



Canada Revenue Agency –
Our Performance Highlights
2005-2006

More Ways to Serve You!
Pour vous servir encore mieux!



Canada Revenue
Agency

Agence du revenu
du Canada

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

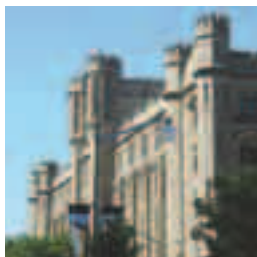
The Canada Revenue Agency will be the preferred provider to deliver tax, benefits and related programs for governments across Canada.

Values

Integrity
Professionalism
Respect
Co-operation

Promise

Contributing to the well-being of Canadians and the efficiency of government by delivering world-class tax and benefit administration that's responsive, effective, and trusted.



Cover Photo: The front cover pictures the Connaught Building, national headquarters for the Canada Revenue Agency. Built from 1913 to 1916, the Connaught Building originally housed the Department of Customs. Designed by Public Works chief architect David Ewart (also architect of the Royal Canadian Mint) in the Modified Norman style typical of government buildings of that era, the Connaught Building was named for the Duke of Connaught, then Governor General of Canada.

Since 1918, with the merger of the Customs and Inland Revenue departments, the revenue agency – variously known as Customs and Excise, National Revenue, and now the Canada Revenue Agency – has been the sole occupant of the Connaught Building.

Message from the Minister



Over the last year, Canada's New Government has introduced several measures that offer much-needed tax relief.

I would like to take this opportunity to thank the Canada Revenue Agency employees that have worked hard to quickly implement these important programs:

- Our reduction of the GST from 7 to 6 percent;
- The Tax Credit for Public Transit Passes;
- Canada's Universal Child Care Plan;
- The Children's Fitness Tax Credit; and
- New, fairer tax measures for seniors, such as income splitting.

As we work to make the system more accountable to taxpayers, this report highlights our major accomplishments during the last year and shows how the CRA is working to meet its objectives. As Minister of National Revenue, I believe that the CRA has once again successfully delivered the programs that help Canadians meet their tax obligations and receive the benefits to which they are entitled.

I continue to be impressed by the accomplishments of CRA employees, the high quality of services they provide, and their dedication to the work they do. I am pleased to present this overview of our results in 2005-2006, the first edition of *Canada Revenue Agency – Our Performance Highlights 2005-2006*.

Carol Skelton

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

Introduction

This report provides highlights of the Agency's performance over the 2005-2006 fiscal year. It draws performance data primarily from our *Annual Report to Parliament 2005-2006* and includes information from Agency surveys.

Our *Annual Report to Parliament 2005-2006* provides more detailed performance information on all of our activities.

Please visit www.cra-arc.gc.ca

The more than 40,000 employees of the Canada Revenue Agency contribute to the results we achieve. *Our Performance Highlights* can only present an overview of those results. We recognize that the efforts of all our employees play a part in our performance and that our successes depend on the co-operation of many different people from every area of our organization.

The work we perform affects the lives of more Canadians on a daily basis than any other public organization. We are the principal revenue collector in the country and are responsible for distributing benefit payments to millions of Canadians each year. In performing these functions we strive to ensure that Canadians:

- Pay their required share of taxes, thus ensuring that the tax base is protected;
- Receive their rightful share of entitlements.

In addition, we provide Canadians with an impartial and responsive review of contested decisions.

In 2005-2006, we continued to be guided by our values and worked hard to build and strengthen our reputation of trust and integrity. As a result, taxpayers can trust us with their information, and our clients trust that we will be equitable in our dealings with Canadians and that we will administer programs responsively and effectively on their behalf.

The Office of the Auditor General of Canada (OAG) has audited the financial statements and assessed the performance information included in the *CRA Annual Report to Parliament 2005-2006*. The OAG has not audited the financial information nor has it assessed the performance information included in this document, the *Canada Revenue Agency – Our Performance Highlights 2005-2006*.

Message from the Commissioner – CEO



I am pleased to report that the Canada Revenue Agency (CRA) has again met the commitments we set out in our Corporate Business Plan. The *Canada Revenue Agency – Our Performance Highlights 2005-2006* provides an overview of the results we achieved this past year.

The CRA administers tax and benefit programs for the federal government and on behalf of provinces, territories, and First Nations.

We ensure that the revenue needed to fund government programs is collected and that eligible Canadians receive the benefits to which they are entitled. We take action to prevent non-compliance with Canada's tax laws, and we pursue that small minority who choose not to comply. By meeting our commitments to Canadians and to the client governments on whose behalf we provide services, we contribute to the well-being of Canadians and to the efficiency of government.

I am proud of our successes as an Agency and I recognize that they are the result of the individual efforts of more than 40,000 CRA employees who ensure that Canadians receive the information they need, the service they deserve, and the accountability they demand.

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

Agency 2010: Our Blueprint For The Future

The first five years of the CRA focused on our administrative priorities, including human resources, governance, internal policies, and systems.

Building on this solid foundation, the CRA has worked hard to develop a vision for the next five years that will allow us to fully realize our potential as an agency.

In 2005-2006 we launched this vision – *Agency 2010*.

It articulates three strategic themes:

- Building a strong and modern core business
- Maturing the governance model
- Pursuing new business opportunities.

We have shared our vision with key stakeholders and clients. Making this vision a reality requires the combined efforts of all our employees. CRA managers at all levels have engaged employees from coast to coast to coast, communicating *Agency 2010* and their role in making it a success.

In order to realize our vision, we have embarked on a number of critical projects, including market analysis and a readiness review. We are developing strategies to address service delivery, branding, business development, and accountability to clients.

Agency 2010 will allow the CRA to be more responsive to clients and taxpayers alike and to ensure that we continue to meet the needs of Canadians.

