ability to collect revenue and deliver entitlements, the CRA will sustain its environment of sound comptrollership and administrative governance.

The Agency will advance its capacities in enterprise risk management and support a working culture that values responsible risk taking, innovation and continuous improvement. The CRA will focus on identifying and communicating enterprise risks to senior management and the Board of Management in accordance with the CRA Enterprise Risk Management Policy, as revised in 2006-2007.

To maintain high standards of information protection, we will continue implementation of the System Access Profile Program, which is aimed at rationalizing employee access to the Agency's systems. This program will continue through 2008-2009.

The CRA will continue to improve accounting and reporting of tax revenues on an accrual basis and continue the roll-out of the Revenue Ledger Strategic Plan that will further automate the public accounting for and reporting of tax revenues.

We will continue to focus on the integrity of our financial systems and processes. Government-wide efforts to strengthen accountabilities will be supported with the introduction of a new Financial Monitoring Framework. This framework will allow the Agency to assess and report on the soundness of our internal controls, facilitating the establishment of a Chief Financial Officer certification process.

We will continue to enhance our reporting to senior management, Board of Management and central agencies according to the Agency's Program Activity Architecture, which improves the integration of financial and non-financial reporting, and improves the linkages between resources and results.

The Agency is positioned to enhance its corporate oversight and monitoring activities with improved accounting for major investments and through the development of a robust framework for reporting

against project plans to the Resource and Investment Management Committee, and, where required, to the Board of Management, in accordance with the new project management policy.

Building on past successes, the CRA's Sustainable Development Strategy 2007-2010 will move the Agency closer to achieving its vision of being a globally recognized tax and benefit services delivery organization that demonstrates best practices in sustainable development. This strategy sets aggressive targets for greening internal operations, and provides the Agency with a framework that defines social responsibility. Additional details can be found in Appendix E – Sustainable Development Strategy.

The Agency intends to engage its partner, Public Works and Government Services Canada, in the development and implementation of a long-term accommodation strategy for the national capital area that meets the Agency's needs while supporting government-wide objectives for improved management of real property.

Corporate Audit and Evaluation

Corporate audit and evaluation activities will continue to provide the Commissioner, the Board of Management and senior management with independent and objective information, advice and assurance on the soundness of the Agency's management framework, and on the effectiveness, efficiency and value for money of its strategies, programs and practices.

Legal Services

The Tax Law Portfolio of the Department of Justice Canada provides advisory and litigation services to the Agency. The legal services unit is responsible for giving advice to the Minister, the Commissioner and the Board of Management for all program activities. The legal services unit also provides training to Agency employees on key areas of public law and on confidentiality and protection of tax information. Litigation services are provided to the Agency nationally through the Portfolio's Headquarters and regional offices.

Corporate Strategies and Business Development

The CRA is continuing to enhance the accountability practices inherent in our unique governance regime and to clarify our legislated responsibilities vis-à-vis the Treasury Board of Canada Secretariat (TBS). Under section 31 (1) of the *Canada Revenue Agency Act*, the Board of Management is responsible for “overseeing the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts.”

In the TBS’ annual Management Accountability Framework (MAF) assessment of the Agency, the Secretariat refrains from rating the CRA in areas where the Board of Management has oversight responsibilities.

During 2007-2008 the CRA will develop and pilot a Board of Management oversight framework that will generally apply to the Board’s areas of

legislated responsibility. This oversight framework is intended to complement the annual assessment carried out by the TBS under the MAF.

Client Relations will host two multilateral meetings a year with provincial and territorial governments to discuss common interests. The discussions will focus on the CRA working with provincial and territorial governments in areas of parallel tax administration, and the CRA’s delivery of tax and benefit programs.

In October 2006, the Government of Canada signed a Memorandum of Agreement with the Government of Ontario, under which the CRA will administer Ontario’s corporate taxes in 2009. A CRA governance structure has been established to oversee the implementation of the project and guide the negotiations of the various agreements required between the CRA and the Ontario Ministry of Finance.

CRA account executives are now in place to manage the CRA’s working relationships with existing and prospective clients.

Deliverables—Corporate Services

Priorities	Deliverables	Dates
Human Resources		
Human resource (HR) strategies that support the Agency 2010 vision	Support the migration of the Province of Ontario’s corporate tax	• 2007-2009
	Regular workforce planning analysis/Succession management	• 2007-2008
	Management development to prepare staff to assume EC level	• 2007-2008
Strengthened HR infrastructure	Operational realignment to include Centres of Expertise	• 2007-2008
	Begin the HR 2010 initiative/Supporting Agency 2010 vision	• 2007-2008
	Implement the HR Management and Monitoring Frameworks	• 2007-2008
	Develop performance metrics for training and learning, including service standards	• 2007-2008
	Complete implementation of the Corporate Action Plan for the Renewal of the Official Languages Program 2005-2008, and strive for a representative workforce.	• 2007-2008
	Implement the eResourcing solution	• 2007-2008
Competency-based HR Management (CBHRM)	Continue the integration of the CBHRM	• 2007-2008
	Phase 2 of the Observe and Attest initiative	• 2007-2008
	Ongoing implementation of enhancements and measures to improve the staffing regime	• 2007-2008

Priorities	Deliverables	Dates
Workplace relations and compensation	Collective agreements: preparatory work, essential services agreements conclusion and negotiation	• 2007-2008
Agency Classification Standard for Services and Programs (SP)	Implement SP classification standard within the Agency after negotiation of SP rates of pay	• 2007-2008
Enhanced union-management relations	Union-Management Initiative (UMI) training to managers and union representatives	• 2007-2008
	Implement the UMI Monitoring and Evaluation Strategy	• 2007-2008
Information Technology		
The integrity and security of electronic data holdings	Update encryption technology for portable devices	• 2007-2008
	Deploy and begin monitoring intrusion defence technology	
The data centre environment	Partner with Public Works and Government Services Canada (PWGSC) on the plans for a new Data Centre facility for the Government of Canada (GC), including CRA	• 2007-2008
	Until the new GC Data Centre is operational, implement interim environmental upgrades at CRA's secondary Data Centre	• 2007-2008
Ensure recovery capability of critical IT applications and services	Implement a program to sustain recoverability capability	• 2007-2008
	Finalize testing of the Data Centre Recovery plan	• 2007-2008
Network technology upgrade	Replace current technology of core network with one that is more scalable	• 2007-2008
	Increase bandwidth capability as required	
	Provide additional sites with backup network access	
CRA data stewardship program and the Agency data warehouse and Business Intelligence and Decision Support foundation program	Implement phase 2 of the data stewardship program	• 2007-2008
	Meet release commitments for Agency data warehouse growth	
Improve efficiency in the distributed computing environment	Commence general deployment of Server Consolidation Project	• 2007-2008
The quality program	Deliver improved Application Performance Measurement metrics	• 2007-2008
	Establish a project management practices framework	
	Develop an application sustainability assessment strategy through the creation and analysis of the Solutions Catalogue	
Corporate Administrative System (CAS) and IT services for the CBSA	With the CBSA, develop and implement a more long-term support model	• 2007-2008
Public Affairs		
The CRA communications strategy	Raise employee awareness about the communications strategy	• 2007-2008
	Introduce new CRA graphic standards	
	Ongoing governance of the CRA communications	
The Agency publishing function	A publishing policy framework and Internet content management system	• 2007-2008
	Improvements to the CRA's print-to-mail operations	

