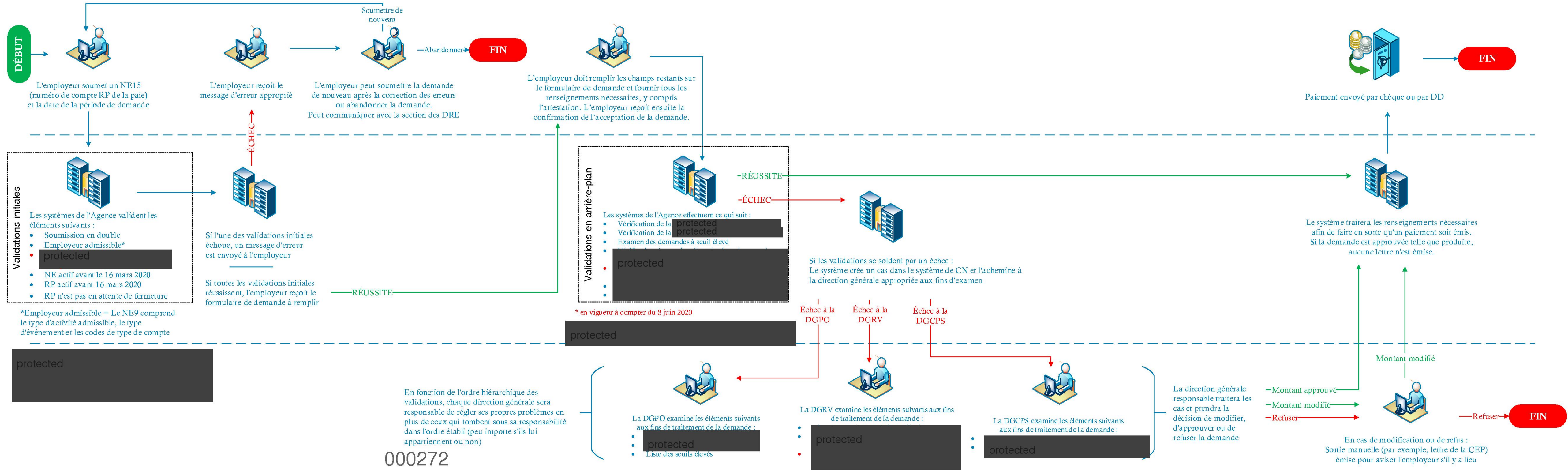
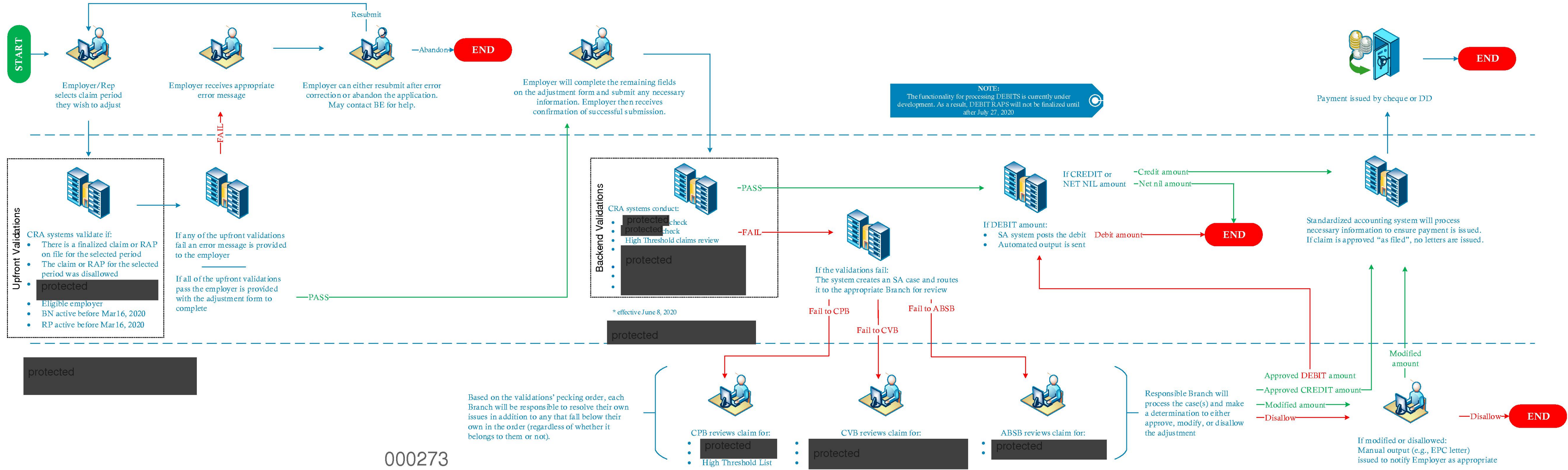
