

Tax
Talk

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What's in a name? Everything

Maybe we're just getting lazy about dotting our i's and crossing our t's, but simple mistakes with names on tax forms, finance contracts, insurance documents, and other official paperwork can make life extremely complicated.

Whether you're a sole proprietor or an incorporated trucking business, there may be several names tied to your business. There's the legal name you got when you registered your company. Maybe you have a DBA ("doing business as") or you're under another carrier's authority and have its name on the side of your truck.

In any case, putting the wrong name on a form can lead to processing delays, missing paperwork, incorrect financial calculations, and raise the risk of an audit, fines, and other penalties.

Truthfully, the mistake may not even be your fault. And just as truthfully, you're the one who will face the frustration due to the person at your bank, equipment dealership, carrier, or other supplier not being diligent about completing documents accurately.

Get your name right

Let's say you incorporated as 1234567 Ontario Inc. after many years as a sole proprietor owner/operator. A year goes by and here comes Canada Revenue Agency to do a GST/HST audit of your corporation's first-year quarterly fil-

shop.

Did you remember to give them a copy of your Corporate Certificate when you incorporated? Did they update their records so that your corporate name appears on the invoices and statements? They didn't? Guess what? All those GST/HST input tax credits are also going to be denied.

What about the new trailer you're about to lease or buy? Will the folks at the finance place use the correct name on the documentation? You'd better make sure.

Even though the payments will come out of your corporate bank account, you should expect a hassle from CRA if your personal name is on the documents.

Beyond CRA

This is not some made-up scare tactic. I've seen owner/operators denied large parts of their refunds because of this type of technicality.

Being diligent about legal names is not just for CRA.

In our business here we also help clients get their Canadian and US operating authorities. I have a sole-proprietor client who goes by his middle name. He put that down as his given name when he applied for his operating authorities instead of using his legal first name. I have another client who applied for his operating authorities using a non-registered trade name. Their insurance companies are not happy so we're going to re-do

their applications to avoid any confusion in the future.

No matter how your operation is structured, make it a habit to use your legal business name on everything you provide to clients, vendors, or a government office.

This includes invoices, contracts, business cards, letterhead, your Web site, marketing materials, and of course tax forms and other government paperwork.

When you get named personally in a lawsuit because the plaintiff did not know (or claims not to know) that you're doing business as a corporate entity, or you rush to the bank to cash a cheque but get turned away because it doesn't have your legal business name on it, you'll wish that all your i's and t's had been in order. ●

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ings. You've got all your documents ready for the auditor to go through.

Everything looks good except one thing: your carrier didn't update its records and contract to include your new corporate name right away. Most of your broker settlements still have your old name on them.

It didn't seem like a big deal at the time. The carrier caught the error and fixed it. However, the CRA auditor is most likely going to deny claims for the GST/HST paid on fuel, repairs, and other deductions on those statements.

Why? Simply because the name on the "receipt" (your broker settlement) is wrong. Your GST/HST refund was filed under your corporation's name so all invoices must be paid by your corporation.

Remember that engine job you had done four months ago? And the new steer tires you bought in January? You've been dealing with that shop for years. You're like Norm from *Cheers*: everybody knows your name.

That's right, they know your name. You're not 1234567 Ontario Inc. at the