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# Survey of Regulatory Compliance Costs

Small Business Policy Branch



Canada

# ***Survey of Regulatory Compliance Costs (SRCC)***

## About the Survey

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# ***Survey of Regulatory Compliance Costs***

- ↳ Triennial Statistics Canada survey developed in partnership with Industry Canada and members of the ACPBR as a key component of the PBRI
  
- ↳ Primary objectives for the survey
  - ❖ Improve understanding of how small businesses comply with information obligations stemming from government regulations and the costs of compliance; and
  - ❖ Establish a baseline measure for the compliance costs imposed on small businesses against which government can benchmark its progress in lessening the burden.

## ***Survey Scope and Design***

- ↳ The *SRCC* examines selected federal, provincial and municipal information obligations relating to:
  - ❖ employees — payroll remittances, record of employment, and workers' compensation (claims and remittances);
  - ❖ taxation — T4, T1/T2, GST/PST, and corporate tax installments;
  - ❖ provincial and municipal operating licenses and permits;
  - ❖ corporate registration; and
  - ❖ mandatory Statistics Canada surveys.
  
- ↳ Two-part mail-out questionnaire consisting of a:
  - ❖ *Main Survey* – distributed to over 30,000 small and medium-sized businesses, in fall 2005, to collect data on the time and salaries spent complying with obligations internally; and
  - ❖ *Supplementary Survey* – distributed to over 5,000 external service providers, in winter 2006, to collect data on the time spent complying on behalf of their business clients.

# Types of Survey Results

→ *Main Survey* provides the following data outputs:

- ✦ Profile of respondents by selected demographics of survey population
- ✦ Perceptions of respondents to paperwork burden
- ✦ Number of submissions and of claims prepared by survey population
  
- ✦ Methods for preparing submissions and claims
- ✦ Means for transmitting submissions and claims to government
- ✦ Use of external service providers
  
- ✦ **Internal** costs of compliance and compliance time

*Released, July 28, 2006, in Statistics Canada's The Daily*

→ *Supplementary Survey* will provide the **external** costs by obligation and key business demographics

*Internal, external & total costs released in The Daily – December 12, 2006*

## Profile of Respondents (2005)

- ➔ The 2005 *Main Survey* was distributed to 32,736 SMEs that:
  - ✘ employ fewer than 500 employees;
  - ✘ generate between \$30,000 and \$50 million in annual gross revenue;
  - ✘ operate in the manufacturing, retail trade, professional, scientific and technical service, accommodation and food services, and other services sectors; and
  - ✘ operate out of Atlantic Canada, Quebec, Ontario, the Prairies or British Columbia.
  
- ➔ Close to 9,600 of the targeted businesses responded to the 2005 *Main Survey*
  - ✘ The results from respondents were extrapolated to represent the 665,480 businesses in Canada with similar characteristics as the targeted businesses
  - ✘ The costs results are based on a sample that represents approximately 540,400 businesses or 23% of the 2.3 million establishments in Canada
  
- ➔ The majority of respondents to the 2005 *Main Survey*:
  - ✘ employ either no employees or fewer than 5 employees (70%)
  - ✘ operate primarily in Ontario or Quebec (62%)
  - ✘ operate in professional, scientific and technical services or retail (59%)
  - ✘ have been in operation for more than 10 years (48%)
  
- ➔ Compared to the Canadian business population, the Survey sample has a similar distribution of businesses by region and industry, but slightly more businesses with 1 to 19 employees and those in operation for over 10 years

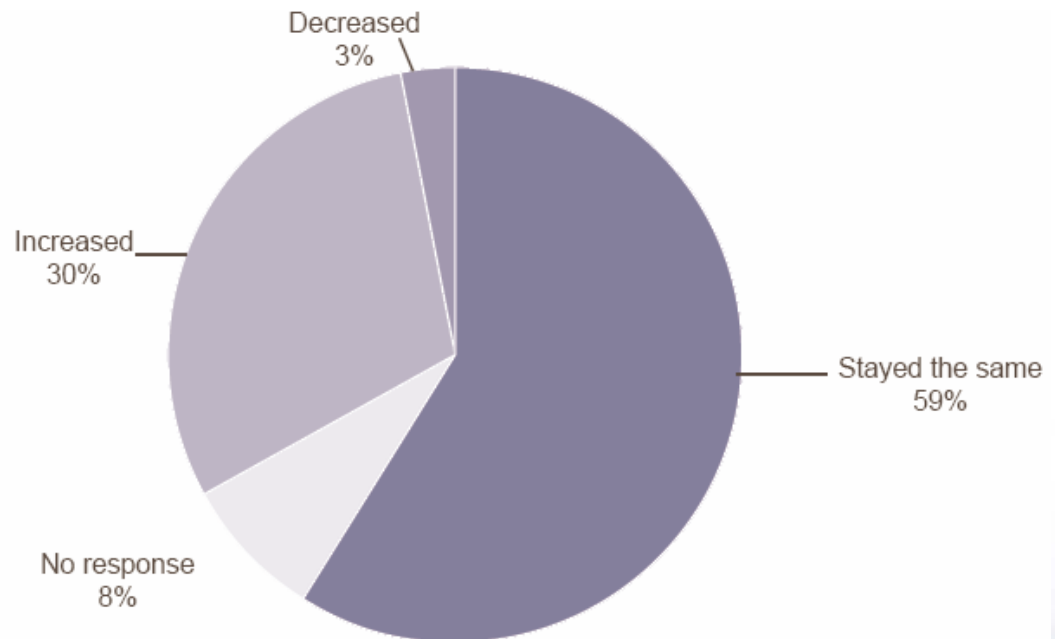
## ***Survey Briefing #1 – Key Messages***

