



# Ten Reasons People Don't File a Tax Return

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Revised February 2008

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# Ten Reasons People Don't File a Tax Return

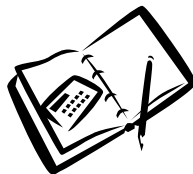
**D**id you know there are over 1,000,000 late returns filed in Canada each year? This is a substantial market, and there are a variety of reasons for it. The purpose of this handout is to clear up some myths while sharing a few facts about why returns don't always get filed by April 30<sup>th</sup>. Some may be familiar to you, while others will surprise you. I trust you will find this as useful as others have!

## 1. You may not be required to.

There is a small minority of taxpayers who are not required to file. Examples are children under 16, and spouses who are at home full-time and have little or no income. Also, those deemed non-residents, and cleared estates after deceased returns are filed. You can contact CRA at 1-800-959-8281 or discuss your situation with a tax professional to see if any of this applies to you.

## 2. Information is missing.

Whether you were employed, self-employed, or not working during the year, you will require certain documentation to file a return. If you had no reportable income, the only information you will likely need is personal, such as name, address, SIN, date of birth, marital status, etc. If you were working or had investment/support income and are missing T-slips, you can call CRA at 1-800-959-8281 and they will mail them to you. If you were self-employed, a landlord, or had "non-T-slip" income and were required to keep records, you should consult a tax professional on how to compile missing information. You may be required to estimate some figures, and a skilled expert can substantiate them based on your situation and comparable files.



**3. You have not been asked to.**

It can take a few years for CRA to catch onto late filers. Some people get away without filing for many years, because there is no sure-fired way to tell if a taxpayer has moved out of the country, stopped working, or died. A common scenario is for a taxpayer to apply for a loan, and only when asked for their tax returns does CRA realize they haven't filed!

**4. You are deferring refunds and benefits.**

Some taxpayers look on their refunds as an annual windfall and treat their tax account like a savings account. There is nothing legally wrong with this, as long as you realize you are giving the government an interest-free loan with no benefit to you. A few people take this a step further, by banking a few years of refunds for, say, a deposit on a house or car. This is of no benefit to the taxpayer, and they should consult a financial planner.

**5. You're not sure of your situation.**

In a family, it's common for one person to handle the filings for two or more people without the others being aware of what's going on. Now, suppose this person leaves or dies. Unfiled returns can go on for years before the others realize they haven't received a refund or GST credits, or a "request to file" letter shows up in the mail. This is when it's time to see a tax professional!

**6. You may owe a lot of money.**

This is quite common for those who are self-employed and haven't paid instalments to ease the bite at tax time. Before you assume you owe a lot, speak to a tax professional. You may be able to use deductions, past losses, and expenses to lower your liability. Also, CRA has a variety of programs, such as the [Voluntary Disclosures Program](#) and the [Fairness Act](#), that may eliminate interest and penalties normally applied to your unpaid balance. In almost every case I've handled, the client was glad they reviewed their situation with me, because they found thousands of dollars, even after paying professional fees!

## 7. You believe taxes are optional in Canada.

I hate to say this, but many naive and underhanded people fall into this trap. The truth is that every level of government has the right to tax its residents and users of services. There is no such thing as “optional taxes,” because you can guess which option people would choose. Common sense tells us that governments require tax revenue to fund expenses and operations that benefit everyone. While some countries, such as the Bahamas and Cayman Islands, are income-tax-free, most aren't, and deliberate non-payment is considered evasion and subject to prosecution. Don't listen to these idiots, as it's not worth going to jail. Stealing is stealing!

## 8. You are avoiding claims on your refund and benefits.

Some taxpayers owe money to other government agencies or authorized claimants. These agencies and claimants may be entitled to receive the taxpayer's refund or benefits in priority to the taxpayer. If the taxpayer knows this, they may put off filing until these claims are settled, or they may hope the claims disappear. Unfortunately, the latter rarely happens, and a tax professional usually *cannot* help you. If you are in this situation, get in touch with the appropriate agencies, make sure their claim is accurate, and find out what is required to settle it. Be aware that some agencies, such as maintenance enforcement and student loans, are exempt from bankruptcy laws—you have to pay them no matter what!

## 9. Tax treaties and exemptions

Depending on the tax treaty, some individuals are exempt based on their country of residence or birth status. For example, a person working in Canada on a temporary work visa is still employed by the parent company outside Canada, even though they are living and getting paid in Canada. These individuals should discuss their situation with the International Tax Office in Ottawa, 613-267-5177, as they may be required to file to qualify for exemption.

Most card-carrying First Nations residents are exempt from paying income taxes, but certain rules still apply, such as earning money on a reserve. These are marked on the T4. Also, because benefits such as GST and Child Tax Benefits require a filed tax return, these people are still obligated to file if they want to receive them!

## 10. PROCRASTINATION!

Now, you knew this was going to show up in the list, as this is by far the #1 reason why people don't file a tax return. So why did I leave it to last? Because there are legitimate reasons why people don't file! Nevertheless, laziness is right on top of the heap. If there was a polite way of saying this, I would have said it, but there isn't. Someone once told me that procrastination is death on the instalment plan. Well put!

