

Are you earning tips at your job? Here's important information for tax time

(NC) If you're a server in the food and beverage industry, hairdresser, valet, taxi driver or anyone else who earns tips as part of your work, there's important information you need to know before you do your taxes.

In Canada, the law is clear about tips ? all of this income is taxable and must be reported. It is your responsibility to track and report any amounts received and make sure those amounts are included as income when you file your income tax and benefit returns.

There are several benefits to reporting tips on your tax return. For example, it can boost your total income, which can help you qualify for a higher amount when applying for a loan or mortgage. It can also help you qualify for earned income for the purposes of RRSP contribution limits, meaning you will be able to invest and deduct more. You can even choose to pay CPP or Québec Pension Plan contributions, which will increase your pension amounts when you retire.

To make reporting and filing your taxes easier, find a method that works for you to keep track of all your tips received throughout the year, such as a calendar, mobile app or agenda. Some amounts may be tracked by your employer and already included with your wages, so ask them if you're not sure. For tips earned within the province of Quebec, check out the Revenu Québec website.

If you didn't fully declare your tips on a past tax return, the Voluntary Disclosures Program at the Canada Revenue Agency may give you a second chance to correct your tax affairs. Find more information about the Program and on how to track and declare your tips and gratuities at canada.ca/tips-and-gratuities.