



# THE Tax Tipper

December 15, 2016

We take your taxes personally!

Issue 54

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## Our Readers Respond

Hey, Neel, thanks a lot; always appreciated. Hope PTC Canada has many more great years. Take care!

Tom DeKleyn  
 Owner, Triple Crown Painting  
 Calgary, Alberta

Check out our [Media Room](#). We make press now and then! Ever wondered what folks say about us? Check out our [testimonials page](#)! As usual, we [welcome your comments](#) on the **Tax Tipper**!

## Christmas Message

Dear Clients and Friends,

Wow, has the world ever changed since my last newsletter! At my last writing before Thanksgiving, the United States was at the height of their election, and now, with Donald Trump slated to take the helm on January 20, 2017, the division that has come upon that country is unprecedented. In many ways, it has swept the world, and with Canada being the U.S.'s largest trading partner, it will no doubt affect us.

A couple of the big issues that came out of the campaign were the dishonesty of the mainstream media and the rigged electoral process. I won't comment on the latter, but I believe that, with the current state of public mistrust, the mainstream media will never fully recover or return to the grand old days of being the people's source of world news.

I saw a [cartoon](#) today of Donald Trump passing a football marked "social media" over the heads of conventional reporters directly to a recipient sitting in his living room. This not only sums up the way we will receive the real story in the future, but also reflects the undercurrent of change in the world.

When I started the [Tax Tipper](#) in 2006, it was one of the few newsletters in my business that gave direct, uncensored, and politically incorrect news on taxes and related events. This will give you an idea of how far ahead of the times we were: I recently attended a webinar on accounting practices where one of the questions was, "Does your company have a website?" I was shocked to learn that almost 50% of accountants still don't have a website, and those who do, have had it for less than five years. Our website at [www.ptccanada.com](http://www.ptccanada.com)

has been up and running since 2000. As the survey went on, I discovered that we were the only ones servicing our clients with monthly bulletins, [newsletters](#), and other [resources](#). No wonder people surf into our site. It's your feedback that has brought us this far.

One of the improvements I'll be making to the 2017 newsletters is to start analysis bulletins, with commentary and authenticity. The recent [fake news](#) meme is no joke. The idea is to deliberately blind you to what's important out there so you can't defend yourself with the truth. Friends, don't kid yourself. [Fake news](#) is not coming from the genuine guy with a cell phone and a YouTube channel. It's coming from a very small government/corporate elite. If you have time, check out [Edward Bernays's](#) 1928 book entitled [Propaganda](#), which lays it all out. This is why 2015 basement start-ups like [The Rebel](#) are growing in spades while the mainstream, like the CBC, is laying off employees and begging for government dollars.

The "free media" will be the new, trusted source for news from 2017 onward. Think of Julian Assange's [Wikileaks](#), which swayed the U.S. election towards Trump. Unheard of a few years ago, it was the hottest news source in 2016, along with James O'Keefe's [Project Veritas](#). O'Keefe is known for his sting operations to get key figures to disclose their underhanded tactics. In a recent presentation, he explained why [social media is beating the mainstream media \(MSM\) dead](#). Matt Drudge, a veteran heavy hitter of the free media and the owner of the [Drudge Report](#), has been [credited for this shift since](#)

the mid-90's, according to several conventional journalists.

The recent move by Apple to remove Breitbart's app from the iTunes store is indicative of the censorship coming. Interestingly, James O'Keefe's acknowledgement of the late Andrew Breitbart as his mentor couldn't have been more timely. I watched the five-year-old movie Hating Breitbart last week and found it to be not only still accurate but almost prophetic of how things have unfolded. Two main issues that I believe are being kept under wraps are increasing economic turmoil in the world and increasing surveillance. While these are hard to cover in detail, a recent *Daily Beast* article explained that AT&T had not only been spying but also selling information to government agencies. This is absolutely a violation of privacy, and the only way things like this can be exposed is by citizen journalism.

On the issue of economic turmoil, there has been consolidation of financial power via electronic means and a war on cash. A recent move in India to ban larger bills has caused protests, since a third of the economy is cash and many people don't have bank accounts or credits cards. The largest bill is 100 rupees, about \$0.02 in our money. This is distressing for many. Across the pond in Venezuela, inflation has been running away for years and is predicted to reach Zimbabwe levels soon. With triple-digit rates, Venezuela is now printing 20,000-bolivar notes, worth less than \$3 here in Canada. Things are so bad in Venezuela, people are rummaging through the garbage to survive and even hunting zoo animals!