- ↳ Despite government efforts to reduce paperwork burden, survey results on business perceptions confirm ***red tape is still a problem***
- ↳ Businesses confirm that information obligations stemming from selected tax- and employment-related regulations, as well as Statistics Canada Surveys are among the ***most burdensome***
- ↳ Number of submissions and claims prepared by businesses is one way to illustrate paperwork burden. ***Over 17 million submissions*** to government are prepared annually by the businesses targeted by the survey. Depending on the size of the business, the average number of submissions per business ranges between 7 and 164

# Business Perceptions to Changes in Compliance Costs

- ➔ Despite government efforts to reduce regulatory burden, only 3% of businesses perceive the overall costs of paperwork to have decreased over the past three years, and 30% believe the cost has increased
- ➔ Almost two-thirds perceive costs to have remained the same

Perception to Changes  
in Overall Compliance  
Costs over the Past  
Three Years

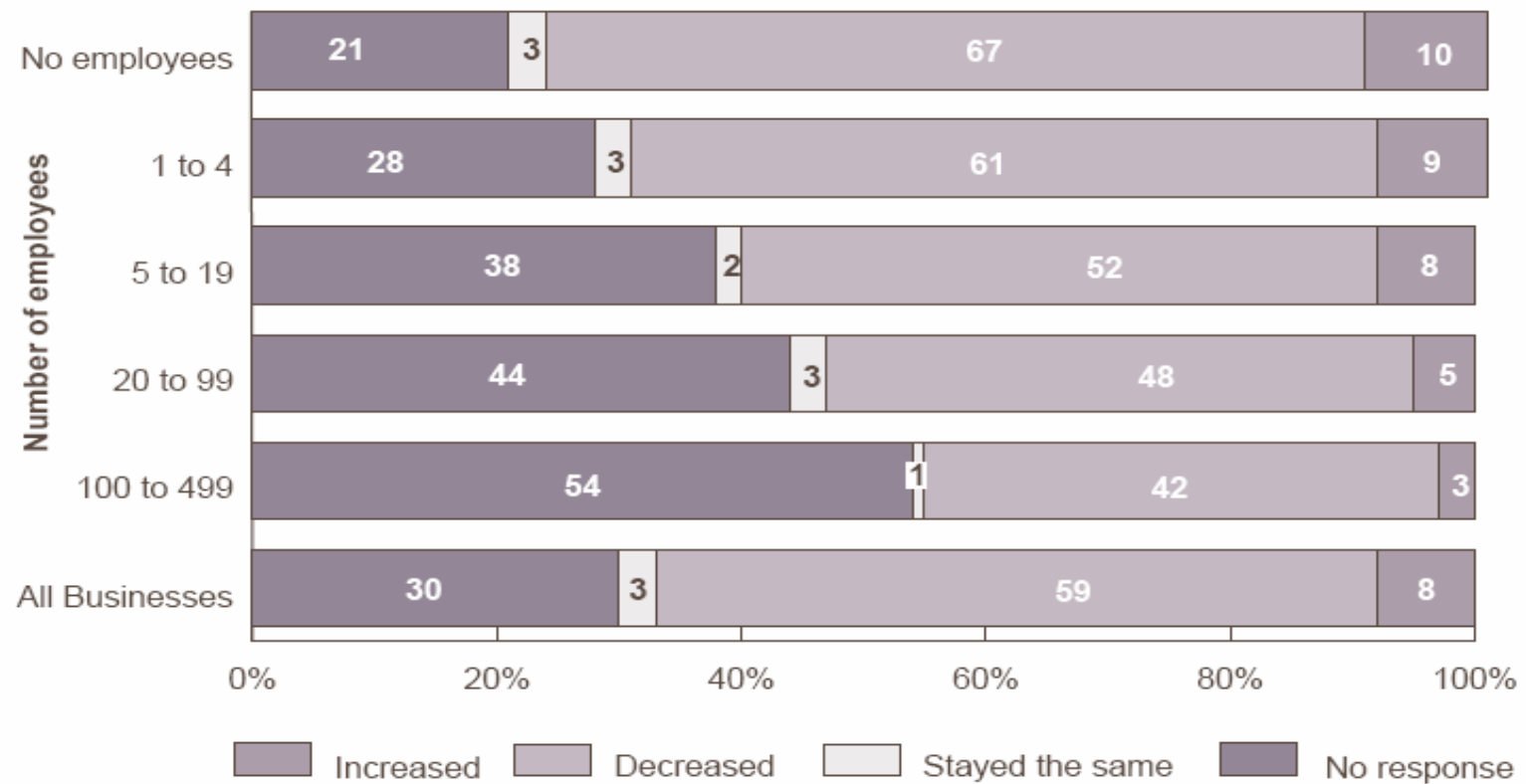


Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

# Business Perceptions by Size

- Businesses with larger workforces are more likely to perceive overall costs of compliance to be rising

Perception to Changes in Overall Compliance Costs over the Past Three Years by Size



Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

## Reasons for Perceived Increase in Costs

- ➔ Most commonly identified reason for the perceived increase in compliance costs over the past three years is “increased complexity of regulations”
- ➔ The larger the business the more likely it is to identify volume of submissions as another reason for the perceived increase in compliance costs

