

6 ways to prepare for tax time

While the filing deadline isn't until April 30th, it's worth starting to get ready today.

Why start early? First, if you do a rush job at the last minute, you might overlook claims that could lower your tax bill. Second, you might be missing important slips or receipts that could take time to rustle up. Third, and most important, if you owe money on your taxes and miss the deadline, you'll not only be charged compound daily interest on your outstanding balance, you'll also pay a 5% late-filing penalty.

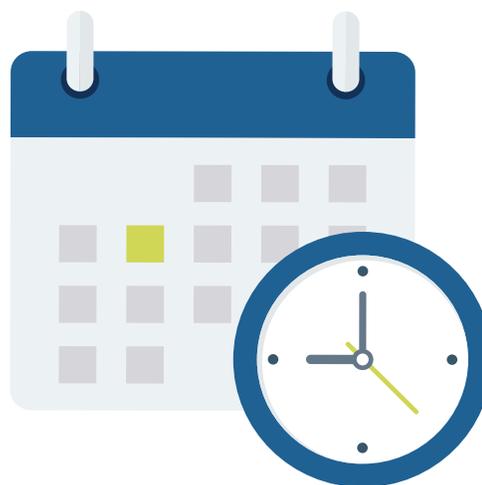
Here's how to streamline your tax prep so you can make the filing deadline with time to spare.

Use last year's return as a reference

Begin by reviewing your 2020 tax paperwork—including your return, notice of assessment, slips, and receipts—to help jog your memory as to what you are likely to need to file this year's return. Then, create a list so you can check off each item that still applies for 2021 as it comes in.

Note any personal changes

This includes updates to your basic information—such as marital status, legal name, and address—but also changes to your circumstances. Did you have a baby, start a new job or business, move, buy or sell a house, retire, acquire foreign property worth more than \$100,000 or open any new investment accounts in 2021? If so, you might need new slips (e.g., T4E or T4A for employment insurance or CPP benefits received) or receipts (such as for childcare or moving expenses). Be sure to add these to your checklist and/or alert your tax preparer.



Look for forgotten/new credits or deductions

Even if nothing has changed for you since last year, you may have previously overlooked credits or deductions that you could have claimed, such as medical expenses, union or professional dues, and charitable or political donations. For a more comprehensive list, check out "[10 Things You're Forgetting to Claim on Your Taxes.](#)" Don't forget to check the [CRA's website](#), especially with regards to changes due to COVID-19 pandemic.

Track down missing documents

If you do not have paper or digital copies of any items you've included on your checklist, you will need to get hold of them for your files, since the CRA can ask you to provide them at any time and may deny your claim if you don't do so. (Also be sure to keep those documents for seven years, in case you are audited.) You can start by checking online with CRA's [My Account](#), which might have digital copies of some slips that you can download. Otherwise, follow up with each employer or issuer individually.

Think strategically

Unused portions of some non-refundable tax credits can be transferred to a spouse (or parent, as is the case with the [tuition amount](#)), including the disability amount, age amount, and pension income amount, so be sure to see if any of these apply to you. Similarly, you might be able to lower your tax bracket (and thereby, your tax bill) by [splitting pension income](#) with a spouse.

Use online software

If you aren't already using online software to file your taxes, then you should start. Many programs link directly into your CRA account where you can view all of your previous tax information. These programs can also auto-populate parts of your documents using last year's information and prompt you to fill out key fields, such as basic personal information. They will also let you know about common deductions you shouldn't miss and, depending on how complicated your finances are, the whole process could take about 20 minutes. It's also a good idea to login and look around the MyCRA website where you'll find past notice of assessments and other important tax information.

Disclosure: Mawer Investment Management Ltd. provides this publication for informational purposes only and it is not and should not be construed as professional advice. The information contained in this publication is based on material believed to be reliable at the time of publication and Mawer Investment Management Ltd. cannot guarantee that the information is accurate or complete. Individuals should contact their account representative for professional advice regarding their personal circumstances and/or financial position. This publication does not address tax or trust and estate considerations that may be applicable to an individual's particular situation. The comments are general in nature and professional advice regarding an individual's particular tax position should be obtained in respect of any person's specific circumstances.