Results – Tax Services

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



Tax Services represent the greatest portion of the CRA's core business activities. Interacting with nearly 30 million individuals, businesses, trusts and other organizations, the CRA collected around \$330 billion in taxes, including more than \$48 billion on behalf of Canada's provinces (except Quebec), territorial governments and First Nations in 2005-2006.

Tax revenue pays for virtually all public goods and services that enhance the quality of life of Canadians. Ensuring that taxpayers meet their obligations and protecting Canada's tax base is therefore our primary focus. Our objective is to have Canadians comply with their tax obligations by providing them the information and tools they need, and supporting them with quality service.

Fast Facts

Services:

- More than 15.75 million public enquiries
- Almost 30 million tax-related visits to the CRA Web site
- Over 50 million forms and publications downloaded

Dispute Resolution:

- 65,042 disputes resolved

Processing:

- Close to 25 million individual returns
- Close to 1.7 million corporate returns
- \$18 billion in T1 tax refunds to almost 15 million taxpayers

We use four measures to assess our performance for our Tax Services strategic outcome:

- **Filing Compliance** – proportion of taxpayers that file their returns on time;
- **Registration Compliance** – proportion of Canadian businesses that have registered as required by law;
- **Remittance Compliance** – proportion of taxpayers that paid amounts due on time; and
- **Reporting Compliance** – degree to which taxpayers report complete and accurate information to allow for the determination of their liability.

The table on page 7 provides more details on our performance against these measures.

This report presents an overview of our results. Our *Annual Report to Parliament 2005-2006* contains performance information on all of our activities and on the work accomplished by all our employees in achieving our results.

Filing Compliance – Rates of filing on time without CRA intervention

Filing a tax return is the most important step in the compliance process. Returns are used to determine tax and entitlements owing, and for broader purposes such as policy development.

Key Activities	Employers Filing T4 Returns On-time												
<p>In 2005-2006, we continued to:</p> <ul style="list-style-type: none"> • simplify the filing process for taxpayers by offering electronic filing options; and • use a variety of data sources to identify high-risk non-filer cases based on potential for revenue loss. <p>Result Highlight In 2005-2006, 94.5% of employers filed their T4 Returns on time. This is unchanged from the previous year and above our target.</p>	<table border="1"> <caption>Employers Filing T4 Returns On-time</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2002-2003</td> <td>96.4%</td> </tr> <tr> <td>2003-2004</td> <td>96.5%</td> </tr> <tr> <td>2004-2005</td> <td>94.5%</td> </tr> <tr> <td>2005-2006</td> <td>94.5%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Fiscal Year	Percentage	2002-2003	96.4%	2003-2004	96.5%	2004-2005	94.5%	2005-2006	94.5%	Target	90%
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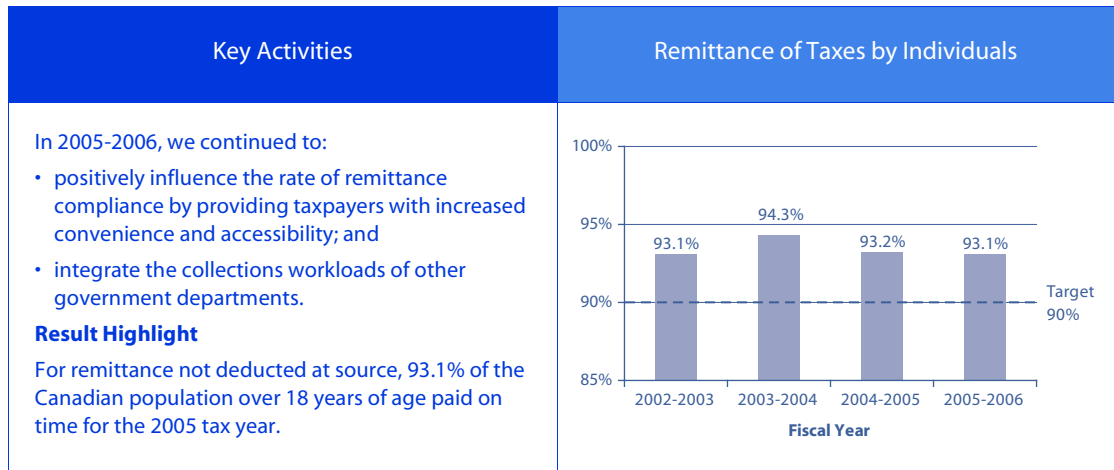
Registration Compliance – Rates of registration as required by law

Registration and assignment of a Business Number allows us to identify an organization and establish its compliance profile, including its liability to pay tax. This enables us to be more targeted in our selection of files for audit and review.

