

Quebecers may be assuming their tax situation is gloomier than it actually is, reveals new study

Pandemic fuelled tax confusion and uncertainty creates a sense of dread, with 45% concerned they owe money and 28% with no idea if they 'owe' or 'are owed'

QUEBEC, April 21st, 2022 – With the tax filing deadline less than 12 days away, a new study reveals that many Quebecers may be procrastinating as they grapple with understanding their tax situation. According to the findings of a new Quebec study conducted by H&R Block, shifts in income levels and the implications of receiving emergency relief benefits resulting from the pandemic are fuelling a sense of uncertainty and dread when it comes to filing their taxes. But for many, their tax concerns may well be unwarranted.

The study reveals that nearly half of Quebecer residents (around 45%) are concerned they owe money, and 28% say they have no idea whether they will owe money or receive a refund this tax season. While 65% report that they have the means to pay money owed should the need arise, one in four (25%) indicate that they don't have the means to pay any money owed. Conversely, 28% are expecting a reduced refund compared to previous year.

"Many Quebecers don't feel like they have a good handle on their tax situation this tax filing season," said Josée Cabral, Tax Expert at H&R Block Canada. "The pandemic has impacted many people's employment and financial situation, which in turn has tax implications. At the same time, there are a number of shifts in the available tax credits and benefits in Quebec, so it's creating a storm of confusion. But it may well be that many people are worrying about potentially owing money when in fact they're entitled to a refund. The good news is that we are seeing around three quarters of Canadians receiving refunds, including in Quebec, and are also seeing slighter higher average returns than last year."

According to Revenu Québec, at least 38% of Quebecers have yet to file their taxes with less than 12 days remaining until the tax filing deadline. For many, feeling a sense of confusion and uncertainty may be contributing to them procrastinating and putting off filing their taxes. Quebecers report that this state of tax confusion has been fuelled by shifts in their income level, and/or from having receiving tax related benefits since the onset of the pandemic, including:

- 29% of Quebecers who say they are not sure how their income reduction in 2021 will affect their tax situation
- 25% who report not being clear on the tax implications of claiming government benefits due to the pandemic
- 19% that are concerned they owe money on COVID-19 related benefits they received in 2020 or 2021
- 15% who cite being confused about how to file their taxes in-light of the pandemic emergency relief benefits they received
- 23% citing they are confused about how to claim my work-from-home expenses

When thinking about receiving a potential refund, one in two (50%) Quebecers report that they are very much hoping for a refund, particularly in-light of recent increases in the cost of living.

Interestingly, when asked about the newly announced one-time tax credit to help offset price increases (of up to \$500 for all Quebec residents who made \$100,000 or less in total income in 2021 upon filing their taxes), while 93% said they were aware of this new credit, only 18% felt more incentivised to file their taxes as a result of it. This compares to 82% that said it made no difference.

There is mixed sentiment around to what extent people are relying on a potential refund versus they consider it a nice to have. More than one third (34%) of Quebecers report that they are relying on a refund after such a tough financial year or to stay afloat. Conversely, 35% say it would be a nice to have, but it is not essential for them.

“The countdown is on to the tax filing deadline, said Cabral. “While there are multiple benefits to filing as soon as possible - not least to get your refund faster - equally, there's a real downside to filing late. It can mean financial penalties and not having access to benefits you would otherwise be able to claim. We get it; it's not the highlight of your year and it can be confusing with literally hundreds of different tax benefits and credits available. If you're not confident navigating your tax filing to maximise your refund, go seek support from a tax expert. But don't risk losing out this tax season.”

About the survey

The online survey was commissioned by H&R Block and conducted by Angus Reid Forum from March 30 - April 1, 2022, among a regionally representative sample of 803 Quebecers 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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For further information

Amanda Federchuk

Ketchum

416-505-0517

Amanda.Federchuk@ketchum.com