Priorities	Deliverables	Dates
CRA intranet renewal	Define business processes Provide AMC with a sustainable approach to intranet management	• 2007-2008
Finance and Administration		
Enterprise risk management	Complete an integrated Agency-wide corporate risk inventory	• 2007-2008
Information protection	Continue implementation of the System Access Profile Program	• 2007-2008
Accounting and reporting of tax revenues	Facilitate the GST redesign process	• 2007-2008
	Improve the Allowance for Doubtful Accounts process	• 2007-2008
	Continue implementation of the Revenue Ledger Strategic Plan	• 2007-2008
Integrity of financial systems and processes	Introduce a new Financial Monitoring Framework	• 2007-2008
	Introduce a new CRA policy on internal controls	• 2007-2008
	Establish a Chief Financial Officer certification process	• 2007-2008
	Complete T2 pilot for the provision of reports to provinces on relevant CRA control procedures	• 2007-2008
Financial and performance reporting	Produce quarterly resource management and performance reports for AMC and BoM	• Quarterly
	Continue to enhance the integration of financial and non-financial reporting to AMC, BoM and central agencies	• 2007-2008
Corporate oversight and monitoring	Develop and introduce a new project coding and tracking mechanism for major investment initiatives	• 2007-2008
	Develop a robust framework for reporting against major investment project plans to the Resource and Investment Management Committee	• 2007-2008
Real Property	Agreement between CRA and PWGSC on a strategic CRA-NCA accommodation strategy	• 2007-2008
Corporate Strategies and Business Development		
Oversight Framework	Develop draft framework	• 2007-2008
Board of Management	Pilot assessment process	• 2007-2008
Plan and implement a single administration of the Ontario corporate tax	Complete transition planning, including an HR agreement	• 2007-2008
	Deliver required administrative changes	
	For tax years ending after Dec. 31, 2008, enable single corporate tax instalments beginning in Feb. 2008	• 2007-2008
	For tax years ending after Dec. 31, 2008, enable filing of a single corporate tax return from Jan. 2009 onward	• 2008-2009



Chapter 6 – Agency Governance and the Board of Management

The Board of Management brings to bear a forward-looking, strategic perspective as it undertakes its legislated role of overseeing the organization and administration of the CRA, as well as the management of the CRA's resources, services, property, personnel and contracts.

The Board's influence is felt throughout the CRA's operations. Its complex role can be broken down into three key elements:

- providing guidance on the Agency's strategic and operational objectives;
- supporting the achievement of those objectives by approving appropriate project plans, strategic approaches and investments in infrastructure and resources; and
- ensuring that sound internal and external reporting practices are in place.

The Board's Priorities

The CRA's priorities for the upcoming three-year period are set out in this annual Report on Plans and Priorities, which is based on the *Corporate Business Plan 2007-2008 to 2009-2010* that was approved by the Board of Management.

While the Board's and the CRA's priorities necessarily coincide, each year the Board prepares its own three-year plan to identify specific areas of focus for the Board and its four committees (the Audit, Governance, Human Resources and Resources committees).

The following is a top-level summary of the Board's priorities for the period 2007-2008 to 2009-2010. In addition to the priorities described below, the Board continues to refine its own governance framework and operating procedures to maximize its contribution to the Agency's strategic objectives and program activities.

Strategic Direction

The Board will oversee the ongoing implementation of Agency 2010, the CRA's corporate vision, by monitoring planning and progress on key initiatives.

Human, Financial and Corporate Resources Management

Enterprise Risk Management

As a key element of business sustainability, enterprise risk management will always be an important area within the Board's purview. Following the Board's March 2006 approval of the CRA Enterprise Risk Management Policy, enterprise risk management will be implemented over the next three years, as tools are developed, tested and rolled out.

Over time, enterprise risk management will become a fundamental element at all levels of the CRA in terms of practices, planning, reporting and decision-making.

Human Resources

The CRA requires a diverse, adaptable workforce, boasting a strong leadership component that is complemented by superior technical expertise. Within this overarching context, human resource strategies must also address issues such as the aging of the workforce, the need to reflect the growing diversity of Canadian society, and the changing nature of work as technology alters how we do business.

As a result, the Board will oversee strategies to deal with the recruitment of new employees and the development of middle managers to move into senior-level positions as they become vacant.

The CRA is a separate employer, and the collective agreements with the two major unions will expire in 2007. The Board is responsible for approving the negotiating mandate for collective bargaining.

The Board will also guide job classification reform, which is another key human resource initiative.

Information Technology

The CRA's IT infrastructure is a cornerstone of both current operations and the CRA's planned business expansion. In addition to the development of new online services and automated functions, there is a focus on renewal of the Agency's legacy systems.

The Board will continue to play a critical role in ensuring that IT resources continue to be properly managed and that risks to the IT base continue to be appropriately identified and mitigated.

Financial Control and Reporting

In the CRA's case, the government-wide focus on reporting and accountability is augmented by the stringent auditing and reporting requirements found in new tax collection agreements with the provinces and territories.

In addition, the Board carefully monitors public sector accounting standards in Canada to ensure that the CRA responds appropriately to changes in those standards as they are instituted.

For these reasons, the Agency is documenting and evaluating the CRA's internal control over financial reporting. The Board—and the Audit Committee in particular—will play an important role in overseeing this initiative.

Project Oversight

The CRA's Project Management Policy (approved by the Board in September 2006) will help the CRA effectively and economically manage approved projects that have a clearly established and visible project leadership.

Board approval is required on plans for major projects. The Board's ongoing reviews then ensure that approved projects are effectively managed, that risks are identified and mitigated, and that appropriate monitoring processes are in place.

Implementing the Report on Plans and Priorities

The *2007-2008 Report on Plans and Priorities* sets out the CRA's plans and objectives for the upcoming three-year period.

The Board of Management plays an integral role in identifying those plans and objectives and also in determining how best to achieve them. This includes enterprise risk management, and regular reviews and monitoring, to ensure that plans are being successfully implemented or that they are adjusted as required to respond to changing circumstances.

Especially in this period of change as the CRA pursues its Agency 2010 strategic vision, the Board's oversight role is a cornerstone of the CRA's successes and its growth as a world-class administrator of tax and benefit programs.

Conclusion by the Commissioner

I am very pleased with the progress displayed by the Canada Revenue Agency (CRA) since I was appointed its Commissioner and Chief Executive Officer in late 2004. The *2007-2008 Report on Plans and Priorities* provides the direction that the Agency will follow over the next three years. Our



focus will be on continually enhancing relationships with our client governments, improving service delivery to taxpayers and benefit recipients, maximizing tax debt collections, addressing compliance challenges, and promoting trust in the CRA's administration.

Our key areas of focus are well defined. We are clarifying our objectives for performance measurement and expanding our ability to report on the results. We are building on our existing accountability framework and managing public resources with prudence and transparency.

By following the direction provided in this report, we aim to ensure that individuals and businesses pay the correct amount of tax due and that we deliver in a timely manner the exact amount of benefit payments to recipients under the applicable legislation.

I believe that the employees of the CRA bring life to our vision and values depicted in this report. Through their dedication and their facility to learn and adapt, we will continue in the direction set for us by our governing legislation.

A handwritten signature in black ink, appearing to read 'M. Dorais'.

Michel Dorais, ICD.D
Commissioner and Chief Executive Officer
Canada Revenue Agency



Appendices





Appendix A – Board of Management

Board Membership

The Board of Management of the Canada Revenue Agency comprises 15 members appointed by the Governor in Council. They include the Chair, the Commissioner and Chief Executive Officer, a director nominated by each province, one director nominated by the territories, and two directors nominated by the federal government. Members of the Board bring a private-sector perspective and business-like approach to management and, in this regard, have been championing a significant agenda for change within the CRA.

The following table shows Board membership as of January 2007.

Connie I. Roveto, ICD.D

Chair, Board of Management
President
Cirenity Management
Toronto, Ontario

Camille Belliveau, FCGA, CFP

Executive Director
Groupe EPR Canada Group Inc.
Shediac, New Brunswick

Myles Bourke, FCA

Corporate Director
Lethbridge, Alberta

L. Bernice Buckle

Corporate Director
Corner Brook, Newfoundland and Labrador

Raymond Desrochers, CA, CFE

Partner
BDO Dunwoody LLP Chartered Accountants
Winnipeg, Manitoba

Gordon Gillis, LL.B.

Lawyer/Consultant
Dartmouth, Nova Scotia

André Gingras

Founder and Director
André Gingras et Associés inc.
Montréal, Quebec

James J. Hewitt, FCMA

Corporate Director
Penticton, British Columbia

Howard A. Leeson, Ph.D.

