

The Ministère du Revenu (Revenu Québec)

Revenu Québec's primary role is to see to the collection of income tax and consumption taxes, so that each person finances a fair share of public services. The department also administers the support payment collection program, various social and tax programs, and all other programs for the collection and redistribution of funds entrusted to it by the government.

Furthermore, Revenu Québec, in fulfilling its mandate to contribute to the protection of citizens and companies, ensures the provisional administration and liquidation of unclaimed property, including the payment of amounts thus obtained to assigns, administers the public register of companies operating in Québec, and administers the Québec plan governing legal persons.

Taxation, Direction principale des biens non réclamés and the Registraire des entreprises

Type of complaints

Complaints reviewed by the Québec Ombudsman

Taxation						
Under investigation at April 1, 2007	Received	Investigated*				Under investigation at March 31, 2007
		Referred	Interrupted	Unsubstantiated	Substantiated	
53	697	15	149	269	70	87

* Excluding complaints whose processing was interrupted or which were referred.

Complaints reviewed by the Québec Ombudsman

Biens non réclamés						
Under investigation at April 1, 2007	Received	Investigated*				Under investigation at March 31, 2007
		Referred	Interrupted	Unsubstantiated	Substantiated	
2	12	1	2	4	4	-

* Excluding complaints whose processing was interrupted or which were referred.

Complaints reviewed by the Québec Ombudsman

Registraire des entreprises						
Under investigation at April 1, 2007	Received	Investigated*				Under investigation at March 31, 2007
		Referred	Interrupted	Unsubstantiated	Substantiated	
1	16	-	1	9	3	2

* Excluding complaints whose processing was interrupted or which were referred.

As regards taxation, the Québec Ombudsman investigates complaints related to income and consumption taxes, or concerning the various social and tax programs administered by the Ministère du Revenu (tax credit for home-support services for seniors, the shelter allowance program, work premium). The complaints are varied and mostly filed by individuals or persons operating a business and occasionally, by companies.

Below are examples of the complaints investigated by the Québec Ombudsman in 2007-2008 :

- Contestation of collection measures ;
- Requests regarding the cancellation of penalties and interest amounts ;
- Shelter allowance program ;
- Contestation of assessments ;
- Late payment of income or consumption tax refunds ;
- Delayed processing of files regarding unclaimed property.

The Québec Ombudsman also hears from citizens asking for further details on the scope of the Ministère du Revenu's authority. For example, a few years ago the department began adding personnel in support of its plan to fight tax evasion and created the Bureau de lutte contre l'évasion fiscale. This latter body uses alternative assessment methods, such as assessments based on net worth, when attempting to recover undeclared amounts. This practice has led citizens who are audited by Revenu Québec to contact the Québec Ombudsman to inquire as to the legality of this type of assessment.

Overview of the situation

Tax credit for home-support services for seniors

In January 2007, the Ministère du Revenu du Québec modified how the tax credit for home-support services was administered. The Québec Ombudsman stated, in its 2006-2007 annual report, that it would pay particular attention to developments with regard to this issue.

During the year, the Québec Ombudsman observed and communicated to Revenu Québec three problems citizens were experiencing with regard to this credit, namely :

- Difficulty understanding the advance payment notices sent out with the credits ;
- Use of one of the forms proved confusing and resulted in delays in processing applications ;
- Problems with regard to the application of the criteria used to determine eligible expenses.

Changes were brought to the tax credit for home support services in the last budget, and Revenu Québec assured the Québec Ombudsman that the tools developed to implement the new measures will resolve these issues.

Cooperation in the development of Services Québec

In its 2007-2008 action plan, the department confirmed its intention of cooperating in the development of Services Québec, hence contributing to the implementation of the government's initiative to streamline State structures.

Revenu Québec, in partnership with Services Québec, will be involved in the implementation of:

- A single-window approach to services ;
- The Service québécois de changement d'adresse (by telephone) and the government service regarding modification of banking details ;
- The interconnection of call centres, including that of the Registraire des entreprises.

Services Québec took over the operations of the Registraire des entreprises' call centre on April 1, 2007, subsequent to an agreement between the Minister of Revenue and Services Québec assigning responsibility for Registraire des entreprises customer service to the latter. Under this agreement, Registraire call centre employees were integrated to Services Québec's personnel.

The Québec Ombudsman monitored the projects and most particularly, those regarding the interconnection of department and Services Québec call centres. The project's action plan raised doubts with regard to the quality and accuracy of the information that Services Québec officers could provide citizens. Given that questions regarding taxation are generally complex, department officers must consult a citizen's file to ensure that they are providing him with the proper information.

As part of its verifications, the Québec Ombudsman learned that citizens will be able to contact Services Québec for help in obtaining general information or in obtaining forms. Should a citizen require more specific information or need to make a change to a taxation file, the call will be transferred to the Ministère du Revenu. To avoid scenarios where citizens end up being put on hold twice, calls from Services Québec will be given priority.

