



# CASE STUDY | LEEDS & GRENVILLE REDUCES POVERTY THROUGH TAX FILING

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Helping people file their taxes is a very impactful poverty reduction action at the community-level. Tax credits and benefits can put lump sum, annual, quarterly, and monthly income into the hands of people living on low-income, and help lift them above or closer to the poverty line.

## OVERVIEW

Residents of United Counties of Leeds & Grenville gain access to income they are eligible for through tax filing. In 2020, the Volunteer Centre of St. Lawrence-Rideau assisted approx. 2,700 low-income residents to file taxes for free and returned an estimated \$4.5 Million in tax refunds, plus millions more in transfer payments.

Not only are people living in poverty able to save \$30-60 filing their taxes each year, they can get back any employment income that was overpaid and receive benefits initiated through tax filing. This can return lump sum, annual, quarterly, and/or monthly income.

Community Volunteer Income Tax Programs (CVITPs) can be high-impact for individuals and families and are a good investment for communities to mobilize millions of dollars per year offered by federal and provincial/territorial governments. In Leeds and Grenville an annual administrative and marketing investment of \$7-10,000 equated to a staggering 50 000% return on investment for the community in 2020.

### About The Leeds Grenville Poverty Reduction Alliance

The Leeds Grenville Poverty Reduction Alliance's mission is to address the roots of poverty through a community-driven common agenda and action plan. Their newly established objectives include:

- Raise funds
- Align with like-minded organizations and businesses
- Plan for COVID-19 recovery
- Strengthen partner initiatives such as CVITPs.

Members of the Leeds Grenville Poverty Reduction Alliance, such as the Volunteer Centre, through their own and collective efforts, support a comprehensive approach to poverty reduction. They work to align additional income security actions such as job training, skills building, the promotion of a Living Wage and the Canada Learning Bond. They reach out to hear the voice of their communities and try to build a stronger social support system by serving families and individuals across the lifecycle.

With COVID-19 making many people newly vulnerable, we can have a significant poverty reduction impact by supporting this demographic to make a quick exit from poverty through early interventions, such as cash transfers, before a deeper cycle of poverty takes hold.

## WHAT ARE COMMUNITY INCOME TAX PROGRAMS?

The Community Volunteer Income Tax Program (CVITP) is a collaboration between Canada Revenue Agency (CRA) and community organizations, charities or associations to support low-income community members to complete their taxes and gain access to tax benefits and credits.

The program began in 1971 (1988 in Quebec) and has become an essential poverty reduction tool with COVID-19 creating widespread unemployment and instability for millions of people across Canada.

[According to CRA's website](#), community organizations are responsible for:

- Deciding whether to provide full-service tax clinics via volunteers **or** providing space only
- Hosting the free tax clinics
- Managing resources and volunteers
- Keeping taxpayer information secure and confidential
- Making sure all volunteer registrations are approved before they start volunteering and that they provide a police records check, if needed

The CRA is responsible for:

- Offering guidance and support to organizations
- Providing training for volunteers
- Providing free tax preparation software
- Operating a year-round dedicated help line for volunteers
- Providing promotional materials
- Donating used laptops to eligible organizations

Individuals are eligible to receive free tax filing services if their income was \$35,000 or less per year (adjusted to household size) and have a simple tax situation.

## UNLOCKING HIGH-IMPACT GOVERNMENT BENEFITS

CVITP clinics are an efficient way for communities to align with provincial/territorial and federal poverty reduction strategies. Agencies, organizations and groups invest in finding small grants, mobilizing volunteers, setting up accessible spaces, and rallying the community to run wide-reaching promotion to increase the number of residents filing their taxes for free.

Two of the most impactful poverty reduction strategies of the last three decades have been universal cash transfers to low and moderate-income families through two tax credits:

- The Canada Child Benefit

- The Guaranteed Income Supplement

The Canada Child Benefit, introduced in 2016, is a tax-free benefit for low and moderate-income families. [Nine in ten families](#) now receive more than they did under the Canada Child Tax Credit, with a maximum of \$6,765 per child under 6 years old and \$5,708 per child 6-17 years old in 2021. Over 300,000 children were lifted out of poverty largely due to the CCB prior to COVID-19; and during the pandemic, the government was able to deliver an [additional \\$300](#) to eligible families in the first wave.