Professor of Political Science
University of Regina
Regina, Saskatchewan

Rod Malcolm, CA

Corporate Director
Iqaluit, Nunavut

Patricia J. Mella

Corporate Director
Stratford, Prince Edward Island

James R. Nininger, Ph.D.

Corporate Director
Ottawa, Ontario

Stephen E. Rudin, MSPH

Health Care Consultant
Toronto, Ontario

Sylvie Tessier, M.B.A, P.Eng.

Consulting Director
Sierra Systems
Toronto, Ontario

Michel Dorais, ICD.D

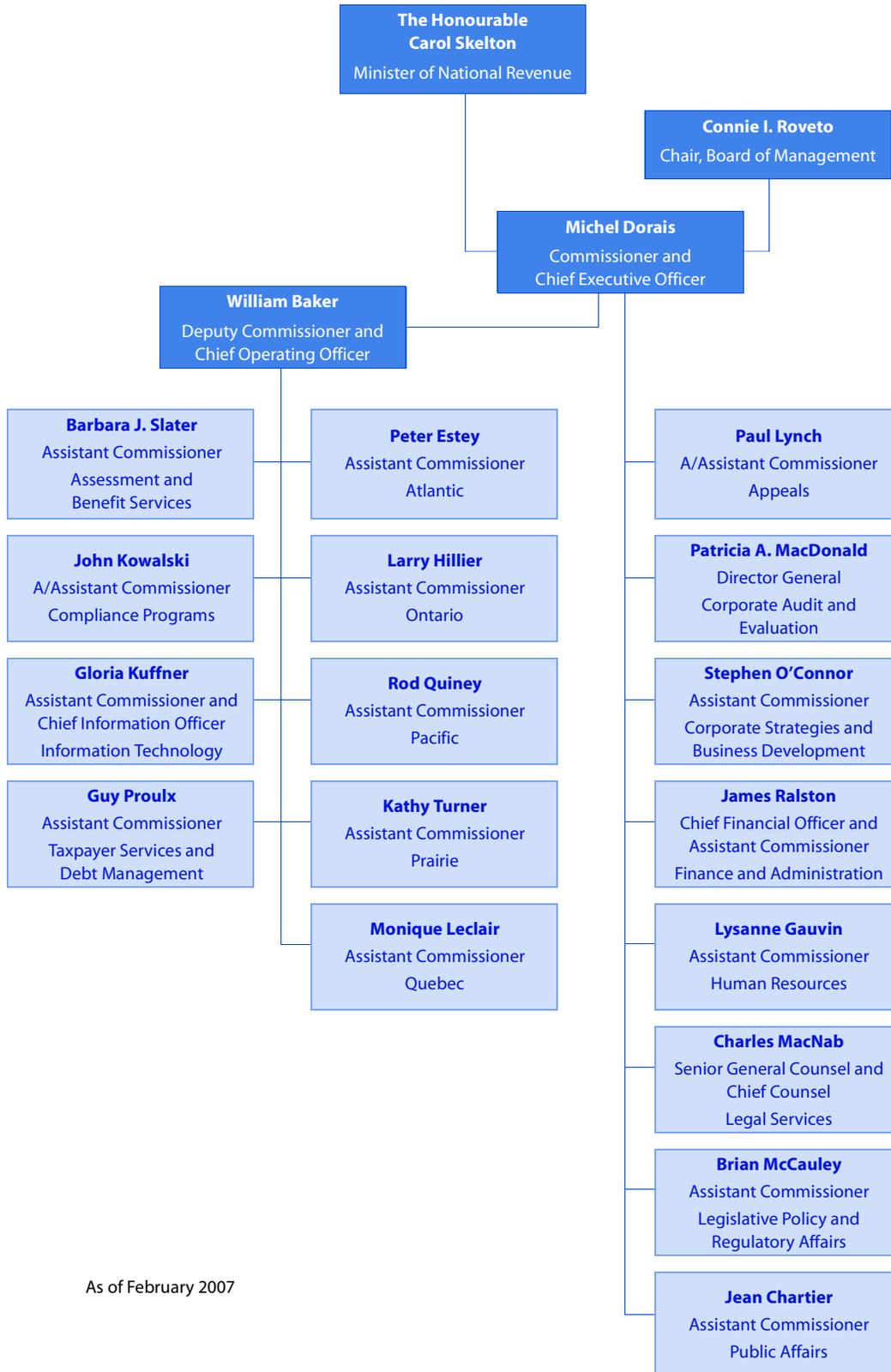
Commissioner and Chief Executive Officer
Canada Revenue Agency
Ottawa, Ontario

The Board of Management is responsible for overseeing the organization and administration of the Agency and the management of its resources, services, property, personnel and contracts. The Board is supported by four

committees with mandates to assist the Board in fulfilling its oversight responsibilities. The role and membership of these committees are outlined below.

Governance Committee		
Mandate	The Governance Committee reviews all aspects of the Board's governance framework to ensure that the Board functions in an effective and efficient manner that successfully supports the operations of the CRA.	
Membership	Chair	C. Roveto
	Vice-Chair	H. Leeson
	Members	M. Dorais, J. Nininger
Audit Committee		
Mandate	The Audit Committee reviews the Agency's accounting framework, financial and performance information, internal controls and risk tolerance, and compliance with financial and environmental legislation.	
Membership	Chair	J. Hewitt
	Vice-Chair	R. Desrochers
	Members	M. Bourke, C. Roveto
Resources Committee		
Mandate	The Resources Committee reviews the Agency's operating and capital budgets and the development of its administrative management strategies and policies for the management of funds, real property, contracts, information, information technology, and environmental obligations.	
Membership	Co-Chair	C. Belliveau
	Co-Chair	R. Malcolm
	Members	M. Dorais, A. Gingras, P. Mella, C. Roveto, S. Tessier
Human Resources Committee		
Mandate	The Human Resources Committee is responsible for reviewing the management of human resources within the Agency, and providing recommendations and advice on the Agency's human resource management strategies, initiatives and policies.	
Membership	Chair	J. Nininger
	Members	B. Buckle, M. Dorais, G. Gillis, H. Leeson, C. Roveto, S. Rudin

Appendix B – Organizational Structure



As of February 2007



Appendix C – Financial Tables

Table 1: Agency Planned Spending and Full-Time Equivalents

	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009	Planned Spending 2009-2010
	(thousands of dollars)			
Program Activity				
Taxpayer and Business Assistance	324,494	295,387	300,416	300,965
Assessment of Returns and Payment Processing	786,751	838,868	818,994	824,447
Accounts Receivable and Returns Compliance	704,117	751,791	759,095	765,491
Reporting Compliance	1,106,654	1,168,185	1,180,510	1,169,287
Appeals	137,121	153,811	153,322	153,608
Benefit Programs	321,446	335,843	342,245	349,944
Budgetary Main Estimates (gross)	3,380,583	3,543,885	3,554,582	3,563,742
Less: Revenues Credited to the Vote 1	152,330	163,961	163,814	163,931
Total Main Estimates	3,228,253	3,379,924	3,390,768	3,399,811
Adjustments				
Carry Forward from 2005-2006	100,723			
Supplementary Estimates				
Budget measures arising from the 2006 Federal Budget	30,642	12,201	9,777	9,674
Budget measures arising from the 2005 Federal Budget	26,206			
Budget measures arising from the 2004 Federal Budget	1,000			
Realignment of resources	23,175			
Payments to private collection agencies (S)	18,503			
Transfer from Human Resources and Social Development Canada (HRSDC) – National Collections Services	18,166			
Universal Child Care Benefit (UCCB)	16,416			
Single administration of corporate tax for the Province of Ontario	13,884	48,508	50,009	50,013
National initiative to address inter-provincial tax avoidance by corporations	5,878	22,550	22,470	22,453
Canada/US Softwood Lumber Agreement	9,292	16,994	11,745	10,423
Playlist Shortfall from 2005-2006 to 2006-2007	3,150			
Advertising Campaign	3,100			
Energy Cost Benefit Allocation	1,025			
Management of Government Information Policy and National Routing System	334			
Official Languages Innovation Program	306			
Offshore Trusts Initiative (legislation pending)	(24,289)			
Expenditure Review Announcements – E-Procurement	(7,070)			
Expenditure Review Announcements – Agency Initiatives	(698)			
Transfer to Transport Canada – Crown Corporations Secretariat	(756)			
	138,264	100,253	94,001	92,563
Technical Adjustments:				
Collective agreements/awards	59,541			
Adjustment to Employee Benefits Program (EBP)	56,680			
Maternity and Severance Payments	48,000			
2006-2007 Adjustment to Respendable Revenues	41,750			

