



CESTNICK

TAX MATTERS

Six tips to help you file your tax return properly

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I once knew a guy who said that he wasn't going to file tax returns any more. "You could end up in prison for that," I told him. The conversation reminded me of something that comedian Jimmy Kimmel once said: "When they say I'm going to prison, I'll say 'No, prisons cost taxpayers a lot of money. You keep what it would have cost to incarcerate me, and we'll call it even.'"

Assuming you're going to file a tax return this year, here are six tips to properly complete that task.

Catch and fix mistakes. Whether you prepare your own return or pay someone else to do it, make sure you review it in detail before it's filed. If something is wrong, the Canada Revenue Agency (CRA) will hold you accountable, even if someone else prepared it. A great way to check your return is to compare it to the one you filed last year, and the year before. You'd be amazed at how this can reveal mistakes in the current year – or on a prior return. If an error was made in the past, you can fix the problem by filing Form T1-ADJ.

Avoid penalties for missed slips. Failing to report all of your income on your return can lead to penalties. And there's really no excuse for missing tax slips. You, or your tax preparer, can go online and download the slips issued to you directly into your tax software. And, again, you can often catch missed slips by comparing your tax return to last year's. If you do miss reporting slips on your return for 2022, you could face a penalty of up to 10 per cent of the income you failed to report if you also missed reporting any income in one of the previous three tax years.

Get your refund faster. Who doesn't want a tax refund to come quickly? Make sure you file electronically and sign up for direct deposit. And by the way, if getting a refund happens every year, and you have taxes deducted at source from your regular pay, consider filing Form T1213 to request a reduction in deductions. Ideally, you should file this form prior to each calendar year (say, in November). This will provide you with more take-home pay throughout the year – which is better than getting a refund when you file your return. After all, a refund is really an interest-free loan to the CRA.

Sign up for My Account. If you're not familiar with My Account, it's CRA's online portal where you can access the tax slips issued to you, find notifications and letters sent to you by CRA, get a copy of your Notice of Assessment, find out your available RRSP and TFSA contribution room, submit information requested by CRA and even file an objection to an assessment. You can also change your personal information (address, phone number and marital status, for example), register for direct deposit, make tax payments, track the status of your return, apply for child benefits, view uncashed cheques and more. Already, 15.8 million taxpayers have signed up for My Account. Trust me, it will make your life much easier.

Be aware of new credits and benefits. You'll sense a recurring theme here: Compare your tax return to the past couple of years to make sure you haven't missed anything. Having said this, you may be entitled to some new credit or benefits. Consider these: a deduction for repayment of COVID-19 benefits (use Form T1B), the first-time homebuyer's tax credit (the base amount was increased to \$10,000), the home accessibility tax credit (eligible expenditures increased to \$20,000), a labour mobility deduction for tradespeople, the enhanced medical expense tax credit (it now includes surrogacy and other costs), and the new Canada Dental Benefit (for more, go to www.canada.ca and enter "Canada dental benefit" in the search field).

Keep deadlines in mind. May 1, 2023, is the filing deadline for your 2022 tax return (usually the date is April 30, but since that's a Sunday this year, the deadline is pushed to May 1). Your deadline is extended to June 15 if you or your spouse (or common-law partner) report self-employment income on your return. As for tax payments, they're due on May 1, 2023, regardless of when your return is due. Make sure you file your return on time, even if you're going to be late with any tax payment, because you'll face penalties of 5 per cent of your 2022 balance owing plus 1 per cent for each full month that you file after the deadline, to a maximum of 12 months. Your penalties could be double this amount if the taxman charged late-filing penalties in the past three years and you're late again this year.

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