



Canadians Brace for A 'Wildcard' Tax Season, Reveals New Survey

Tax-confusion fuels a sense of uncertainty as filing deadline looms; three-in-ten (29%) Canadians report relying on a tax refund after tough financial year - but 40% report having 'no idea' whether they will owe money or receive a refund

- *50% of Canadians are concerned about the upcoming tax season in case they owe money*
- *52% state their financial or employment situation was negatively impacted in 2021*
- *34% report dreading this tax season more than usual*
- *20% received COVID-19 related government benefits in 2021*
- *56% of Canadians say they are not confident they know how to maximize their tax refund*

Calgary, AB – March 29, 2022 - While there may be a light at the end of the tunnel, Canadians report that 2021 was a challenging year as far as their personal finances are concerned - and that shifts in income, employment and COVID-19 related benefits are fuelling a sense of confusion and dread in the countdown to the tax filing deadline. New research commissioned by H&R Block indicates that for many Canadians, this tax season is viewed as a 'wildcard', with 40% reporting having 'no idea' whether they will owe money or receive a refund, and a quarter (26%) saying they do not have the means to pay for taxes this year, should they arise.

The study highlights a number of key tax concerns and uncertainties that Canadians have this filing season:

- 52% of Canadians who experienced a reduction in income in 2021 are unsure how this will affect their tax situation
- 49% who claimed government benefits due to the pandemic are unclear about the tax implications of doing so
- 45% of Canadians who have work-from-home expenses are confused about how to claim them
- 41% of Canadians who received COVID-19 related benefits in 2020 and/or 2021 are concerned they may owe money on these benefits

"With more than 400 different tax deductions and credits available - together with shifting financial circumstances fuelled by the pandemic - filing your taxes can feel confusing and daunting," said Peter Bruno, President at H&R Block Canada. "But it's imperative not to lose sight of the many tax benefits and credits that you may be entitled to; many of which are new or have evolved from prior years. For many Canadians, this is good news to help them maximize their refund, or to minimize any money they may owe. For example, taking full advantage of the working income tax benefit, understanding the change in the climate action incentive rebate, working from home deductions, and making sure your GST/HST credits aren't impacted."



More than half of Canadians (52%) report being negatively impacted in terms of employment or their financial situation in 2021; slightly higher than the year prior at 50%.

- 20% said they received COVID-19 relief benefits from the government, which included 14% who received the Canada Recovery Benefit - previously called Canadian Emergency Recovery Benefit (CERB)
- 19% had a decline in their income
- 18% were mandated to work from home
- 16% said they were forced to dip into their savings to help cash flow
- 5% lost their job; with the same percentage who took on a side hustle or gig economy job to boost their income

Conversely, 43% of Canadians report no impact from the pandemic on their financial situation, and one-in-ten (10%) say their income increased in 2021. Around one third (29%) of Canadians say they are relying on a tax refund after a tough financial year or to stay afloat. However, 51% say while it would be nice to have some extra money, it's not essential for them.

When it comes to plans around spending their refund, Canadians are taking a conservative and practical approach. Three-in-five (58%) Canadians would use their refund to pay down debt, pay off bills or for everyday essentials; specifically to:

- Pay down debt on their credit card balance (30%)
- Pay off bills (27%)
- Purchase everyday essentials (25%)
- Invest in an RRSP, RESP or TFSA (19%)

Only 11% would splurge on treating themselves or their family to something special, and 12% would put their refund towards a vacation.

“The reality is that there is no one-size-fits-all approach to tax filing,” adds Bruno. “What’s important is for Canadians to seek tax expertise if they are uncertain about all the benefits and credits they may be entitled to. And file before the deadline to avoid interruptions. There are lots of advantages of filing as soon as possible, most notably, quicker access to your refund. If you owe money, having more time gives you more flexibility for repayment options.

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About the survey

The online survey was commissioned by H&R Block and conducted by Angus Reid Forum from February 25-28, 2022, among a nationally representative sample of 1,518 Canadians who are members of the online Angus Reid Forum, balanced and weighted on age, gender, region and education. For comparison purposes only, samples of this size would each yield a margin of error of +/- 2.5 percentage points, 19 times out of 20. The survey was offered in English and French.

About H&R Block



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