How about here at home? A recent *Rebel* article shows that energy prices in Ontario are skyrocketing. With bills of over \$1,000 per month, most homeowners in Canada will be devastated if this catches on. With energy prices in the basement, this makes no sense, and it's where we need investigative journalism to get to the bottom of it. It's for reasons like this that I've been a strong opponent of carbon taxes while favouring affordable energy prices for all. This is crucial, especially in a cold country like Canada.

If you're looking for a unique Christmas gift for that hard-to-buy-for person, a suggestion I've mentioned in earlier newsletters is dollar-for-dollar coins from the Canadian Mint, something I've been investing in for a few years. Simply put, you are buying silver coins at cost with no expense. Even the postage is free! So, if you buy \$20 in coins, you only spend \$20—that's it! They are guaranteed redeemable like ordinary currency in Canada. The bonus is that if silver goes through the roof, they instantly increase in value. Also, all collector coins appreciate over time if kept in proof condition. So it's hard to lose on these. I've been buying almost all I can each year, so take advantage while you can.

Until then, may you and your loved ones be richly blessed. Merry Christmas, Happy New Year, and enjoy the last **Tax Tipper** of the year!



Neel Roberts  
President and Founder

## What's Happening

### Budget 2017: Have Your Say Now!

Too often I hear from those who got left behind in the latest budget, but later I learn that they didn't participate in the forums offered by the government. It's like hearing from someone who doesn't like the person who got elected to office and then finding out that they didn't vote!



If *you* don't get involved, someone else will. So don't miss the budget-feedback boat. Visit the Budget2017 Consultations site today and have your say. For further information, you can email them directly at these two addresses:

- [ConsultationsPre-Budgetaires2017-Pre-BudgetConsultations2017@canada.ca](mailto:ConsultationsPre-Budgetaires2017-Pre-BudgetConsultations2017@canada.ca)
- [Pre-BudgetConsultations2017-ConsultationsPre-Budgetaires2017@canada.ca](mailto:Pre-BudgetConsultations2017-ConsultationsPre-Budgetaires2017@canada.ca).

# More on What's Happening

## Businesses: Your Tax Information Just Got Clearer

The CRA has redesigned the correspondence it sends to Canadians, including two new, simple, easy-to-read notices of assessment—one for corporations and the other for GST/HST. The redesigned notices will have the most important information on the first page, in a clear and simple format. Additional electronic CRA services are highlighted, including [Direct Deposit](#), [My Business Account](#), and help for persons with visual impairments.

For further information, contact the business line at 1-800-959-5525 or check out the [web bulletin](#) and [cra.gc.ca/mybusinessaccount](#).



While it's business as usual for most owners, it's important to complete the appropriate forms to avoid unnecessary taxes. Knowledge Bureau has written a [good article](#) on this. For further information, contact the call centre at 1-800-959-8281 or check out the CRA [bulletin](#).

## Clients Already Booking 2017 Appointments

Clients are taking advantage of the space available for the 2017 tax season without the worry of being left behind. There's generally no cost and we can flex you within reason. Are you all ready to file your 2016 return? We have been ready to roll for a few months now, thanks to the help of our speedy software developers. Simply contact me with all your information and you may have your refund in January. Unfortunately, E-File does not start until Monday, February 6, 2017, so all early returns will be paper-filed with the usual 4-to-6 weeks turnaround. There is still a slight advantage, especially if you're expecting a large refund!



## New Rule Requiring Reporting of the Sale of Your Principal Residence

Starting in the 2016 tax year, in order to claim the full principal residence exemption, you will be required to report basic information on your income tax return when you sell your principal residence. This will include

- date of acquisition
- proceeds of disposition
- description of the property



*cont'd . . .*

## CPP Changes on the Way for the Next Few Years



Premiums and payments will change later this decade, right into 2025. The new changes to the CPP will enhance benefits from a quarter to a third of annual earnings up to a yearly maximum. Persons making about \$50,000 a year in today's dollars over their working life can expect to receive about \$16,000 per year in retirement income from the CPP, instead of roughly \$13,000 under today's rules.

