

Tax  
Talk

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# Just the ticket: How to manage receipts

**S**o you spent the last month ripping your house apart and running your hands under the bunk mattress for any shred of paper that might justify a tax deduction.

If there's one thing you can do every day to put yourself in the best possible position to take advantage of potential claims, it's to be diligent about collecting receipts and other source documents.

Source documents, according to Canada Revenue Agency, represent "proof of transactions": sales invoices, purchase receipts, contracts, bank deposit slips, bank statements, and cancelled cheques.

They also include cash register slips, credit card receipts, purchase orders, work orders, delivery slips, e-mails, and general correspondence in support of the transaction.

It's worth it to get organized. A receipt can be just a wadded up piece of paper or it can save you hard-earned money.

Let's say you buy a pen for a buck. Pretty cheap, right?

## March shouldn't be the one time of year you scramble for receipts or your accountant's phone number.

Without the receipt, you won't be entitled to a refund on the GST/HST that you paid. Right there, that's seven to 15 cents. You also can't claim the pen as an expense against your gross income, so you'll pay income tax on that dollar you paid for the pen. If your net income is around \$40,000 that means 30 cents income tax and five cents in CPP.

So now that cheap pen cost you \$1.42 to \$1.50 with all the taxes. That receipt is a valuable little ticket.

### A better way

Think about it. How many times have you pulled cash out of your pocket and not kept the receipt? How many times have you bought personal and business items together and put the receipt in your personal records and not your business books? How many times have you used your personal credit card because your business card wasn't handy and not charged your company back appropriately?

Why do you put yourself through this stress every year?

There is a better way. Talk to your accountant about a system to organize receipts where you do most of your day-to-day business: in the cab.

We give our clients accordion-style file folders marked with categories like meals and showers, fuel, etc. Four times a year, they put the whole folder – with the receipts inside – into a big envelope and courier it to us (we pay the freight).

This gives them a place to file re-

ceipts as they come in and makes it easier for us to prepare their GST/HST returns (most file quarterly).

Better still, together we get a clearer picture of their finances every quarter of the business year and not just the year-end.

### Quarterly review

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 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.

Many clients come to us only at

tax time. They want us to look over their returns for nuts-and-bolts expense claims like fuel and insurance but also to provide input on other items that can potentially reduce the amount of tax they owe.

Some ask for help with trucking-specific issues because someone else has given them bad advice or service.

For clients that we've worked with all year long, there's a plan in place, whether it's income splitting with family; taking all interest and fee charges from all loans, mortgages, and lines of credit; expensing medical premiums; properly deducting a new service vehicle lease or loan; re-financing their truck; or discussing the big engine job they had done

in May and the rental they used for a week while the truck was in the shop.

They see the benefit of having an accountant that knows trucking. For example, meal claims continue to baffle the inexperienced. When new clients bring me their previous years' returns, the most common mistakes involve mishandled meal claims. Incorporated, sole proprietor, employee – they all have trouble understanding what to claim and how to back it up.

March shouldn't be the one time of year you scramble for receipts or your accountant's phone number. Talk to your accountant about a tax plan you can use every day, starting with a way to maintain financial records you can review quarterly. ●

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