Now, don't get me wrong—all of us have delayed at some point. But the bottom line is: you either conquer this or it conquers you. In all my years in business, this continues to be the main reason why millions of dollars in unpaid refunds stay with CRA. Realizing this, CRA passed a rule in 2005 that they will only honour up to ten years of refunds and eleven months of Child Tax Credits, instead of the old rule where you could file as far back as 1985. Little do people realize that billions of windfall dollars stay permanently in CRA coffers. Have you ever heard the saying, there are three types of people in this world: those who make things happen, those who watch things happen, and those who wonder what happened? My friend, if you are a procrastinator, you are getting cut out of the deal and the only thing late is you!

PTC Canada believes in helping the taxpayer whenever we can, because we work for you and nobody else. This free handout, which will save you thousands of dollars, is just a sample of our business philosophy. We are very hands-off in our marketing and hands-on in our work for you. Our clients like us because of the results we achieve and the top-notch service we give. Join our free mailing list today to receive updates on tax events and unique products and services to ease your tax burden. On the following pages, you will find a list of free resources and services. Then you can find out for yourself why PTC (Personal Tax Consultants) Canada *takes your taxes personally!*

Sincerely,  
*Neel*

Neel Roberts  
President & Founder

P.S. Tell us your success story. It means a lot to me and my clients!

*Since 1998, PTC Canada has helped thousands of Canadian taxpayers and clients around the world achieve optimal results with innovative tax preparation, planning, and consulting.*

## Free Tax Booklets

We offer other tax booklets, worksheets, and information that may be helpful to you. These include booklets for:

1. [Canadian Tax Secrets Guide](#)
2. [Employment and Commission Expense Tax Booklet](#)
3. [Investment Tax Booklet](#)
4. [Rental Property Tax Booklet](#)
5. [Small Unincorporated Business Tax Booklet](#)
6. [Farming Income](#)
7. [Personal Tax Organization Checklist](#) (Everyone can use this.)

You can download these and much more from our website ([www.ptccanada.com](http://www.ptccanada.com) under Resources) or we can arrange to have them sent to you.

## Our Free Services

1. Tax booklets, guides, worksheets, and preparation assistance
2. Seminars and information meetings
3. Investment opportunities
4. Mail and e-mail updates
5. 24/7 support via phone, fax, e-mail, courier, and mail
6. Internet filing and interactive website
7. Mobile tax services in certain areas
8. First consultation and personal assessment



**Tip:** If you are not a client but want regular updates, you can join our complimentary update service. Contact us and we'll start you today. There is no cost or obligation, and we love giving away free stuff!

## Other Services by PTC Canada

At PTC Canada, we are a network of Canadian tax and financial professionals who are specialists in our fields. We are committed to providing you with tax and financial expertise and assistance if you are affected by CRA (formerly Revenue Canada). Our goal is to provide insight and help to the taxpayer so that our clients can make informed decisions. Our philosophy is commitment to integrity and win/win solutions. Our services now consist of:

1. All types of tax preparation, planning, and consulting
2. Corporate tax returns
3. General accounting
4. Book and record keeping
5. Financial planning and investment services
6. U.S. and Quebec tax returns
7. Bankruptcy and debt consultation
8. Legal tax matters
9. Client representation to CRA
10. Overseas taxes and relocation assistance
11. Later-filer preparation
12. Previous years' corrections and adjustments up to 15 years



## Reference Books and Guides

I always recommend getting free stuff first and hope this booklet and other PTC Canada publications have been helpful. CRA also publishes a variety of [Tax Guides and Pamphlets](#) every year, which you can get by mail by calling the Forms Centre at 1-800-959-2221. You can also access their list of [forms and publications](#).

Here are a few more things worth looking into:

1. PTC Canada has a free *Canadian Tax Secrets Guide* that you can download from our website at [www.ptccanada.com](http://www.ptccanada.com), or contact us and we will send it to you.
2. I also recommend Tim Cestnick's *Winning the Tax Game 20\_\_* (for whatever year you are doing), available at your local bookstore or [www.chapters.ca](http://www.chapters.ca) for about \$25. The cost is deductible, and I believe you will find more than enough information to recover your investment of time and money. Go to [Tim's website](#), or contact Tim at [tim@timcestnick.com](mailto:tim@timcestnick.com) if you wish to discuss his work or other strategies.
3. Another book for about the same price is *The 30-Minute Tax Solution* by tax expert Evelyn Jacks of the [Knowledge Bureau](#). You can get it at your local bookstore or by calling Evelyn at 1-866-953-4769.

## Contact Information

In this booklet, I have given you some contact information that may interest you. Below is my contact information, as well as CRA's. If you are looking for something else, please contact me.

### **My contact information:**

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Website: [www.ptccanada.com](http://www.ptccanada.com)



## CRA Contacts

Service	Toll Free Number
General Services	1-800-959-8281
Refund Enquiries	1-800-959-1956
Business Number Enquiries	1-800-959-5525
Child Tax Benefits	1-800-387-1193
GST Credit-Personal	1-800-959-1953
Forms	1-800-959-2221
Collections	1-800-332-1312
All other Government of Canada Services	1-800-622-6232
Alberta Family Employment Tax Credit	1-800-959-2809
Fax Number-Depending on your location	Call General Services
Web Site	<a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>
Overseas Tax Services-Ottawa	1-800-267-5177
Overseas Tax Services-Outside Canada	Collect 613-952-3741
Local Tax Center	Call General Services

✓ **Note: Toll free numbers work across Canada.**