

**Tax Tip**  
**Week of June 28, 2010**

**Penalty for Second Filing Mistake**

It is a common occurrence for taxpayers to receive a T4 or a T5 after they have filed their tax return. The proper course of action is to send a copy of the missing document to CRA once the notice of assessment has been received. However, many taxpayers take no action as they believe that a copy of the missing form has been sent to CRA and therefore the tax department has the information to make the necessary adjustments.

This can be a very expensive strategy as CRA's policy is to assess at 20% penalty on the amount of the second omission if it occurs within a three year period. For example, assume in 2010 the taxpayer fails to include a T5 for \$102 and in 2012 receives a T5 for \$6,000 after the return was filed. The taxpayer assumes CRA will adjust the 2012 tax return and does not forward the T5. CRA will not only adjust, but will charge a \$1,200 penalty for failing to report income.

It is very important that taxpayers remit all T4's and T5's received late as soon as they receive their notice of assessment to avoid the penalty for failing to report income.