	Forecast Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009	Planned Spending 2009-2010
	(thousands of dollars)			
Energy Cost Benefit Payments	16,500			
2006-2007 Adjustment to CPP/EI work – Transfer from HRSDC	7,826			
2006-2007 Adjustment to CPP/EI work – Quebec Parental Insurance Plan	3,460			
Basic EI Administration Cost (Dec. Adjustment)	1,847			
2006-2007 Adjustment to Revenues Credited to the Vote 1	(13,133)			
TB Directed Lapse – Justice Costs	(10,591)			
	211,880	–	–	–
Total Adjustments	450,867	100,253	94,001	92,563
Total Planned Spending	3,679,120	3,480,177	3,484,769	3,492,374
Less: Respendable Revenue pursuant to the CRA Act	137,839	143,637	150,991	151,018
Non-Respendable Non-Tax Revenue (Agency Activities)	37,597	37,597	37,597	37,597
Plus: Cost of services received without charge ¹	467,806	461,610	464,228	466,373
Total Agency Spending	3,971,490	3,760,553	3,760,409	3,770,132
Full-Time Equivalents	38,287	38,756	38,244	38,249

¹ Refer to Table 3 for details.

Table 2: Voted and Statutory Items listed in Main Estimates

Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates 2007-2008	Main Estimates 2006-2007
		(thousands of dollars)	
1	Program expenditures and recoverable expenditures on behalf of the Canada Pension Plan and the <i>Employment Insurance Act</i>	2,607,505	2,551,607
(S)	Minister of National Revenue – Salary and motor car allowance	75	73
(S)	Spending of revenues received through the conduct of its operations pursuant to Section 60 of the <i>Canada Revenue Agency Act</i>	143,637	96,089
(S)	Contributions to employee benefit plans (EBP)	402,675	393,484
(S)	Children's Special Allowance payments	205,000	187,000
(S)	Payments to private collection agencies pursuant to Section 17.1 of the <i>Financial Administration Act</i>	21,032	
	Total Agency	3,379,924	3,228,253

The 2007-2008 Main Estimates for the Canada Revenue Agency (CRA) increased by \$151.7M from 2006-2007; the changes are comprised of:

A net increase of \$55.9M in Vote 1 made up of:

- an increase of \$92.6M relates to the increase for collective agreements/awards
- an increase of \$16.5M is comprised of transfers from Human Resources and Social Development Canada for National Collections Services
- an increase of \$11.8M to address legislative, policy and operational initiatives arising from the Federal Budget including Universal Child Care Benefit, and other minor adjustments

- offset by a decrease of \$65M which relates primarily to government reductions such as Expenditure Review, E-Procurement, the 2006 Expenditure Restraint, and sunseting initiatives including GST Redesign

An increase of \$47.5M in Respendable Revenue reflecting an increased demand for information technology (IT) services by the Canada Border Services Agency (CBSA) as well as an increase in Provincial Tax Credit Fees.

An increase of \$9.2M relates to Employee Benefit Plans.

An increase of \$18M to the Children's Special Allowance relates to allowances for eligible children in the care of specialized institutions.

An increase of \$21M is comprised of transfers from Human Resources and Social Development Canada for payments to private collection agencies.

Table 3: Services Received Without Charge

	2007-2008 (thousands of dollars)
Accommodation provided by Public Works and Government Services Canada (PWGSC) ¹	245,202
Contributions covering employer's share of employees' insurance premiums and expenditures (excluding revolving funds) and employer's contribution to employees' insured benefits plans and expenditures, both paid by Treasury Board of Canada (TBS)	156,670
Salary and associated expenditures of legal services provided by Justice Canada	54,455
Audit Services by the Office of the Auditor General	2,210
Workers' Compensation coverage provided by Human Resources and Social Development Canada (HRSDC)	1,530
Payroll Services provided by Public Works and Government Services Canada (PWGSC)	1,542
Total 2007-2008 Services received without charge	461,610

¹ Services received without charge are reported on a gross basis.

Table 4: Sources of Responsible Revenue and Non-Responsible Non-Tax Revenue

Table 4.1: Responsible Revenue

Program Activity	Forecast Revenue	Planned Revenue	Planned Revenue	Planned Revenue
	2006-2007	2007-2008	2008-2009	2009-2010
	(thousands of dollars)			
Taxpayer and Business Assistance	15,153	15,864	16,685	16,689
Assessment of Returns and Payment Processing	45,616	47,258	49,349	49,378
Accounts Receivable and Returns Compliance	29,136	30,860	32,677	32,674
Reporting Compliance	36,294	38,485	40,613	40,611
Appeals	4,913	5,221	5,525	5,525
Benefit Programs	6,727	5,949	6,142	6,141
Total Responsible Revenue	137,839	143,637	150,991	151,018
Details				
Refund of Previous Years' Expenditures	952	952	952	952
Ruling Fees ¹	1,299	1,298	1,298	1,298
Advance Pricing Agreement	808	750	750	750
Other Services of a Regulatory Nature	100	449	470	464
Administration of Provincial Programs ²	27,578	26,430	26,217	26,214
Other Services of a Non-Regulatory Nature	663	760	779	780
Sales of Goods and Information Products	80	84	87	93
Other Fees & Charges	40	40	40	40
Services to Other Government Departments ³	106,319	112,874	120,398	120,427
Total Responsible Revenue	137,839	143,637	150,991	151,018

¹ The Canada Revenue Agency (CRA) charges taxpayers (based on a regulated user fee) for providing tax rulings in advance of a transaction taking place (to provide tax certainty).

² Comprised mainly of a basic fee charged to the provinces for recoveries provided under tax collection (TCA) and other agreements.

³ Comprised mainly of information technology services provided to the Canada Border Services Agency (CBSA) (\$110M).

Table 4.2: Non-Respendable Non-Tax Revenue (Agency Activities)¹

Program Activity	Forecast Revenue	Planned Revenue	Planned Revenue	Planned Revenue
	2006-2007	2007-2008	2008-2009	2009-2010
(thousands of dollars)				
Taxpayer and Business Assistance	3,671	3,671	3,671	3,671
Assessment of Returns and Payment Processing	9,458	9,458	9,458	9,458
Accounts Receivable and Returns Compliance	18,564	18,564	18,564	18,564
Reporting Compliance	2,073	2,073	2,073	2,073
Appeals	2,221	2,221	2,221	2,221
Benefit Programs	1,610	1,610	1,610	1,610
Total	37,597	37,597	37,597	37,597
Detail of Non-Respendable Non-Tax Revenue				
Refunds of previous years' expenditures				
Adjustments to prior year's payables	100	100	100	100
Sales of goods and services				
Public building and property rental	149	149	149	149
Other fees and charges				
Recovery of employee benefits	34,967	34,967	34,967	34,967
Miscellaneous	2,381	2,381	2,381	2,381
Total Non-Respendable Non-Tax Revenue	37,597	37,597	37,597	37,597

¹ This table now reflects the approach taken in the Audited Financial Statements of the Agency where a clear distinction is made between Agency activities and administered activities. Interest and penalties collected for personal, corporate and other taxes which are part of the Agency's administered activities rather than Agency's activities are now excluded.