### Reason for Perceived Increase in Compliance Costs by Size

| Employment size       | Reasons (percent of establishments) |                              |                                       |           |
|-----------------------|-------------------------------------|------------------------------|---------------------------------------|-----------|
|                       | Increased complexity of regulations | Larger volume of submissions | Increase in the number of regulations | Other     |
| No employees          | 54                                  | 29                           | 24                                    | 19        |
| 1 to 4                | 52                                  | 34                           | 25                                    | 22        |
| 5 to 19               | 60                                  | 43                           | 29                                    | 11        |
| 20 to 99              | 51                                  | 51                           | 27                                    | 11        |
| 100 to 499            | 49                                  | 49                           | 21                                    | 19        |
| <b>All Businesses</b> | <b>55</b>                           | <b>38</b>                    | <b>26</b>                             | <b>17</b> |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey*, 2005

## Key Burdensome Regulations

- ➔ Majority of businesses confirm that the regulations covered in the survey are among the most burdensome. These include selected employment and tax-related obligations, as well as Statistics Canada surveys
  
- ➔ *Are there other government regulations (federal, provincial or municipal), other than those identified in the survey, that require a significant amount of time and cost with which to comply?*
  - ☒ No – 64%
  - ☒ Yes – 10%
  - ☒ No response – 26%
  
- ➔ The obligations examined in the survey, include those relating to:
  - ☒ employees — payroll remittances, record of employment, and workers' compensation;
  - ☒ taxation — T4, T1/T2, GST/PST, and corporate tax installments;
  - ☒ provincial and municipal operating licenses/permits;
  - ☒ corporate registration; and
  - ☒ mandatory Statistics Canada surveys.

# Number of Submissions & Claims Prepared

- ➔ Total number of submission/claims prepared in 2004-05 by the 665,480 targeted establishments is 17,471,041
- ➔ Majority of submissions prepared by the survey population come from payroll remittances and GST/PST
- ➔ Payroll remittances & GST/PST are also more frequently due to government

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

## No. of submissions & claims and due date by obligation

| Regulations                              | Total number of submissions and claims for survey population | Due dates for sending submissions or claims to government                                       |
|--|--|---|
| <b>Employment-related regulations</b>    | <b>8 931 725</b>   |   |
| Payroll remittances                      | 5 259 837  | Monthly, quarterly or other (based on average monthly withholding amount)                       |
| Record of employment                     | 2 268 413  | Five calendar days after employment is terminated   |
| Workers' compensation — remittances      | 1 141 345  | Quarterly or monthly (based on annual insurable earnings)                                       |
| Workers' compensation — claims           | 262 130  | Not applicable  |
| <b>Tax-related regulations</b>           | <b>6 618 680</b>   |   |
| Federal/provincial sales tax             | 3 838 855  | Monthly, quarterly or annually (based on taxable supplies)                                      |
| Corporate tax installments               | 1 762 877  | Last day of every complete month of business' tax year  |
| T4 summary/individual T4                 | 389 149  | Annually — last day of February of each year  |
| T1/T2 income tax filing                  | 627 799  | April 30 (T1); June 15 (T1, self-employed); within 6 months of end of business fiscal year (T2) |
| <b>Other regulations</b>                 | <b>1 920 641</b>   |   |
| Mandatory Statistics Canada surveys      | 698 821  | Varies with the frequency of the survey (e.g., monthly surveys due at end of each month)        |
| Provincial operating licences/permits    | 429 804  | Varies  |
| Corporate registration                   | 428 580  | Annually — incorporation<br>Upon start-up — registration  |
| Municipal operating licences/permits     | 363 436  | Varies  |
| <b>All regulations covered in survey</b> | <b>17 471 041</b>  |   |

# Average Number of Submissions & Claims by Size

- ➔ For the target population, the majority of submissions and claims are prepared by businesses with 1 to 19 employees
- ➔ Average number of submissions and claims prepared by businesses is 28, but size does account for large variance in responses
- ➔ Number of submissions and claims increases significantly as businesses increase their labour force

## Total and average number of submissions and claims by size

| Employment size<br>(number of employees) | Number of submissions and claims prepared<br>over 12 months by targeted businesses | Average number<br>per business |
|--|--|--------------------------------|
| No employees                             | 1 542 810  | 7                              |
| 1 to 4                                   | 5 292 341  | 27                             |
| 5 to 19                                  | 5 542 847  | 41                             |
| 20 to 99                                 | 3 741 143  | 77                             |
| 100 to 499                               | 1 351 900  | 164                            |
| <b>All Businesses</b>                    | <b>17 471 041</b>  | <b>28</b>                      |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey*, 2005

# Methods for Preparing Submissions

- ➔ Most SMEs prepare the majority of their submissions or claims themselves
- ➔ Manual preparation is the most common method (exceptions are PR, T4 and T1/T2)
- ➔ Use of computer applications or external service providers is more common for key employment- and tax-related regulation

| Regulation                            | Method of Preparation (percentage of establishments) |  |                           |           |
|---------------------------------------|--|--|---------------------------|-----------|
|                                       | Manual preparation                                   | Computer application only, or both manual and computer | External service provider | Total (%) |
| <b>Employment-related regulations</b> |  |  |                           |           |
| Record of employment                  | 45   | 30   | 25                        | 100       |
| Payroll remittances                   | 38   | 42   | 20                        | 100       |
| Workers' compensation – claim         | 80   | 13   | 8                         | 100       |
| Workers' compensation – remittance    | 60   | 29   | 11                        | 100       |
| <b>Tax-related regulations</b>        |  |  |                           |           |
| Corporate tax installments            | 44   | 23   | 33                        | 100       |
| Federal/provincial sales tax          | 43   | 41   | 16                        | 100       |
| T4 summary/individual T4              | 24   | 42   | 34                        | 100       |
| T1/T2 income tax filing               | 13   | 23   | 65                        | 100       |
| <b>Other regulations</b>              |  |  |                           |           |
| Mandatory Statistics Canada survey    | 86   | 6  | 8                         | 100       |
| Municipal operating licenses/permits  | 84   | 7  | 9                         | 100       |
| Provincial operating licenses/permits | 75   | 11   | 14                        | 100       |
| Corporate registration                | 49   | 12   | 39                        | 100       |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey*, 2005

