



THE Tax Tipper

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We take your taxes personally!

Issue 42

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Our Readers Respond

Thank you for all your hard work, Neel. PTC Canada's support was appreciated!

Sharmon and Gordon Hutton
 Hanna, Alberta

Check out our [testimonials page](#) and [media room](#).

Need tax help right away?
[Click here](#) to get started now!

We [welcome your comments](#) on the **Tax Tipper!**

Canada Day Message

Dear Clients and Friends,

It's great to have over 15 hours of daylight nowadays, and while the heat hasn't hit us here in Alberta yet, those lazy, crazy days of summer are finally here.

During my annual retreat to Osoyoos last week, the lake was still cool, and the late spring in the Rockies had left snow on some of the mountain peaks. A far cry from the burning heat of earlier years in the Okanagan desert. This year I also took a business trip to the Gulf Islands, which are fairly mild all year round. While technically they have winter, the snow barely stays and the climate is almost always friendly. Galiano Island is about 50 square miles and is unsurpassed in its tranquility and natural setting in the Pacific Ocean.

I wish to welcome all new clients, especially if this is your first Tax Tipper. Some of you have actually become clients from reading the newsletter on our website, so I'm delighted that www.ptccanada.com is of so much use to you. Can you believe that it's been around almost 15 years? That seems like another era, and the clients who have been with me all this time would not think of doing business any other way. Most accountants today are engaging their clients in some way online, but this was not the case back then.

As a matter of fact, when I was developing the website back in 1999, my vision was that people would do their taxes not only without meeting but also on the go. This seemed like such an innovation at the time, because the first smartphones did

not become popular for another five years. Yet by the mid-2000s, over half of our clients had been using total online service for several years, and moving into smartphones was no big deal.

Two weeks ago, *USA Today* ran an article, Why you don't need a computer anymore. It claims that the days of the desktop are gone and smartphones and tablets are the way to go. For those of you who have been reading the Tax Tipper for the last few years, this is old news, as I've been moving in this direction a long time. A PTC Canada app is in works, though I've been hesitant to release it until I'm satisfied that clients will see a net benefit from it. There will be no cost to the client, but the advantage must be for the client and the app must bring all the usefulness of the website.

While the website was one of the first of its kind, I don't believe in being first at everything. It pays to watch what others are doing and collect sufficient feedback to make sure the first launch is successful from a usage point of view and not just a debut. Also, with tablets and phablets becoming predominate over desktops and laptops, our website will be kept very busy whether the app launches today or next year. From all the response I've had over the years, clients feel overwhelmingly that there are more than enough resources today and for the near future. This is why I invested so much in the early days in web design, materials and experts—it's what clients demand and still want. A website and app

are not the be-all and end-all of the business but more a reflection of the care we put into overseeing our clients' business. That's what PTC Canada has always been about—and always will be.

In fact, I learned at a very young age not to try to do too many things at once. When I was eight, I had a crush on a girl in my fourth-grade class. One day I met her father. He was a banker in our small northern Manitoba town. Now, those of you from a small community like I am know that in small towns, almost everybody knows everybody else, whether you like it or not!

When I went to their house for the first time, he tried to give me some encouragement by teaching me financial skills and how to go for opportunity when it presents itself.

Knowing he had access to a lot of money, I told him I'd like to apply for a loan. When he asked me what it was for, I replied trustingly, "I'm broke and I'd like to take your daughter out." Needless to say, I ended up losing both the loan and the girl, but that was a long time ago.

With the celebration of our great country's birthday, I've decided to chalk that one up as a great Canadian story that will likely never go places. So, on that note, Happy Canada Day. Enjoy the latest **Tipper** with your well-deserved summer, my fellow Canadians!