Collection by the Centre de perception fiscale

The mission of the Centre de perception fiscale consists of recovering taxation and support amounts owed the department and of handling situations where tax or deductions declarations are not produced. It aims, among other things, to recover past due amounts at the lowest possible cost and with due consideration given to debtors' ability to pay. With this goal in mind, it established a progressive collection process, which however, creates major processing delays and increases the pending files of collection officers.

As a remedy to this problem, in 2007 the Centre tested a new procedure for speeding up the collection of amounts due the Ministère du Revenu by entrusting debts of \$4,000 and less to a call centre team. In light of this initiative's positive results (a drop in pending files), it was decided in late 2007 to extend this approach to all Centre de perception fiscale collection files.

This accelerated procedure has, however, had negative impacts on citizens, notably because of errors ensuing from the involvement of numerous actors in a same file. For some taxpayers, such errors leave them in a truly precarious situation, as attested to by the complaints reviewed by the Québec Ombudsman in 2007-2008.

Production of an action plan regarding the administration of unclaimed property

The Direction principale des biens non réclamés has been reporting to the department since April 2006. Prior to March 31, 2006 this responsibility had fallen to the Public Curator. This directorate's mission revolves around recovering and liquidating unclaimed property acknowledged as such in Québec. Following the necessary research regarding the assigns, the property is remitted to them; whenever assigns are not identified or found, the property is handed over to the State. The property administered by the directorate consists mainly of financial products, estates, property abandoned by dissolved companies and property for which the owners are unknown or cannot be found.

In its 2007-2008 action plan, the Ministère du Revenu mentioned its intention to produce a specific action plan for the administration of unclaimed property, and this by March 31, 2008. In light of some of the complaints received, the Québec Ombudsman will evaluate this plan carefully to ensure it incorporates measures aimed at resolving the problem regarding delayed processing of files.

Ombudsman follow-up and actions

Delay in processing documents and other items received

In its 2007-2008 annual report, the Québec Ombudsman addressed the problem of processing of documents, formulating certain recommendations in this regard.

2006-2007 RECOMMENDATIONS:

That Revenu Québec consider the possibility of reducing the 35-day timeframe to follow up on letters from citizens.

That Revenu Québec review its processes to :

- Ensure that the documents and receipts received from citizens are properly examined and sent to each of the areas that must process them ;
- Avoid asking citizens for new copies of documents or receipts that have already been sent.

The department responded to these recommendations by sending a copy of its action plan to the Québec Ombudsman. Revenu Québec conducted an analysis of the 35-day timeframe to follow up on letters from citizens. While it did state that it would re-assess the matter in the fall of 2008, it has decided to maintain this timeframe for the present. The Direction générale des particuliers has in fact introduced a system for following up on correspondence. Since April 2007, moreover, it has taken various measures to accelerate the processing of letters and documentation, including specialization vis-à-vis certain types of documents and the implementation of a permanent system for monitoring the pending files of tax audit technicians and agents.

As regards the recommendation addressing the transmission of documents received from a citizen to the area concerned, Revenu Québec states that its Direction principale du traitement massif strictly manages the mail received ; the persons in charge of receiving mail must ensure that no mail piles up, on any given day, and that all documents are quickly forwarded to the areas concerned. Also, a reminder was sent to the Direction générale du centre de perception fiscale et des biens non réclamés, which also adopted its own action plan with the goal of improving its correspondence and document processing mechanisms.

As for the recommendation to refrain from asking citizens for a new copy of documents already transmitted, Revenu Québec states that the process in force calls for avoiding this step unless a thorough verification has been done and the documents in question cannot be found in any of the previous reports.

The Québec Ombudsman will in 2008 continue to monitor the action plan. Despite the measures introduced, we continue to receive complaints regarding the processing of correspondence. Here are a few examples :

Revenu Québec loses the income tax returns but not the citizen's payment

A citizen filed his 2005 income tax return in April 2006 as required. In September of that same year, he noticed an error in his original return and submitted an amended return, to which he attached a cheque.

In December, he had received neither acknowledgement of receipt nor a call, so he proceeded to contact the department to inquire as to the processing of his amended income tax return. He was told that this return had not been received. Given that the cheque he had enclosed with his return had been cashed, the citizen questioned the department's assertion.

While the Québec Ombudsman's intervention in March 2007 did not result in the amended September income tax return being found, it did speed up the processing of the new return. The citizen received his notice of assessment two weeks later.

Revenu Québec confirms having received a letter, but cannot find it...

