



TAX MATTERS

# Tax tips and traps when filing your 2018 tax return



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5 COMMENTS

A number of years ago, Laurie Hanniford worked as a part-time swim instructor in south central Pennsylvania. She was 14 years old at the time and earned \$316. There was no tax owing by her, yet three years later, she received a letter addressed to “Defendant” advising her that she had failed to file a local tax return and that “failure to comply will result in your arrest.” She faced a penalty of \$352 (more than her earnings); she ended up pleading no contest and the penalty was reduced to \$77. Her crime was not for failing to pay taxes, but for failing to file a local tax return. The moral of the story? Don’t fail to file a tax return in South Middleton Township, Pa.

Here in Canada, filing tax returns is just as important and can come with penalties, too, if you don’t file properly. Here are some tips to keep in mind now that tax season has officially arrived.

## FILE IF YOU MUST

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Not everyone has to file a tax return, but you’re expected to file if: you owe tax for 2018, want to claim a refund, realized capital gains or losses in 2018, sold your principal residence in 2018, are electing to split pension income with your spouse, want to receive Canada Child Benefits, GST/HST credits or the Guaranteed Income Supplement. You are also required to file if you want to report earned income to accumulate registered retirement savings plan (RRSP) contribution room, want to transfer or carry forward your tuition credit, had self-employment earnings of more than \$3,500 and have to make CPP contributions as a result, have not made required repayments under the Home Buyers’ Plan or Lifelong Learning Plan, have to repay all or part of your Old Age Security or Employment Insurance benefits – or you’re asked by Canada Revenue Agency to file a return.

## FILE BY THE DEADLINE

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File your tax return by the April 30 deadline. If you or your spouse are reporting business income on your tax return, your deadline is automatically extended to June 17

this year (normally, it's June 15, but that's a Saturday, so the deadline becomes Monday, June 17). The deadline for a deceased taxpayer is the later of April 30, or six months following the date of death.

## **ENSURE YOUR KIDS FILE**

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If your children had earned income in 2018, make sure they file a tax return. Although they won't pay any tax if their income was \$11,809 or less in 2018, filing a return will provide them with RRSP contribution room. Further, if they were 19 or older in the year, they'll likely be eligible to put some cash in their jeans (up to \$433 for a single person) in the form of a GST/HST credit – but they have to file a tax return to collect this money.

## **DON'T FORGET ANY SLIPS**

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If you miss reporting any slips, a penalty can apply if you also failed to report an amount in any of the three prior years. The good news? It should be easier than ever to ensure you've reported all of your slips. If you've signed up for "My Account" on CRA's website, you'll be able to go online and see all the slips that have been issued to you and reported to CRA. By now, you should have received your T4 slips for any employment and T5 slips (reporting interest, dividends or foreign income). Other slips may take until the end of March to receive.

## **CHOOSE A FILING METHOD**

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Ninety per cent of Canadians file their tax returns electronically. You've got two electronic options here: You can use certified tax software to prepare and file your return online using Netfile (go to [canada.ca/netfile](http://canada.ca/netfile) for a list of software applications, including some free ones). Alternatively, you can visit a tax preparer who can prepare your return and file it using CRA's Efile service. If you file electronically, you can receive your Notice of Assessment (NOA) electronically and immediately through CRA's Express NOA service. Some people with low or fixed incomes may be invited (by a letter in the mail) to file their tax returns by phone through an automated service – no need to fill out any forms or do any math. Finally, you can file using paper forms that you can download at [canada.ca/revenue-agency](http://canada.ca/revenue-agency).

## **CHANGE A RETURN IF NECESSARY**

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If you want to change something on your tax return, wait until you receive your Notice of Assessment first. You can then make a change in one of three ways: 1) use the ReFile service if you filed your return electronically (see [canada.ca/refile](http://canada.ca/refile)); 2) go online to "My Account" at [canada.ca/my-cra-account](http://canada.ca/my-cra-account) and use "Change my return"; or 3) send paper form T1-ADJ to the CRA requesting your changes.

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