Table 5: Resource Requirements by Functional Organization for 2007-2008

Functional Organization	2007-2008						
	Program Activity						Total Planned Spending
	Taxpayer and Business Assistance	Assessment of Returns and Payment Processing	Accounts Receivable and Returns Compliance	Reporting Compliance	Appeals	Benefit Programs	
(thousands of dollars)							
Assessment and Benefit Services Branch	–	436,717	–	–	–	279,152 ¹	715,869
Taxpayer Services and Debt Management Branch	119,742	–	438,952	204	–	20,741	579,639
Compliance Programs Branch	190	501	414	945,034	6,141	69	952,349
Appeals Branch	–	–	–	–	106,663	–	106,663
Legislative Policy and Regulatory Affairs Branch	81,377	8,159	14,777	7,877	2,047	1,125	115,362
Corporate Strategies and Business Development Branch	979	145,580 ²	2,136	2,491	356	356	151,898
Executive Office	809	2,134	1,766	2,060	294	294	7,358
Assistant Commissioners, Regional Operations	3,517	9,273	7,674	8,953	1,279	1,279	31,976
Information Technology Branch	45,277	119,366	98,783	115,250	16,466	16,464	411,606
Public Affairs Branch	4,532	11,948	9,888	11,536	1,648	1,648	41,198
Corporate Audit and Evaluation Branch	1,170	3,084	2,552	2,977	425	425	10,634
Finance and Administration Branch	25,921	68,338	56,555	65,981	9,426	9,426	235,647
Human Resources Branch	13,198	34,794	28,795	33,594	4,799	4,799	119,978
Total Planned Spending	296,711	839,892	662,292	1,195,958	149,545	335,779	3,480,177

¹ Includes Children's Special Allowance payments of \$205M.

² Includes payments to the Province of Québec in respect of the joint administration of the Federal and Provincial Sales taxes of \$143M.

Table 6: CRA Major Investment Projects¹

Project	Forecasted Expenditure up to March 31, 2007 ²	2007-2008	2008-2009	2009-2010	Total Estimated Project Cost	Project Description
	(thousands of dollars)					
Agency Classification System	4,943	4,975	0	0	9,918	Prepare to implement the Agency Classification System through job classification conversion/alignment of online pay changes.
Business Intelligence/ Decision Support (BI/DS)	10,992	1,300	1,500	0	13,792	To allow for replacement of existing "stove-pipe" information systems with an integrated Agency-wide "data warehouse"; to improve program delivery by identifying trends, evaluating risks, and analyzing policy effectiveness.
Corporate Administrative System (CAS) Sustainability	428	0	0	0	428	Upgrading the Corporate Administrative System (CAS) requires funding for license upgrade fees, conducting the technical upgrade itself, license maintenance fees and increased system maintenance.
Compensation Services Delivery Renewal	53,177	0	0	0	53,177	A new, modernized compensation service system will reduce paper and the manual processing of large volumes of data by maximizing the use of available technology. It will also allow managers and employees to access compensation information directly.
Compliance Systems Redesign (formerly Business Integration and System Support)	26,714	14,323	20,382	20,301	81,720	To provide integrated system tools for verification and enforcement, to better manage Compliance Programs workload, and improve performance reporting.
Data Centre Facilities – Heron Road/St-Laurent	5,305	1,000	0	0	6,305	This project assures that CRA's business commitments are met by assuring that both physical data facilities are sufficiently reliable, robust and available, that physical facility space is available for growth and reciprocal recovery space is available in the event of a disaster.
Data Centre Recoverability	44,940	5,300	0	0	50,240	To develop and implement recovery capabilities of essential CRA IT systems in the event of catastrophic loss of either Data Centre Heron (DCH) or Data Centre St. Laurent (DCSL).
Data Stewardship	604	350	350	0	1,304	A business-driven approach to managing data as a corporate asset with the supplementary objectives assuring data quality, confidentiality, accuracy and integrity, and fostering data integration and sharing, ultimately realized through common information systems and data warehouses.
Enhanced Travel Management Solution	547	1,262	0	0	1,809	The purpose of this project is to develop an enhanced travel management solution in CAS using the Employee Self-Serve/ Manager Self-Serve portal to simplify the administrative effort for travellers, administrative staff and managers when processing travel authorization and expense claims.

Project	Forecasted Expenditure up to March 31, 2007 ²	2007-2008	2008-2009	2009-2010	Total Estimated Project Cost	Project Description
	(thousands of dollars)					
Enterprise Work Management (EWM)	2,580	15,408	17,573	15,773	51,334	This project proposes to deploy a modern, flexible, seamless and fully integrated work management system initially for Compliance Programs' needs and, subsequently, intended for use across the Agency.
Fairness Management Information System (FMIS)	282	1,000	0	0	1,282	Enhancements to the system to improve tracking of the fairness requests, implement tool for consistent decision-making, develop better tools to collect data and manage the fairness workload.
FIS Development Phase 2	21,502	546	0	0	22,048	Phase 2 will enhance the Revenue Ledger System and processes to support accrual accounting, control, reconciliation and internal and external reporting requirements of the Government Financial Information Strategy.
GST/HST Redesign	150,226	22,200	2,900	0	175,326	GST/HST Redesign will increase efficiency and reduce compliance costs. It seeks to improve client service and program delivery, position the CRA to develop new partnerships with the provinces and territories, and address interface with the Ministère du Revenu du Québec and the harmonized provinces.
Management of Government Information Initiatives, Round 4	10,061	4,000	0	0	14,061	Initiatives include My Business Account, My Account, 3rd Party Privilege and Authentication Exchange Pilot (Portageur).
Individual Identification Renewal	1,819	8,000	5,515	8,126	23,460	CRA Individual Identification (Ident) is a business program, whose purpose is to be a service provider – the Agency's manager for individual identification information.
Integrated Revenue Collections	46,278	21,387	18,044	0	85,709	The Integrated Revenue Collections (IRC) project will replace the existing stove piped computer systems with a new technological platform to support an integrated taxpayer centred approach. This will enable the Agency to start making strategic use of information, to better identify, prioritize and allocate work based on risk profiles, and to better measure and monitor results across all revenue lines. Phase 1 of the project is focusing on Individual Tax (T1) Integration.
Intranet Renewal	1,441	700	0	0	2,141	CRA intranet has evolved into an important work tool and key internal program and service delivery instrument for the whole of the Agency. This project is a coherent approach to using CRA's Internet standards to increase productivity and security, and reduce costs and risks associated with the management of the Intranet.

Project	Forecasted Expenditure up to March 31, 2007 ²	2007-2008	2008-2009	2009-2010	Total Estimated Project Cost	Project Description
	(thousands of dollars)					
Managed Distributed Environment	3,427	3,213	2,514	0	9,154	A collection of numerous projects involved in implementing changes to the distributed computing environment with a goal to reduce complexities and improve efficiencies.
Network Services	3,022	1,881	0	0	4,903	Provision of network bandwidth and infrastructure to deploy technologies which will enhance network performance and security.
Non-Tax Collections Systems Integration	5,700	6,300	0	0	12,000	Initial phase of a project to provide a business technology solution to enable the collection of insourced non-tax program workloads in an integrated debt management approach consistent with the "one client, one collector, one system" vision of Agency 2010.
Payroll Deductions Accounting and Collection Systems Renewal (PAYDAC)	2,988	0	0	0	2,988	The purpose of the PAYDAC initiative is to migrate the largest revenue accounting system off an aged system to new modularized systems that will facilitate the incorporation of payroll account functionality into My Business Account.
Publishing Content Management Solution	2,074	1,760	1,403	0	5,237	In order to achieve efficiencies in the publishing process, the CRA requires content management to allow for better management of the content from creation to archiving, sharing of content across numerous products (publications, Web, manuals), and for re-purposing for different audiences.
Security Modernization	9,137	4,446	0	0	13,583	Composed of five projects with an objective to consolidate user and security administration management for accessing CRA/CBSA applications and aligning with security best practices to reduce risk of accidental or deliberate unauthorized access to, or misuse of, CRA/CBSA IT assets.
Service Availability	38,418	0	0	0	38,418	To improve hours and availability in key areas across all technology platforms and services, their processes and procedures and the physical data centres.
Total Major Investment Projects	446,604	119,351	70,181	44,200	680,336	

¹ The numbers reported in this table are estimated expenditures related to major investment projects and exclude any maintenance and ongoing costs.

