

## TAX TALK

# From tax prep to tax plan

## Start planning for next tax season today

Is your tax return done? Will you file on time? Did you find that receipt? How much will you owe? Here's a better question: Why do you put yourself through this every year?

Taxes are a major business expense, one you should plan for. You don't want a surprise tax bill bleeding money away from an opportunity to invest in something you really need, like new equipment or groceries.

With planning and professional help, you can take the stress out of filing returns and minimize your tax obligation throughout the year while there's still time to change course. Here are three steps to get you started:

### Ask for help

People put off tax planning because it's complicated and they're too busy working.

That's why you hire an accountant. While you're out earning a living, it's his job to help you find ways to reduce your tax bill, budget for expenses, decide whether to incorporate, plan for retirement, and avoid errors. When was the last time you filed your GST/HST refund in a timely manner?

No accountant worth his salt is going to miss a deadline because he can't figure out the paperwork or he got involved doing something else and forgot.

### Get organized

There are three problems with sloppy recordkeeping.

First, that missing slip of paper or logbook will cost you deductions you might otherwise have been entitled to. Second, it sucks up time that would be better spent looking ahead instead of looking for receipts.

Finally, if you're running a business, you are required by law to keep adequate records. They have to provide enough details to determine your tax obligations and entitlements. Also, your records have to be supported by original documents.

I've been in this line of work for almost 25 years and I've sorted through a lot of shoebox filing cabinets. You may think your "system" is broken beyond repair, but I've seen (and fixed) worse.

An accountant can work through the pile and explain what records to keep, where to keep them, and for how long. A good accountant will do that and create a filing system that's designed just for you and your needs as an owner/operator or company driver.

There's an added cost of disorganization when that sack of receipts arrives at the accountant's office a week before the filing deadline.

Every tax preparer has a gun to his head at this time of year. Do you really think he'll stop and analyze your income statement for possible missing expenses with the filing deadline closing in?

Ask your accountant for a checklist of items needed to prepare your



Tax Talk

SCOTT TAYLOR

financial statements. Make sure you have everything. There are 12 months in the year so 12 bank statements, cell phone bills, utility bills, etc., should be there. If you only have 11...

### Break up the year

Organizing receipts and statements is the first step toward really managing your business. Your accountant can help further by providing

statements each quarter, giving you a three-month snapshot of your finances.

I can't tell you how many times a client has found a major repair receipt under a truck seat 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 lower tax bill, but it will guarantee you

the *right* tax bill.

Right now, our clients are reviewing their tax returns without fear. That's because we told the majority of them what their tax bill would be last October. They've had six months to prepare for this moment.

So don't get caught in the shoebox syndrome. Instead of holding your breath when you open up your tax return, hoping not to explode, you can breathe easier knowing how your business is doing throughout the year.

Ask for help, get organized, and review your financial picture every three months. There are no surprises when you plan, prepare, and budget. □

— *Scott Taylor is vice-president of TFS Group, a Waterloo, Ont., company that specializes in accounting, fuel tax reporting, and other business services for truck fleets and owner/operators. For help or information, please visit [www.tfsgroup.com](http://www.tfsgroup.com) or call 800-461-5970.*