



PERSONAL TAX SEASON POTPOURRI

Hendry Warren Chronicle - Tax and Accounting Simplified

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With tax season upon us, there may be a number of questions you have that extend beyond your T-slips and RRSP contributions. This newsletter will focus on a few of the frequent questions and topics we encounter during March and April that may be on the top of your mind despite not impacting your tax balance.

SHOULD MY CHILDREN FILE

Individuals are not required to file a personal tax return annually if certain conditions are met – including that they do not owe income tax and did not dispose of capital property. Therefore, individuals with income under the basic personal credit (\$11,474 federally in 2016) are generally not required to file unless the Canada Revenue Agency (“CRA”) specifically requests they do so. However, it may be beneficial for your child to file even if they have income under \$11,474. This may be the case where they’ve had income tax withheld at the source and are entitled to a refund, have tuition credits to report or have paid rent and would like to claim Ontario refundable credits for lower income individuals. Even if your child does not meet any of the previous conditions, a child who turned 18 in 2016 should file a tax return so that they automatically begin receiving the GST credit and Ontario sales tax credit when they turn 19.



Our goal is to provide updates on topical accounting and tax issues. Information contained in this newsletter is not meant to be a comprehensive summary of the issues raised. Rather, we wish to bring what we believe to be important issues to the attention of our valued clients and readers. We would be pleased to discuss any questions that you, the reader, might have in greater detail.

RECORD RETENTION

Individual tax payers are legally required to keep records and supporting documents for a minimum of six years from December 31 of the year they relate to. For example, you are required to keep your 2016 tax information until December 31, 2022.

In some situations, you must retain your records for a different period of time, such as when you late file your income tax or GST/HST or file an objection to a return's assessment. In the case of acquisitions of long-term property (such as rental properties or long-term investment purchases), you are required to keep your records and supporting documents for the length of the time you hold the property plus a minimum of six years after the year you dispose of the property. In rare circumstances, the CRA may inform you that you are required to keep documents longer than the set minimum time periods.

PROTECTING YOURSELF AGAINST FRAUD

With most Canadians expecting refunds from or payments owing to the CRA in the oncoming weeks, it's important to remain vigilant against fraud.

“
The CRA will not send an
email with a link asking for
personal or financial information”

Taxpayers should question communications by telephone, mail, text message or email, that claim to be from the CRA requesting personal information such as a social insurance number, credit card number, bank account number, or passport number. Scams may insist that personal information is needed so that the taxpayer can receive a refund or a benefit payment. Cases of fraudulent communication could also involve threatening or coercive language to scare individuals into paying fictitious debt to the CRA.

If you receive a call or notice saying you owe money or are due a refund from the CRA, you can call the CRA at 1-800-959-8281 or check your “My Account” with CRA to be sure.

The CRA will not send an email with a link and ask you to divulge personal or financial information.



CRA PAYMENT OPTIONS

There are now numerous ways to pay any balances owing aside from mailing a cheque to the CRA, including ways to pay from your home. In recent years, the CRA has actively been encouraging people to use electronic forms of payment. Below are a few different ways to pay your tax bill.

CRA My Payment (Online debit payment)

The CRA offers a “My Payment” function that allows you to pay with your debit card online. You can access the My Payment function on CRA's website: www.cra-arc.gc.ca/mkpymnt-eng. Select "Pay by debit card" under the links for individuals section. My Payment allows you to make a payment in one simple online transaction using your financial institution's secure online banking service. You can use this service if you have access to online banking with BMO, Scotiabank, RBC, TD Canada Trust, First Nations Bank of Canada, or various credit unions. You can easily select the year to which the payment relates, and you will be provided with an automatic online confirmation that the payment has been accepted.

Financial Institution (Online or in person)

Contact your financial institution or visit the institution's website to see the services offered in terms of making payments online or over the telephone. Most financial institutions allow you to select the CRA as a payee in their online bill payment section. Additionally, you can often schedule future dated payments. You may also make your payment in person at your financial institution free of charge. You will be asked to present your remittance voucher (T7DR) with your payment to the teller. The teller will return the top part to you as a receipt. You must have an original voucher from CRA for your financial institution to accept the payment in person. Photocopies are not accepted. Hendry Warren LLP can provide you with a voucher if required.

Visit the CRA's website at www.cra-arc.gc.ca/mkpymnt-eng and click on "Pay by online banking" or "pay at your Canadian financial institution" for more information.

Mail

You can still mail a cheque or money order, payable to the Receiver General, along with a completed remittance voucher (T7DR), to the following address:

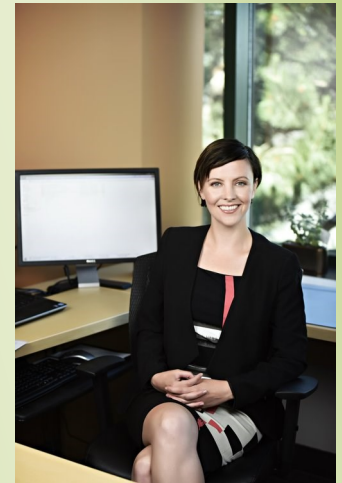
Canada Revenue Agency
875 Heron Road
Ottawa, ON K1A 1B1

To help CRA process your payment correctly, write your full 9 digit SIN number, e.g. 123 456 789, and the year to which the payment relates on the back of the cheque or money order. Cheques that are post-dated to the due date are acceptable. Do not send cash in the mail. Include with your cheque a remittance voucher or a letter indicating your name, SIN, address and year the payment applies to.

CRA AUDIT LETTER CAMPAIGN

Once again, CRA is in the midst of its annual Audit Letter Campaign. For 2017, the CRA will be sending "intent-to-audit" letters to selected groups of individual taxpayers and business owners claiming consecutive business or rental losses, or who may have sold rental property. The objective of the campaign is to encourage tax payers to review their tax affairs, and does not necessarily mean that individuals receiving a letter will be subject to an audit.

If you do find yourself subject to an audit, we can review your return(s) and assist you with preparing the information requested from the CRA.



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