Key Activities	Businesses Registered to Collect GST/HST												
<p>In 2005-2006, we continued to:</p> <ul style="list-style-type: none"> • develop compliance indicators for registered charities and registered plans to better monitor these industries; and • ensure that all those who are required to register for the GST/HST met their obligations through our Non-Registrant Program. <p>Result Highlight In 2005-2006, 89.5% of Canadian businesses registered to collect the GST/HST. Although we did not achieve our target, we are encouraged by the upward trend over the past four years.</p>	<table border="1"> <caption>Businesses Registered to Collect GST/HST</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2002-2003</td> <td>84.6%</td> </tr> <tr> <td>2003-2004</td> <td>86.6%</td> </tr> <tr> <td>2004-2005</td> <td>88.8%</td> </tr> <tr> <td>2005-2006</td> <td>89.5%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Fiscal Year	Percentage	2002-2003	84.6%	2003-2004	86.6%	2004-2005	88.8%	2005-2006	89.5%	Target	90%
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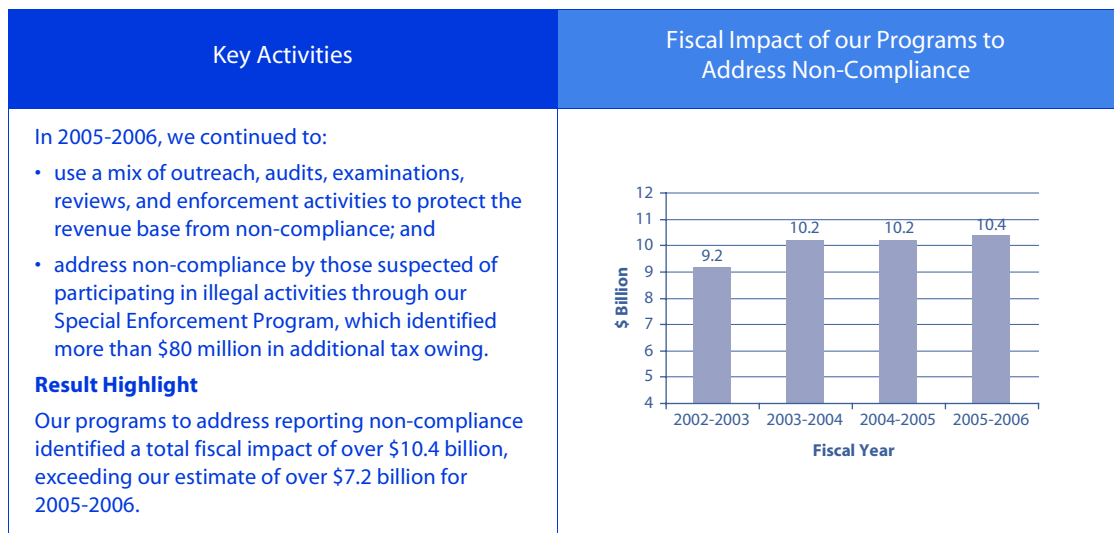
Remittance Compliance – Rates of timely payments without CRA intervention

The majority of the tax revenue we collect comes from individuals and corporations making income tax payments, businesses collecting and remitting GST/HST, and employers deducting and remitting at-source on behalf of their employees.



Reporting Compliance – Taxpayers report complete and accurate information

Canadian taxpayers are required to self-assess and report all taxable income and other information required under the law, claiming only allowable expenses, deductions, and credits.



Tax Services – Strategic Outcome Measures

Filing Compliance					
Our indicators	Target	2002-2003	2003-2004	2004-2005	2005-2006
Individuals	90%	93.1%	92.6%	92.6%	92.8%
Corporations – taxable incorporated businesses	90%	87.2%	87.1%	86.0%	85.9%
Businesses – GST/HST returns	90%	91.6%	92.0%	92.6%	91.8%
Employers – T4 returns	90%	96.4%	96.5%	94.5%	94.5%
Registration Compliance					
Our indicators ¹	Target	2002-2003	2003-2004	2004-2005	2005-2006
Canadian businesses registered to collect GST/HST	90%	84.6%	86.6%	88.8%	89.5%
Remittance Compliance					
Our indicators	Target	2002-2003	2003-2004	2004-2005	2005-2006
Individuals	90%	93.1%	94.3%	93.2%	93.1%
Corporations – taxable incorporated businesses	90%	93.1%	91.0%	90.7%	88.7%
Businesses that collected GST/HST	N/A	2.5 million collected \$44 billion	2.6 million collected \$44 billion	2.7 million collected \$47 billion	2.8 million collected \$52 billion
Employers	90%	90.4%	90.5%	89.2%	88.7%
Trend indicator:					
Ratio of outstanding tax debt to gross cash receipts	N/A	5.31%	5.54%	5.43%	5.62%
Reporting Compliance					
Our indicators	Target	2002-2003	2003-2004	2004-2005	2005-2006
Trend in growth in personal income reported to the CRA compared to personal income estimated by Statistics Canada	Tracks favourably	Yes	Yes	Yes	Not available
Trend in growth in net GST collected compared to retail sales and personal expenditures	Tracks favourably	Yes	Yes	Yes	Yes
Trend in percentage of total cash receipts resulting from deductions at source by employers and third-party reporting	N/A	77.4%	76.7%	74.7%	74.3%
Fiscal impact of CRA compliance activities	N/A	\$9.2 billion	\$10.2 billion	\$10.2 billion	\$10.4 billion
Compliance rate for individuals reporting key tax credits and deductions not subject to third-party reporting	90%	91.1%	89.9%	88.9%	87.9%
Prepayment compliance rate for GST/HST refund claims	90%	N/A	92.7%	92.6%	92.2%

1. We are developing registration compliance indicators for both registered charities and registered plans.

Results – Benefit Programs

Strategic Outcome: Eligible families and individuals receive timely and correct benefit payments contributing to the integrity of Canada's income security system



We provide Canadians with income-based benefits and credits and other services that contribute directly to their economic and social well-being. The CRA dispersed over \$15 billion in benefit and credit payments to over 11 million entitled Canadians

We deliver income-based benefits, credits, and other services that contribute directly to the quality of life of Canadians. We administer these programs on behalf of our federal, provincial and territorial clients.

Fast Facts

Enquiries:

- Over 2.4 million views for the Child and Family Benefits Web site
- More than 9.1 million telephone enquiries
- Over 3.3 million views for the Benefit pages in the My Account portal

Processing:

- Issued over 75 million benefit payments
- Distributed \$9.2 billion to 3.25 million Canada Child Tax Benefit recipients
- Distributed \$3.4 billion to over 9.5 million GST/HST credit recipients

We use two measures to assess our performance for our Benefit Programs strategic outcome:

- **Timely** – determines whether recipients receive their payments on-time; and
- **Correct** – determines whether recipients receive the proper benefit entitlement.

We also monitor the number of programs and services we deliver for our clients.

The table on page 10 provides more details on our performance against these measures. The ongoing programs we administer for clients are also listed.

This report presents an overview of our results. Our *Annual Report to Parliament 2005-2006* contains performance information on all of our activities and on the work accomplished by all our employees in achieving our results.