[Knowledge Bureau](#) has created a chart with commentary detailing the earnings and pension amounts. For further information, check out the [Canada Pension Plan website](#) or contact [Service Canada](#) at 1-800-277-9914.

## Are You "Tax Preparation Volunteer" Material?

Have you ever considered a profession preparing taxes but you lack the experience? The [Community Volunteer Income Tax Program \(CVITP\)](#) is an excellent way to get started, as the qualifications are minimal. If you want to pursue a career in the tax industry, this experience can be very helpful. Many professionals actually started here before going into practice full-time. I even heard a rumour that they have a free meal at the end of the season, but you have to bring your own ketchup. Don't let that discourage you. For further information, contact the general enquiries line at 1-800-959-8281 or drop by your [local tax centre](#)!



## Is My Bed and Breakfast a Hobby or a Business?

Real People with Real Questions About Real Situations



Dear Neel,  
I have been running a bed and breakfast in rural B.C. for a few years now but haven't been getting much business. We've been reporting a net loss, and after

reading CRA's Business Income Guide, I'm wondering if it's a hobby. My accountant was not much help, and I hope you can do otherwise!

Dave B.

Dear Dave,

This is one of those classic cases that appear to be a hobby, but it isn't, because your motive is to make a buck down the road. CRA used to have a timeline of three years to see a profit, but because there are so many factors determining whether a business is viable, the rule now is "expectation of profit," which is more subject to interpretation. Most accountants only focus on the financial side of the business and will not get involved in the operations.

If you're serious about moving forward, you need to do some market research and possibly hire a consultant, as this is not directly a tax or financial problem. For example, are you listed on social media? Do you have a webpage or use listing services like Airbnb, Inc.? You didn't mention if you have a niche. That's really the way to distinguish a business from the rest.

I know a client who went to India three years ago, not knowing the language, culture, or how to run a business. When he came up with the idea of a B&B, it didn't take off right away because people didn't see anything special about it. He decided to specialize in slum tours and bring the rooms up to North American/European standards. Last time I spoke to him, this had done the trick, and he's so busy now he's booked for months.

Not many would risk such a move, but the whole idea of business starts with a leap of faith, followed by a unique twist to get people's attention. Our Small Business Tax Booklet lists some business coaches to help you get started.

Keep this statistic in mind: 90% of new businesses fail in the first two years, and 90% of those that get past the first two years fail in the next five years. The 1% that remain after seven years are the gems. Generally, they will succeed in the long run and the risk-takers will be rewarded many times over, possibly over a lifetime. Your issue is not about finding a business but rather changing the model to suit your location and service a larger market to increase your sales.

Merry Christmas and the very best for the New Year!

Are You *Just Asking* tax questions?  
Neel can Just Answer them.



Did You Know?



Courtesy of Reader's Digest

. . . that Canada is a world hotspot Christmas destination?

In a country where winter is a way of life (all year round in some places, like the North Pole!), people embrace the holiday season, lighting up their homes and streets, holding vibrant parades and festive celebrations. With so much festive cheer to choose from, check out the ten best places to spend Christmas in Canada, and see if your city is one of them!



# It's a Photo Finish!

## Can You Handle a 6,000-calorie Christmas Dinner?



Courtesy <http://metro.co.uk>

Before you start those “I’ll hit the gym on New Year’s Day” resolutions, ask yourself, “How did I get here in the first place?” Meet head chef Simon Tongue and owner Ashley Gargan of the Duck Inn in Redditch, Worcestershire, UK, with their “world’s biggest Christmas dinner challenge.”

For £35 and a four-hour wait, a prize awaits if you can polish off a whole roast turkey along with 175 trimmings in just 45 minutes. The meal contains a whole golden-roasted turkey, 25 roast potatoes, 25 parsnips, 25 stuffing balls, 25 pigs in blankets (yum), 25 honey-roasted carrots, 25 sprouts, and yup, 25 broccoli and cauliflower florets, all weighing in at just under 10 kilograms. And it’s topped off with a rich gravy lake and cranberry sauce.

For every challenge attempted, the pub donates the equivalent amount of food to the local food bank. So far, only 20 people have tried to scale the turkey mountain, and all have been defeated. Anyone who manages to eat it in 45 minutes or less will win a place on the pub’s wall of fame, a T-shirt, and a certificate. If you ask me, it’s a great time to go on a hunger strike!

[Send us your fascinating photo or story.](#)

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