



# THE Tax Tipper

December 15, 2014

We take your taxes personally!

Issue 44

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## Our Readers Respond

Hello, Neel. Thank you for your perseverance and PTC Canada's dedication to client service. It is greatly appreciated.

Dave and Susan Kenney  
 Executive Directors of  
[NeurVana – Innovative Recovery and Wellness for Youth](#)  
 Kelowna, B.C.

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,

Out the office window looking over my farm, snow blankets the prairie fields and drifts over the frozen pond. To the west, the sun sets beyond the ice-capped Rocky Mountains. You don't need any more proof than this that winter is upon us even though the solstice is still a few days away. In southern Alberta it started back on September 10 with a blizzard that paralyzed a wide area with power outages and fallen trees.

Despite these setbacks, the shorter days give us more time to check out the night sky. For an amateur astronomer like me, it's breathtaking to be able to gaze at the heavens on a clear night while sipping a warm beverage on the deck. And the longer nights are great for sleeping in: the sun sets well before dinnertime, sometimes as early as 4:30, and isn't totally up again until after 8:30 in the morning. While I'm not a late snoozer, this is one of the few times of the year that I have some discretionary time, so finishing my Christmas shopping by the end of November is a priority for me. I suffer from "crowdaphobia" (not sure if that's a word!) and promised myself years ago that I would never partake in those December 24th 5:55 p.m. lineups.

As I get ready to celebrate the holidays, I look back on 2014 and wonder, as always, where all the time went. My suitcase is packed for Toronto, where I'll be spending Christmas with the family. Then I'm off to the Kootenays to do some snowmobiling over New Year's.

However you pass the holidays, be sure to make time for family, friends and those that

matter. I love what I do and always take my work with me, as I don't like being out of touch with clients. It seems almost abnormal these days to sit back and relax by yourself even for a few hours, but Christmas can be a time to do so.

When I started PTC Canada 16 years ago, I realized how important it is to service clients properly. Not only do clients need their taxes done, they also need to be kept up to date on what's going on in the world that can affect them. The tax laws are becoming more and more complex, and it's no surprise that there is a call for a simpler system, not just in Canada but around the world. That's why the [PTC website](#) is set up the way it is and constantly updated—so new clients can [get going right away](#) and regular clients can find the [latest news](#). I'm always getting [positive feedback](#) on how helpful it is for everyone.

Earlier in the year, when many tax professionals met with the CRA, as we do annually, we were able to get some information on the new technology coming out for public use. I'm always exploring new ways to service clients virtually, and I'm excited that many of CRA's plans fit my business model.

The bottom line for dealing with CRA in the future is that most if not all of it will be virtual. For example, 2015 will be the last year you can get your refund by cheque. After that it will be by [mandatory direct deposit](#). If you don't have email, you won't be able to communicate online, as [My Account](#) will require email. About 3% of PTC Canada's client base doesn't have email, and this shrinks every year. That's a dramatic shift from 50% in the year 2000 when [PTC Canada](#)

went online. By the end of this decade it will be almost impossible to obtain government services without email and/or online access.

Recent layoffs by the federal government have been controversial, but I'd guess they are going to continue, as the government is under pressure to balance the books while maintaining essential services. While it's painful for good employees to lose their jobs, it'll be good for the public purse. The goal is to return to budget surpluses so we can pay for what's needed. Temporary inconvenience for the right reasons is usually a good thing, not just for governments but in general.

I remember a story earlier this year about the founding of Apple Computers. The first computer manufactured by Steve Wozniak in the garage of his Apple co-founder Steve Jobs in 1976 was auctioned in New York for over \$900K. Most of us would think that's ridiculous. How could such a boat anchor be worth anything? Don't kid yourself. That computer was the razor's edge back when no one fathomed having a computer at home. Today, less than 40 years later, you can hardly get along without a smartphone, let alone without a computer. I believe we will continue to see a tidal wave of change in this century, well after I'm no longer servicing you. As always, I'm here to keep you abreast as long as I can so you're not left behind.