² Forecasted expenditures up to March 31, 2007 include actuals and projections as at Quarter 3 of the 2006-2007 Quarterly Projections Report and prior years' expenditures published in the Canada Revenue Agency Annual Report.

Table 7: Details on Transfer Payment Programs

Information on the Children's Special Allowance Payments (CSA) can be found at http://www.tbs-sct.gc.ca/est-pre/20072008/p3a_e.asp.

Appendix D – Service Standards

External service standards publicly state the level of performance that citizens can reasonably expect to encounter from the CRA under normal circumstances. The CRA is committed to developing, monitoring and reporting on a full suite of service standards in areas of importance to taxpayers and benefit recipients. Service standards also support our commitment to Canadians for transparency, management accountability and citizen-centred service.

Service standards help facilitate Canadians' compliance with tax and benefits legislation and support the CRA's program administration.

Management sets targets that represent the percentage or degree of expected attainment of an established standard. Targets are based on operational realities and infrastructure, historical performance, degree of complexity of the work, and Canadians' expectations.

Meeting our targets for service standards demonstrates that the organization is responsive to taxpayer and business needs.

The CRA continues to examine opportunities for introducing new service standards to keep pace with changes in technology and business processes, as well as with our evolving service strategy. We draw on our experience in working with our service standards to revise, adjust or even delete existing standards, as appropriate.

As specified in the *Canada Customs and Revenue Agency's Guide to Service Standards*, new standards, as well as revisions to existing ones or their targets, must receive final approval through the Corporate Business Plan.

Introduction of New Service Standards

In 2007-2008, we will introduce five new standards, which are listed in Exhibit 1. For the first time, we are introducing two new external service standards related to accuracy of information (Benefit Programs), as well as a standard for responding to taxpayer requested adjustments via the Internet.

Exhibit 1: Introduction of New Standards

Program Activity	Service Standard	Target
For Implementation		
Assessment of Returns and Payment Processing	<ul style="list-style-type: none"> Respond to taxpayer-requested adjustments (T1) received via the Internet within two weeks 	100%
Reporting Compliance	<ul style="list-style-type: none"> Process requests for Regulation 105 Waivers within 30 days upon receipt of complete documentation 	85%
Benefit Programs	<ul style="list-style-type: none"> Process personal information for benefit applications accurately 	98%
	<ul style="list-style-type: none"> Respond to recipient enquiries with the correct information, and process new recipient information, including issuing a payment, notice or letter accurately 	98%
	<ul style="list-style-type: none"> Respond to Canada Child Tax Benefit telephone enquiries within two minutes 	75%

Deletions and Adjustments

There will be a number of changes to the CRA's existing slate of service standards in 2007-2008. These will include deletions, cancelling some developmental work and adjustments to other service standards, including one representing a significant service improvement.

On September 25, 2006, the Government of Canada announced the proposed elimination of the Visitor Rebate Program as of April 1, 2007. However, claimants will still have one year to file their rebate applications. For the duration of the program, due to the legislative change to interest accrual from 60 days to 30 days, the service standard will change from four to six weeks, to four weeks. This legislative change takes effect on April 1, 2007.

This year, an adjustment will be made to targets for processing T1 paper and electronic individual income tax returns. As other Agency service standards are expressed in percentage terms, for purposes of consistency, targets will now be expressed in percentage terms.

Last year, after reviewing the need to develop a service standard for T1 publications, we determined that no further work should be done on this activity. Given the strategic direction to reduce the mail-out of publications, millions of tax filers currently do not receive any written tax information from the CRA. This number will only increase in the future, as more tax filers make use of our electronic service offerings. Nonetheless, the CRA will continue to manage the publication workloads in accordance with internal target dates for issuing publications.

As a result of ongoing re-engineering of the compliance processes for registered pension plans (RPPs), the CRA is continuing to look at changes to existing service standards, as well as improvements to its monitoring capacity. The RPP service standards will be restated to better reflect the way our programs will be delivered. For example, the

formal deeming process has been integrated into the registration process. This is an amendment from its previous two-step approach (deeming of a RPP and a complete review). Results of re-engineering have significantly decreased the time it takes to register low risk plans, so the deeming process is no longer applied to low risk plans. As a consequence, results of the deemed registration standard are no longer being captured. The service standard for deemed registrations will be incorporated in a new registration service standard. In addition, following further work on a proposed new telephone standard (responding within six rings), and as a result of consultations with plan administrators, it was decided both to discontinue our current standard and to work on a new standard, because the area lacks an accurate telephone monitoring infrastructure to substantiate results. However, the CRA's pledge to respond to telephone calls in a timely manner will continue to be communicated through the Registered Plans Directorate Newsletter.

Approval is being sought to amend the current charities telephone service standard to, responding to calls within two minutes 80% of time. This change would bring the charities telephone standard in line with the service standards for general and business enquiries. The number of charities callers has increased by over 30% in the past four years. The CRA plans to devote more resources to strengthening other communication channels for charities, including providing seminars, improving the charities Web site and responding to written enquiries.

Finally, we are seeking approval to combine and revise the standard and target for T2 corporate income tax. Based on the fact that we have exceeded our existing targets in the past three fiscal years and continue to do so, and considering the implementation of bar-coded returns, as well as an expected increase in electronic filing, we are confident that this change is warranted and needed.

Benefit Programs has committed to having more user-friendly wording for the service standards that apply to processing CCTB applications and account maintenance/responding to written enquiries¹.

¹ The names of these standards have changed (see footnotes for service standards 39 and 41, on page 6 of Appendix D).

Exhibit 2: Changes Proposed for 2007-2008

Program Activity	Service Standard	Target
Deletions and Adjustments		
Taxpayer and Business Assistance (Enquiries and Information Services)	<ul style="list-style-type: none"> T1 publications—developmental work has been discontinued 	
Taxpayer and Business Assistance (Legislative Policy and Regulatory Affairs)	<ul style="list-style-type: none"> Registered plans telephone service standard—existing telephone service standard (answer requests within two days), as well as developmental work on a proposed new standard (respond within six rings), will be discontinued Formal deeming of registered pension plans has been integrated into the registration process. Results monitoring of deemed registrations has been discontinued. The service standard for a complete review of an application to register a pension plan remains 180 calendar days. Respond to charities telephone enquiries within two minutes 	80%
Assessment of Returns and Payment Processing	<ul style="list-style-type: none"> Processing visitor (GST/HST) rebate applications within four weeks Processing T1 individual income tax returns (paper in four to six weeks and electronic in two weeks) Processing T2 corporate income tax returns within 60 days Providing Statements of Interim Payments (SIP) to GST/HST taxpayers on a monthly basis 	95% 100% 90% 95%
Benefit Programs	<ul style="list-style-type: none"> Revised user-friendly wording will replace “at the end of the second month after month in which application/enquiry is received” (processing CCTB applications, and account maintenance/responding to written enquiries) 	

Service Standards Under Development

The CRA also remains committed to improving service and developing new service standards, as shown by our ongoing work listed below.

Exhibit 3: Developments Planned for 2007-2008 to 2009-2010

Program Activity	Service Standard
Under Development	
Taxpayer and Business Assistance (Legislative Policy and Regulatory Affairs)	<p>Review and respond to applications for charitable registration upon receipt of a complete application, within established standards</p> <ul style="list-style-type: none"> • Target—80% <p>Respond to telephone enquiries related to GST/HST rulings and interpretations</p> <ul style="list-style-type: none"> • Testing will commence sometime in 2007-2008 to determine the feasibility of responding to calls in queue within two minutes 80% of the time <p>Deferred income plans—response to written enquiries within 60 days</p> <ul style="list-style-type: none"> • Target—85% <p>Registration of a pension plan within 90 days. This standard would combine the previous standards for deemed registration and complete review of pension plans.</p> <ul style="list-style-type: none"> • Target—85% <p>Registered pension plan amendments within 60 days. This standard would combine amendments within nine months and terminations within one year.</p> <ul style="list-style-type: none"> • Target—85% <p>Request for eligible contributions within 270 days. This standard would rename actuarial validation reports and raise the target.</p>

Note: Developmental work on a discrete standard for the Part XIII withholding telephone enquiries is currently on hold; this workload is being transferred to another area of the Agency.

