

Tax
Talk

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The book-smart owner-operator



ments and receipts in February when you can get organized now.

Here are some basic points to consider:

GST/HST: When you started your business did you contact CRA and set up your GST/HST account?

CRA will only back-date registrations 30 days so if you bought your truck in May and haven't done this yet you can say goodbye to most of your GST/HST refunds from fuel, repairs, etc. from May to September.

Incorporating: Have you talked to an accountant about whether it's better for you to incorporate or be a sole proprietor? There are enough incorporated owner-operators out there that something has convinced them make that choice.

Receipts: How are you keeping track? Do you know you which receipts to keep?

Personal vehicles: Are you tracking the business use of your personal vehicle for all those meetings at your carrier when you first started?

Penalties and interest: If you were in business prior to 2016 and just couldn't find the time to file your tax return last year, the penalties for not filing are adding up.

If you owe tax for 2015 and didn't file your return on time, CRA will charge you a late-filing penalty of 5% of your 2015 balance owing plus 1% of your balance owing for each full month your return is late, to a maximum of 12 months.

If CRA charged a late-filing penalty on your return for 2012, 2013, or 2014 then your late-filing penalty for 2015 may be 10% of your 2015 balance owing, plus 2% of your 2015 balance owing for each full month your return is late, to a maximum of 20 months.

We recently took on a new client – a

married couple – who had a bad accountant.

They late-filed their 2013 tax return and we're now finishing their 2014 and 2015 returns.

To keep the math simple, if they owe \$10,000 each year between CPP and income tax – which by the way is how much is owed on only approximately \$43,000 of net income – they're penalized for two years at 2% per month.

In real dollars, that's about \$400 a month or \$6,000 total.

When you're running hard it's tough to find time to manage your business but it's critical to your long-term success.

But show me an owner-operator on his third truck and I guarantee you he's not just putting in the miles.

In fact, this month and next, his books might be telling him to slow down and sleep in. ●

Scott Taylor is vice-president of TFS Group, providing accounting, bookkeeping, tax return preparation, and other business services for owner-operators. Learn more at www.tfsgroup.com or call 800-461-5970.

I've always said the first dollar you make each year is the best dollar because you get to keep all of it. Do you really want to get out of bed for 60-70% of a dollar?

stay under the covers.

At least you're making an informed choice because you have your business affairs in order.

But if you're the type who keeps receipts stuffed in the desk drawer, you don't know where you stand as the year comes to a close. All that's certain is at some point you're going to pay the price in time, effort, mental stress, and cash.

And yes, I'm trying to scare you straight because I don't want you to bring me a grocery bag full of state-