A citizen received a revised notice of assessment subsequent to a review of his file. Displeased with the new assessment, the citizen contacted the officer on several occasions to discuss the grounds under which a requested income tax credit had been denied. In the interim, the file was forwarded to the Centre de perception fiscale without the citizen being advised. Meanwhile, the citizen wrote a letter to the department notifying the officer that he would shortly be contesting the refusal.

Subsequent to having sent this correspondence, the citizen had no news from the Ministère du Revenu until he was contacted by a tax collection officer requesting that he pay his debt. While a note in the citizen's file indicated that the letter sent by the citizen had been received, the department was unable to trace it.

Revenu Québec at a loss to explain an inconceivable delay

A citizen submitted a direct deposit request with regard to the home-support services for seniors. After six weeks, she had still not received the tax credits to which she was entitled.

Following a conversation with the citizen, the Québec Ombudsman asked that the processing of the file be accelerated. Revenu Québec, however, was unable to explain why the file had remained inactive for nearly eight weeks. The citizen thus had to wait 11 weeks before beginning to receive the monthly credit payments as well the late payments for the previous months.

Complaints regarding the handling of collection files by the Centre de perception fiscale's call centre

In light of the complaints received this year, the Québec Ombudsman again notes that the complexity of tax-related obligations can have painful repercussions on citizens who, because of errors on their tax returns, find themselves with debts that they cannot pay within the legal timeframes. Even if a citizen has an amount owing, taxation authorities must not be abusive and must avoid resorting to collection measures erroneously or too quickly.

Many of the complaints received in 2007-2008 concern problems resulting from circumstances where measures to collect tax debts were taken too quickly. An analysis of these cases illustrates that problems are directly related to the accelerated collection procedure introduced by the Centre de perception fiscale in 2007.

Under this agreement, a file is transferred to the team responsible for recourses if a payment agreement is not reached between the taxpayer and the Centre de perception fiscale within 90 days of the notice of assessment being sent. At this point, a final notice is sent to the taxpayer. If the latter is still not able to pay the total amount of his debt or obtain a bank loan for this purpose, the Centre de perception fiscale makes payment arrangements focused on recovering the debt as quickly as possible, without taking the taxpayer's ability to pay into consideration. Failure to adhere to these payment terms triggers the onset of administrative measures, namely the seizure of bank account funds or an attachment on salary. Each of these measures is executed by a different officer according to a set schedule.

Despite being an efficient means of reducing the workload of Centre de perception fiscale officers, this approach generates two types of problems. First, the involvement of multiple actors in a same file tends to generate errors, primarily due to a poor understanding of the notes in the file. And secondly, with payment agreements no longer based on citizens' ability to pay, taxpayers become unable to honour their commitments and find themselves, in highly precarious situations. These problems are illustrated by the following examples :

Revenu Québec proceeds to the collection phase without making the necessary verifications.

A citizen obtained a \$1,000 bank loan to pay his tax debt. In compliance with the Centre de perception fiscale's final notice granting him until April 25 to pay the outstanding amount, he submitted a cheque dated in October. Despite being received at the Centre on April 18, this payment was only entered into the system on April 26, at which date the officer responsible for the file observed that the timeframe was not adhered to. He also noted that as of April 26, the cheque had been dated more than six months previously and was thus outdated. Instead of contacting the citizen, he returned the cheque... to the wrong bank.

In the interim, the citizen contacted the call centre to ensure that his cheque had been received, at which point the officer advised him that his cheque had been returned to the bank. The citizen undertook to have his financial institution issue a replacement cheque immediately. On June 26, the Centre de perception fiscale received both cheques, namely the outdated one (return to the Centre by the first bank) and the second cheque issued in replacement of the first.

Confused as a result of the notes in the file, the officer believed that these two cheques were one and the same, returned twice by the citizen's banks, and immediately proceeded to a seizure of all of the taxpayer's bank accounts. At this point, collection fees were added to the debt. Apprised of the seizure, the citizen immediately notified the call centre that his only sources of income were family allowance payments. Although these amounts cannot be seized, the seizure was upheld.

The citizen, exasperated, contacted the Québec Ombudsman, which noted the measure's illegality. Subsequent to the Québec Ombudsman's intervention, the Centre de perception fiscale lifted the seizure and refunded the collection fees charged to the citizen.

During an update of the Centre de perception fiscale's computer system in July, it was confirmed that the replacement cheque had in fact been received by the Ministère du Revenu at the end of June, as per the terms of the agreement entered into by the citizen. At the Québec Ombudsman's request, the department sent the citizen an apology letter for his financial institutions.

Legal does not necessarily equate with reasonable

In an attempt to pay off her 2006 income tax debt of \$4,800 – her first income tax debt ever – a citizen sent a series of monthly cheques in the amount of \$100 to the Centre de perception fiscale. In January 2008, her file was transferred to the team responsible for the accelerated collection process. The officer to whom her file was assigned proposed monthly payments of \$600, neglecting to take the citizen's ability to pay into consideration. The citizen, a mother of three children who earned \$21,000 a year and whose spouse was out of work, was unable to pay this higher amount. The Centre immediately proceeded to seize her bank accounts, notifying her that the only way of lifting the seizure involved an attachment on salary.

