

Getting Your Return In — How and When?

At one time, the deadline for filing a tax return and the options for filing it were straightforward: everyone had to file by April 30, and the paper-and-pencil return was the only option.

While in many ways times have changed, there is one aspect of the tax system that remains the same for everyone. Regardless of employment status or source or level of income, income taxes must still be paid on or before April 30. No exceptions and, absent extraordinary circumstances, no extensions.

For most taxpayers, April 30, 2009, is also the deadline by which the tax return for the 2008 tax year must be filed. Self-employed taxpayers (and their spouses) get some extra time, as their returns must be in by June 15. While the longer deadline is undoubtedly welcome, it is still necessary, in most cases, to calculate taxes owed by the end of April in order to meet the April 30 payment deadline.

When it comes to how to file, however, the options are now numerous. Paper filing is still an option, albeit one used by a diminishing number of taxpayers every year. With each successive filing season, more and more taxpayers turn to one of the three available forms of electronic tax filing — E-FILE, NETFILE, and TELEFILE.

Since most Canadian taxpayers are eligible to use at least one of these electronic methods, the choice is often one of personal preference.

The simplest electronic filing method is probably TELEFILE. Taxpayers whose tax situation is relatively straightforward and who are therefore eligible to use TELEFILE will receive a four digit "access code" with their return package. Even if the return package didn't include an access code, it is possible to get one (assuming that your tax situation qualifies) by calling the Canada Revenue Agency's e-service Help Desk toll free at 1-800-714-7257. Actually using TELEFILE is quite straightforward, as the user is guided by a series of voice prompts and has the opportunity, at each step, to verify information entered or, if necessary, to correct it. The CRA's Web site also contains information on how to use TELEFILE and the dates and hours when the service is available, which can be found at <http://www.cra-arc.gc.ca/esrvc-srvce/tx/ndvdl/tlfl/bt-eng.html>.

Taxpayers who are able and willing to prepare their returns using computer software can take advantage of the CRA's NETFILE option. Each year, the Agency certifies or approves specific commercial software packages or Web applications, which may then be purchased by the taxpayer and used to file a return through the CRA's Web site. As might be expected, there are encryption requirements that must be met to ensure the security of the data. The CRA's Web site contains a listing of browsers that meet those requirements, as well as a listing of approved software and Web applications for the filing of 2008 returns, at <http://www.netfile.gc.ca/menu-eng.html>.

Finally, taxpayers who prefer to simply let someone else handle the entire tax filing process usually turn to E-FILE. E-FILERS are businesses (usually accountants or accounting firms or companies whose business is composed solely of tax return preparation and filing) that are authorized by the CRA to electronically file tax returns for clients. A link to a listing of authorized

E-file services providers (organized by postal code) can be found on the CRA's Web site at <http://www.cra-arc.gc.ca/esrvc-srvce/tx/ndvdl/fl-nd/menu-eng.html>.

No matter which filing method is chosen, it is important to make sure that any tax owed is paid by the April 30 deadline. If that deadline is missed, the interest clock starts running on May 1. And although interest rates are very low by historical standards, taxpayers are often surprised to find that interest rates charged by the CRA are, by law, well in excess of current commercial rates. Effective April 1, 2009, the CRA charges interest on overdue or insufficient tax payments at a rate of 5%, compounded daily. And if your return as well as your payment is late, the CRA will assess an immediate penalty of 5% of the amount of taxes outstanding and will charge interest (again, at 5%, compounded daily) on any penalty assessed.

While no one likes paying taxes, or dealing with the administrative burden of filing a tax return, putting it off just doesn't make sense, especially in light of the interest and penalty amounts that may be charged.