Timely – Benefit payments are issued on-time

Tax-free benefit payments make up a substantial portion of some recipients' monthly income. For many low-income families, receiving a payment on time is essential if immediate household expenses are to be paid.

Key Activities	Benefit Payments Issued On-time												
<p>In 2005-2006, we continued to:</p> <ul style="list-style-type: none"> develop and deliver national programs to provide information and assistance to benefit recipients; and provide Canadians with the right tools so they can supply us with the information we need to ensure their timely receipt of benefit payments. <p>Result Highlight In 2005-2006, 99.9% of the benefit payments we issued were on time. We have consistently exceeded our target over the past four years.</p>	<table border="1"> <caption>Benefit Payments Issued On-time</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2002-2003</td> <td>99.9%</td> </tr> <tr> <td>2003-2004</td> <td>99.9%</td> </tr> <tr> <td>2004-2005</td> <td>99.8%</td> </tr> <tr> <td>2005-2006</td> <td>99.9%</td> </tr> <tr> <td>Target</td> <td>99%</td> </tr> </tbody> </table>	Fiscal Year	Percentage	2002-2003	99.9%	2003-2004	99.9%	2004-2005	99.8%	2005-2006	99.9%	Target	99%
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2004-2005	99.8%												
2005-2006	99.9%												
Target	99%												

Correct – Benefit payments are issued properly

Payments need to properly reflect changes to family situations and to income that can alter the amount of benefits to which a recipient is entitled.

Key Activities	CCTB Accounts with Complete and Accurate Account and Payment Information												
<p>In 2005-2006, we continued to:</p> <ul style="list-style-type: none"> conduct review activities to verify that eligible recipients received the correct amounts in accordance with applicable legislation; and correctly deliver various one-time payment programs for our clients. <p>Result Highlight Based on our estimates, over 95% of Canada Child Tax Benefit (CCTB) recipients had complete and accurate account and payment information in 2003-2004 (the benefit year of our most recent study).</p>	<table border="1"> <caption>CCTB Accounts with Complete and Accurate Account and Payment Information</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2000-2001</td> <td>94.1%</td> </tr> <tr> <td>2001-2002</td> <td>95.5%</td> </tr> <tr> <td>2002-2003</td> <td>93.2%</td> </tr> <tr> <td>2003-2004</td> <td>95.1%</td> </tr> <tr> <td>Target</td> <td>95%</td> </tr> </tbody> </table>	Fiscal Year	Percentage	2000-2001	94.1%	2001-2002	95.5%	2002-2003	93.2%	2003-2004	95.1%	Target	95%
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2003-2004	95.1%												
Target	95%												

Benefit Programs – Strategic Outcome Measures

Payment Timeliness					
Our indicator	Target	2002-2003	2003-2004	2004-2005	2005-2006
Benefit payments are issued on time	99%	99.9%	99.9%	99.8%	99.9%
Benefit Payments Are Correct					
Our indicator	Target	2002-2003	2003-2004	2004-2005	2005-2006
Families receive the proper CCTB entitlement	95%	94.1%	95.5%	93.2%	95.1%
Provinces, territories and other government departments rely on the CRA as a key service provider					
Our indicator	Target	2002-2003	2003-2004	2004-2005	2005-2006
Number of Programs and Services Administered for Clients	N/A	46	51	58	66

Benefit and Credit Programs Administered by the CRA 2005-2006

In 2005-2006, we administered four federal programs and used our federal delivery infrastructure to administer 17 ongoing child benefit and credit programs, seven one-time payment programs, and 38 data exchange and transfer services on behalf of our provincial and territorial clients.

Federal Programs	
<ul style="list-style-type: none"> Canada Child Tax Benefit Goods and Service Tax/Harmonized Sales Tax (GST/HST) credit 	<ul style="list-style-type: none"> Children's Special Allowances Disability Tax Credit
Provincial and Territorial Programs (Ongoing)	
<ul style="list-style-type: none"> British Columbia: BC Earned Income Benefit British Columbia: BC Family Bonus Alberta Family Employment Tax Credit Saskatchewan Child Benefit Saskatchewan Sales Tax Credit Yukon Child Benefit Northwest Territories Child Benefit Northwest Territories – Territorial Worker's Supplement Nunavut Child Benefit 	<ul style="list-style-type: none"> Nunavut Territorial Worker's Supplement New Brunswick Child Tax Benefit New Brunswick Working Income Supplement Nova Scotia Child Benefit Newfoundland and Labrador Child Benefit Newfoundland and Labrador – Mother Baby Nutrition Supplement Newfoundland Harmonized Sales Tax Credit Newfoundland and Labrador Seniors' Benefit
New One-time Payment Programs (2005-2006)	
<ul style="list-style-type: none"> Alberta 2005 Resource Rebate 	<ul style="list-style-type: none"> Energy Cost Benefit

Results – Opinions Count

The perceptions of the people we serve and of our employees help us to gauge our performance and improve the service we offer. The 2005 editions of our annual *Corporate Survey* and our triennial *Employee Survey* let the people directly involved voice their opinions.