The citizen at this point contacted the Québec Ombudsman. Together, they concluded that as a result of the Centre de perception fiscale's refusal to take her ability to pay into account, an attachment on salary, representing monthly payments of around \$400, would be the best alternative in the present situation. This being said, the amount of \$400 is still too high for this citizen, who may well find herself in an even more precarious position.

The Québec Ombudsman is concerned by the problems that the Centre de perception fiscale's new collection procedure may create for citizens, believing that the public interest is not better served if certain taxpayers are forced to declare bankruptcy or become dependent on the State through the receipt of income security. To avoid such scenarios, the Ministère du Revenu must establish payment terms that allow taxpayers to pay their debt while refraining from encouraging them to become dependent on the State.

The Québec Ombudsman will in 2008-2009 monitor developments regarding the Centre de perception fiscale's new collection procedure to ensure that taxpayers' ability to pay is taken into consideration.

Problems with delays in making accounting corrections

One of the Centre de perception fiscale's responsibilities involves collecting debts in favour of the State. This means that it must take the necessary measures to ensure that citizens with a debt pay the amounts owed the State. It must also make the necessary corrections to citizens' files.

Some of the modifications to citizens' files among which include issuing refund cheques, allocating refunds to overdue accounts and correcting erroneous entries are done manually, by administrative and technical staff at the Centre's four offices.

The time required to complete these activities has increased because of a general rise in the number of requests as well as a result of the employee turnover policy in force in the department. Citizens, who would receive their refund in 4 to 6 weeks, found themselves waiting anywhere between 8 and 16 weeks.

A refund late in coming

A self-employed citizen contacted the Québec Ombudsman to complain about the delay in receiving his tax refunds. Because he had already filed a proposal, his tax returns had first to be manually processed by the Centre de perception fiscale before being transferred to the administrative and technical support staff responsible for issuing cheques.

In its Declaration of Services to the Public, Revenu Québec has committed to processing tax returns within 30 days of their being received. In this citizen's case, despite having filed his return three months prior to his contacting the Québec Ombudsman, the department remained unable to confirm when the refund might be issued.

At the time of its intervention, the Québec Ombudsman noted that the average delay for processing refund requests submitted to each of the regional administrative and technical support offices was between six and eight weeks, compared to 2-4 weeks in the spring of 2006.

The Québec Ombudsman proceeded to discuss with the department manager of the region involved its concerns regarding the fact that some persons had to wait such long periods of time to receive refunds to which they were entitled, adding that it would be following up on this issue to ensure delays did not continue increasing. Two months later, after having filed a new tax return, the citizen notified us that according to Revenu Québec, he would now have to wait four months before obtaining his refund.

Upon contacting the department manager, we were told that requests for refunds were henceforth sorted and processed first, with the delay for such requests at around four weeks. However, citizens whose files must be amended or corrected by the Direction du soutien administratif et technique are still subject to a 16-week delay.

Despite the priority given to refund requests, the Québec Ombudsman remains extremely concerned by the delay in processing other requests and the ensuing repercussions for citizens.

The Québec Ombudsman therefore recommends that Revenu Québec take the necessary measures to ensure that its administrative and technical services process requests received within a delay similar to that which existed in the spring of 2006, namely two to four weeks.

Revenu Québec notified us that the methods for processing accounting corrections had been reviewed in 2007, in conjunction with each of the centre's regional directorates. The new measures will be gradually introduced as of this fiscal year.

The Québec Ombudsman will carefully monitor this situation to ensure that the recommendation's objective is met.

Delays in processing files at the Direction principale des biens non réclamés

Previously reporting to the Public Curator, the Direction principale des biens non réclamés was incorporated to Revenu Québec in April 2006.

As of March 31, 2007, the directorate had 74 full-time employees, a low number given the large volume of files it receives each year. In 2006-2007, in fact, a total of 67,949 cases involving financial products and another 4,185 files regarding estates and other unclaimed property were added to the Direction principale des biens non réclamés' pending files.

This lack of resources has had an impact on processing delays, as attested to by two of the substantiated complaints we investigated this year.

A failure to act with potentially costly consequences

After renouncing the estate of his brother, deceased in March 2006, a citizen asked the Direction principale des biens non réclamés for an authorization enabling him to purchase his brother's vehicle, still on the latter's property. When one year later the file had not yet been assigned to an officer, the citizen contacted the Québec Ombudsman. The vehicle, meanwhile, was still on his brother's property and would require repairs to avoid being taken to the pound.

Following the Québec Ombudsman's intervention, the file was quickly settled and the citizen was able to purchase the vehicle.

