



INCOME TAX NEWSLETTER - JANUARY 1999

Important Notices

Bookkeeping/Payroll Clients

We are preparing T4 slips for bookkeeping/payroll clients at this time. Please deliver 1998 payroll details, including statements showing remittance account balances, no later than Friday February 12th to ensure we can complete the returns before the deadline. (T5 slips will be produced automatically for corporate year-end clients.)

Tax Season Office Hours

The office will be open from 9:00am to 5:00pm Monday through Friday. ***Extended hours (i.e. evenings & weekends) will be available by appointment only.*** Financial planning clients, most of whom are already scheduled, will receive preference for these times.

This year we are NOT offering open office hours for drop-off or pick-up without an appointment. To better manage our time, everyone is asked to call and set a firm time to visit our office.

We will set aside various blocks of time for pick-up and delivery, during which appointments will be very closely scheduled. ***We request that you attend your meetings on time,*** as there is little room for delay.

The office will be closed for Good Friday and Easter weekend (April 2nd); we will not schedule pick-ups or deliveries of any sort that weekend.

In order to ensure tax returns are filed on or before Revenue Canada's April 30th deadline, complete information must be in our office no later than Friday April 16th. After this date, we can not be responsible for late filed returns.

Payment Policies Revisited

Once again, we were not paid for many tax returns completed last year. Therefore, we must implement an even more rigid payment policy than last year.

Your fees will be calculated when you deliver your paperwork. ***Payment in full will be required at that time.*** We are unable to accept post-dated cheques for income tax preparation. We deeply regret that this is necessary but persistent collection problems have left us little choice.

Renewed Growth for Practice

New Staff to Support Growth

For nearly six months we have been struggling with the size of the practice. We will not continue turning away ten new referrals each month. While we have handed-off some clients for various reasons, we plan to improve our level of service while actively seeking growth.

Therefore, ***Ann Strathy*** joins us to assist with client accounting and office administration duties. During tax season, she will also help prepare tax returns. At the moment Ann is working a regular part-time schedule of three to five afternoons per week.

Revised Fee Schedule

For the first time since establishing the practice in January 1991, we find it necessary to increase our fee schedule across the board. Several factors have made this necessary:

- ▶ increasing costs for mandatory professional fees and liability insurance
- ▶ RevCan downloading administrative work on personal tax returns to the EFile preparer
- ▶ increased costs for administrative staff, off-site storage, and mission-critical software

Therefore, personal tax return fees will increase from \$30 per return/schedule to \$40. To encourage early delivery of tax returns, we will defer half the increase until April 1st. Returns delivered to our office in March will cost \$35 per return/schedule. Financial planning fees were revised last year, and are not affected by this change.

Bookkeeping and business year-end fees are also changing. ***A separate letter attached to this newsletter explains the amount and timing of any changes.***

Summary of Fee Changes

	<u>1998</u>	<u>1999</u>
personal income taxes	\$ 30/sch	\$ 40/sch
personal financial planning	250/yr	250/yr
business financial statements	75/hr	90/hr
regular bookkeeping	20/hr	25/hr
business/computer consulting	50/hr	75/hr

Even with this revised fee schedule, however, our rates are less than half that charged by other professional offices in this area. Our tax preparation fees are lower than most *non*-professional offices in Guelph.

Preparing Your Tax Return

Basic Tax Returns

(\$40/EFiled return; \$35 before April)

Everyone is likely to have at least some of these items:

- Revenue Canada's mailing label
- T4 - employment income
- T5 - investment income
- T3 - trust income
- T4A - pension/other income
- T4A(P) - Canada Pension benefits
- T4-OAS - Old Age Security benefits
- T4E - Employment Insurance benefits
- T4RSP - RRSP withdrawals, etc
- T4RIF - RRIF withdrawals, etc
- T5007 - social assistance & workers' compensation
- T2202 - tuition & education credit receipt
- RRSP contribution receipts
- child care expense receipts
- charitable donation receipts
- medical expenses & health insurance premiums
- safety deposit box, CSB interest paid
- spousal or child support (paid or received)
- rent or property tax receipts

Advanced Tax Returns

(\$40/schedule; \$35 before April)

The following indicate additional schedules may be required to complete your return:

- TL2 - travel & lodging for transport employees
- T2200 - certificate of employment conditions
- T4A - showing self-employed commissions
- T5013 - partnership income
- T5008 - securities transactions
- investments outside of an RRSP
- moving more than 40km
- income from outside Canada
- business or rental income (complete enclosed summary as in prior years)

How to Organize It...

Please take a few minutes to sort the paperwork before delivering it to our office.

- ✓ sort slips separately for each individual
- ✓ sort by type, in the order listed above
- ✓ remove any carbon paper
- ✓ remove envelopes & attachments
- ✓ do not separate duplicate receipts
- ✓ use paper-clips instead of staples

Deliver complete information in a single envelope, as soon as possible. While RevCan may start processing returns in the last week of February, we generally will not start preparing and filing them until March.

Work in Progress

Last year, there was some confusion about the life of a tax file in our office. Given our internal procedures, we are unable to complete a file in less than two weeks. Our standing procedures are required in order to effectively and accurately manage the expected volume of returns.

Files are dated when they arrive and are paid in full. Unpaid files, or files with incomplete information, will not be processed; they will sit in our pending file. We will make only limited efforts to obtain payment or missing information. It is for this reason that we are insisting on a scheduled meeting to receive your paperwork.

Internally, the file goes through the following steps before it is complete:

- sort receipts for entry
- photocopy receipts for our file
- data entry of standard receipts
- calculation of non-standard information (eg business, rental, capital gains, etc)
- review for mechanical accuracy
- comparison to prior year for completeness
- optimize returns for income/credit splitting
- final review for tax planning (specific goals)
- printing summary pages and T183
- update client database; schedule pick-up

Each step may be assigned to a different staff person in the office, and I personally will usually not handle the return in the first five steps.

All returns for your family are kept together and are assigned to a batch of approximately twenty other returns that arrived within a day or two of each other. No single return can be separated from its batch, except to be put on hold pending further information from the client.

When your return is completed, you will be called to schedule pick-up. Your return will NOT be sent to Revenue Canada until we meet, review your return, and you sign an EFile authorization allowing us to transmit the return.

Please remember that the EFile system is NOT an internet service, it is a secure proprietary system subject to maintenance and failure rates far higher than commercial computer systems.

At this point, your return re-enters our internal system for the following steps:

- encrypt & transmit EFile batch (2-3 days)
- acknowledgement by RevCan (3-4 days)
- pre-assessment review by RevCan (3 weeks)
- review of Notice of Assessment (6-8 weeks)
- post-assessment review by RevCan (4 months)

The time shown is the approximate delay from your pick-up meeting, but not all files are subject to pre- or post-assessment review by RevCan.