Where's my refund?

It's hard to get excited about a tax refund. It means that somewhere along the way you paid more than you owe – and the government never says thanks for the loan.

The real frustration sets in when Canada Revenue Agency (CRA) takes a long time to pay. I've seen this happen with three different clients lately, reinforcing the idea that sometimes CRA sticks it to us unnecessarily and sometimes we do it to ourselves.

A long-term client of ours stopped operating as a sole proprietor in 2016 but left his HST account open just in case he decided to get back into business. We filed his 2017 tax return with his T4s and meal claim in early April and a month later he still hadn't received his refund.

We looked online and immediately spotted the problem.

The HST account was in default because the client didn't submit returns for 2017. You have to file a return in order to keep your account active, even if you paid zero HST. So, we filed and on May 9 the returns were processed and the account was back in good standing.

By early June, the client's 2017 refund still was not released. Apparently CRA's system can stop payouts when an account is no longer in good standing but doesn't recheck once things are good again. I called an agent who said he put in a request for an account payout and to expect payment in three weeks.

Four weeks go by, so I call again. This time the agent tells me the last agent didn't do the request properly. Hopefully this was the last call I have to make.

Another client who hired us to do his 2017 sole proprietorship accounting phoned to say that CRA was going to audit his HST returns for a third straight year. He's waited almost two months for his refund and knows an audit will delay payment even further.

I called the auditor, who seemed unaware of the previous reviews but looked up the client's files and yes, the 2015 and 2016 HST returns had been audited. The review for 2015 changed the client's refund by $13,000, apparently due to a truck trade-in document that caused some disagreement on how much HST was actually paid. The 2016 return was also changed but apparently not by very much. Two years of HST returns reviewed with changes (one being significant) will get you audited a third time.

Sometimes, though, delays happen for no good reason.

Last summer a new client wanted us to adjust his 2016 tax return for meals. He apparently took his tax documents to someone who did not understand meal claims, so he filed his return with his T4s and decided to find someone else to adjust it later. Based on a recommendation from a friend who was a long-term client of ours, he came to us. We reviewed his logbooks and filed an adjustment online for meals in September 2017.

In December, the client called to say he received a letter acknowledging the adjustment request but no refund. I looked online and nothing had been processed, so I phoned CRA. They said they were running behind.

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I hate relaying that kind of response to clients, because it seems so unbelievable. How could CRA take more than three months to process an adjustment?

Anyway, mid-January arrives and there's still no refund. The client calls CRA and gets the same response I received in December: everything with the request seems fine, no review or additional details are required, we'll get back to you within six weeks.

He's told the same thing in March and May and July. He's still waiting for his 2016 refund. In the meantime, we filed his 2017 tax return with his T4s and meal claim at the end of April and he received that refund 10 days later.

For the number of returns it has to process, CRA generally turns around refunds quickly. When there's a problem, a little patience usually helps get issues resolved. But it never hurts to be persistent, write down your case number, and keep track of who you talk to. **TN**

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