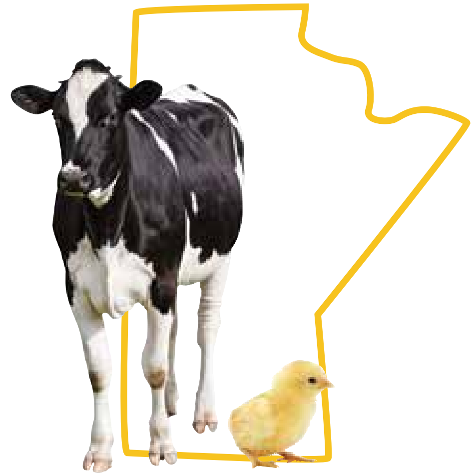
Just for the Record

As the income tax deadline closes in, it's common to hear "If only I'd kept better records, I could have claimed that expense."

Despite last minute pledges of being better prepared next year, many people launch into a frenzied search, rifling through their desks and files looking for those crucial receipts in order to meet that year end deadline.

This last minute panic could be easily eliminated through better record keeping. Keeping up-to-date, accurate financial records is an essential part of developing a comprehensive personal financial plan. Most importantly, it could save you valuable time and money.

BIG FIRM SMARTS
small firm hearts



We give your business **the best of both.**

Ashern, MB
7-1st Avenue South,
P.O. Box 220 R0C 0E0
204.768.2346

Birtle, MB
907 Main Street, P.O. Box 40
R0M 0C0
204.842.5301

Notre-Dame-de-Lourdes, MB
P.O. Box 391 R0G 1M0
204.248.2557

Oak Bluff, MB
100-105 Fort Whyte Way
R4G 0B1
204.269.7460

Steinbach, MB
9B-90 Brandt St. R5G 0T3
204.326.6871

Winnipeg, MB (St. Boniface)
201-160, boulevard Provencher
R2H 0G3
204.987.4875

Winnipeg, MB (St. Norbert)
3553 Pembina Hwy. R3V 1A5
204.269.7460

T&A TALBOT
ASSOCIÉS • ASSOCIATES

talbotcpa.ca

T&A

TALBOT
ASSOCIÉS • ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS
COMPTABLES PROFESSIONNELS AGRÉÉS

EFFECTIVE RECORD KEEPING

talbotcpa.ca

How Long Should you Keep Your Records?

For taxation purposes, you should keep your records for a minimum of six years. However, CRA can ask for them up to six years after your assessment. So we suggest seven years. Indispensable records, legal agreements, mortgages, personal records and other documents should be kept indefinitely.

This is merely the first stage of developing good financial habits that could save you a lot of trouble and money in the future.

Accurate Records Help you Pave the Way

Accurate records are also essential to give a factual account of earnings and expenses on your tax return. Incomplete records could create problems if you have to submit to an audit by Canada Revenue Agency.

The first step is to keep a central record book or bookkeeping software that tallies your expenses and earnings.

The next step is to set up an accurate tracking mechanism for your expenses. We recommend using a chequing account and this lets the bank do the majority of the work for you. The type of account you choose will depend on your particular needs. It's helpful to have the kind of account that returns your cancelled cheques. Cancelled cheques—along with original receipts—should be saved since they provide evidence of tax deductible items and a record of important purchases for warranties and legal purposes,.

Once you've set up your chequing account, it's important to track your expenses and earnings and reconcile your ledger to the bank statement. This ensures nothing was forgotten. You should keep all records of transactions paid by cash, personal cheque, or credit card.

2 Essential Steps Toward Record Keeping

1. Circle any debit item—usually a bank service charge—that doesn't have a cheque.

2. Check bank deposits from the statement to your records.

Those two steps are the most essential components of your new record keeping plan. However, that's not the end.

What Records Should you Keep?

For tax purposes, you should keep all original records relating to income and expenses. Income records include such things as T4 slips and supporting documents for capital gains, real estate rental income, interest income, alimony received, child support payments, unemployment insurance benefits, and any self employment income.

On the expenses side, you should keep records relating to registered retirement plan contributions, alimony payments, medical and dental expenses, charitable donations, casualty and theft losses, and non-reimbursed business expenses.

Once you've got your financial files organized, be sure to keep them stored in a safe and secure place. In some instances, it's advisable to keep records in a safety deposit box at your local bank and on file with your Chartered Professional Accountant.