We have also reviewed the need for a service standard for general and business enquiries by correspondence, and have determined that it is no longer necessary. Volumes have been steadily declining over the past three fiscal years. Enquiries by correspondence now represent only 3% of our enquiries. We expect the decline to continue due

to our channel convergence strategy and increased provision and take-up of online products and services such as My Account.

Reporting

We report externally on our overall performance against our service standards in the CRA's Annual Report, found at www.cra.gc.ca/agency/annual/menu-e.html.

Exhibit 4: Service Standards in Effect for 2007-2008

Service	Service Standard	Target
Taxpayer and Business Assistance (PA1) (Enquiries and Information Services)		
1. Problem resolution program	Acknowledged within two working days	100%
2. Problem resolution program	Resolution/taxpayer contact within 15 working days	100%
3. General enquiries—Telephone service level	Respond to calls in queue within two minutes	80%
4. Business enquiries—Telephone service level	Respond to calls in queue within two minutes	80%
Taxpayer and Business Assistance (PA1) (Legislative Policy and Regulatory Affairs)		
5. Charities—Response to telephone enquiries	Within 2 minutes	80%
6. Advance income tax rulings to taxpayers	Within average of 60 days	100%
7. Technical interpretations to taxpayers	Within average of 90 days	100%
8. GST/HST rulings and interpretations—Written enquiries	Within 45 working days	75%
9. Applications to register pension plans	Complete review in 180 days	85%
10. Amendments to registered pension plans	Nine months	80%
11. Termination of registered pension plans	One year	85%
12. Retirement savings plans (applications to register, amend or terminate)	Within 60 days	80%
13. Retirement income funds (applications to register, amend or terminate)	Within 60 days	80%
14. Education savings plans (applications to register, amend or terminate)	60 days	85%
15. Actuarial valuation reports	Nine months	80%
16. Deferred income plans—Response to written enquiries	Within 60 days	80%
17. Deferred profit sharing plans	Registration in 180 days	80%
18. Deferred profit sharing plans	Amendments and terminations in 270 days (nine months)	80%
Assessment of Returns and Payment Processing (PA2)		
19. Processing visitor (GST/HST) rebate applications	Four weeks	95%
20. Responding to taxpayer-requested adjustments (T1)	Eight weeks	100%
21. Responding to taxpayer-requested adjustments (T1) received via the Internet	Two weeks	100%
22. Providing Statements of Interim Payments (SIP) to corporations and other levies clients on a monthly basis	Mailed by the 18th of the month	95%
23. Processing T1 individual income tax returns (paper)	Four to six weeks	100%
24. Processing T1 individual income tax returns (EFILE, TELEFILE, NETFILE)	Two weeks	100%
25. Processing T3 trust returns	Within four months	95%
26. Processing excise tax, excise duty and air travellers security charge returns	Within 90 days	95%
27. Processing GST/HST returns	21 days	95%
28. Processing T2 corporation income tax returns	Within 60 days	90%
Accounts Receivable and Returns Compliance (PA3)		
29. Processing fairness requests related to accounts receivable and trust accounts programs	Four to six weeks	90%
Reporting Compliance (PA4)		
30. Processing non-resident Regulation 105 waiver requests	30 days	85%

Legend: Existing service standard New or modified service standard

Service	Service Standard	Target
Claims—SR&ED tax incentives		
31. Refundable claims	120 days	90%
32. Non-refundable claims	365 days	90%
33. Claimant-requested adjustments to refundable claims	240 days	90%
34. Claimant-requested adjustments to non-refundable claims	365 days	90%
Claims—Video and film tax credits		
35. Refundable claims—Unaudited	60 days	90%
36. Refundable claims—Audited	120 days	90%
Appeals (PA5)		
37. First contact letter for disputes	30 days	85%
Benefit Programs (PA6)		
38. Canada Child Tax Benefit—Telephone enquiries	Respond to calls in queue within two minutes	75%
39. Processing benefit applications and elections ¹ —Timeliness	End of second month after month in which application is received	98%
40. Processing benefit applications and elections—Accuracy	Accurately process information and, if necessary, issue a payment, notice or letter	98%
41. Responding to benefit and credit enquiries ² —Timeliness	End of second month after month in which enquiry is received	98%
42. Responding to benefit and credit enquiries—Accuracy	Respond to recipient written enquiries and telephone referrals from the Call Centres with the correct information, and process new recipient information, including issuing a payment, notice or letter, accurately	98%
43. Validation and control—Results of review	60 days	90%
44. Processing a request to authorize or cancel a representative ³	Within 20 days during peak periods	90%
45. Processing a request to authorize or cancel a representative	Within five days of receipt during non-peak periods	90%
Corporate Services (PA7)		
46. Client or taxpayer requests for statistical tax data	Within an average of 30 calendar days	100%

Legend: Existing service standard New or modified service standard

¹ Name changed from CCTB applications to more accurately reflect the service provided. This service standard is applied to Marital Status Change and Canada Child Tax Benefit Applications.

² Formerly called Account Maintenance. The name has been changed to one more meaningful to the public.

³ Formerly called Processing of T1013. The name was changed to reflect that the standard applies to any such request.

Appendix E – Sustainable Development Strategy

The aim of the Sustainable Development Strategy 2007-2010 is to demonstrate how the CRA is a socially responsible organization that operates in an efficient and environmentally responsible way. The strategy sets a course of action toward reducing the impacts of our operations and service delivery on the environment; leveraging sustainable development to enhance business objectives and efficiencies; and demonstrating how the CRA contributes to the economic and social well-being of all Canadians.

The Sustainable Development Logic Model provides a concise view of the Agency's Sustainable Development vision, its four outcomes and goals, as well as its objectives and targets. The

Logic Model can be viewed at <http://www.cra-arc.gc.ca/E/pub/xi/rc4369/rc4369-03-07e.html>.

To put the strategy into action, we will implement annual activities in the national Sustainable Development Action Plan, which is supported by branch and regional action plans and the Environmental Management Programs.¹ We will also use a detailed performance measurement and reporting strategy to ensure that the Agency meets its legislative and regulatory obligations and achieves its sustainable development commitments. For more information on sustainable development, please visit www.cra-arc.gc.ca/sds.

¹ The national Sustainable Development Action Plan and the Environmental Management Programs are updated annually.



Appendix F – Glossary

Accountability	The CRA's commitment to be clear and transparent in reporting to Canadians about the results we have achieved.
Accountability framework	The structure setting out the assignment of responsibilities and expectations and the mechanism to assess performance.
Accrual accounting	The method by which revenues and expense transactions are recorded for the period in which they are considered to have been earned and incurred.
Activity	An operation or work process internal to an organization, which uses inputs to produce outputs, e.g., training, research, construction, negotiation, investigation, etc.
Allowance for Doubtful Accounts	A contra account representing the Agency's estimate of all amounts that are non-recoverable from taxpayers at a predetermined point in time.
Annual report	An overview of the CRA's program delivery results, which details the performance of its programs against its goals and objectives and expected outcomes. It includes supporting financial exhibits.
Caller accessibility	A measure of the percentage of callers who succeed in reaching our telephone service.
Channel convergence	Channel convergence is the integrated management of our key delivery channels, i.e., print, Web, phone, and in-person to reduce our operating costs and ensure consistent information for the taxpayers regardless of their channel of choice. Our current initiative, Smartlinks, integrates the Web and telephone channels to facilitate co-operative navigation of program content between taxpayers and our telephone agents. This dramatically improves the taxpayer experience and reduces the time needed for agents to review program needs with taxpayers.
Clients/client governments	Federal, provincial and territorial governments, First Nations governments, and other governmental and semi-governmental bodies that deliver government-mandated programs.
Commitments	Areas of focus in the performance cycle linked to business plans or corporate/government priorities. Ongoing commitments reflect a balanced representation of core accountabilities such as financial management, business planning, human resources management, etc., while special commitments are intended to be challenging but achievable with effort.
Compliance	Adherence to the law. Compliance with tax laws includes filing, registration, remittance and reporting for taxes, and applications for benefits in a voluntary, accurate and timely manner.
Corporate Business Plan	Outlines the CRA's major challenges, directions, and objectives for a three-year period; the strategies to achieve those objectives; and the performance measures for measuring progress.

