



## Taxed Over Taxes

By Dr. Linda Hancock

### ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email [office@drlindahancock.com](mailto:office@drlindahancock.com)

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At the beginning of the twentieth century the United Kingdom and the United States had personal and corporate income tax laws. Canada, on the other hand, wanted to encourage immigration and therefore offered free land and a tax-free system as an incentive for people from other countries to make this their home.

The costs of participating in the first World War, however, were so large that Sir Thomas White, who was Minister of Finance at the time, introduced a temporary "war" income tax to help pay the costs.

But this tax was not temporary, and, in fact, it has become the largest form of income for the Canadian government.

It's almost a hundred years since we began paying income tax and yet, even though everyone knows that we are required to file our personal claim by April 30th of each year, there are many people who do not do so. The consequences of missing the deadline can be significant penalties and interest that are levied by the government.

Employers and investment companies are required to provide income tax documentation to individuals by the end of February each year. That means that each of us has almost two full months to prepare and submit our income tax return to avoid the penalties.

Why is it then that many leave it to the last minute - or past the last minute - to file? Some state that they are too busy - but we all have the same amount of time. Others state that they aren't organized enough - yet we live in a world that offers us countless systems and professionals to help us get organized. Many state that they don't have the knowledge to prepare the documents or the money to hire someone to do it for them - yet they risk paying more of what they claim they don't already have for the late charges.

Well, there are things you can do right now to take the stress out of tax time:

1. Write a list of all the income sources and amounts you have received in the past year. Include employment, interest, rental, government and contract sources.
2. Gather together all the receipts that you have for deductions that were incurred.
3. Contact organizations to make requests for missing documents such as medical and dental receipts, pension and RSP contributions or charitable donations.
4. Organize the documents so they can easily be written onto the tax form, entered into a computer software package or delivered to an accountant.
5. Set a specific date to do the entries yourself or meet with a professional who will prepare the form on your behalf. (The earlier the better!)
6. Ensure that you have sent everything so that the government has it before the April 30th deadline. (It is better to submit with a letter of explanation about missing items than to wait for the items and miss the deadline).

## 7. Plan a little celebration!

This year you can take the stress out of tax time by gathering the documents and filling out the forms early. You know it needs to be done and putting it off won't make it any easier.

Why don't you just pretend that the deadline is March 31st instead of April 30th? If you do that, you will be relaxing while those around you are scrambling!