



# Out of the Shoebox

**big money** Tax season in October? Plan on it. By Scott Taylor

**T**here are nearly 200 days until the April 30 deadline to file your personal income-tax return. It feels like a long way off—heck, it's not even Christmas. But whether you operate one truck or a small fleet you should be taking time now to work on ways to minimize the tax you owe.

Why now, when there's so much time to go?

One reason is cash flow. Taxes are a major business expense and you should plan for it. You don't want a tax payment to bleed money away from an opportunity to invest in something you really need, like new equipment—or groceries.

The second reason is that while April 30 is the deadline to file your personal income tax return, there may be other important dates ahead of it, like the closing of your taxation year.

Effective tax planning requires a good three- to six-month cushion so you can have the peace of mind and potential tax savings that come from planning ahead. Once the books close on your year-end, there's no room to change course and act on opportunities to lower your tax liability.

How do you get started? If you plan carefully and take these steps, you can minimize your tax bill for the coming year.

**1** Ask for help. People put off tax planning because it's complicated and besides,



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they're too busy working. That's why you hire accountants: they're the experts. They can help you identify ways to reduce your tax bill, budget for expenses, decide whether to incorporate, plan for retirement, and avoid errors and missed deadlines.

**2** Get organized. I've been in this line of work for 17 years, so chances are I've sorted through shoebox filing cabinets that are worse than yours. The trouble with sloppy recordkeeping is that it can cost you deductions you might otherwise have been entitled to. Also, your accountant will have to spend

extra time sorting through receipts. Ask your accountant for a checklist of items needed to prepare your financial statements.

**3** Break up the year. Would you ever drive your truck blind-folded? Of course not, yet many trucking businesses have a blindfold on when it comes to operating their business because they lack the proper financial statements. They have no idea where they've been, where they are, or where they plan to go.

Organizing your receipts and statements is the first step toward really managing your business. Your accountant can help by providing financial statements each quarter, giving you a three-month snapshot of your finances.

A quarterly review can highlight gaps in information. I can't tell you how many times a client has found a major repair receipt under a truck seat months later, after

a review of the last three months' financial statements clearly showed that a big expense item was missing. This probably would have been overlooked with only an annual review.

With financial statements provided quarterly, you're in a better position to take advantage of deductions and other tax-saving strategies before the year is over and it's too late. This won't guarantee you a low tax bill, but it will guarantee you the right tax bill.

Right now, we're reviewing our clients' first nine months of operation and preparing tax estimates so they can take advantage of any further tax deductions and make sure their cash flow is ready at filing time.

Nobody likes the surprise of a big tax bill. There is no need if you're tax-planning and making adjustments throughout the year. So don't get caught in the shoebox syndrome. Instead of counting down the days to a deadline, make sure you know how your business is doing during the year and insist on tax planning sessions with your accountant so you can plan, prepare, and budget. ▲

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