Annual Corporate Survey

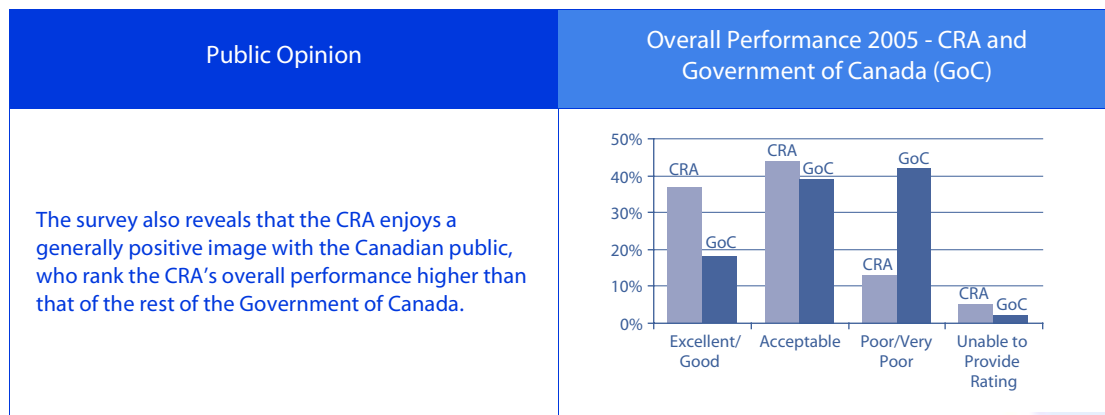
A key factor in ensuring high levels of compliance within Canada’s taxation system is the confidence Canadians have in the fairness, accountability and integrity of the CRA. The *2005 CRA Annual Corporate Survey*¹ indicates:

- the majority of Canadians agree that we treat information with confidentiality;
- we are professional in our dealings with them; and
- we treat them fairly, honestly and with respect.

Key Results – Annual Corporate Survey

	Completely Agree	Somewhat Agree	Total Agree	Somewhat Disagree	Completely Disagree	Total Disagree
CRA treats taxpayer information with confidentiality	46%	37%	83%	6%	3%	9%
CRA staff are professional when dealing with taxpayers	34%	45%	79%	9%	4%	13%
CRA treats taxpayers with respect	33%	44%	77%	12%	6%	18%
CRA is honest in its dealings with taxpayers	31%	48%	79%	12%	6%	18%
CRA treats taxpayers fairly	27%	43%	70%	17%	6%	23%
CRA appreciates taxpayers are sometimes confronted with unusually difficult circumstances	21%	38%	59%	14%	9%	23%

Note: Results may not add to 100 due to non-responses and responses of “not applicable.”



1. The results of the survey are based on questions asked to 4,000 residents of Canada aged 18 or older by telephone from June 16 to July 7, 2005. The margin of error for a sample of 4,000 is +/- 1.5 percentage points, 19 times in 20.

CRA Employee Survey

It is our employees who demonstrate the fairness, honesty, and respect that Canadians note in their dealings with the CRA. The *2005 CRA Employee Survey* told us that:

- 86% of employees think the CRA is a good place to work;
- 80% feel they can adapt their services to help clients; and
- 79% feel they can balance life at home and at work.

Our 2005 survey was conducted concurrently with the *Public Service Employee Survey*, which asked the same questions of other Government of Canada employees. CRA employees ranked their employer higher in 80 percent of comparable questions than their counterparts in the rest of the public service. Overall, survey results confirm that, since becoming an Agency in 1999, the CRA continues to make progress as an employer of choice.

Key Results – CRA Employee Survey

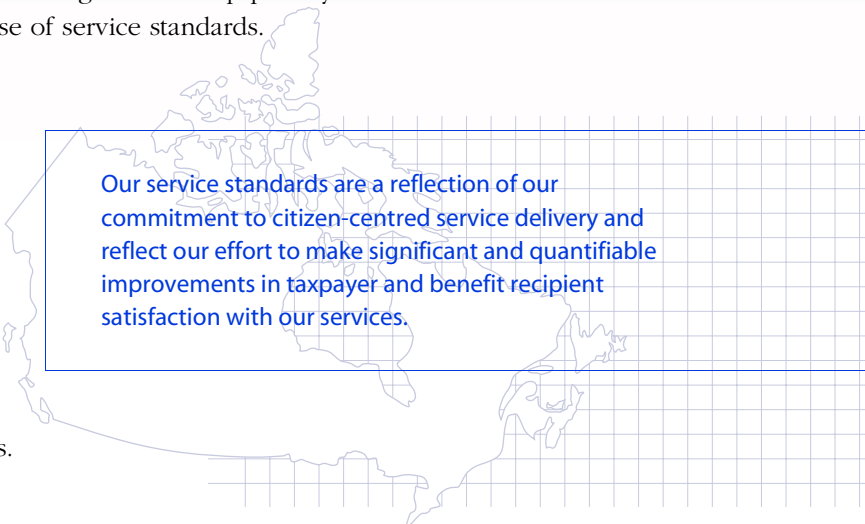
	CRA Results	Federal Public Service Results	
	Total Agree	Total Agree	Difference
Overall, my organization is a good place to work	86%	82%	+4
I have the flexibility to adapt my services to meet my clients' needs	80%	75%	+5
When I communicate with my immediate supervisor, I feel free to use the official language of my choice	89%	90%	-1
I am strongly committed to making my organization successful	95%	96%	-1
I can balance my personal, family and work needs in my current job	79%	69%	+10
I believe that senior management will try to resolve concerns raised in this survey	54%	47%	+7
I believe that senior management has made progress toward resolving the issues raised in the <i>2002 CCRA Employee Survey</i>	43%	32%	+11

Service Delivery – Meeting Our Standards

For the Government of Canada and the CRA the service agenda is a top priority. Our commitment to this agenda is evident in the use of service standards.

Our service standards represent our public commitment to Canadians of the level of service that they can reasonably expect from us under normal circumstances. Since 2000, we have been publicly reporting on these service standards in our annual report (www.cra-arc.gc.ca).

In the 2005-2006 annual report, we report on 43 standards, including our response time to enquiries and the time it takes us to process tax returns and applications for tax credits and benefits.



