

Nothing new but the tried and true



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Every year when tax season fires up we dredge through Canada Revenue Agency's (CRA) website for changes that we should be aware of.

Obviously, we focus on trucking-specific items but we also look at the *General Tax Guide*, as everyone has to file a personal tax return even though we may take different routes to get there.

There's not much new in this year's "What's New" section. In fact, I can make a rather long list of items that CRA has taken away: monthly education and textbook allowance deduction for students, public transit amount, children's art amount, children's fitness tax credit, etc.

I guess the good news is you don't have to keep those receipts anymore.

While there may be few new deductions, you can still reduce the tax you owe by following some tried and true advice.

File electronically

According to CRA there were 29.3 million federal income tax returns filed last year. Of those, 85% were filed electronically. More importantly, 58% of all tax returns produced refunds, with 68% of filers choosing direct deposit versus waiting to receive a check in the mail.

My advice is to file your return electronically including a Form *T1-DD(1), Direct Deposit Request-Individuals* or to set up direct deposit for your refund (and other tax credit payments, such as GST/HST) using the "My Account" service on the CRA website.

The combination of electronic filing and direct deposit means CRA can kick out your refund much faster, usually within 10 to 15 days. So, getting the ol' "instant cash back" on your refund through a tax preparer means you're giving away hundreds of dollars just to have the money a little sooner. Ask yourself if it's worth it.

Don't be late

The filing deadline is April 30 this year. If your return is late, there's a minimum 5% penalty of the balance owing plus 1% per month for a maximum of 12 months. The penalties may be higher if you've filed late before.

Even if you can't afford to pay the balance, filing your return on time can save you penalties and fees. You'll also be in a better negotiating position with CRA regarding a payment plan.

Payment arrangements

Roughly 22% of tax returns last year had a payable balance, with the average amount being \$5,610. CRA

has an online Payment Arrangement Calculator to help you formulate a plan to pay down what you owe. It's not binding in any way to you or CRA but the calculator is a useful tool.

So, let's say you owe \$5,610 in taxes and can't pay it all at once but you can afford to send CRA \$500 a month starting on April 30. The calculator will tell you it will take 12 payments to pay your balance, with the last payment being a bit smaller, including interest of \$167.24. If you can adjust those payments to \$1,000 per month

you'll pay your balance in six installments including interest of \$97.71.

If you don't make a payment plan, then CRA will gladly make one for you. For instance if you're a sole proprietor, CRA may take your January-to-March and/or April-to-June GST/HST refund to pay your tax bill.

Itemized deductions make preparing a tax return more complicated and it's easy to miss obvious opportunities to reduce the tax you owe especially when you're against a deadline.

If you need help preparing your return, see a qualified professional, preferably one who's familiar with the trucking industry. And then talk to an accountant or business advisor about planning for 2018 and beyond. **TN**