

Tax Talk

Processing the process: Tips for filing your income tax return

Whether you're a do-it-yourselfer or use an accountant to file your personal income tax return, the more knowledge you have the better off you'll be. Tax time induces so much angst because the process is overwhelming. Canada Revenue Agency's *General Income Tax and Benefit Guide* for 2009 is 62 pages long – all that to help you complete a five-page income tax return. That said, at our office we get the same basic questions each year:

Where do I live?

In an industry where many people literally live in their truck, the question isn't so simple.

Generally, you use the tax package for the province or territory where you resided on Dec. 31, 2009. CRA would have mailed you a tax package based on their records. If your residency is unclear, determining factors include where your home

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(owned or leased) and personal property are and where your spouse or common-law partner or dependents reside. Other ties that may be relevant include addresses for your driver's licence, bank accounts, and health insurance.

What tax forms do I use and where can I find them?

The most convenient place is the forms and publications area of the Canada Revenue Agency Web site (www.cra-arc.gc.ca). You can download the General Income Tax Return for 2009 and any related guides and schedules for any

province or territory in PDF format and print them out on your own printer.

If you don't want to use your own ink and paper you can order the forms online and have printed copies mailed to you. Or you can pick them up at the nearest post office or Service Canada office, or call 800-959-2221 to have them mailed to you.

Can I get forms for previous years?

General tax guides and forms are available online going back all the way to 1985. Yup, you can catch up on 23 years of returns.

How long should I keep my documents?

In general, keep your supporting documents for six years after the year that the related return was filed. If you file on time every year,

you should have receipts and documentation to support your claims on your 2009 through 2004 tax returns.

If you're filing late you must keep all your supporting documents for six years from the time you file. If you're just now filing your 2002 return, you must keep all documents until 2016.

When do I get my refund?

CRA usually processes paper returns in four to six weeks and electronically-filed returns in two weeks. Turnaround times are affected by when you file. If you submit your return by mid-March you should expect at least a two-week faster turnaround than if you'd filed at the end of April. CRA will pay interest on your tax refund if it takes longer than 31 days after April 30 for them to process it. This year the interest rate is at 3% (no surprise here but the interest charged to you on overdue taxes will be 5%).

If you just can't wait and need to know where your refund is you can use the CRA Web site's My Account feature to track its status. If you aren't registered to use My Account, you can get immediate access to your refund information using the Quick Access service. Otherwise call CRA's automated phone service Tax Information Phone Service (T.I.P.S.) at 800-267-6999.

As proof of identification you will have to give: your social insurance number, your month and year of birth, and the total income amount you entered on line 150 of your 2008 or 2009 tax return.

How do I make a payment?

Tax payments are due by midnight April 30. You can deliver a cheque to your local post office or use CRA's new My Payment service, which lets you make payments in one simple online transaction. You can use this service if you have access to online banking at a participating financial institution. Your payment amount is subject to the daily limit for online banking you have established with your financial institution.

How do I speed up the process?

File your return electronically including a Form T1-DD(1), Direct Deposit Request-Individuals. Otherwise, set up direct deposit for your tax refund (and other tax credit payments, such as GST/HST) using your My Account service on the CRA Web site, or by mailing a T1-DD form now to the same tax centre where you send your tax return so it is processed before you file this year's return. The combination of electronic filing and direct deposit means CRA can kick out refunds much faster today than years ago. If you file before mid-March you'll probably have the money in your bank account in 10 to 15 days. So those of you who get the ol' "instant cash back" on your refund through a tax preparer are giving away hundreds of dollars just to have your money sometimes only two weeks sooner. Ask yourself if it's worth it. □

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