Data warehouse	A specialized database that draws data from applicable systems (normally operational systems) and presents it to users in a manner that facilitates search, review, and analysis.
Dispute	General term to designate a dispute, an objection, or an appeal to the Minister made by or on behalf of a taxpayer, related to a CRA decision.
Effectiveness	The extent to which an organization or program's actual results align with the anticipated results.
Efficiency	The extent to which an organization or program achieves its desired or anticipated results with the least possible investment of time, effort, and money.
Eligible/entitled	Meets the requirements of the legislation to receive a benefit.
Enforcement	Actions taken by the CRA to identify, address and correct cases of non-compliance.
Entitlement	The amount due to an entitled person for a specific period.
Expected results	Clear and measurable statements of what the CRA expects to achieve over the planning period, against which our performance will be assessed and reported.
Fairness provisions	Legislation introduced in the early 1990s that provides relief (e.g., forgiveness of interest and penalties) to taxpayers in certain circumstances beyond their control (such as hardship).
Financial Information Strategy	A government-wide initiative designed to enhance decision-making and accountability across government, and to improve organizational performance through the strategic use of financial and non-financial performance information.
Fiscal impact	Additional tax identified through our compliance activities and includes federal and provincial tax (excluding Quebec), federal tax refund offset or reduced, interest and penalties, and present value of future tax assessable.
Five-Year Parliamentary Review	According to section 89 of the <i>Canada Customs and Revenue Act (CCRA Act)</i> , "Five years after the coming into force of this section [Revenue Canada assuming agency status], a comprehensive review and assessment of the provisions and operations of this Act must be undertaken by any committee of the House of Commons, of the Senate or of both Houses of Parliament that is designated or established for that purpose."
Full-time equivalent (FTE)	One "full-time equivalent" equals one person employed full-time per year.
Governance	Governance in the CRA comprises the exercise of legislated authority through the structure and processes established between the Minister, the Board of Management, and the Agency as well as other government entities, to determine the CRA's strategic direction and to fulfil its mission and mandate.
Indicator	The qualification or quantification of a characteristic that is measured to assess the extent to which an expected result is achieved. In other words, it is a means of knowing whether or not we have achieved a desired result.
Infrastructure	Publicly or privately owned fixed capital assets for public use or benefit.

Investment Projects (major)	The CRA's strategic investments for the next three years.
Management Accountability Framework	A document that outlines the rationale, theory, resources, and governance and accountability structures of a program policy or initiative and sets out a plan to measure, monitor, and report on results throughout the lifecycle of the policy, program, or initiative. Management Accountability Frameworks (MAFs) are intended to assist departments in achieving the expected results of their policy, program, or initiative.
Management framework	The framework of inter-related systems, processes, and practices adopted by management to achieve established objectives. The CRA's management framework involves planning, implementing, and reporting.
Management, Resources and Results Structure	The Management, Resources and Results Structure (MRRS) is a comprehensive framework that consists of an organization's inventory of activities, resources, results, performance measurement, and governance information. Activities and results are depicted in their logical relationship to each other and to the strategic outcome(s) to which they contribute. The MRRS is based on a Program Activity Architecture (PAA).
Mission	A statement providing the social, political, and economic justification for our existence. The CRA's mission statement reflects its identity, purpose, and desired response to key stakeholders, its philosophy and core values, and its ethical standards.
Operating environment	Refers, generally, to the conditions, trends, and developments that exist in the external environment and that are significant to the operations or directions of an organization.
Output	The actual activities, products, or services produced by carrying out a program or an initiative.
Partners	Authorities with whom the Agency collaborates on various issues for mutual benefit or to attain a common objective, but for whom the Agency does not provide a service as defined in its core business activities.
Performance	How well an organization, program, etc. is achieving its planned results measured against expected results.
Performance reporting	The process of communicating evidence-based performance information. Performance reporting supports decision-making, serves to meet accountability requirements, and provides a basis for citizen engagement and a performance dialogue with Parliamentarians.
Program	A group of related activities that are designed and managed to meet a specific public need and often treated as a budgetary unit.
Program Activity Architecture	The Program Activity Architecture (PAA) is an inventory of all the activities undertaken by a department or agency. The activities are depicted in their logical relationship to each other and to the strategic outcome(s) to which they contribute. The PAA is the initial document for the establishment of a Management, Resources and Results Structure (MRRS).

Risk	The potential that an event, action or inaction will have a positive or negative impact on the achievement of specific organizational objectives. Risk is described in terms of likelihood, frequency and magnitude.
Risk management	A systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.
Service level (telephone calls)	A measure of the percentage of telephone calls answered within two minutes of when a caller enters the queue.
Service satisfaction	The percentage of taxpayers and benefit recipients expressing their satisfaction as measured through public surveys.
Service standard	A public statement about the level of performance the CRA is committed to, and that Canadians can reasonably expect to encounter.
Smartlinks	A CRA Web initiative used to track user issues on different parts of the CRA Web site that have generated high volumes of calls to a CRA call centre. Special telephone numbers are embedded in various pages on the Web site. These are then connected to a specific call centre operator to help the user with tax-related questions. A survey that probes the user's immediate past experience with the Web site may also be administered by the operator.
Spending	<p>Planned spending – An amount that reflects total planned budgetary spending, whether funded through budgetary appropriations or revenue credited to the vote, and that can also include adjustments anticipated as a result of budget measures.</p> <p>Authorized spending – Initial planned spending (Main Estimates allocation) plus in-year funding through the Supplementary Estimates and other authorities.</p> <p>Allocated spending – Allocations to individual branches of the CRA (does not include authorized employee benefit program amounts).</p>
Stakeholder	Any person, group, or organization that can place a claim on an organization's attention, resources, or output, or that is affected by that output.
Strategic direction	Our plan to carry out our mandate and achieve our vision, mission, and goals.
Strategic outcome	A description of the difference an organization is mandated to make within its sphere of influence, that provides long-term benefits to Canadians.
Strategies	The CRA's strategies are the broad, long-term statements detailing what the Agency needs to do to achieve its mission.
Sustainable development	A development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Target	Specific quantitative and qualitative descriptors that define what an organization is trying to achieve over a specific period of time.

Tax base (protecting the)	The tax base is a government's greatest revenue-generating asset. It represents the broad range of goods, services, income, etc. that is subject to a tax. Protecting the tax base means the mix of activities undertaken by a tax administration to minimize real or potential leakage. It includes reviews, audits, and investigations, among other activities.
Underground economy	Economic activity that is neither reported or recorded. Thus payment of due taxes is avoided.
Values	The guiding principles that define an organization's corporate culture and reflect its managerial philosophy. The CRA is guided by the following values: integrity, professionalism, respect, and co-operation.
Vision	The vision is usually a future-oriented goal for the organization. It reflects the organization's high ideals and challenging ambitions, and captures its uniqueness and distinctive competence.
Voluntary Disclosures Program	Provides taxpayers with the opportunity to correct any past errors or omissions, and to report, without penalty, their tax obligations to the CRA.
Waiver	When penalties or interest have not yet been charged and a decision is made not to charge the amount, either at the taxpayer's request or at the CRA's own initiative.