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NDP CALLS FOR LEADERSHIP AND FAIRNESS FOR TAX FILERS

Modernizing tax filing will be more efficient, environmental and give taxpayers a break

OTTAWA - Today, NDP leader Jack Layton called on the Conservatives government to help Canadians move towards electronic tax filing to reduce costs and help the environment, and he thinks the government should give ordinary Canadians a tax break for doing the right thing.

The NDP is proposing that beginning in the 2008 tax year, the federal government provide all tax filers with easy-to-use interactive electronic tax software free of charge, just like they do with paper forms now. To offset a portion of the costs of the tax software in the 2007 tax year the government should give a \$10 rebate to taxpayers using NETFILE.

"By encouraging Canadians to file their taxes electronically we can shrink the ecological footprint of the annual tax package by reducing printing, transportation and physical storage requirements," Layton said. "Helping Canadians move away from paper tax forms is where government leadership is needed."

This tax season, approximately eleven million Canadians will submit their taxes by mail using a paper tax package, while less than 4 million will file electronically using NETFILE, the Canada Revenue Agency's free Internet transmission service.

"Right now, the government provides the portal to accept your return electronically, but doesn't provide the forms to file electronically. Hard-working Canadians have to buy software at a cost of up to fifty dollars a year. So the government is only providing half of the solution," Layton said. "It's as though 40 years ago they gave you the envelope but told you to go to Eaton's to buy the paper forms."

"This is a plan for fairness. By modernizing the old-style tax forms and replacing them with easy to use electronic ones, ordinary Canadians will get a break at tax season for doing the right thing, by saving money for the government and helping to protect our environment," Layton added.

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Media Backgrounder

- Next year will be the 90th anniversary of the T1 paper tax form. Paper is how the federal government provided the tax package in 1918 and it's still how they provide them today.
- In 1998, Canada Revenue Agency introduced NETFILE, so that individuals who prepare their tax returns without the help of a professional could file their return over the internet.
- To use NETFILE tax filers need to buy commercial software.
- CRA has certified 10 brands of commercial tax software for Windows, one for Macintosh, and eight on-line versions.
- For the 2004 tax year (the most recent tax year reported), only 15 percent of individual tax filers used NETFILE to submit their returns (3.5 million of 22.8 million tax returns).
- Over 11 million tax returns were submitted by mail using paper tax packages from a Post Office, or from the CRA's website.
- The remaining 36% of tax returns were submitted by tax professionals on behalf of their clients, or individuals using TELEFILE over the telephone.
- CRA notes that there are printing, shipping, processing, and storage costs associated with paper forms.
- According to Statistics Canada, 61% of households have internet access.