# Methods for Transmitting Submissions

- ➔ Most businesses transmit their submissions or claims by mail/courier (few exceptions)
- ➔ Businesses are more likely to use external offices to transmit tax-related submissions
- ➔ Despite use of computer applications to prepare submissions, significantly fewer businesses transmit submissions electronically

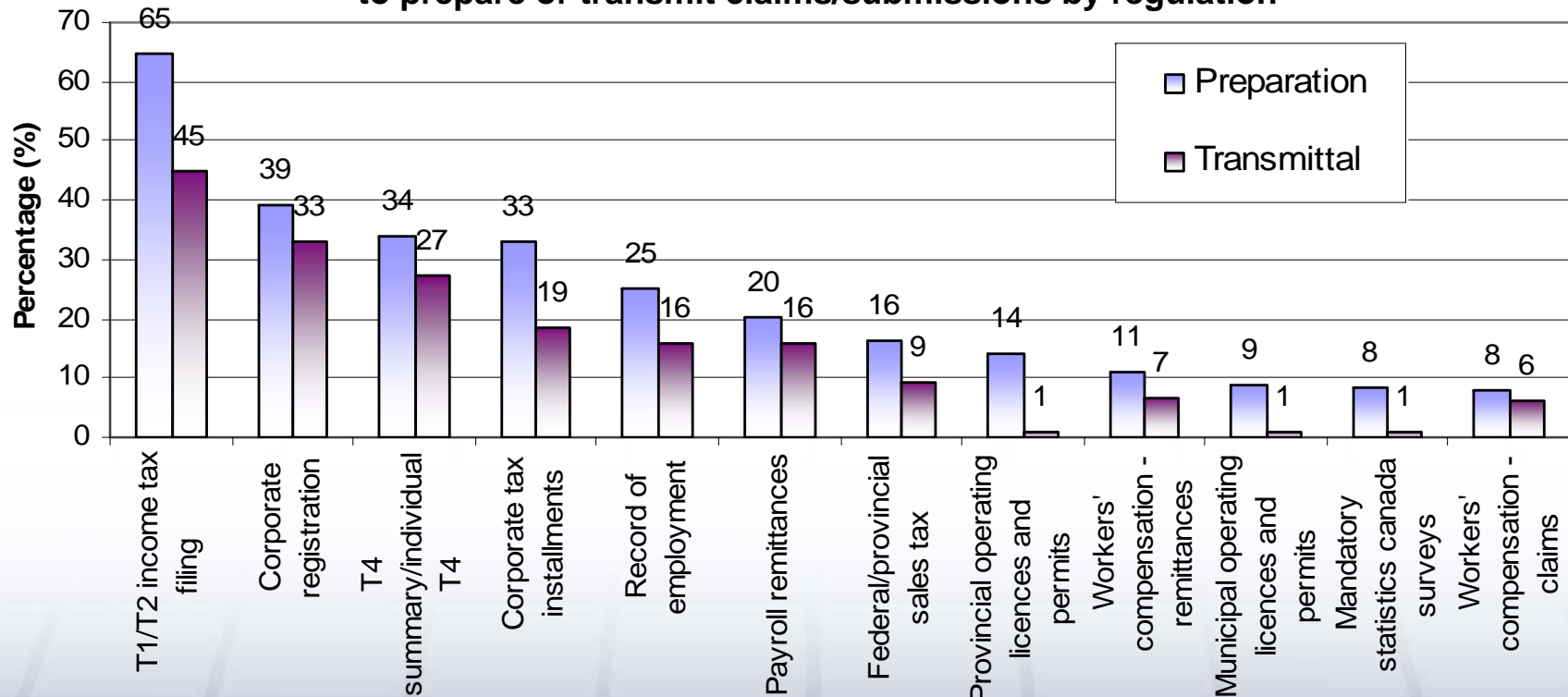
| Regulation                            | Means for Transmittal (percentage of establishments) |                      |   |                                 |              |
|---------------------------------------|--|----------------------|---|---------------------------------|--------------|
|                                       | Mail/<br>Courier/<br>Fax                             | On-line/<br>Internet | Financial<br>Institution/<br>Government<br>Office | External<br>Service<br>Provider | Total<br>(%) |
| <b>Employment-related regulations</b> |  |                      |   |                                 |              |
| Workers' compensation - claims        | 90   | 2                    | 2   | 6                               | 100          |
| Record of employment                  | 78   | 3                    | 2   | 16                              | 100          |
| Workers' compensation - remittances   | 62   | 6                    | 26  | 7                               | 100          |
| Payroll remittances                   | 25   | 10                   | 48  | 16                              | 100          |
| <b>Tax-related regulations</b>        |  |                      |   |                                 |              |
| T4 summary / Individual T4            | 60   | 8                    | 5   | 27                              | 100          |
| Federal/provincial sales tax          | 41   | 9                    | 41  | 9                               | 100          |
| Corporate tax installments            | 40   | 9                    | 32  | 19                              | 100          |
| T1/T2 income tax filing               | 39   | 8                    | 8   | 45                              | 100          |
| <b>Other regulations</b>              |  |                      |   |                                 |              |
| Mandatory Statistics Canada Surveys   | 97   | 2                    | 1   | 1                               | 100          |
| Municipal operating licenses/permits  | 84   | 1                    | 14  | 1                               | 100          |
| Provincial operating licenses/permits | 81   | 10                   | 9   | 1                               | 100          |
| Corporate registration                | 52   | 9                    | 6   | 33                              | 100          |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