Delay due to a lack of staff

Upon the death of their father in February 2004, three brothers renounced to his estate, believing it to be in deficit.. In addition to the \$2,500 received from the Régie des rentes du Québec, the brothers had to spend \$4,600 of their own money to cover funeral expenses.

They submitted an initial claim for this amount to the Direction principale des biens non réclamés in August 2004. With the matter not yet resolved by February 2007, the brothers contacted the Québec Ombudsman.

The Québec Ombudsman was able to learn that the Direction principale had nearly completed processing the file. Only the father's last income tax returns were left to produce, but this would only be done once Revenu Québec's notices of assessment were received, the next fall. The Direction principale des biens non réclamés explained that it had been unable to settle the estate any quicker because of the great number of pending files, somewhere around 5 000.

The Québec Ombudsman will carefully review and follow up on the Direction principale des biens non réclamés' 2007-2008 action plan to ensure that it includes measures for shortening the time period for processing files.

Incomplete information from Services Québec regarding the Registraire des entreprises du Québec

Services Québec has since April 1, 2007, been responsible for requests for information submitted to the Registraire des entreprises du Québec. The personnel who were previously carrying out this function were transferred to Services Québec for this specific role. Services Québec now oversees the training of new officers, with the support of specialists from the Direction du registre des entreprises de Revenu Québec.

Subsequent to a citizen's complaint, the Québec Ombudsman realized that Services Québec had neglected to take into consideration one of the directives in force at the Registraire in its response. By verifying with the Registraire des entreprises du Québec, we learned that this directive was not mentioned in the training guide in use at Services Québec.

Failure to follow a directive results in fees for a citizen

A citizen had for quite some time been receiving telephone calls and visits from Revenu Québec collection officers for a person who did not live in her home and whom she did not know.

The citizen managed to learn that her address was listed in the Registraire des entreprises du Québec's under the name of of the administrator being sought out by the collection officers, despite the fact that she had never registered any type of an enterprise with the Registraire des entreprises du Québec. She then proceeded to contact Services Québec to find out how she could have this registration deleted and was then informed that she had to send an explanatory letter and a cheque in the amount of \$80. Failing to understand why she should have to pay this amount, given that she had never submitted an application for inclusion in the register, the citizen contacted us to inquire about the merits of the instructions she had been given.

Seeing as the Québec Ombudsman had already asked the Registraire des entreprises du Québec to establish a directive for handling similar situations, with no prejudice to citizens, we contacted the person in charge, who quickly addressed the matter. The citizen's address was thus struck off from the contact details of the administrator registered with the Registraire (whom she did not know), at no cost to the citizen and after the 60-day time period provided for by law.

Subsequent to our intervention, Services Québec took steps so that the training it provided new officers would include a mention of this directive. Furthermore, the Registraire employee in charge of handling requests for striking off inaccurate information has agreed to pay particular attention to requests for the modification of register information in cases of identity theft.

Revenu Québec wary of accepting responsibility for its mistakes

The Québec Ombudsman this year again intervened with Revenu Québec to request that it take the measures necessary to ensure that citizens not be prejudiced due to its actions involving erroneous or incomplete information.

Penalized for having received the wrong information

In the summer of 2007, Revenu Québec reviewed the 2004 income tax returns of three citizens and issued new assessments calling for them to repay the tax credit for new graduates working in designated regions which had originally been granted to them. These revised assessments included interest amounts.

The citizens contacted the Québec Ombudsman to decry the repercussions ensuing from erroneous information transmitted by Revenu Québec, explaining that while training at the École nationale de police du Québec, they had contacted Revenu Québec to inquire as to the eligibility conditions for the tax credit in question. Despite the fact that three citizens had contacted Revenu Québec at different moments, and all three had been told by customer service officers that the training provided by the École nationale de police du Québec was eligible for the tax credit.

In its revised notice of assessment, the Revenu Québec audit department concluded that the designation received did not constitute completion of a post-secondary training program, thereby rendering the citizens ineligible for the tax credit and justifying the request for reimbursement.

Upon verifying with Revenu Québec customer service, the Québec Ombudsman realized that officers did not draw a distinction between the various training programs offered by the École nationale de police du Québec when responding to citizens' inquiries regarding their eligibility to the tax credit for new graduates working in designated regions.

Subsequent to the Québec Ombudsman's intervention, Revenu Québec agreed to cancel the interest added to the amounts being claimed. Customer service officers also received additional information so that they could henceforth advise citizens that not all of the training programs offered by the École nationale de police entitle them to the tax credit for new graduates working in designated regions.

The cost of saving \$ 10.24

A citizen received a letter from Revenu Québec at the end of July 2007 notifying her that she would be subjected to a net worth tax audit for the years 2003, 2004 and 2005. At the end of September 2007, she sent the documents requested by the auditor to the address given on Revenu Québec's letter.

