

Four takeaways from tax season

It's early May as I write this, a couple of days after the federal income tax filing deadline, and I have to admit I'm tired and a little cranky. But I am clear-headed enough to make some observations about dealing with Canada Revenue Agency (CRA) over the past few months. Here are some lessons learned:

The squeaky wheel gets the grease

If you're not getting a reasonable response from CRA, enlist your accountant to review your return and help you complain about it.

A client of ours did just that. He bought a new truck and on Feb. 3 we filed a claim to refund the HST, a pretty good chunk of change. By April 15, CRA still hadn't assigned the claim to an auditor for review. Our client was



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getting anxious.

We checked the paperwork for mistakes or missing information – everything looked good – and talked to the finance company, an industry specialist who patiently allowed our client to delay the balloon payment on his loan.

If step one is to review the return, and step two is to talk to anyone who might be affected by the CRA sitting on your money, step three is to make yourself heard. Between my yelling on the phone and my client jumping up and down at his local tax office, CRA finally issued his HST refund on

May 5, three months and two days from the date of the claim.

It's ridiculous. If you have an unpaid tax balance with CRA, it charges 5% interest until the amount is paid. But if your refund takes longer than normal to process, CRA pays you just 3%. How come their money is worth more than ours?

In the end, our client got \$73 interest, not even close to adequate compensation for the sweat, anxiety, and effort involved. Thank goodness for an understanding finance company.

Check the math

A few months ago I was contacted by a *Truck News* reader looking for fuel tax help. This owner/operator was on with a US-based carrier and his fuel tax charges didn't seem right, so I asked him to send

me all the details he could. We ran the mileage and fuel through our system. The carrier said the owner/operator owed fuel tax of \$1,026.12. According to our report, he should have received a small refund.

This owner/operator isn't a regular client so I don't know that we had all the information we needed or that what he provided was 100% correct. Maybe the carrier made a simple mistake. Still, there's no other way to explain a thousand-dollar difference: the owner/operator was ripped off.

It's tough for owner/operators to find time to review and organize statements and receipts – and to act when something doesn't add up. This guy did the right thing in asking for qualified help.

And yes, he moved on to another carrier that I hope will treat him and its other owner/operators better.

VDP is a BFD

Not long ago, CRA actually sent out a news release saying, "When it comes to your taxes, a clean slate means a clear conscience." Nice propaganda, eh?

Apparently, it's working. In the 2008-2009 fiscal year, 11,400 people filed applications under CRA's Voluntary Disclosures Program (VDP). That's up from 7,300 in 2005-2006.

VDP allows taxpayers to come forward and correct "inaccurate" or incomplete information, or to disclose information they never reported during previous dealings with CRA. They won't be penalized or prosecuted as long as they file a VDP application before the CRA starts an investigation or audit. So far, VDP has resulted in \$575 million in additional assessed taxes.

There are lots of reasons to come clean. The VDP can save you from an audit or criminal investigation, which can result in penalties, fines, and even jail time. Maybe your conscience gets to you. Or maybe it's the fact that CRA has hired so many more auditors lately. We sure have seen an increase in the number of owner/operators coming to us toting banker's boxes of past years to be done because CRA has been sniffing around.

HST starts July 1

Finally, HST is coming to Ontario and B.C. starting July 1. This will affect everyone who lives or drives there. Just remember that when price comparing from province to province for repairs and other expenses, HST is the same tax as GST and is fully refundable. Which reminds me: Did you see that Ontario PST auditors will get a severance package even though their jobs are guaranteed as they move from provincial to federal employees? No wonder I'm cranky. □

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