Neel Roberts
President and Founder

What's Happening

Tax Filing Deadline Come and Gone

The deadline for filing personal returns was extended to May 5, and if you're self-employed it was Monday, June 16. As both of these dates are long gone, your return is technically late if you owe money. If you are expecting a tax refund or Personal GST Credits, you will not receive interest. Keep in mind that certain benefits like Child Tax Credits have a shelf life of 11 months, so if you have several years to file, you may be out of luck on the older ones. If you need to get caught up, call CRA at 1-800-959-8281 and find out how many years need to be filed. If you're really behind, like 20 years, CRA may only need the last 10, so confirm that with them. Also, have them send you all the T4s they have on their database for the appropriate years with carry-overs, RRSP limits, copy of last Notice of Assessment, etc., so you can get up to date properly!



2013 Tax Review Notices Are Out

CRA conducts its review (post-assessment) of current tax returns during the summer of the year in which the return is filed. If your return is selected, you will receive a letter requesting the information CRA requires. It is *very important* to respond to this letter even if you need time to track down receipts, etc. CRA will usually grant time extensions if the request is reasonable. However, if you do not respond to their letter, CRA will normally reassess you within 30 days, and you will be responsible for newly assessed balances owing plus interest. After that, you can use the appeals process to dispute the balance, but that can be more complicated than just responding in the first place.



CRA Still Combating Underground Economy Despite Setbacks



A few years ago, CRA launched a campaign to tackle the underground economy, mainly targeting construction, restaurants and retailers, but they have now admitted that the project is much bigger than anticipated. The \$300 million discovered in unpaid taxes is not even 1% of the estimated \$35 billion-plus in illegal activity. While the difference is staggering, it represents just under 3% of the GDP, which means that most people are still honest. "The CRA makes UE activities a priority," said Philippe Brideau. "We seek to detect it early, to bring taxpayers into compliance quickly, and in serious cases of non-compliance the agency files charges." If you suspect this type of doings, contact the Informants Lead Program at 1-866-809-6841.

New Canadian Anti-Spam Laws Starting in a Few Days



On Canada Day, Tuesday, July 1, 2014, Canada's anti-spam legislation will become law. Essentially, it targets individuals and organizations sending unwelcome emails or messages peddling sales, products, etc. PTC Canada, as part of our standard policy, highly regards people's privacy. **We have never asked for anyone's business and will never send unsolicited emails.**

This newsletter and our updates are part of the service you pay for, just like a newspaper subscription, and are reserved for clients only. A client recently commented, "Thanks to your reminders, I was able to get my return in to you before the deadline." All our newsletters and bulletins are part of the regular service we provide free to our clients to keep them informed of current events in the tax world and related matters. If by chance over the years you are on our list by mistake or wish to be removed, let us know right away. For further information on the law, contact Industry Canada at 1-800-328-6189.

New Harsher Penalties for Those Involved with Electronic Suppression Software



Earlier this month, CRA introduced new legislation to deal with those using electronic sales suppression (ESS). Individuals and businesses who possess or use ESS software now face monetary penalties, court fines and possibly even jail time. The penalties for using ESS software can be up to \$50,000 and jail time up to two years. Anyone who manufactures, develops, sells, possesses for sale, offers for sale, or otherwise makes available ESS software faces up to \$100,000 in penalties and up to five years in jail. For further details, check out the information bulletin and the questions and answers, or visit Electronic Suppression of Sales.

CRA Minister Bolsters Auditor General's Statement About Combating Tax Cheats



Last month, the Auditor General of Canada confirmed that the CRA's Aggressive Tax Planning program has the tools to detect, correct and deter non-compliance. Minister of National Revenue Kerry-Lynne D. Findlay assured Canadians that the government is committed to ensuring the fairness and integrity of the tax system and that everyone pays the correct amount of taxes they owe.

Since 2006, the government has introduced over 85 measures to improve the integrity of the tax system, such as

- the Offshore Tax Informant Program
- the mandatory reporting of international electronic funds transfers over \$10,000 to CRA
- revising the Foreign Income Verification Statement (Form T1135)
- ensuring that the offshore regulated bank provisions are not inappropriately used to circumvent the foreign accrual property income rules via foreign affiliates that are not part of a Canadian financial institution group.