In early October 2007, Canada Post returned the mailed documents to the citizen, citing a mistake in the receiver's address. Unable to understand why the documents had been returned to her, she immediately contacted the auditor, who acknowledged that she had noted the wrong area number on the letter sent to the citizen in July 2007. When the citizen asked the auditor to assume responsibility for her actions and refund her the \$10.24 she had spent to mail the documents, the auditor answered that she was not authorized to make such a decision. She would speak to her team leader, who would submit a request to the manager for a reimbursement.

The citizen, meanwhile, proceeded to make the necessary corrections to the address and resent the documents to the auditor, again at a cost of \$10.24. She was subsequently told by the auditor that her manager had refused the request for a reimbursement of the initial mailing expense. The citizen, who felt that the auditor was the one who had made a mistake by giving out the incorrect area number in her July 2007 correspondence, contacted the Québec Ombudsman, indicating that Revenu Québec should be responsible for the error made by its officer and reimburse her the amount in question.

In the days that followed, the Québec Ombudsman contacted the manager, who justified the refusal by stating that the citizen had failed to write the department's name on the envelope. The Québec Ombudsman retorted that this was an unfounded argument, for the name of Revenu Québec on an envelope is not critical information for ensuring proper mail delivery by Canada Post.

The manager eventually concurred that the auditor would have received the documents had the right area number been included and agreed to refund the amount of \$10.24 to the citizen.

Application of the review policy regarding requests for the cancellation of interest, penalties and fees added to a tax debt

Each year the Québec Ombudsman is contacted by citizens asking it to intervene subsequent to Revenu Québec's refusal to cancel the penalties and interest added to their tax debt despite their circumstances corresponding to the criteria for such cancellation, as outlined in a Revenu Québec interpretation bulletin.

Given that the cancellation of penalties and interest is a discretionary power granted to the Minister under the Act respecting the Ministère du Revenu, the Québec Ombudsman opted to check whether there were any differences in how this power was applied, either by officers or according to Revenu Québec directives. Moreover, it verified whether the existing procedure enables the impartial treatment of cancellation requests and whether decisions are based on appropriate grounds.

During its comprehensive analysis of the procedure, the Québec Ombudsman pulled out the following shortcomings:

In terms of transparency, recourse is not sufficiently known to citizens; furthermore, the grounds for the decisions are unsatisfactory, as citizens cannot understand why requests are refused;

In terms of consistency, officers do not have the tools necessary to ensure the consistency of decisions from one directorate to the next;

In terms of impartiality, the existing procedure does not allow for assuring citizens that the person who handled the original request will not be involved in the review.

The Québec Ombudsman made a number of recommendations to Revenu Québec in order to remedy these deficiencies. These were well received, with Revenu Québec concurring with the improvement objectives defined in our observations. Exchanges are still ongoing with Revenu Québec vis-à-vis the concrete actions the department plans to take subsequent to these recommendations.

Comments from the department

The following statement from the Ministère du Revenu du Québec was issued by its Deputy Minister:

"Revenu Québec has numerous mandates and serves a large and varied clientele. Furthermore, millions of transactions and decisions are made throughout the year, involving 5.9 million individuals and 260,000 support debtors and creditors.

The Québec Ombudsman's interventions cover this entire spectrum. Revenu Québec acknowledges the importance of the cases illustrated in the Québec Ombudsman's annual report, paying them specific attention. These situations notably provide Revenu Québec with key information as well as untold opportunities to improve its working methods and the quality of its services, all with the aim of improving customer satisfaction.

As regards to tax credit for home-support services for seniors :

The budget speech of March 13, 2008 included important changes to the tax credit for home-support services for seniors. Revenu Québec is currently working to implement these new conditions, and will specifically focus on appropriate communications to ensure its clientele is well informed.

As regards to Centre de perception fiscale :

With regard to the Centre de perception fiscale (CPF) it applies a progressive collection approach. As a result, debtors who cooperate with the CPF can, subsequent to an analysis of their financial situation and a risk evaluation, enter into a payment agreement that is fair while aiming to ensure that debts are paid as quickly as possible. With the available tools, collection officers can efficiently handle their files and ensure a thorough follow-up. All actions are noted in electronic records. The CPF provides its employees with training to ensure that files are adequately documented and monitored, thereby facilitating their processing by other officers if and when necessary.

Rest assured that for each of the reported cases, Revenu Québec will assess means of improving its work methods, with the objective of offering quality services to all citizens and enterprises.”

Collection of support payments

The amount of support payments is established by court decision. The procedures for collecting support payments are established by the Act to facilitate the payment of support or the Code of Civil Procedure of Québec. These procedures are deductions at source, payment orders or any other enforcement measures provided for.

