



April in January

money matters *A pre-tax checklist. By Steve Mulligan*

The pressure—to sort through receipts, meet deadlines, make deductions that will pass muster with Canada Revenue Agency (CRA) and otherwise jump through hoops as big as your trucks—is on.

The thing is, tax time isn't April. It's now, while there's still time to make decisions that can save you serious money and reduce the chance of an audit.

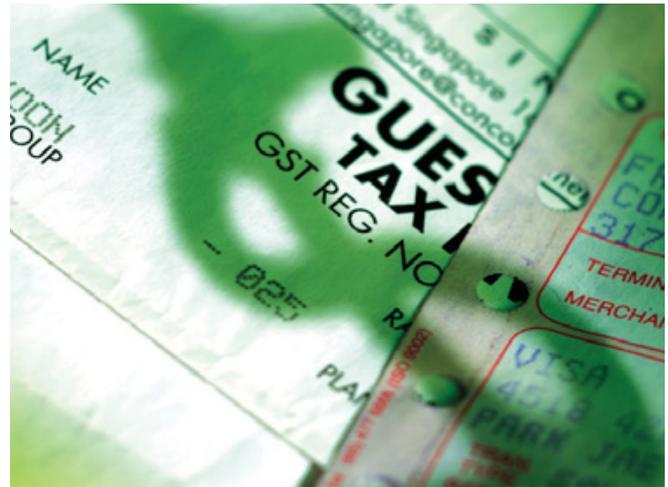
Every year, we give our clients an extensive checklist to help them assemble the things we need to make tax filing simple, clear, quick, and as audit-proof as possible. Space doesn't permit publishing the full list, but here's an overview:

1 All receipts for last year, including bank statements, credit card statements and income statements.

Remember, you record income when it's earned and expenses when they're incurred. The accrual method is what you should be using, not the cash method. Not sure? Ask!

2 Your 2003 Assessments. Better still, sign up for CRA's "My Account," to view your personal income tax, Canada Child Tax Benefit (CCTB), and GST/HST credit information online. Go to www.cra-arc.gc.ca/eservices/tax/individuals/myaccount/menu-e.html#1. You'll need information from last year's taxes to log in.

3 Details about any new truck, trailer, and other major capital purchases or disposals during the year. Provide copies of bills of sale; finance or lease agreements; and any re-writes to loans or leases and fees paid. If you



traded equipment, discuss the implications if you changed from a purchase agreement to a lease agreement.

4 Information about income fluctuations in the last quarter.

5 Information necessary to calculate your travel claim. Here's what you must be recording throughout the

year in order to support a reasonable claim for expenses incurred while on the road: number of days in the United States; number of days in the Maritimes; number of days in Canada; number of days less than 10 hours; number of days 12 hours or more but returned home; number of days 12 hours or more and stayed away overnight.

6 Information related to your home ownership, mortgage interest, taxes, insurance, etc.

7 Your "service vehicle log" detailing the use of a personal vehicle for business, with dates, miles, and destinations.

8 Any other income such as RRSP withdrawals. ▲

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DON'T MOURN. ORGANIZE!

Presenting your accountant with a box of receipts once a year leaves no time for tax planning, which is where a good accountant really proves his worth. It's hard work to organize receipts inside your truck, but here's what works for us. We give our clients accordion-style file folders marked with sensible categories: one slot for meal and shower receipts, for example, another for fuel. We have our clients put their receipts—still in the folder—into a big envelope and courier it to us every three months. (We pay the charges.)

It's important to focus on each quarter of your business year and not just your year-end. Quarterly financial statements tell you where your business stands every three months—you should insist that your accountant provide them. And chances are you're required to file quarterly tax installments. (When personal taxes are over \$2,000, installments are required; CRA will assess installment penalties if the required installments haven't been remitted.) Ask your accountant for a third-quarter tax estimate. He should be able to accurately predict your total tax liability right now, well in advance of the filing deadline.

The most important advice is to ask your accountant for help getting organized. Then you can move on to strategies that can significantly reduce your tax bill—incorporation, for example, or income splitting—instead of dreading an April deadline.