# Use of External Service Providers by Regulation

- ➔ Most businesses indicated that they prepared the majority of their own submissions and claims internally rather than using an external service provider (except for T1/T2)
- ➔ Use of external service providers is more common when complying with tax-related regulations than the other regulations

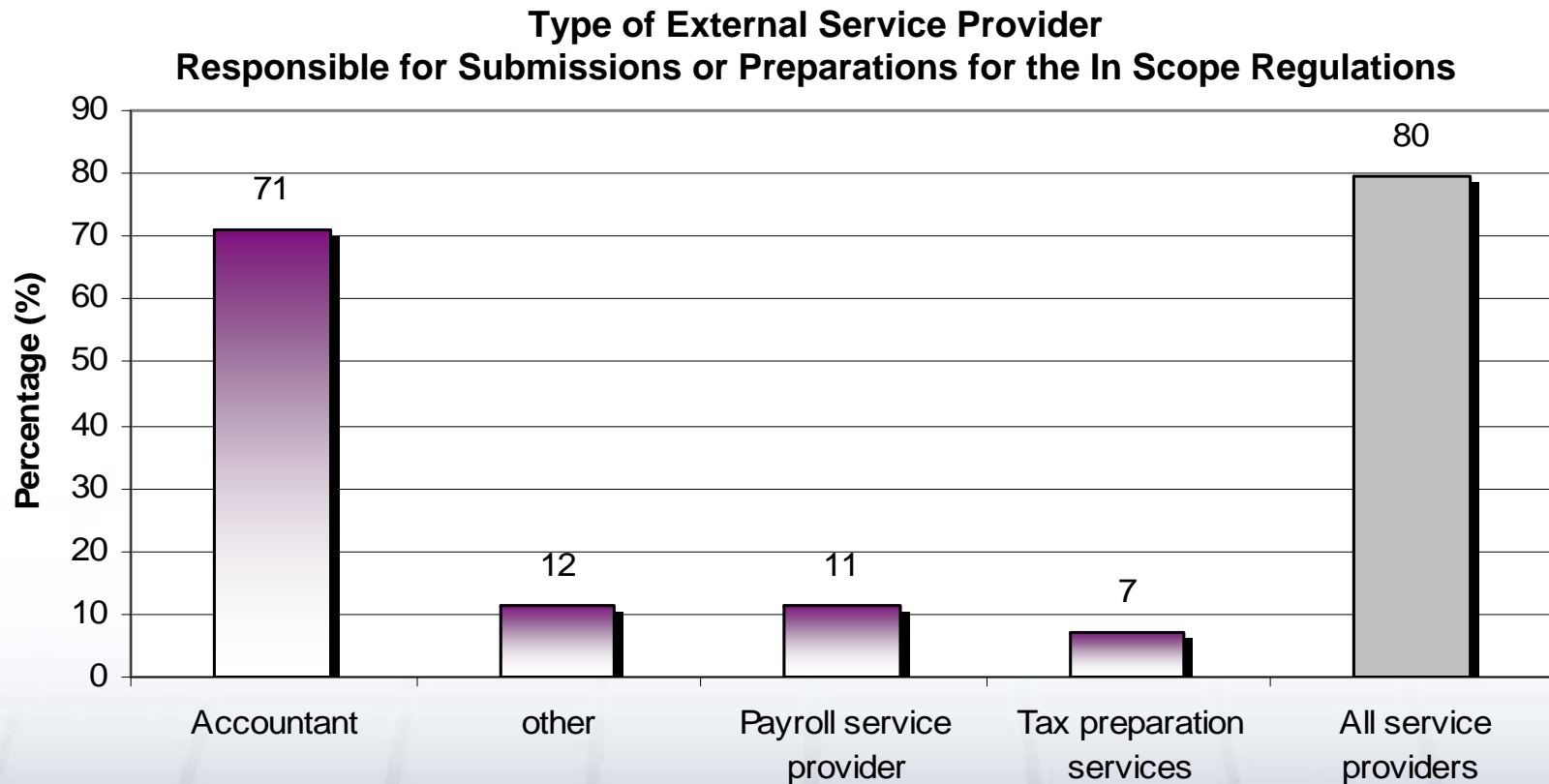
**Percent of businesses using external service providers to prepare or transmit claims/submissions by regulation**



Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

# Overall Use of External Service Provider

- ➔ Overall, four-fifths (80%) of all businesses employ an external service provider to respond to, or comply with, the regulations covered in the survey
- ➔ Significantly more establishments employ an accountant over any other type of external service provider (e.g., payroll providers and tax specialists)



Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main Survey, 2005*

# Key Cost Data Findings

- ↳ Stocktaking of 12 information obligations
  - ❏ What is the total cost of complying with 12 information obligations based on the survey population? What does the cost represent?
  - ❏ What is the total cost reported for each information obligation?
  - ❏ How much time is spent by businesses that comply internally?
  
- ↳ Direct costs to small and medium-sized business
  - ❏ What is the overall cost per business of complying with the information obligations?
  - ❏ Are all businesses affected equally by compliance?
  - ❏ Are small businesses disproportionately affected by compliance?
  - ❏ Which information obligations are most costly?

# Cost Indicators

- ↳ Cost results for the survey population
  - ❖ Total annual cost by obligation (internal, external or both)
  - ❖ Total annual time (internal only)
  
- ↳ Cost results per business
  - ❖ Annual costs by employment size (internal, external and overall)
  - ❖ Annual cost per employee (internal, external and overall)
  - ❖ Annual costs by obligation

# Cost Data – Parameters

What is included in the cost data?