Type of complaints

Complaints reviewed by the Québec Ombudsman

Collection of support payments						
Under investigation at April 1, 2007	Received	Investigated*				Under investigation at March 31, 2007
		Referred	Interrupted	Unsubstantiated	Substantiated	
58	186	7	51	94	34	46

* Excluding complaints whose processing was interrupted or which were referred.

The complaints involving the support-payment collection program mostly concerned the following elements :

- The interruption of support payments to a creditor or irregular payments ;
- Delays in acting or inaction when the debtor does not pay support ;
- Collection that is disproportionate with the debtor's ability to pay ;
- The time required to reduce or cancel an attachment ;
- The interpretation and application of decisions ;
- The obligation of creditors and debtors to obtain a new judgment every time they want to change or cancel their support payments ;
- The understanding of account statements.

Ombudsman follow-up and actions

Statements

The Québec Ombudsman has for many years been emphasizing the deficiencies and complexity of the statement used by Revenu Québec. As mentioned in our last annual report, Revenu Québec has mandated an accounting firm to investigate the problem and propose options for improvement. The Québec Ombudsman participated in this exercise, and made a number of suggestions to the firm mandated by Revenue Québec. Among these :

- Improve the transaction detail ;
- Attach calculation detail for more complex calculations ;
- Make statements securely available to the parties via the Internet.

The Québec Ombudsman noted that the accounting firm accepted all of its comments and suggestions. Revenu Québec, however, has not yet specified which changes it will make to its statements.

While the introduction of a new and more user-friendly statement for citizens is still one of the Direction des pensions alimentaires' priorities, there has been a slowdown in improvement-related activities in 2007. This delay in the project, as per the explanation given the Québec Ombudsman, was in fact due to the departure of numerous employees.

Moreover, Revenu Québec, dedicated significant investments and made the necessary efforts to implement the foundation for its online services, as well as making various new taxation-related services available. Upcoming project phases will address, among others, Web-based access to statements.

In the interim and to quickly obtain concrete results for citizens, an internal analysis will be conducted so as to adequately identify needs as well as find a permanent solution to the department's complex statements. This analysis should be completed and the results disclosed during the summer of 2008, with implementation of the identified solution beginning in the fall of 2008.

Even so, the department is simultaneously attempting to improve the existing statement. In January 2007, the Québec Ombudsman had asked that measures be taken to improve and clarify the information detail included on statements so that citizens could personally understand the source of an amount received by the agency. Revenu Québec made two changes in this regard.

The first concerns the garnishment or recovery of the Québec sales tax (QST) credit a support debtor would have been entitled to receive. Citizen statements will henceforth read "Reassignment of QST refund" rather than "Payment received".

The second change concerns seized amounts held by a federal department or agency⁸. A debtor, for example, could have his employment insurance benefits, federal income tax refund or GST refund seized. The entry for legal or administrative seizures (Minister's notice) now reads "Reassignment received. Minister's notice.", rather than "Payment received". While such an entry does provide further details for insiders, the Québec Ombudsman is not convinced that it will be any more enlightening for support debtors seeking to learn the source of the amounts included on their statement. A mention such as "Federal garnishment. Minister's notice" would be more explicit for citizens.

Details aside, the statement must absolutely be improved so as to be understood by citizens. Again this year, the Québec Ombudsman received complaints outlining situations where a more comprehensible statement would have been of great help to everyone involved.

A letter required to explain a statement...

In one particular case, Revenu Québec had to draft an explanatory letter to enable a citizen to understand the corrections brought to his statement subsequent to the non-application of a decision rendered in 2006 which cancelled the arrears that the debtor was being asked to pay.

Another actual situation: The Québec Ombudsman had to spend numerous hours and take various measures to ensure that arrears of \$1,225 claimed from a debtor by Revenu Québec were indeed due. The case concerned a new claim, retroactive to 2004. To arrive at its conclusion, the Québec Ombudsman had to analyze a type of statement that is not generally available to citizens.

We will be monitoring developments with regard to this issue.

⁸ Family Orders and Agreement Enforcement Assistance Act, Revised Statutes of Canada [1985], chapter 4, 2nd supplement. Revenu Québec now follows an administrative procedure (Minister's notice) to collect support payments from federal departments and agencies.

Lack of time for more complex files

In its 2006-2007 report, the Québec Ombudsman recorded numerous situations where citizens had contacted Revenu Québec for help in understanding or sorting out their situation, to no avail. The Québec Ombudsman concluded that in many instances, additional verifications by Revenu Québec would have allowed for resolving the problem.

The Québec Ombudsman had then opined that more complex files should be handled by civil servants who interact less with citizens and whose workload would be adjusted accordingly.

