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# Offering and expanding automatic tax filing services

## **i** Making it easier for Canadians to file a tax return

The Government of Canada has announced the Canada Revenue Agency (CRA) will make it easier for Canadians to file a tax return and access key benefits starting for the 2026 tax year. For more: [Canada's new government is lowering costs to help Canadians get ahead.](#)

Many vulnerable Canadians with lower income are missing out on valuable benefit and credit payments because they are not filing their income tax and benefit returns.

Benefit and credit payments, such as the [Canada child benefit](#) and the [GST/HST credit](#), help make life more affordable. In order to receive, or continue to receive, benefit and credit payments, individuals have to update their information with the CRA each year by doing their taxes. Filing a tax return also confirms an individual's eligibility for programs such as the Canadian Dental Care Plan.

The CRA has introduced a number of initiatives to make it easier to file an income tax and benefit return.

The announcement in [Budget 2023](#) and [Budget 2024](#) further expands these efforts by:

- increasing the number of eligible Canadians for [SimpleFile by Phone](#) (previously File My Return) to 2 million by 2025
- piloting an automatic filing service that will help lower-income and vulnerable Canadians who currently do not file their taxes receive the benefit and credit payments to which they are entitled

## Current automatic tax filing services offered by the CRA

The CRA offers several tools and services, some of which are automated, to reduce filing barriers for individuals with lower income.

These include:

### **SimpleFile**

Simplified tax filing methods offered by the CRA to eligible individuals by **invitation only**:

- SimpleFile by Phone
- SimpleFile Digital
- SimpleFile by Paper

### **Let us help you get your benefits!" Indigenous credit and benefit short return**

A paper-based filing option available to Indigenous Peoples (First Nations, Inuit, and Metis) with a simple tax situation, including no income or tax-exempt income.

### **Free tax clinics**

Through the Community Volunteer Income Tax Program (CVITP), community organizations host free tax clinics where volunteers complete tax returns for people with a modest income and a simple tax situation.

### **Auto-fill My Return (AFR)**

A secure CRA service that allows individuals and authorized representatives using certified software, to automatically fill in parts of an income tax and benefit return.

The AFR service can only use information the CRA has available at the time of the request.

## **Automatic tax filing services in the Canadian context**

The CRA has had success with its current automatic tax filing services, but more can be done to reduce burden and remove barriers to tax filing.

It is important to recognize **3 key considerations** when looking to enhance automatic tax filing in Canada:

1. Taxpayer acknowledgement is required, which means the CRA must contact individuals before producing a notice of assessment (NOA) and calculating any related benefit or credit payments.
2. The CRA must collect certain information to determine eligibility and payment amounts, such as their family situation and composition, rental payments, property tax paid, and self-employed income.
3. The Canadian tax system allows individuals to make choices that may help reduce their tax burden when they file their tax return, and these choices may change the outcome of their return, such as deciding:
  - which family member should claim certain credits and deductions
  - if and how pension income should be split

- whether certain credits and deductions will be claimed during the current tax year, or carried forward to future years

## Next Steps

The CRA will chart a path forward beyond 2025 that respects the needs of Canadians with lower income who are not filing their taxes to ensure more individuals have access to the benefits and credits designed to support them .

The path forward will be based on a variety of inputs, including:

- the results of the summer 2024 SimpleFile pilot
- feedback from an automatic tax filing advisory group
- consultations with community organizations, tax preparers, tax software professionals, and individuals

The path forward will prioritize the needs of individuals with lower income who are not filing their tax returns, with the goal of connecting more individuals to the benefit and credit payments designed to support them.

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