- ➔ A portion of the Canadian business population with specific characteristics (size, revenue, sectors, and region)
  - ✦ Although 665,480 businesses in the Statistics Canada Business Register possess these characteristics, cost data is based on a sample that represents 540,399 businesses – approximately 23% of Canadian businesses
- ➔ Cost of complying with 12 information obligations
- ➔ The direct costs incurred by the business
  - ✦ Wages x time x submissions – for those that comply internally
  - ✦ Professional fees – for those that hire an external service provider
- ➔ The cost to prepare, obtain assistance and follow-up on submissions associated with the 12 information obligations

What is not included in the cost data?

- ➔ Businesses that do not meet the specific characteristics of the targeted businesses
  - ✦ Excluded are all non-commercial businesses and commercial ones that generate less than \$30,000 or more than \$50 million in annual revenue, that are based in the territories, that employ over 500 people or that operate in sectors other than the five specified for the survey
- ➔ Cost of complying with all other information obligations and regulatory requirements
- ➔ The indirect costs incurred by business
  - ✦ opportunity costs of lost sales
  - ✦ capital costs
  - ✦ regulatory fees
- ➔ The cost to undertake other types of compliance activities such as understanding the requirements

# Spectrum of Compliance Activities

- ↳ There are several activities which businesses must undertake when complying
- ↳ Businesses do not always consider all of these activities when assessing costs
- ↳ Time on these activities is time spent away from value-adding business activities (e.g., marketing, research and development, commercialization)

| Understanding the Obligations   | → | Preparing the Information   | → | Filling-Out the Form   | → | Dealing with Follow-Up  |
|---|---|---|---|--|---|---|
| <ul style="list-style-type: none"> <li>→ Identification or familiarization with obligations</li> <li>→ Understanding and assessment of required information</li> <li>→ Solicitation of professional services</li> </ul> |   | <ul style="list-style-type: none"> <li>→ Collection, retrieval and review of information</li> <li>→ Calculations, revisions and reconciliations of figures in forms</li> <li>→ Meetings held internally and/or service providers</li> <li>→ Training staff</li> </ul> |   | <ul style="list-style-type: none"> <li>→ Formatting of information provided in forms</li> <li>→ Reporting, submitting, or filing information</li> <li>→ Settlement or payment</li> <li>→ Training staff</li> </ul> |   | <ul style="list-style-type: none"> <li>→ Corrections to faults / inconsistencies identified by government</li> <li>→ Discussion, reconciliation, and “negotiation” with government officials</li> </ul> |

# Total Annual Compliance Costs by Obligation (\$ '000)

- ➔ Cost of compliance is \$1.53 billion
- ➔ \$1.53 billion is the cost...
  - ✦ For 12 information obligations
  - ✦ Based on 540,400 SMEs
  - ✦ To “prepare” and “follow-up”
- ➔ Tax-related obligations account for 71% of total cost
  - ✦ Due to the level of complexity or effort and number of businesses that are required to comply
- ➔ Other large contributors include payroll remittances, and provincial licenses/permits

|                                       |                  |
|---------------------------------------|------------------|
| <b>Employment-related obligations</b> | <b>308,151</b>   |
| Payroll remittances                   | 213,539          |
| Record of employment                  | 47,161           |
| Workers' compensation remittances     | 32,478           |
| Workers' compensation claims          | 14 973           |
| <b>Tax-related obligations</b>        | <b>1,091,778</b> |
| T1/T2 income tax filing               | 627,235          |
| Federal/provincial sales tax          | 268,237          |
| Corporate tax installments            | 59,444           |
| T4 summary/individual T4              | 136,862          |
| <b>Other obligations</b>              | <b>134,317</b>   |
| Corporate registration                | 16,587           |
| Mandatory Stats Can surveys           | 35,132           |
| Provincial operating licenses/permits | 50,869           |
| Municipal operating licenses/permits  | 31,729           |
| <b>Total Cost (all obligations)</b>   | <b>1,534,246</b> |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

## Total Annual Compliance Costs by Obligation (\$ '000)

- ➔ External costs are higher than the internal costs
  - ✦ Exceptions: workers' compensation, GST/PST, and provincial licenses and permits
- ➔ Majority of businesses hire an external service provider for T1/T2
- ➔ While fewer businesses hire an external service provider for municipal licenses and permits, the external costs total over \$44 million compared to the internal costs at \$6 million

| Information Obligation                | Internal       | External       |
|---------------------------------------|----------------|----------------|
| <b>Employment-related obligations</b> | <b>137,629</b> | <b>170,522</b> |
| Payroll remittances                   | 92,637         | 120,902        |
| Record of employment                  | 18,131         | 29,029         |
| Workers' compensation remittances     | 18,855         | 13,623         |
| Workers' compensation claims          | 8,006          | 6,968          |
| <b>Tax-related obligations</b>        | <b>408,793</b> | <b>682,984</b> |
| T1/T2 income tax filing               | 181,804        | 445,431        |
| Federal/provincial sales tax          | 165,911        | 102,326        |
| Corporate tax installments            | 28,324         | 31,120         |
| T4 summary/individual T4              | 32,754         | 104,108        |
| <b>Other obligations</b>              | <b>44,389</b>  | <b>8,928</b>   |
| Mandatory Stats Can surveys           | 21,940         | 13,192         |
| Provincial operating licenses/permits | 9,194          | 22,535         |
| Municipal operating licenses/permits  | 6,267          | 44,602         |
| Corporate registration                | 6,988          | 9,600          |
| <b>Total Cost (all obligations)</b>   | <b>590,811</b> | <b>943,435</b> |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