Key Results – Service Standards

CRA Service Standards	Percentage of Service Targets “Met” and “Mostly Met”										
<p>We continue to improve our level of service against our service standard targets. In 2005-2006, we “met” or “mostly met” our targets 89% of the time, an increase of 22% from 2002-2003.</p> <p>Meeting our service targets demonstrates that we are effective and responsive to the needs of taxpayers and benefit recipients. These standards also help facilitate compliance by ensuring that services are provided in a timely and predictable way.</p>	<table border="1"> <caption>Percentage of Service Targets “Met” and “Mostly Met”</caption> <thead> <tr> <th>Fiscal Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2002-2003</td> <td>67</td> </tr> <tr> <td>2003-2004</td> <td>73</td> </tr> <tr> <td>2004-2005</td> <td>88</td> </tr> <tr> <td>2005-2006</td> <td>89</td> </tr> </tbody> </table>	Fiscal Year	Percentage	2002-2003	67	2003-2004	73	2004-2005	88	2005-2006	89
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Our Regions

It is our regional employees who deliver the majority of our programs across the country. When taxpayers and benefit recipients interact with the CRA, the voices they hear and the faces they see are those of our employees working throughout the country. Over 80% of the Agency's employees work in one of our five regions. Our regional presence enables us to serve taxpayers and benefit recipients anytime and anywhere in the country: we can be responsive to taxpayers, benefit recipients, and clients, eliminate duplication, and reduce the overall cost for those we serve.

Canada Revenue Agency's Regional Presence

Regions	Regional Offices (as of March 31, 2006)	Full-Time Equivalents ¹ (FTEs)	Key Regional Volumetrics
Atlantic	<ul style="list-style-type: none"> • 2 Tax Centres • 7 Tax Services Offices 	• 3,829 FTEs	<ul style="list-style-type: none"> • 4,320,705 T1 tax returns processed • 92,124 benefits applications and elections processed
Quebec	<ul style="list-style-type: none"> • 2 Tax Centres • 6 Tax Services Offices 	• 6,077 FTEs	<ul style="list-style-type: none"> • 7,228,446 T1 tax returns processed • 209,425 benefits applications and elections processed
Ontario	<ul style="list-style-type: none"> • 1 Tax Centre • 16 Tax Services Offices • 1 International Tax Services Office • Ottawa Technology Centre 	• 13,200 FTEs	<ul style="list-style-type: none"> • 4,841,110 T1 tax returns processed • 119,872 benefits applications and elections processed
Prairie	<ul style="list-style-type: none"> • 1 Tax Centre • 5 Tax Services Offices 	• 6,961 FTEs	<ul style="list-style-type: none"> • 5,029,991 T1 tax returns processed • 182,215 benefits applications and elections processed
Pacific	<ul style="list-style-type: none"> • 1 Tax Centre • 5 Tax Services Offices 	• 4,988 FTEs	<ul style="list-style-type: none"> • 3,571,841 T1 tax returns processed • 91,924 benefits applications and elections processed

1. A Full-time Equivalent represents one person employed full-time per year. A single FTE may be comprised of more than one position (e.g. part-time and seasonal positions).

In addition to program delivery for the CRA and our clients, regional employees also work in conjunction with other levels of government, the private sector and community-based organizations. They conduct visits and information sessions, and hold seminars for designated groups, such as immigrants, students, and new entrepreneurs. The objective is to raise the level of understanding among Canadians of their tax obligations and improve their ability to comply easily and accurately.

Our Program Branches

Appeals Branch

The Appeals Branch administers the Government of Canada's largest dispute resolution service. We play a significant role in maintaining the trust of Canadians in the integrity of the tax system by ensuring access to a consistent, transparent, and impartial redress mechanism.

The efforts of Appeals employees in implementing new solutions have enabled the branch to maintain the outstanding service we provide. Not only did we continue to offer timely and effective dispute resolution in 2005-2006, we took steps to prepare for future demands, such as improving our capacity to identify and manage risk and streamlining the front end of our business process.

Looking to the future, we will continue to offer a responsive and effective dispute resolution service. Our efforts will include expanding My Account Internet access to redress for corporate taxpayers and creating an Agency-wide service redress mechanism to respond to horizontal and systemic issues.

Assessment and Benefit Services Branch

The Assessment and Benefit Services Branch together with the Regions is responsible for the processing of millions of tax returns and payments, and the administration of benefit programs. Processing on this scale presents enormous challenges as we must maintain the confidentiality of individual files and ensure the accuracy of information we provide while also promoting new approaches to service delivery. We are dedicated to providing effective services to individuals, businesses, and client governments.

We have met this challenge as demonstrated by the high degree of filing and registration compliance and the ever-increasing use of electronic options, such as Internet filing and My Account.

We will continue to integrate our programs and services, take advantage of new technology, and increase the accessibility of our services. In this way, we will continue to meet the expectations of Canadians and of our clients.

Compliance Programs Branch

The role of Compliance Programs is to identify and address non compliance with the laws the Agency administers. We use effective risk management to identify emerging compliance risks and to assess their potential effect on the tax base. We then work to address the greatest risks. We do reviews, audits, investigations and, in the most serious cases of tax fraud, we prosecute. We also assist taxpayers in meeting their reporting obligations and inform them of the consequences of non-compliance.

We are responsible for the Agency's compliance strategy, compliance research, and international activities. In addition, we administer the Scientific Research and Experimental Development tax credits, the Film and Video Production tax credits, and other tax incentive programs. We also administer the Voluntary Disclosure Program, which allows non-compliant taxpayers to come forward and meet their obligations without penalty or prosecution.

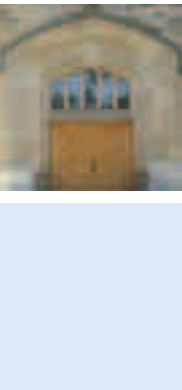
In 2005-2006, the CRA's actions resulted in \$10.4 billion in fiscal impact. We achieved convictions in nearly all cases brought before the Courts. In the coming period, we will place increased focus on aggressive tax planning, in particular the abusive use of international transactions and tax havens, and interprovincial compliance. We will also continue to combat the underground economy and GST/HST fraud.

