

LIVING

Many happy returns?

One in five Canadians allowed to use government software to e-file taxes

BY PATRICK CASEY
Staff Writer

Canada Customs and Revenue Agency has finally entered cyberspace — and your local postal carrier is pleased.

It's no longer necessary for Canadians to drop their personal income tax forms into the local mailbox and wait six to eight weeks for a government refund from the organization formally called Revenue Canada.

For the first time, more than 3.8 million Canucks are eligible to file their 1999 tax returns directly over the Internet, using Netfile, the agency's pilot program. The process bypasses both the mail service and accountants or financial representatives, who have filed returns directly to a bank of government employees for a number of years.

About one in five Canadians will be allowed to use the government's software, pre-selected from a list of people who used a tax software package last year to prepare their returns and, of course, use software to do the same this time around prior to the April 30 deadline.

NETFILE

Netfiling means our software now performs the task of all the Revenue Canada employees. You don't have any real person reviewing your return or receipts.

Numerous software applications are available to help complete your return and file it, including TaxWiz, a product of Richmond Hill's Taxamatic Inc., where president Syd Hazan combined with Edmonton-based software developer Ed Unverricht to create and market an application that lets users access the Netfile program for \$7.95.

Canadians who earn less than \$20,000 can prepare their returns online at no charge.

"Netfiling means our software now performs the task of all the Revenue Canada

employees. You don't have any real person reviewing your return or receipts," explained Unverricht.

"Technology means life is becoming easier for people.

Hopefully, people can get a lower tax rate and more of a refund using our software, but I wouldn't hold your breath over that. We are just trying to make it easier.

"Once you upload your file, you receive an immediate acknowledgment from Revenue Canada.

That is not an issue because Revenue Canada is using proven technology. In the past, e-filing by tax professionals could have cost an extra \$125 to buy the encryption software,

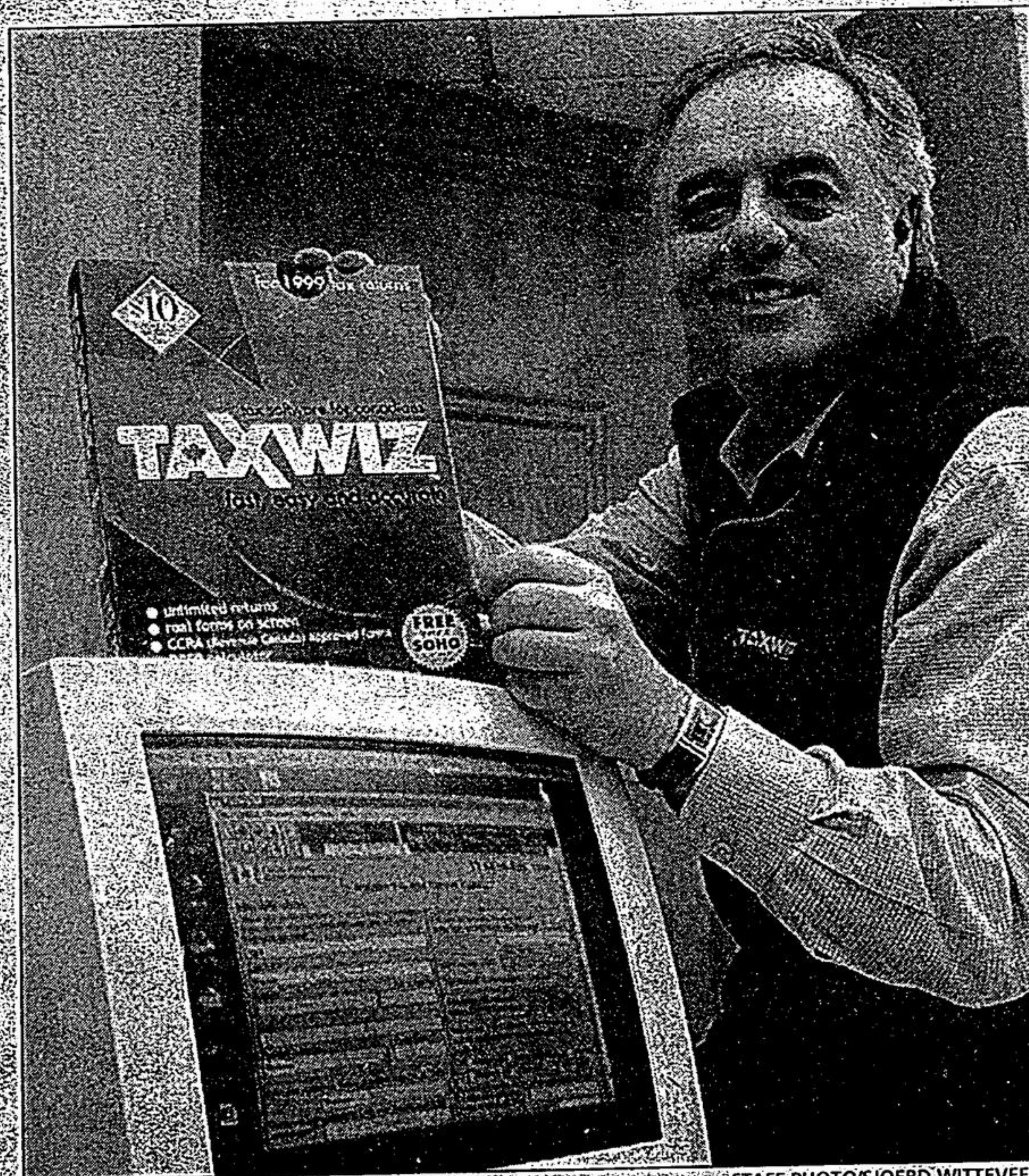
but that is no longer necessary with our software today. If you attach your tax refund through e-mail, there is a worry that the information is not encrypted, but Netfile takes advantage of the latest software security.

"Hopefully, people can get a lower tax rate and more of a refund using our software, but I wouldn't hold your breath over that," added Unverricht. "We are just trying to make it easier."

Although veteran chartered accountant George Vandebek appreciates the simplicity computer tax software can provide, he says there are advantages to the tried and true method of using a pencil and paper and mailing your receipts and forms directly to the government.

"I just hope people understand what it is all about. There's a feeling people are just pushing numbers in and they don't know what it means," pointed out Vandebek, an accountant for the past 19 years. "Even if the software is simple, you still have to understand it."

"Because it is done electronically, you don't send in any slips such as your T4, child



STAFF PHOTO/SJOERD WITTEVEN

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care or RSPs. The government could come back in the summer and ask for the slips in an ad hoc basis and then it becomes a bit of a nuisance. An accountant can direct Revenue Canada to go straight to the client, but after that happens, they will go straight to their accountant.

"There's no real benefit for us, because even if we send it electronically or through the mail, we have to print a copy for the client," said Vandebek, adding tax software programs have not cast a dent in his Richmond Hill business.

"Most people don't want to do their taxes, so there's nothing for me to worry about."

The tax department posts an updated list of commercial software packages and web applications that are certified for use with Netfile on the agency's web site at www.netfile.gc.ca.

Other sites with online software include www.taxwiz.ca, www.griffatx.com and www.quicktaxweb.ca.

If you have questions about tax deductions and regulations, call the Canada Customs and Revenue Agency at 1-800-959-8281, or call a tips hotline at 1-800-267-6999, where you will be asked for your social insurance number and a figure from your 1998 tax return.

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