## Total Internal Annual Compliance Time ('000 hrs)

→ 31,031,000 hours are spent annually by those businesses that prepare their own submissions and claims

OR

→ 16,160 FTEs (based on 40 hours per 48 work weeks)

→ Internal annual time (hours) per business ranges from 119 to 251, depending on size

| <b>Employment-related regulations</b> | <b>8,217 hours</b> | <b>4,278 FTE</b> |
|---------------------------------------|--------------------|------------------|
| Payroll remittances                   | 5,686              | 2,961            |
| Record of employment                  | 1,136              | 591              |
| Workers' compensation remittances     | 1,003              | 522              |
| Workers' compensation claims          | 392                | 204              |

| <b>Tax-related regulations</b> | <b>20,529 hours</b> | <b>10,692 FTE</b> |
|--------------------------------|---------------------|-------------------|
| Federal/provincial sales tax   | 9,056               | 4,717             |
| T1/T2 income tax filing        | 8,103               | 4,220             |
| T4 summary/individual T4       | 1,800               | 937               |
| Corporate tax installments     | 1,570               | 818               |

| <b>Other regulations</b>              | <b>2,285 hours</b> | <b>1,190 FTE</b> |
|---------------------------------------|--------------------|------------------|
| Mandatory Statistics Canada surveys   | 994                | 518              |
| Provincial operating licenses/permits | 518                | 270              |
| Municipal operating licenses/permits  | 404                | 210              |
| Corporate registration                | 369                | 192              |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main*, 2005

# Annual Cost (cumulative) per Business

- ➔ Assuming a business complies with all information obligations, the cost (cumulative) per business is \$3,804. This is based on costs reported by all businesses, regardless of how they comply (i.e., internally or externally)
- ➔ Businesses that hire professional services for all of the information obligations spend almost \$4,300 – over \$1,200 more than internal costs
- ➔ Costs per business are highest for tax-related obligations suggesting a level of complexity or effort involved with such obligations

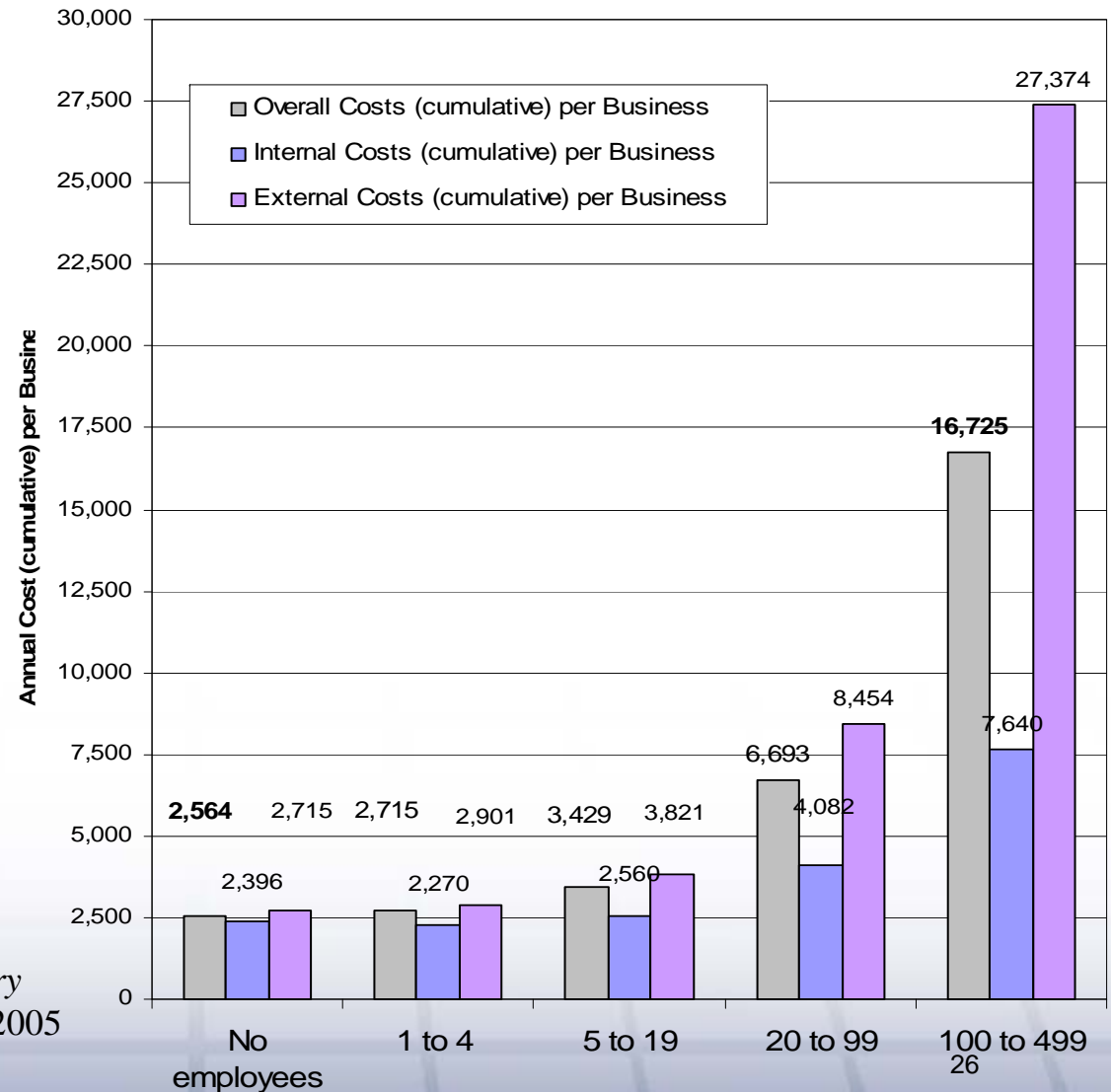
| Information Obligations  | Annual Costs per Business* |              |              |
|--|----------------------------|--------------|--------------|
|  | Overall                    | Internal     | External     |
| Employment-related (payroll remittances, record of employment, workers' compensation – claims & remittances)                             | 1,004                      | 729          | 1,248        |
| Tax-related (T1/T2, T4, corporate tax instalments, GST/PST)  | 2,167                      | 1,983        | 2,041        |
| Other obligations (mandatory Statistics Canada surveys, provincial and municipal operating licences/permits, and corporate registration) | 634                        | 315          | 981          |
| <b>Cumulative total</b>  | <b>3,804</b>               | <b>3,026</b> | <b>4,269</b> |
| <b>Average (weighted)</b>  | <b>2,839</b>               | <b>1,093</b> | <b>2,177</b> |