For further details, check out the information bulletin.

Paying the Right Professional for the Right Service

Real People with Real Questions About Real Situations



Dear Neel,
I have used the same accountant for ten years for my small corporation. In a nutshell, I hire him just to do the taxes, as the bookwork, etc., is already done. I'm not sure if I'm overpaying him at \$2K per year, which increases every year, and I'd like your advice as to whether I

should switch. Overall, I'm happy with his work, but his fee seems high for what he does. On comparison, it's about in the middle.

Heather V.

Dear Heather,

There's never been a standard price in Canada, and even with the proposed [Registration of Tax Preparers Program \(RTPP\)](#), I can't see standard prices coming any time soon. I think you should consider it a plus that you are content with his long-term service. With inflation, costs rise and so do his expenses, so reasonable fee increases will not just apply to him. Also, CRA has recently burdened tax professionals with an increase in liability, requiring accountants to spend more time on compliance regulations, but without being able to shift all the cost to the client. This is especially true of the corporate taxpayer as compared to the basic client. Undoubtedly, \$2K would be astronomical for an unincorporated return, but you have discovered from your own shopping around that his prices are reasonable for corporations.

The key here is to ask yourself what value you place on your relationship with him. This becomes more important the more complex the return is. Most of my corporate clients don't like to switch unless they can't afford the person they're with. In fact, I've had many clients come back to me after trying a cheaper service only to discover that the service fell of the cliff, making the small extra cost they paid me well worth it. For basic clients, it's worth shopping around, since

service is fairly commoditized. I even encourage these clients to save 100% of the fee by taking a go at it themselves with our free resources.

It's really a matter of "different strokes for different folks." My recommendation is to stay with your accountant if the overall service is minimally good. While we all want the best, sometimes we're not willing to pay the price, and it isn't always necessary anyway. Most professionals share my view of saving the client money by not considering any services that are unnecessary. You are smart to do your own bookwork, etc. I recommend that to anyone who feels up to it, to save money.

Get our free booklets [Ten Reasons Taxpayers Hire a Professional](#) and [Ten Ways to Assess a Tax Consultant's Fees](#) to give you a better understanding of who to hire for your tax situation. You have a few complexities with your rental properties, and you are possibly being overtaxed from a dormant corporation. A good consultant will charge you a small fee, but it is deductible and will likely save you money.

Then, look up our [Rental Property Tax Booklet with Excel bookkeeping spreadsheet](#). It will direct you regarding deductions, splitting income, etc., and will prepare you if you still want to go with a basic service. Personally, I'd get someone who understands dividend payments, and this will not likely come from a basic service. The saying I've lived by successfully is "When in doubt, get a professional." Good luck!

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



It's a Photo Finish!

Fireworks on Both Sides of the Border



Courtesy of [YouTube](#)

We have a lot in common with our friends south of the border, and very close are the days we celebrate our anniversaries as countries. Canada Day and Independence Day can sometimes fall on the same weekend, making it a four-day holiday if you're a dual citizen. The one thing for sure that always happens on both sides of the border is fireworks. This year, follow the examples of both countries and set some off—safely, of course. I captured a special sparklers display back in February on a frozen lake. Believe it or not, it is the first [mobile fireworks show](#), and what makes it even more unique is that it was done from a snowmobile. Yes, taxes are not the only thing I do for my clients, and rare treats like this make life more enjoyable. This was done with every safety precaution in mind, and the results were spectacular. Enjoy!

Did You Know?

... that **Canada has the longest highway in North America?**

Started in 1949 after Parliament passed the Trans-Canada Highway Act, it was completed in 1962 and stretched from Tofino, B.C., to St. John's, Newfoundland, a length of 7,821 km or 4,860 miles. I have driven most of it, and if you haven't, that's my summer challenge to you. It celebrates its 50th anniversary in 2012, and is next in the world behind Australia's Highway 1, which beats it at over 20,000 km in length.



Courtesy of [Trip Advisor](#)

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

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