



*"We take your taxes personally!"*

# **Ten Ways to Find a Tax Windfall**

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# Ten Ways to Find a Tax Windfall

**H**ave you ever heard of a tax windfall? Believe it or not, many taxpayers qualify for this rarely discussed event. A tax windfall is the discovery that your taxes have been over assessed. Either you have paid too much or you owe less than you thought. In many cases, you may be entitled to get something back with interest, or have the interest reduced on what you owe. Two types of people should pay attention to this: first, those who owe back taxes and are trying to reduce them as much as possible; second, those who have overpaid, due to wrong filings or lack of awareness, and are trying to recover the overpayment. This is not so much a strategic move from a tax-planning point of view, but rather an attempt to correct wrongly assessed taxes. Taxpayers looking for information on tax planning should refer to PTC Canada's *10 Ways to Cut Your Tax Bill* and other PTC Canada publications. We hope this handout will help you find a tax opportunity, as many others have!

## 1. File all necessary taxes up to date.

It is important to be up to date in your filings, especially if CRA has arbitrarily assessed your overdue taxes, which doesn't usually favour the taxpayer. A filed return often reduces this arbitrary assessment. Those who owe taxes but have not yet filed will have to pay needless late penalties and interest. Those entitled to a refund, GST credits, and Child Tax Credits will not receive them unless a return has been filed and assessed by CRA. Further, a taxpayer who files more than one year late may lose tax-free benefits, such as Child Tax Credits. This works for the provinces and territories as well. For example, B.C. Sales Tax Credits are not payable after three years. Now, contrary to what you may have heard, you may not be required to file every year. If you don't owe, are not entitled to any money back, or have not been a resident of Canada for over a year, you may fit into this category. You can find out what years need to be filed by calling CRA at 1-800-959-8281.

## 2. Get a detailed account of what you owe.

If you owe back taxes, find out exactly how much has been determined. Ask CRA what has been arbitrarily assessed, assessed, or reassessed for each year, including late penalties and interest. You may be able to get the balance reduced and the late penalties and interest waived. If you have not been assigned a collections officer, contact the CRA collections department at 1-800-332-1312. CRA must supply you or your tax professional with a detailed list of what you owe and how it has been calculated. Those who don't owe

taxes but feel they have overpaid can do a comparative check for overpayments. This is common for self-employed individuals on the tax instalment plan. In most cases, the agent can provide information for up to ten years almost right away. Taxpayers can now log onto [My Account](#) to check for themselves.

### 3. Find any missed deductions.

If your filed return is simple, this will not be hard to do, even if you are checking several years back. But if your return is more complex and includes self-employment income, rental income, investments, and employment expenses, you will need more time and expertise. First, get a detailed copy of the returns that were assessed or reassessed. Second, obtain all records, T-slips, and information for each year. Third, get the appropriate guides, rule books, and publications for each year. PTC Canada has free booklets and personal checklists on our website at [www.ptccanada.com/](http://www.ptccanada.com/). Once you have found the unclaimed deductions, you can begin adjusting your returns, discussed next. If you are missing tax returns or notices of assessment, visit your local tax center or contact CRA at 1-800-959-8281.



### 4. Adjust your previously filed returns.

Depending on what you are adjusting, you will need to fill out [Form T1-ADJ](#). For complicated adjustments, like business income, CRA usually requires all revised statements, schedules, etc. I recommend two things when doing adjustments: First, see how many years you can go back (you can go back a maximum of ten years from the date of filing). Second, do a thorough adjustment for each year. In other words, find out everything that can be claimed for each year. When I do an adjustment, I redo the tax return as if it were a brand new one, to optimize the taxpayer's reduction without additional professional fees.

## 5. Research your tax situation properly.

While you are making the above adjustments, it's a good time to do some research on your situation. One thing to research (which many people don't) is the proper application of losses. There are lots of possibilities, but I will discuss three for now. First, business, farming, and investment losses can be "carried back" three years against the appropriate gain. Suppose you had a net capital loss of \$1,000 on a stock investment in 2021. Using [Form T1A](#), you can lower net capital gains in 2018, 2019, and 2020. If you did not have capital gains, you can request that these losses be carried forward until you have a gain. Second is the deferral of Capital Cost Allowance, for those in business or entitled to depreciate assets. If you have sufficient expenses, you can choose not to depreciate assets and save the depreciation for future years. Third is income splitting. Check that you have used this properly and that all active partners have participated. You can consult PTC Canada's tax booklets under "Tax Tips and Strategies" for details.

## 6. Stay in touch with CRA.

If you are satisfied with the taxes you have paid and feel there is no more opportunity for adjustment, I recommend you stay on top of the many changes that go on. You can access the latest information, guides, etc. on [CRA's general webpage](#). Most tax professionals attend yearly training and have referral resources for the latest developments, as well as newsletters, mailings, or e-mail updates.

