



Pilgrim Accounting Inc.

PROFICIENCY IN ACCOUNTING

NEWSLETTER

WHY TAX SEASON AND PANIC OFTEN ARRIVE TOGETHER.

Although the income tax filing deadline of April 30 has not changed more than 24 hours in Canada in a very long time, for millions of Canadians it still sneaks up on them like a tiger in the night.

It brings terror, confusion, and a lack of understanding about which way to go. Paralyzed by the enormity of the challenge, they do nothing until the absolute last minute and then panic.

As a certified tax specialist now ensconced in my busiest season of the year, I see it every day in April.

People who manage all other aspects of their life responsibly and quite calmly are brought to the edge by two little words: tax deadline.

The biggest reason people wait until the last minute to file is that their personal papers are just not kept in an orderly fashion all year. At best, they have one gigantic, bursting at the seams file that they throw everything into, without making notations, and at the end of the tax season, they spend hours and hours trying to make sense of it.

At worst, they have lost receipts, T-4 slips, records of prescription drug payments, and receipts from their daycare provider, and have to go on a mad scramble to try to reclaim pieces of paper they received in February or late last year.

Another reason people wait until the last minute to file is that they say they don't want to pay the Canada Revenue Agency one minute before they must, but such bravado usually masks the fact they aren't ready to file either.

Over the last few years, our team has drawn up a list of reasons people file at the last minute or file late and the questions they ask at that time, which we are including in this blog in the hopes that it will strike home with some of our readers.

Question: I do not have all my T-4 slips. I do a few jobs and this year I moved and my mail wasn't forwarded properly. I just can't file until I get all of these pay slips, can I?

Answer: You can and you must. Whether or not you have your T-slips, you are still responsible for filing your taxes on time. You can create a "My Account" with Canada Revenue Agency and go in and print off the T-slips on file as well as your RRSP slips. Your tax professional can also secure them through the agency's new Auto Fill Report and that is easier if you sit with the accountant while they are doing that. In a worst case scenario, tally up your pay stubs and declare that amount.



More and more contract workers don't receive any T-4 slips for payments received. In that case, it is your responsibility to keep a tally of your income, and to submit your tax based on that. If you can't find your medical receipts, you can contact your health providers (dentists, physical therapists, and drug stores) and usually obtain copies of your receipts.

Question: I was ill (moving, caught up in a crisis, etc.) last year and I never filed my 2015 tax returns. I have no idea where my receipts are. Now my 2016 taxes are do, and I have this year's receipts. What do I do?

Answer: Go ahead and file this year's return on deadline. Then, once that is done, go back and start working to get your 2015 tax receipts together. If you wait, you will absorb penalties for two years instead of one. Once you get your 2015 receipts (of the ones you can find) together, come back to your tax professional and file then. Currently, you can e-file any returns from 2013 to 2016 this year.

Question: I owe money and I haven't got it to pay the Canada Revenue Agency. That's why I'm not planning to file on time. Isn't that the best strategy?

Answer: No, it is not. Then you will be hit by a penalty for late filing and interest on the amount owed. At least if you file on time, you will be relieved of paying that penalty. Then start paying as much as you can as quickly as you can.

Contact us for advice!

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