

# Tax tips for truckers

By James Menzies

**TORONTO, Ont.** – Spring is just around the corner and with it comes the often onerous task of filing your taxes. *Truck News* spoke with two accounting firms which specialize in trucking to gather some tips on keeping the taxman at bay:

**1. Incorporate:** One of the most important steps an owner/operator can take is to form a corporation. Trucking accountant Doug Carmichael of DW Carmichael says incorporating “creates a filter between you and Revenue Canada, and Revenue Canada loves filters.”

This is a particularly important step if you plan on paying family members such as your spouse or children for jobs such as bookkeeping or washing the truck.

“Many guys try to split income between themselves and their spouse or children,” points out Carmichael. “Revenue Canada may look at it and say ‘It’s really just you Jack, what’s happening here?’ If a corporation does it, it’s all above board.”

**2. Keep your logbooks:** Scott Taylor, vice-president of operations with Transport Financial Services, says many owner/operators only keep their logbooks for three months. That may be fine with the DoT, but if you’re using your logs to validate your meal allowances then they become a tax document and must be kept for seven years.

“People are not keeping them, they’re throwing them out and Revenue Canada lately has been on a push auditing meals,” Taylor says. “A lot of people don’t have the right documents to support their claims.”

A recent flurry of hiring by Revenue Canada has resulted in an increase in audits and it’s more important than ever to have documentation that supports your claims, Taylor adds.

**3. Ensure the numbers add up:** If your stated income doesn’t mesh with your GST claims, you could be in trouble, Carmichael warns.

But as of recently he said your provincial Workers’ Compensation Board (WCB) figures may also be examined by Revenue Canada, he adds.

He was recently caught off-guard when he discovered the two agencies are now in cahoots and Revenue Canada is using WCB documents as a way to ensure owner/operators are reporting accurate payrolls.

“Now they formed an alliance with WCB so if Jack Jones says ‘My payroll shows I’m covering compensation of \$100,000 and the tax returns show a payroll of \$50,000, flag goes up and you’ve got an automatic assessment,” Carmichael adds.

**4. Track the little things:** As an independent owner/oper-

ator you have the ability to claim a portion of your rent or mortgage as office space. You can also claim office expenses ranging from pencils to logbooks – things you may pay cash for and forget about. Tools such as tire chains should also be claimed. Taylor advises truckers to keep receipts for everything that’s work-related and to stay organized throughout the year, even if that means visiting your accountant on a regular basis.

“People always seem to lose something,” he says. “They should do accounting work themselves every month or deal with a bookkeeper to get this stuff done all year long. The income statement should be reviewed throughout the year. We can’t consult people when we see them once a year.”

**5. Hire a specialized accountant:** That brother-in-law whose been filing your income tax for the last 10 years may be cheaper than an accounting firm that specializes in trucking, but does he really understand the ins and outs of the business? Chances are he doesn’t and chances are it’s costing you money.

Dealing with a specialized accountant that deals specifically with trucking allows you to maximize your claim and minimize the taxes you’re forking out each year, says Taylor.

“I think specialization means you should be getting a more knowledgeable tax return and more insight into expenses and how to handle them properly,” Taylor points out. “A general accountant probably won’t get it all right, especially when it comes to things like meals.”

Carmichael says it’s important to sit down with an accountant who knows the trucking industry and discuss the intricacies of your business. An accountant who specializes in trucking will then be able to determine how you can maximize your claim. “If you want the H&R Block treatment where you walk in and walk out, that’s fine but I wouldn’t recommend it,” he says.