

Personal Investor: Missing your tax deadline could get costly

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Your Personal Investor

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For most Canadians, the deadline to file their 2017 income tax return is at midnight April 30. The Canada Revenue Agency wants everyone's return by then, but it's the people that owe them money that they're really concerned about (not the people, but the money).

The CRA has the power of the law behind it to get what it is owed. Lives can be upturned, and it all starts with a simple missed deadline.

If you owe, the meter is running starting May 1. Five-per-cent interest is compounded daily on the amount owed, plus one per cent for each full month that the return is late, to a maximum of 12 months.

If a year passes and the CRA is still not paid, 10-per-cent interest is charged on the balance owing plus two per cent for each full month, up to 20 months. The rate is subject to change every three months.

The CRA doesn't say what happens after that but it can't be good.

If you are found to have made false statements or important omissions you could be fined \$100 or 50 per cent of the falsified amount, whichever is higher.

If you have made false statements or important omissions and fess up through the Voluntary Disclosures Program, the CRA could be lenient. Taxpayer relief provisions are provided for individuals who are victims of circumstances beyond their control.

Tax professionals can help broker a satisfactory arrangement but it's important to get qualified advice before things spin out of control.