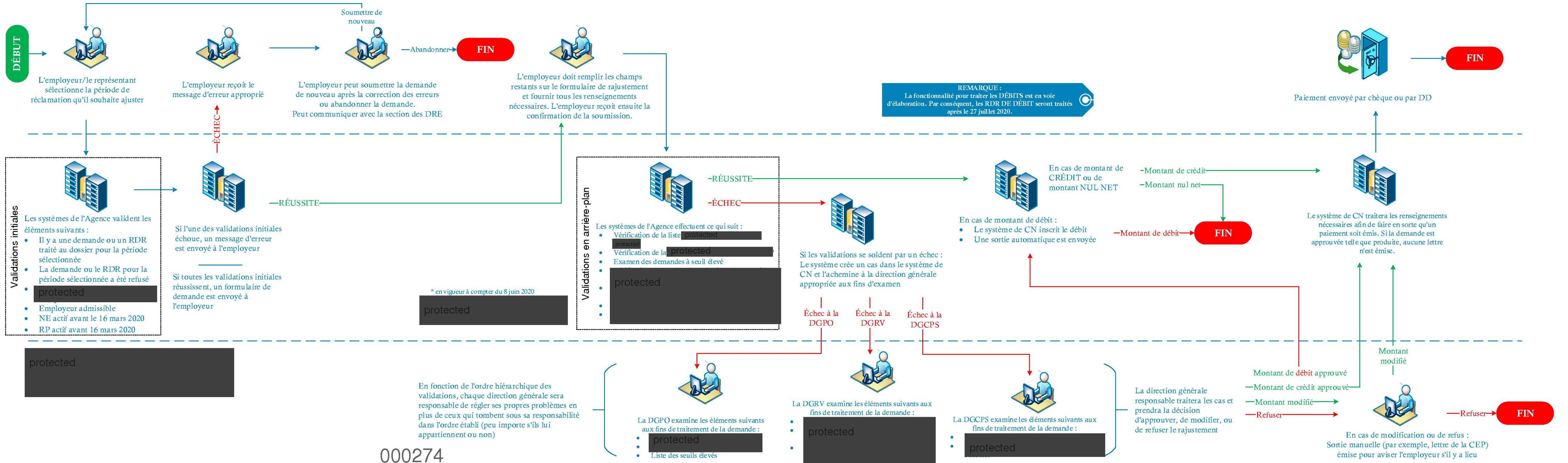


