



TAX MATTERS

Tips and traps when filing your tax return



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It's officially tax season, and the tax-filing deadline will be here in no time. In some cases, the taxman may cut you some slack under the fairness rules in our tax law and may allow you to file a tax return late without penalties. It can happen south of the border, too. I think of the Caron family from New Hampshire who, several years ago, was allowed to file their tax returns late when their pet pygmy goats ransacked their home while they were away on vacation. Turns out that the goats had eaten the family's income-tax paperwork – along with a lampshade, telephone directory and toilet-bowl cleaner. The problem? You can't count on the good graces of the taxman to be lenient if you plan to be late filing your tax return. So, get your return in on time. Here's some information that may be helpful as you take on this chore.

Filing online

Last year, the Canada Revenue Agency (CRA) received approximately 25 million tax returns and 90 per cent of those were filed electronically. The CRA has been receiving 2017 tax returns electronically since Feb. 26, so the taxman is open for business.

The deadline

The deadline for most personal-tax returns is April 30. This deadline is extended to the next business day if April 30 falls on a Saturday, Sunday or statutory holiday, but you'll have no such luck this year since April 30 falls on a Monday. If you, or your spouse, are reporting business income on your tax return, your deadline is automatically extended to June 15 (although a tax balance owing is still due by April 30). Finally, the tax return for a deceased taxpayer is due the later of April 30, or six months following the date of death.

Your tax slips

You should have received your T4 slip(s) related to your employment and any T5 slips (reporting dividends, interest or foreign income) by now. Other slips may take until the end of March to arrive (T3 slips, for example). It pays to ensure that you're not missing any slips when you file your return because under our tax law, a penalty can apply if you

fail to report an amount of income that should have been reported if you also failed to report an amount in any of the three prior years.

Balances and refunds

Make sure you pay any taxes owing by April 30, otherwise you'll accrue interest after that date. And even if you can't pay, file your tax return on time since you'll face nasty penalties (5 per cent of the balance owing, plus 1 per cent monthly for up to 12 months thereafter) if you don't file on time and you owe taxes. You can now pay your tax bill at any Canada Post outlet using cash or debit card or make a payment online through your bank or these third-party service providers: paysimply.ca or plastiQ.com/cra.

Preparing your return

You've got a few options when preparing your return. You can use certified tax software to prepare and file your return online using Netfile. And if you register with the CRA for My Account, you can use the auto-fill feature, which will automatically fill in parts of your return with information on file with the CRA. You can also visit a tax preparer who can prepare your return and use the CRA's Efile service. In either case, you can now receive your Notice of Assessment electronically and immediately through the CRA's Express NOA service. Some people can also file their returns by simply making a phone call to the CRA and answering a few questions. Finally, you can file your return by paper. You can pick up a package of forms at Canada Post, or go online to cra.gc.ca and download and print the forms.

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