5 Tips to start Tax Saving Before Year End

1. Get organized – buy a file box, label it by month and file all receipts, bank statements, invoices, and any other paperwork by month. This saves you money on bookkeeping as well because it's organized. This seems like too much work, do it daily – it takes only seconds of each day and we all have seconds in each day that we don't use.

2. Get your books done monthly – hire a bookkeeper or do your own books monthly. This way if any receipts are missing you can find them. A year later and you'll never know where those receipts are. If you need to get one reprinted from a supplier then one month later is easier as well as a year later. Also, how do you know where you are financially if you save it all up for a year – looking at it monthly helps you keep control of your money and taxes instead of the Canada Revenue Agency (CRA) doing that for you. And do you really think the CRA is going to be doing that in your best interest or to your tax advantage?

3. Keep a receipt book handy. This is for any things that you buy that you do not get a receipt for; for instance, you get a good deal at a garage sale but they don't give receipts. Write one up yourself in your receipt book and get them to sign it. If they don't want to sign it staple the garage sale ad to the back of the receipt.

4. Keep a kilometer log on your vehicle. If you use your vehicle all the time for your business keep a kilometer log for a full year and then 3 months each year after that. Even if you don't use your vehicle all the time but only occasionally keep a kilometer log. It is amazing how much you can lose in expenses but not keeping a log. This is also a requirement by the Canada Revenue Agency.

5. Look at your financials monthly. What are your financials – that is your income statement and balance sheet.

- Income statement – income (sales that you made or services that you sold or billed for) less your expenses (expenses are all the things you spend money on to keep your business running). Income less expenses equals your net income or net loss. You are taxed on your net income therefore you want to ensure that this is as low as possible.
  a. Net Income = Sales (income) – Expenses
  b. If your sales are less than your expenses then you have a net loss. ($10,000 in sales less $15,000 in expenses = net loss ($5,000))
- Balance Sheet – assets (things you own or is owed to you – bank account, accounts receivable, furniture, computer, truck, inventory, etc) liabilities (things you owe or loans you have – credit card balance, loans, GST, payroll remittance, etc.) equity (corporations – share amount, net income, retained earnings, dividends. Sole proprietor – contributions made by you to the business, withdrawals you've taken from the business, net income and retained earnings.)
  a. Assets = Liabilities + Equity