The Guaranteed Income Supplement (GIS), introduced in 1967, has been instrumental in reducing senior poverty. It is a top-up for low-income seniors receiving Old Age Security, and in 2020 provided a combined maximum benefit of \$1,514.78 per month to singles. Since 2006, [when the application process was simplified](#) and outreach efforts were initiated by CRA and HRSDC to get eligible non-applicants to apply, senior poverty rates have declined by [more than 50%](#). Canada currently [performs better](#) than average OECD countries on senior poverty and was amongst the [top three](#) with the lowest senior poverty rates in the late 2000s.

Provinces and territories also provide important cash transfers to low-income residents such as the [Ontario Trillium Benefit](#), [BC Climate Action Tax Credit](#), [Alberta Child and Family Benefit](#), and [Quebec Medical Expenses and Solidarity Tax Credits](#).

According to [Statistics Canada](#), in Leeds and Grenville in 2016, 60,535 people received federal, provincial, and/or municipal cash benefits amounting to an average of \$9,113.00 per person.

## INCORPORATING TAX FILING AS A STRATEGY

[Researchers with Carleton University](#) estimate that each year 10-12% of Canadians do not file their taxes, missing out on a total \$1.7 Billion for families and individuals in 2015. According to the same estimations, filing taxes alone could have reduced income poverty in Canada by 0.5% that year, or more than 200,000 people.

Based on income alone in 2016, over [3 Million Canadians](#) may have been eligible for CVITP services. In 2019, 741,460 individuals completed and [filed tax returns](#) with the help of 3,560 community organizations and 19,240 volunteers. While impressive, this only equates to an estimated 24% of those eligible using tax clinics.

[Prosper Canada](#) reveals that the biggest road blocks that low-income residents face in filing taxes are: Access to clinics or services (**17%**); Affordability of tax help (**14%**); Not knowing where to get help (**14%**); and Not being aware they needed to file taxes if they have no taxable income (**12%**).

The groups most affected by these barriers are families and single parents, people with physical and mental health challenges, and newcomers.

Based on the barriers, Prosper Canada recommends nine strategies to help remove road blocks for low-income non-filers. They are:

1. **Simplify** – Online software and prompting can help make the process less intimidating

2. **Increase tax clinic accessibility** – Host more locations, longer hours, year-round service
3. **Funding** – Resource groups and organizations to run clinics, which can be costly
4. **Emphasize benefits** – Clarify the benefits of tax filing by creating promotional materials
5. **Messaging** – Make unique arguments for tax filing to unique local target audiences
6. **Targeting** – Employ different strategies to increase uptake for various groups (ex. Indigenous, people with physical or mental health challenges, single parents, etc.)
7. **Intermediaries** – Allieve fear or mistrust of government and raise awareness of the benefits of tax filing through service organizations who hold relationships with individuals
8. **Anchor institutions** – Partners such as health care, housing, settlement, etc. have large client bases that they can raise awareness and increase access amongst
9. **Schooling** – Teach tax filing skills and the importance of tax filing in classrooms

## LEEDS AND GRENVILLE'S TAX CLINICS

In the United Counties of Leeds and Grenville, the Volunteer Centre of St. Lawrence-Rideau has been the primary Coordinator of the Community Volunteer Income Tax Program since 1987. They organize approximately 25 volunteers to collaborate with community partners on hosting clinics each year. Partners include:

- Royal Canadian Legion branches, serving members
- Long Term Care Homes, serving residents who have a greater likelihood of mobility issues
- The Royal Mental Health Centre and other service agencies, having caseworkers bring client documents to the Volunteer Centre for filing
- Lanark, Leeds & Grenville Addictions & Mental Health
- Leeds & Grenville Interval House
- Victims Services Leeds & Grenville
- Employment Centres and Community Health Centres
- Grocery stores
- Food banks
- A Town Hall

In total they host 5 clinic locations throughout Leeds and Grenville during the tax season and on average serve 3,000 clients per year. During COVID-19, they closed only for two weeks before pivoting to online, telephone-based, and drop-off services, and were still able to serve 2,700 community members. Throughout 2020-2021 they are offering year-round service in Brockville.

These clinics are important “pool ball” strategy for reducing poverty in Leeds and Grenville. By increasing income security for families and individuals, they are increasing residents’ ability to afford food, rent and other basic necessities; and thereby helping to reduce stress associated with basic needs affordability and improving mental wellbeing. They also connect clients to community supports that they are eligible for but may not know about or yet be connected to, such as employment agencies, newcomer programs, immigration partnerships, seniors’ clubs, non-profit

counselling, Social Assistance, the local health unit, and more.

