



*Master Accountants Inc.*

Accountable By Profession

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## It Pays To File Your Tax Return On-Time

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Every year there are many taxpayers who do not file their tax return by April 30 or June 15 in case of the self-employed. Some miss the deadline by a few days while others are years behind in filing their returns. There are few reasons that people do not file on time, some more legitimate than others. Some people are sick or away from the country, others are missing the necessary information and a few think they don't have to file because they didn't earn any income. However, the majority of late filers are either procrastinators or unaware of the implications.

It is important to file a tax return every year. If you owe tax and do not file your return on due date, there is a late-filing penalty. The penalty is 5% of your balance owing, plus 1% of your balance owing for each full month that your return is late, to maximum of 12 months. Your late-filing penalty may be higher if you were charged a late-filing penalty on a return for any of the three previous years. In addition to late filing-penalty, there is daily compounded interest charges on any unpaid amounts owing.

Furthermore, there are interest charges payable

on late-filing penalties accruing from the day after your return was due.

If you don't file your tax return on time, Canada Revenue Agency (CRA) can actually estimate the taxes that it assumes you owe them. That being said, CRA usually informs you that it has not received your tax return requesting that you file one as soon as possible. If the CRA does ask you to file your return, it is important to respond and file as quickly as possible. Last year, CRA received more than 700,000 individual and corporate returns after it sent out requests to file.

If you have not filed for a year or more, you should get professional help in getting you caught up. If you catch-up voluntarily you may only have to pay the taxes owing plus interest. Otherwise, you may have to also pay late-filing penalties as well as face possible prosecution.

It truly pays to file your tax return on-time.

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### **TAX TIP**

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Even if you cannot pay the full amount you owe on or before April 30, you can avoid the late-filing penalty by filling your return on time.

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