It is ultimately the taxpayer's responsibility to be aware of the rules. For those with overdue, unfiled tax returns, outstanding tax balances, requests for receipts, and miscellaneous correspondence, I recommend bringing these up to date. If a CRA person has been assigned to deal directly with you, make sure you have all their contact information and a clear understanding of what they want and by when. Often, they can accommodate you with time extensions, etc. If you decide to hand your file to a pro, the pro will need a clear understanding of your situation, rather than diving in cold. In certain situations, you may be entitled to appeal (e.g. [GST/HST Memorandum 31, Objections and Appeals](#)). Taxpayers should be aware of their rights (see [Fairness and Taxpayer Bill of Rights](#)) and should know whether they qualify for programs like the [Voluntary Disclosures Program](#), which allows taxpayers to explain their situation in freedom and safety. For further help, contact CRA at 1-800-959-8281.

## **7. Use the Fairness Act.**

Taxpayers who run into a bad situation beyond their control may be entitled to protection under [Fairness and Taxpayer Rights](#). This covers a broad range of circumstances, from medical conditions to natural disasters, that may qualify a taxpayer for assistance, so go over the publication in detail and see if it applies to you. For example, if a taxpayer's house catches fire and his records are destroyed, he would likely be given consideration (though not if he just hadn't bothered to keep receipts). The idea is to ease the tax burden on taxpayers who encounter real hardship, and help them get back on their feet. There are general rules, but each case is judged individually. The Fairness Act applies over and above other rights already discussed.

## **8. Arrange a payment plan that works for all involved.**

If you still have outstanding taxes after using the above strategies, you can arrange a payment plan with interest, rather than pay the whole balance in one shot. Generally, CRA requires that the balance be paid within one year from the end of the appeal process (or final process before that). Be sure to stay on top of this to avoid seizure of assets, such as bank accounts, property, etc. CRA can seize assets, garnishee wages, and more once you have been notified of delinquent payments. It's difficult to reverse these things until a payment arrangement has been made and your account is restored to good standing. Unless you feel you have a strong case and want to go to court, CRA is unlikely to back off, and you will be obligated to pay.

## **9. Stay out of bankruptcy if at all possible.**

Some taxpayers consider personal bankruptcy when a situation gets out of hand. CRA and other creditors cannot legally force you into bankruptcy or even recommend it. However, they can continue to enforce payment, and bankruptcy is often the only way to stop this. I always recommend staying away from bankruptcy if at all possible, because of the hard credit consequences that follow once a person is discharged (e.g. no credit for several years, difficulty getting loans, etc.). I have two alternatives to bankruptcy if there is any possibility you can pay. First, if you have assets or steady income, meet with a financial planner who has handled these cases with success. The planner can usually come up with a plan, if your numbers are within the ballpark. Second, meet with a bankruptcy trustee to check out your options. Nowadays, a "proposal" is the more conventional way to handle debt. Creditors are interested, because they have a better chance of recovering the debt, and it's better for the debtor, who can avoid the stigma and longevity of bankruptcy. The trick is to present the situation properly to creditors. Each

circumstance is unique, and PTC Canada can recommend experts to suit your needs.

## 10. Consult a tax professional.

Anyone can use the above strategies, but for the average Canadian, the complexities may make the situation too cumbersome. If you are doing the bulk of the work on your own, it may be good insurance to pay for an expert opinion before going much further. I am a firm believer in the value of a professional, especially if you are not sure of the resources available. PTC Canada gives as much free assistance as possible, but if you paid \$500 to see if you could recover \$1,000 or more in a few months, wouldn't it be worth it? Keep in mind that the money you stand to recover is rightfully yours, not the government's. Governments actually budget for these claims, but they don't advertise this and it is your duty to act. I see paying a professional as an insurance policy. You have to go and get it; it won't come to you. CRA holds billions of dollars in unclaimed refunds, and the amount just keeps on growing.

I trust I have helped you gain insight into this rarely discussed tax opportunity. I remember reading a case where a judge ruled that "A taxpayer is not obligated to pay any more than their fair share of taxes." My goal is to help you discover what that fair share is. I have used these strategies for many clients—and myself—with much success. With proper consultation and use of the rules, hundreds of thousands of tax dollars have come back to their rightful owner, you! PTC Canada believes in helping the taxpayer whenever we can, because we work for you and nobody else. This handout is the result of many years of tax research and client feedback. I invite you to 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.
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="https://www.canada.ca/en/revenue-agency.html">https://www.canada.ca/en/revenue-agency.html</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.**