

## Prepare for Next Year, Reduce Stress & Save Money

**Picture this:** *it's mid-April, and you're being bombarded with reminders to file your taxes. You've squirreled away all those receipts, but now that you really need them, you can't find them anywhere. You call your employer or your bank, pleading for duplicate copies, but they can't promise they'll send them out in time. The deadline is looming.*

Whether you prepare your own personal taxes or have someone do them for you, hunting for all your tax information can cause major stress. If you don't properly file all those pieces of paper, it can mean a lot of time spent looking for them. It can also mean a rude surprise when the government tells you that you owe more tax, all because of a lost slip.

It doesn't have to be this way. If you prepare yourself early enough, and organize your records, you'll save time and money; you'll have all the information you need to make those timely decisions; and that April 30th deadline will be a lot less painful.

I advise my clients to start organizing their tax information at the beginning of each year. A simple and effective method is to put all your information into separate file folders, sort them by category, and store them in a file folder box. If you wish, you can include other financial information such as mortgage or property taxes.

There are a number of categories you can use, including:

**Employment activity** – includes items such as pay stubs, taxable benefits received, and stock options. Use this information to double check the accuracy of your T4. If there are errors, they could end up costing you more in taxes.

**Investments** – track unsheltered investment income for capital gains and losses, dividends, interest and fees paid. T5 slips are only issued for dividends and interest, but capital gains/losses need to be calculated.

**RRSP contributions** – keep all relevant slips and investment statements together.

**Banking transactions** – this includes safety deposit box fees and interest income. I reconcile my bank account each month and keep the bank statements in one file to review later.

**Charitable donations** – some charities only issue their official receipt at year's end. If you don't get one, it may be worth asking for it, so you can claim the tax credit.

**Childcare receipts** – don't forget summer camp fees.

**Medical expenses** – these can include dental and chiropractic fees. You can also request a detailed summary of your prescription expenses at year's end, which saves you the hassle of listing individual receipts.

**Car expenses** – if you're eligible to claim them, be sure to track both personal and business mileage, gas, repairs, insurance, permits, licenses etc.

**Home expenses** – property taxes or rent. If you run your business from a home office don't forget:

- Mortgage interest
- Insurance
- Utilities
- Major repairs and services
- Phone costs

If you have a small business, keep this material separate from your personal tax information. At the end of each tax season, bundle it all up, file it with your tax return and start again.

Get in the habit of filing your receipts every day. Anytime something crosses your path that remotely smells like taxes, stick it in the file. If you're not sure, put it in the "Other" folder. It will be at your fingertips when you make a quick call to your friendly accountant at tax time to find out whether it's relevant or not.

Getting organized won't only simplify your life – it will make tax time *fun* too. Well, maybe not *fun*, but a lot less stressful. And that's something we all need.

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