

Canada Revenue Agency
BUSINESS RETURNS PROCESSING
AND INTRODUCING NEW
TECHNOLOGY

COTA 18th GENERAL ASSEMBLY AND
TECHNICAL CONFERENCE

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Agenda

- Canada Revenue Agency Overview
- Leveraging new technologies
- Overview of CRA business returns processing systems (Business Suite)
- Introducing new technology and change management

Canada Revenue Agency Overview

- 34,000 employees in 48 Tax Services Offices, 8 Tax Centres and Headquarters;
- We collect over \$300 billion (canadian), and distribute over \$11 billion in benefit payments to millions of families on behalf of the federal, provincial, and territorial governments;
- We process 1.5 million corporation income tax returns, 6.4 million Goods and Services Tax (GST) returns and 34 million payments annually.

Leveraging New Technologies

- Technology offers the CRA challenges but also new opportunities;
- Rapid progress in information technology capabilities and cost reductions allow for new approaches to doing business.
- The biggest challenge is change management not the technology.
- Canada leader in providing electronic services to citizens; revenue administration continues to be the most mature segment (Accenture).

Business Suite

- Considerable progress made in movement from a program by program approach to common processes for registration, accounting, client communications and workload management;
- Migration to a client-oriented approach for four major CRA programs: Corporation Income Tax, Excise Taxes and other levies, GST, and Payroll Deductions.
- Suite of business systems introduced in 2000

Business Suite

- The Business Suite is comprised of six integrated systems to administer business programs for CRA:
- 1. Business Number (BN) - Registration
- 2. CORTAX – Corporate Tax Processing
- 3. Other Levies System (OLS) – Excise Taxes and Duty
- 4. Standardized Accounting (SA) – Accounting
- 5. Business Client Communications System (BCCS) – Client Communication Outputs
- 6. Corporate Case – Workload Management

BUSINESS SUITE

Business Number

- Business Number was introduced in 1995 and has been compulsory for the major CRA business programs since 1997;
- BN is a unique 9-digit reference for each business followed by two letters to identify the program type, i.e., RC for Corporation Tax, and four digits to enable client with one BN to have more than one account type;
- All business clients must register for a BN.
- The BN system holds all client tombstone data; all Business Suite systems access basic client tombstone information through BN.

Business Suite

CORTAX and OL System

- CORTAX is the redesigned corporation income tax processing system introduced in October 2000;
- The Other Levies System (OL) was implemented in 2003;
- It was developed to process the endorsing, securing and assessing components of the Excise Tax & Excise Duty.

BUSINESS SUITE

- Currently re-designing the Goods and Services Tax system (GST) to be implemented in 2006.
- The payroll employer deductions system (PAYDAC) re-design has been initiated and is scheduled for completion in 2009.
- Once all re-designs are completed all systems will be fully integrated on the BN, SA, BCCS and CASE platforms.

BUSINESS SUITE

Standardized Accounting (SA)

SA delivers the accounting component of the Business Suite:

- Provides options to allocate payments.
- Allows for the offset of refunds.
- Activities include:
 - Apply Payment;
 - Handle Disbursement;
 - Apply Accounting Adjustments;
 - Perform Balance Review;
 - Calculate Interest, Apply Interest; and

Business Suite

BUSINESS CLIENT COMMUNICATION SYSTEM (BCCS)

- All account specific written communication to the client is generated through the Business Client Communication System (BCCS).
- BCCS assembles and distributes bulk communication items such as the Notice of Assessment, statements of arrears and remittance vouchers;
- BCCS allows a common 'look and feel' across the Agency for our business client outputs.

Business Suite

BUSINESS CLIENT COMMUNICATION SYSTEM (BCCS)

- BCCS is currently used for CORTAX and OL system outputs and will be used for the other business systems once they are re-designed.
- Electronically provides history of communications.
- Outputs can be resent and reproduced.

Business Suite

CASE

CASE is a workload management system for inventory control and automation of workload assignment:

- It automatically records all transactions and adjustments a user takes on an account;
- Electronically gathers, tracks, manages, and shares transactions with various service areas within CRA;
- Tracks aging of inventory, allows for transfer of files between employees and/or offices, and manages an automatic quality review and automatic referral process.

Business Tax Program and Process Matrix 2003-2004

<u>Tax program</u> <u>Process</u>	Corporation Income Tax	Excise Taxes & Duties	GST	Employer Tax (Employee source deductions)
Registration	BN New registrants 183,000 Active 1.5M	BN New registrants 2,000 Active 9,000	BN New registrants 262,000 Active 2.8M	BN New registrants 130,000 Active 1.4M
Assessment	CORTAX 1.5M returns assessed	OLAS 78K returns assessed	GST 9M returns processed	PAYDAC 1.1M T4 returns
Accounting	SA	SA	GST (SA 2006)	PAYDAC (SA 2009)
Communi- cations	BCCS	BCCS	GST (BCCS 2006)	PAYDAC (BCCS 2009)

Change Management and Lessons Learned

- Appoint a senior, experienced project manager, who is accountable for all project teams;
- Set project deadlines based upon a detailed analysis of the effort required and include significant time (e.g. 30%) for testing;
- Do not compromise on the level of testing to meet project timelines;
- Carefully manage the scope of the project;

Change Management and Lessons Learned

- Pilot test if at all possible;
- Conversion of accounts well in advance of implementation date;
- Do not leave re-design of production reports to the end, critical during implementation phase of new system;
- Implement major system re-designs in releases to minimize risk.

Change Management and Staff Training

- Communicate regularly project status to staff;
- Recruit current operational staff to work on project;
- Determine best learning method based on needs analysis;
- Clear instructions to staff, and flexibility to quickly update instructions as changes are made to system;

Change Management and Staff Training

- Allow sufficient time for learning curve, particularly if staff are used to working on old system; staff need time to get familiar and trust new system;
- Allow time for feedback sessions from staff on how system is working;
- Consider a SME (subject matter expert) on site for implementation phase;

Change Management and Staff Training

- On-line training environment on new system strongly recommended if changes are comprehensive, complex and very different from old system;
- Follow-up to determine degree of familiarity;
- Timely release of system enhancements.

Overcoming Resistance to Change

Not knowing

**Communicate (What, Why, How, When, Who)
Participation**

Not able

Educate, train, teach new skills

Not willing

Set goals, measure, coach and reward