Our follow-up has enabled us to ascertain that Revenu Québec is taking a proactive approach to resolving this issue. It began by increasing manager awareness, so that they could remind employees reporting to them that they should never hesitate to contact them when dealing with more complex cases or if they felt that humanitarian reasons called for being more flexible in the application of the standard procedure.

Revenu Québec is also developing a training session on accounting for personnel from the Direction des pensions alimentaires. This will enable employees to better understand the financial components of certain files. With this training, agents should be better equipped to analyze certain elements of highly complex files.

Lastly, when assigning files to its agents, Revenu Québec continues to take the potential workload represented by given files as well as the experience of the agents to whom they are entrusted into consideration.

While the Québec Ombudsman this year noted that situations of this type had decreased by around 50%, Revenu Québec must continue its efforts at improvement. Below are a few examples attesting that further actions are indeed still necessary:

A directive applied too hastily

A citizen did not receive adequate explanations from her agent to enable her to understand the problems with her support payments, particularly since according to the debtor (ex-spouse), there was a garnishment on each paycheque for support.

The Québec Ombudsman's investigation illustrated that the department did not make support payments through advances. The agent, in fact, felt that since the debtor was both an employee and shareholder of the company, the administrative guideline prohibited him from making advances. However, the agent should, as also decreed by the guideline, allowed advances for the payment of support to the creditor, since the file history indicated regular debtor payments for more than 60 days. In fact, Revenu Québec had notably been receiving the applicable payments for five months.

Revenu Québec immediately paid out the amount that the creditor should have received through advances fifteen days previously, in addition to allowing all future support payments to be made in this fashion.

Revenu Québec turns a deaf ear

A citizen contacted the Québec Ombudsman after Revenu Québec dallied in paying him the amount of \$1,500 it had received in cash from the debtor. Here again, the same directive included an exception, which was not applied. The amount was rapidly remitted to the citizen through a direct deposit following the Québec Ombudsman's intervention.

Seizure with \$0 owing

In following up on a new decision ordering the payment of support, Revenu Québec called for a debtor to pay arrears of \$22,000 under a first decision dating back to 1998. The claim was upheld, despite the citizen's repeated explanations, over a four-month period, that he had resumed living with the creditor from 1999 to 2002, as well as the conclusive evidence submitted in this regard. And yet, one phone call to the Direction des affaires juridiques by the Québec Ombudsman, repeating the argument that the citizen had been providing his agent, resulted in the claim being cancelled. A second intervention was also necessary for this same citizen, as Revenu Québec, despite the fact that the debt had been struck off, upheld the collection fees already billed.

Who owes what to whom?

A citizen contacted the Québec Ombudsman for help after the astonishing application of a decision with a retroactive impact. The citizen was asked to pay arrears of \$2,300 for unpaid past support to his ex-spouse, despite the fact that the latter owed him \$3,300 in new support payments established by this recent decision. Despite the citizen's insistence, the agent refused to reconcile the two debts. In addition to resolving this particular situation, the Québec Ombudsman ensured that personnel received additional training to ensure that such a situation would not be repeated.

When a decision is not sufficient

Revenu Québec's lack of action in terminating a citizen's salary attachment subsequent to a Superior Court decision ending the need for such garnishment is abysmal. Despite the citizen's repeated entreaties to his agent, the Québec Ombudsman had to intervene before Revenu Québec notified the employer to terminate the attachment.

Complexity is more time-intensive

In its 2006-2007 annual report, the Québec Ombudsman had broached the issue of lack of time for handling complex files. A recommendation was submitted in this regard.

2006-2007 RECOMMENDATION :

That with regard to the support payment collection system, the methods of reimbursement of amounts due to Revenu Québec take into account the needs of support payment creditors and adapt to individual situations.

In response to this recommendation, Revenu Québec stated that it planned to prepare an action plan, which would be strictly monitored.

Revenu Québec also apprised us that it sent all personnel a reminder, in February 2008, of the importance of complying with existing procedures, notably concerning :

- The issuing of support payments to a creditor when debtor payments are received at Revenu Québec subsequent to the period when mass payments for the 1st and 16th of the month are prepared ;
- The manual payments of amounts in transit to a creditor, for humanitarian or other reasons, within a 24-hour timeframe ;
- The priority granted support payment when reassigning income tax or QST tax credits, subject to the conditions of the agreement with the debtor in the event of his or her failure to pay.

Comments from the department

The following statement from the Ministère du Revenu du Québec was issued by its Deputy Minister :

“ Revenu Québec notes, as does the Québec Ombudsman, a significant improvement in the processing of complex support files in 2007-2008. We are pleased, in fact, to note that the number of cases of this type reported to the Québec Ombudsman have also dropped significantly, notably by 50%. Revenu Québec will continue its efforts in this regard.

In other respects, Revenu Québec has prioritized the improvement of support statements, and work in this area will comply with the action plan submitted to the Québec Ombudsman last March.”