Legislative Policy and Regulatory Affairs Branch

The Legislative Policy and Regulatory Affairs Branch has Agency-wide responsibility as the ultimate authority for the interpretation of tax legislation. The Branch establishes and clarifies the interpretation of tax laws and is the focal point for the provision of advice to the Department of Finance on legislative changes. We also administer the regulations governing Canada's Charities program, registered pension and deferred income plans as well as the eligibility provisions for coverage under the Canada Pension Plan and *Employment Insurance Act*.

Performance in 2005-2006 was marked by good progress in meeting our service goals and in reasserting our role as technical authority. Our compliance verification activities in the Charities and Registered Plans programs are continuing to evolve as we evaluate and refine our approach to risk management in directing our resources.

Our progress to date provides a solid foundation that will strengthen our core business and allow us to move forward on the Agency's 2010 agenda.



Taxpayer Services and Debt Management Branch

Taxpayer Services and Debt Management Branch provides information and service to Canadians so they can meet their obligations and receive their entitlements. We provide service through a variety of channels that respond to the expectations of Canadians: Internet, telephone, in-person, and by post. In addition to providing taxpayer service, we manage the government's largest debt collection service, which expanded in 2005-2006 when the CRA in-sourced the collection responsibilities from Human Resources and Social Development Canada, including Canada Pension Plan and Employment Insurance overpayments and defaulted student loans.

In 2005-2006 we maintained high rates of accessibility for our phone service and we expanded the number of services available by Internet. We have also made significant progress in identifying solutions to reduce our inventory of accounts receivable through the use of risk assessment and technology that lets us assign collection workloads irrespective of geographical location.

We will continue to offer excellent service across all our delivery channels. By providing timely, accurate, and accessible information to Canadians and working with them to resolve their debt issues, we will continue to have a positive effect on the social and economic well-being of the country.

Our Corporate Services Branches

Our Corporate Services branches support the CRA in the areas of infrastructure, stewardship, public affairs, Agency management, and policy and intergovernmental affairs. The effective and efficient delivery of our programs and services requires that our corporate services provide the guidance, infrastructure, and resources needed to support the entire Agency.

In 2005-2006, our Corporate Services branches:

- ensured that we were able to hire, equip and train people efficiently;
- implemented major systems and infrastructure releases to enhance program delivery and met or exceeded availability targets for the multiple national systems critical to the delivery of services to Canadians;
- strengthened financial planning by reinforcing management commitment to good stewardship; and
- continued to merit Canadians' trust in the CRA's integrity, obtaining an A grade for "ideal compliance" under the *Access to Information* and *Privacy Acts*, and posting internal audit and program evaluation reports on our Web site.

Corporate Services Branches

- Corporate Audit and Evaluation
- Corporate Strategies and Business Development
- Finance and Administration
- Human Resources
- Information Technology
- Legal Services
- Public Affairs

Message from the Chair



The Board of Management is responsible for the governance of the organization, administration, and management of the Canada Revenue Agency (CRA). We bring to the CRA our knowledge of private sector management practices and our experience in all regions of Canada.

Although the Board of Management is not directly involved in the delivery of tax and benefit programs, the high-level strategic nature of the Board's work means that its influence is felt throughout the Agency's internal operations and external service delivery. The Board fulfils two important roles: it provides broad strategic direction to Agency management and it fulfils a fiduciary oversight role over the management of the Agency's resources. With respect to the former,

the Board assisted Agency management in developing the five year corporate strategy that became known as *Agency 2010*. Throughout 2005-2006, we provided guidance and oversight as the Agency strengthened its infrastructure and developed its core business capacity, two key components of the strategy. With respect to its fiduciary responsibilities, the Board has enhanced its oversight by reconstituting the Audit Committee, as well as by ensuring the development of an Integrated Risk Management Policy and a Project Management Policy. The Audit Committee's renewed mandate exemplifies current best practices and has positioned the Agency to be in the forefront of the Government's agenda to strengthen accountability and audit controls.

I am proud of the achievements of the Board and its contribution to effective governance and administration at the Agency. This report demonstrates the continued success of the CRA in achieving its mandate.

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

The Board of Management focused on four priority areas for 2005-2006:

CRA Corporate Strategy

- developed *Agency 2010*, a new five-year corporate strategy

Human Resources Management

- reviewed succession planning
- established selection criteria for the Commissioner-CEO and Chief Operating Officer
- oversaw job classification reform and the new compensation service delivery system

Risk Management

- approved new CRA Integrated Risk Management Policy

Board Governance

- amended guidelines on Conflict of Interest
- restructured the Board's committees
- established the Audit Committee to improve control and accountability

Financial Highlights

Administered Revenues

Government of Canada

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Income Tax Revenues	\$140,060.8	\$132,137.5
Other Taxes and Duties	20,590.6	18,860.5
Employment Insurance Premiums	16,916.7	17,654.8
Interest, penalties, and other revenues	3,089.1	3,141.5
Total	180,657.2	171,794.3

Less provisions for doubtful accounts and interest expenses, this yields net revenues administered on behalf of the Government of Canada of \$179.3 billion (\$170.2 billion in 2005).

Provincial, Territorial, and First Nations Governments

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Income Tax Revenues	\$47,524.1	\$41,493.7
Harmonized Sales Tax	848.5	735.3
Other Revenues	211.6	195.5
Total	48,584.2	42,424.5

Total Net Administered Revenues

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Net revenues administered on behalf of the Government of Canada	\$179,271.2	\$170,226.2
Revenues administered on behalf of Provincial, Territorial, and First Nations governments	48,584.3	42,424.5
Net revenues administered on behalf of the Canada Pension Plan	30,116.0	28,940.9
Total	257,971.5	241,591.6

Administered Expenses and Recoveries

Government of Canada

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Child tax benefits	\$9,199.8	\$8,687.8
Energy cost benefits	357.7	–
Children's special allowances	169.6	159.4
Relief for heating expenses	2.7	5.6
Total	9,729.8	8,852.8

Less provisions for recoveries of Old Age Security benefits and Employment Insurance benefits, this yields net expenses and recoveries administered on behalf of the Government of Canada of \$8.7 billion (\$8.0 billion in 2005).