CVITP clinics are also a good way of drawing on natural assets of the community by mobilizing a network of volunteers in the city and throughout rural areas. Volunteers get connected with the community which provides them a sense of purpose, reduces isolation, improves mental health, and they become more aware of poverty in their own community.

In 2018, the Volunteer Centre undertook an in-depth analysis of 175 taxes they filed. Including refunds and benefits, they determined that just those 175 files amounted to nearly \$500,000 for their clients, and averaged \$1,850 per person. In 2020, this would equate to \$4.5 Million in refunds and benefits for all clients completing their tax returns through the Volunteer Centre.

Their recent evaluation of Leeds and Grenville CVITP clinics revealed an opportunity to provide tools, resources and skills to clients receiving money-back at tax time, to make informed decisions about spending it. In September 2020, they began scaling their efforts by introducing a [Financial Literacy and Empowerment Program](#) to clients with funding from the Emergency Community Support Fund (ECSF) through the United Way Leeds & Grenville and the Brockville and Area Community Foundation. To date, 110 participants have accessed volunteer-delivered workshops gaining knowledge, resources and support to develop healthy financial behaviours. Participants learn about savings and debt, consumerism, budgeting, income tax, parents set up Registered Education Savings Plans (RESPs) and apply for the Canada Learning Bond, and set SMART (specific, measurable, achievable, realistic, time-based) goals to work towards. Participants have reported:

- Paying off credit card debt
- Opening savings accounts
- Accessing government benefits they were unaware of
- Reduced impulse purchases
- Reduced monthly bills

*One woman set up a savings account and little-by-little finally had enough to purchase false teeth! She was in need of them for a long time but couldn't afford to purchase them. She returned to the clinic to share the news with confidence and a big smile on her face!*

*Another gentleman exited incarceration just before Christmas. At that time he couldn't get an apartment and didn't know where to go or what to do, but he did need to file his taxes. His \$6,000 tax return allowed him to put down first and last month's rent on an apartment and put food in the cupboard as an initial start.*

Still, only 10% of those eligible to file taxes through CVITP do so in Leeds and Grenville. One of the Volunteer Centre's goals for the coming year is to increase the number of eligible people accessing services by ramping up public marketing campaigns and bringing speakers into the community through [CRA's Community Outreach Program](#). Longer-term, they aim to build community through volunteer leadership and increase income security through financial education, tools, supports, and connections in addition to tax filing services.

## POVERTY RATES DECLINING

According to Statistics Canada, Leeds Grenville's poverty rates (Market Basket Measure) fell 33% from 2015-2018, which is nine percentage points greater than the Canadian average. While this reduction has been in large part due to benefits introduced by the federal government in the last several years, the uptake and impact of these strategies have been amplified by complementary community efforts led by the Volunteer Centre and other Alliance partners.

Collaboratively, the Leeds Grenville Poverty Reduction Alliance is strengthening partner-led interventions such as tax filing, supporting parents to open RESPs which encourage youth to go to post-secondary school, and running financial literacy workshops to encourage positive spending and saving habits.

Now, due to COVID-19, tax filing takes on an even more important role in poverty reduction by lifting newly vulnerable people out of poverty or supporting those at-risk. Presently, there is hope for a [Canada Disability Benefit](#) and an expansion of the [Canada Worker Benefit](#), both of which are likely to be accessible through the tax system.

Poverty will not be eliminated by income alone, but of all the poverty reduction initiatives available at a community-level, collaboratives have at least nine relatively high-impact, low-investment actions they can take to put millions of dollars into the pockets of families and individuals, and back into the local economy.

## RESOURCES

- Download Prosper Canada's [Volunteer Tax Clinics: Help your community members file taxes](#) for steps and tips on how to get started running a tax clinic.
- Learn more about non-tax filers by reading [Who Doesn't File a Tax Return? A Portrait of Non-Filers](#) and [Breaking Down Barriers to Tax Filing for People Living on Low Incomes](#)
- Access [Income Tax Returns Statistics for 2019](#) published by Canada Revenue Agency
- Learn more about the [Canadian Income Tax Filing Program](#) (CVITP) from Canada Revenue Agency
- Explore the Volunteer Centre of St. Lawrence-Rideau's [Financial Literacy and Empowerment](#) offerings on their website
- Organize a [CRA Community Outreach Program](#) visit for your community, to help increase uptake of CVITP.

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