\*Costs are cumulative; they are based on subtotals of average costs reported for each obligation

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

# Annual Cost per Business by Size

- ➔ Average cost of compliance is \$3,804, but size accounts for large variance in responses
- ➔ Costs per business range from \$2,564 to \$16,725
- ➔ Costs per business are noticeably higher for businesses with 20 or more employees
- ➔ Differences between internal and external costs are significantly greater for businesses with 20 or more employees



Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

## ***Annual Cost per Employee by Size***

- ↳ While costs per business are higher for larger businesses, a disproportionate burden is placed on small business, particularly for tax
- ↳ Costs *per employee* for businesses with 1 to 4 employees are 7 times greater than for businesses with 20 to 99 employees
- ↳ Differences in *per employee* costs by size are more apparent across businesses that comply internally – costs are more than 10 times greater for businesses with 1 to 4 employees than for those with 20 to 99

| <b>Employment Size<br/>(no. of employees)</b> | <b>Annual costs (cumulative) per employee</b> |                 |                 |
|---|---|-----------------|-----------------|
|   | <b>Overall</b>                                | <b>Internal</b> | <b>External</b> |
| No employees                                  | 2,564   | 2,396           | 2,715           |
| 1 to 4  | 1,209   | 1,033           | 1,282           |
| 5 to 19                                       | 375   | 278             | 419             |
| 20 to 99                                      | 166   | 99              | 215             |
| 100 to 499                                    | 97  | 43              | 160             |
| <b><i>All establishments</i></b>              | <b>344</b>                                    | <b>335</b>      | <b>405</b>      |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

Note: Cost is based on assumption that the business with 1 to 499 comply with all information obligations and the 0 employee businesses comply with all the tax-related and other obligations.

## Which obligations are most costly?

- ➔ Costs per business show T1/T2, payroll remittances and GST/PST among the most costly
- ➔ Businesses spend more on municipal licenses/permits than provincial ones
- ➔ Results show linkage between cost and level of effort/complexity rather than volume of submissions
  - ✦ Despite large volume or submissions associated with PR and ROE, the costs are lower than for GST/PST or T1/T2

| Information Obligations                | Annual Costs per Business (\$) |              |              |
|--|--------------------------------|--------------|--------------|
|  | Overall                        | Internal     | External     |
| <b>Employment-related (cumulative)</b> | <b>1,004</b>                   | <b>729</b>   | <b>1,248</b> |
| Payroll remittances                    | 555                            | 351          | 773          |
| Record of employment                   | 178                            | 119          | 217          |
| Workers' compensation – remittances    | 128                            | 111          | 135          |
| Workers' compensation – claims         | 142                            | 148          | 123          |
| <b>Tax-related (cumulative)</b>        | <b>2,167</b>                   | <b>1,983</b> | <b>2,041</b> |
| T1/T2 income tax filing                | 1,171                          | 1,161        | 1,067        |
| Federal/provincial sales tax           | 514                            | 443          | 488          |
| Corporate tax instalments              | 199                            | 207          | 161          |
| T4 summary/individual T4               | 282                            | 172          | 324          |
| <b>Other regulations (cumulative)</b>  | <b>634</b>                     | <b>315</b>   | <b>981</b>   |
| Corporate Registration                 | 50                             | 49           | 45           |
| Mandatory Statistics Canada surveys    | 142                            | 133          | 134          |
| Municipal operating licences/permits   | 277                            | 54           | 556          |
| Provincial operating licences/permits  | 165                            | 80           | 246          |
| <b>Cumulative total</b>                | <b>3,804</b>                   | <b>3,026</b> | <b>4,269</b> |

Source: Statistics Canada, *Survey of Regulatory Compliance Costs – Main & Supplementary*, 2005

# Communications of Survey Results

- ↳ Continued analysis of Statistics Canada Survey data and reporting on Survey results in various stages:
  - ❖ Survey Briefing #1 – Report on perceptions to changes in regulatory burden and volume of submissions (posted at [www.reducingpaperburden.gc.ca](http://www.reducingpaperburden.gc.ca))
  - ❖ Survey Briefing #2 – Report on key findings for costs of complying with in scope obligations and selected factors affecting differences in cost estimates (to be posted in June 2007)
  - ❖ Thematic papers on key findings on specific survey results (e.g., findings for a particular set of obligations or business demographic)
  - ❖ Presentations to the Advisory Committee on Paperwork Burden Reduction, the Canada Revenue Agency Action Task Force on Small Business Issues, the FPT Working Group on Regulatory Reform, business associations, and other key stakeholders

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