Provincial, Territorial, and First Nations Governments

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Alberta Resource Rebate	\$1,257.6	–
Family benefits programs	217.2	226.8
Sales tax credits	47.4	45.5
Nova Scotia taxpayer refund program	–	5.5
Total	1,522.2	277.8

Total Net Administered Expenses and Recoveries

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Net expenses and recoveries administered on behalf of the Government of Canada	\$8,698.7	\$7,953.3
Net expenses administered on behalf of Provincial, Territorial, and First Nations governments	1,522.2	277.8
Total	10,220.9	8,231.1

Operations – Agency Activities

Expenses

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Reporting compliance	\$1,313.4	\$1,156.0
Assessment of returns and payment processing	943.8	892.9
Filing and remittance compliance	882.9	813.8
Client assistance	397.4	391.9
Appeals	161.7	141.0
Benefit programs	161.5	149.2
Total	3,860.7	3,544.8

Non-Tax Revenue

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Reporting compliance	\$40.5	\$34.3
Assessment of returns and payment processing	91.2	68.3
Filing and remittance compliance	133.0	123.2
Client assistance	29.7	26.4
Appeals	12.0	10.7
Benefit programs	12.4	7.4
Total	318.8	270.3

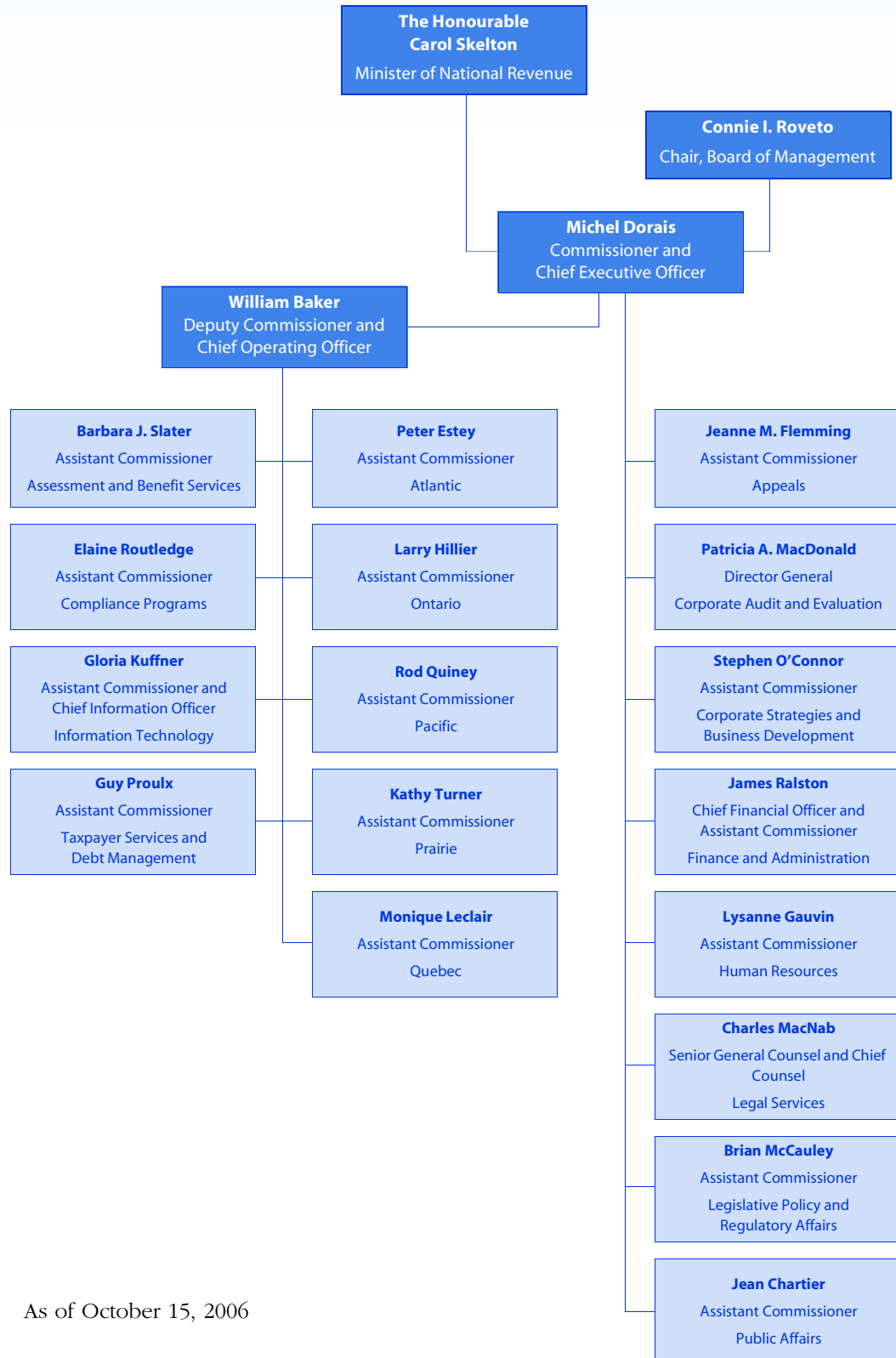
Net Cost of Operations

	March 31, 2006 (Millions)	March 31, 2005 (Millions)
Total	3,541.9	3,274.5

Factors having a significant impact on the increase in CRA operating costs include: increased staff to address initiatives from recent Federal Budgets and interdepartmental services provision; collective agreement increases; and such expenses as computers, accommodation, and travel for auditors.

Expenses and Revenues are stated according to Program Activity. Corporate Services expenses have been apportioned to each Program Activity. For detailed information on our audited and unaudited financial statements, please see the CRA Annual Report to Parliament 2005-2006.

Organizational Structure



As of October 15, 2006