000271









Risks Related to the Canadian Economic Response Plan (ERC)

August 2020

Objectives and Scope

- Identify the main risks related to the Canadian Economic Response Plan.
- Measure quantitatively the risk related to the lack of source deductions related to benefits.
- Measure quantitatively the risk related to double dipping.
- Provide a qualitative analysis of the risk related to cyber frauds.

Findings

- Breakdown of filers as of June 22 data (out of the 8 million taxpayers who received CERB payments):
 - 70% filed a tax return for both the 2018 and 2019 tax years;
 - 92% filed at least one return for those two years; and,
 - 8% did not file any return.
- The total tax at risk for the 2020 tax year on CERB payments: **\$20.0 billion**
 - \$1.0 billion considered at risk of default

Findings

- protected

- High risk of double dipping:
 - 3 million CERB recipients (38%) had an employer in 2019 that received CEWS;
 - 182,065 CEWS recipients had at least one employee in the same group of 3 million CERB recipients.

Recommendations

- Nudge CERB recipient taxpayers by informing them how much tax could be owed on their benefits.
- Help them make payment arrangements by presenting opportunities to start an installment plan.
- Prioritize CERB recipient taxpayers collection accounts by routing them early to officers for them to act on sooner in order to reduce the risk of default.

Recommendations

- Refine our research and identify a list of specific employers and employees receiving benefits at the same time.
- Continue to explore taxfile segmentations in order to identify the most and least affected segments and develop appropriate compliance strategies.
- Use nudging and educational campaigns to encourage filing and payment compliance.

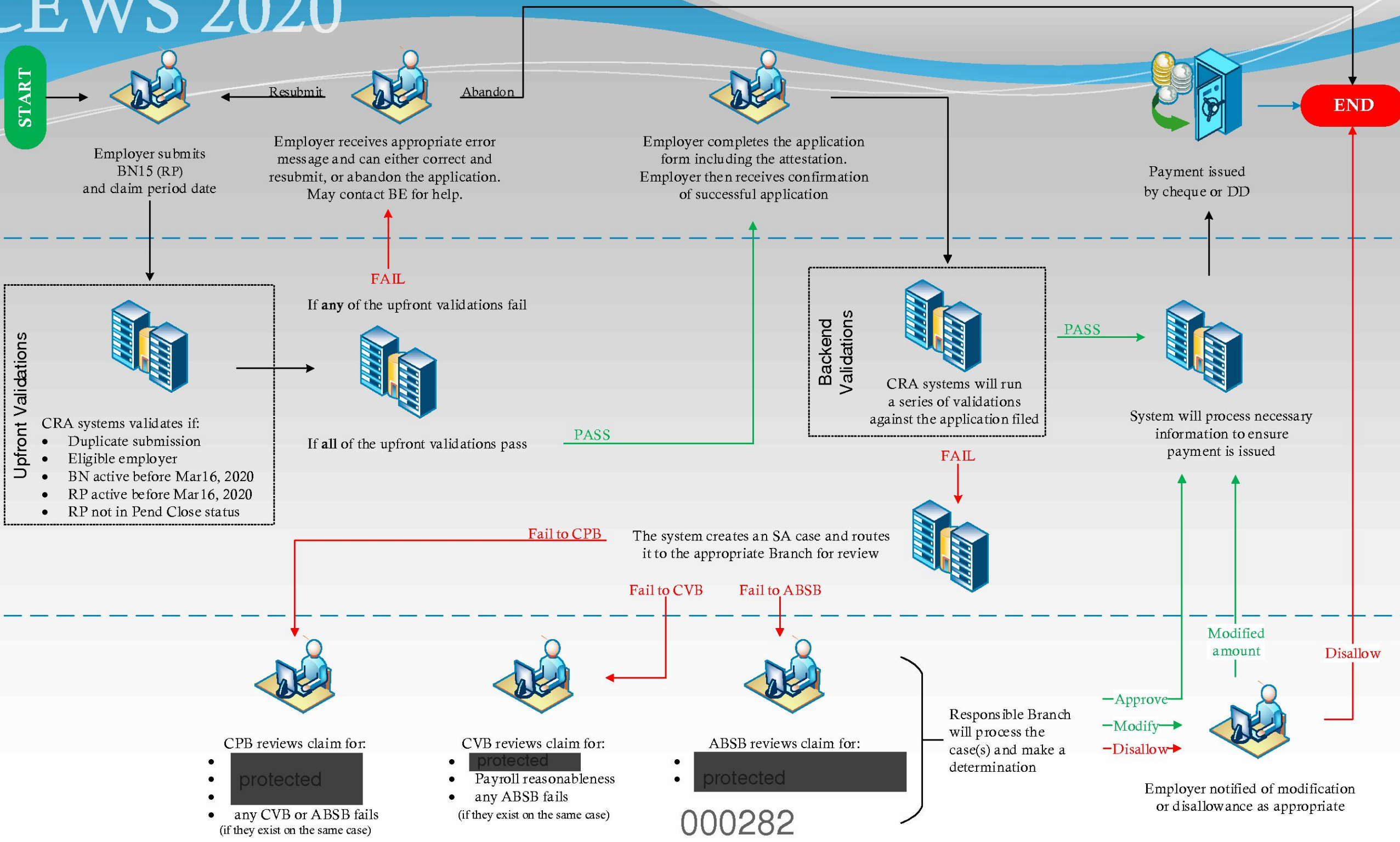
Questions?



CEWS 2020

START

END



000282