With the New Year coming, I ask you again to help out where you can this holiday season. Many charitable institutions struggle to keep up helping those in need despite the many who donate, so you can make a difference. In our small community of under 2,000, a significant minority depend on our outreach as a matter of life and death. The predicted tough winter will make it especially trying, and I am delighted that many of my clients, friends and family give heartily. Canadians are among the most generous people in the world, and having lived in Canada all my life, I'm proud of that. Apart from receiving a tax deduction, you can feel that someone in need has benefited. Check out Mark Victor Hansen's book *The Miracle of Tithing*. I recommend it at this time of year because it is very well written on the "non-economic" areas of giving. I have been tithing for years, and I can't tell you how many times it has rewarded me. Thank you for doing this.

Before closing, let me share a story about being resourceful.

### **I Forgot to Look in My Own Back Yard**

*One day in early September, the chief of a Native American tribe was asked by his tribal elders if the winter of 2011–12 was going to be cold or mild. The chief asked his medicine man, but he too had lost touch with the reading signs from the natural world around the Great Lakes. In truth, neither of them had any idea how to predict the coming winter. However, the chief decided to take a modern approach, and he called the National Weather Service in Gaylord, Michigan.*

*"Yes, it is going to be a cold winter," the meteorologist told him. So the chief went back to his tribe and told everyone to collect plenty of firewood.*

*A month later the chief called the Weather Service and asked for an update. "Are you still forecasting a cold winter?"*

*"Yes, very cold," the weather officer said, so the chief told his people again to collect every bit of wood they could find.*

*A few weeks later the chief called the National Weather Service a third time. Again he was told, "Yes, it is going to be one of the coldest winters ever."*

*"How can you be so sure?" the chief asked.*

*The weatherman replied, "Because the Native Americans of the Great Lakes are collecting wood like crazy!"*

Merry Christmas, Happy New Year, and enjoy the last **Tax Tipper** of the year!



Neel Roberts  
President and Founder

# What's Happening

## Clients Already Booking 2015 Appointments

Clients are taking advantage of space available for the 2015 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 2014 return? We have been ready to roll for a few months, 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 9, 2015, 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!



## Anti-Spam Legislation a Hoax?

Canada Day this year marked the passage of federal anti-spam legislation, with crippling fines of up to \$10M for companies who send unwanted emails to unsuspecting prospects. CBC recently reported that some corporations have spent as much as \$400K in compliance costs, yet with over 135,000 complaints to the CRTC, not one charge has been laid. Reports state that junk emails are either the same or on the rise. Needless to say, many people are disillusioned with the law and wonder if they have been taken to the cleaners.

We at PTC Canada have always respected your choice to do business with us at any level. As we've said in earlier newsletters, please let us know of any concerns. On the main issue, if you feel taken advantage of, contact your MP right away at 1-866-599-4999. You should never be led astray, and as a taxpayer you have the right to know. More to come . . .



## Online Comments: Opinions or Legal Statements?

Over the past 20 years, the internet has not only become a world of its own but is also shaping the worldview of both the experts and the uninformed.

Cyber journalist and University of Calgary professor Thomas Keenan writes in his book *Technocreep: The Surrender of Privacy and the Capitalization of Intimacy* that



consumers looking to review a product or service online need to be very cautious. According to a recent CBC Go Public story, a young woman was subjected to legal pressure to withdraw her negative comments about the company that managed the apartment building she had just moved out of. Even though she had used an online pseudonym, the company had succeeded in tracking her down.

The issue nowadays is that content posted online that can be proven to be unfactual may give rise to litigation, in the same way as printed and other material. Most of my online experiences have been good—and I've been deeply touched by the consistently positive feedback I've received over the past 16 years. I find that reputable vendors are trying to do the right thing, but I recommend that you never vent online without proof of what you say. This can include documentation or witnessing of all relevant events. Internet lawyer Allen Mendelsohn writes about this in an article on online defamation.

PTC Canada always keeps good records so that no doubt can exist about what I've recommended, should differences arise. If you need legal advice on this matter, contact Allen at 1-514-931-0702 or <http://allenmendelsohn.com>.

## CRA Letters and Communications Misleading?



Back in October, CBC ran a story about the confusion many taxpayers feel when dealing with the CRA. "Tax notices are so confusing," the story began, "recipients are often not sure whether they owe money."

With over 130,000,000 mailings each year, it's understandable that CRA won't get it right every time. But a study by Walker Consulting Group revealed that taxpayers generally found letters to be "full of gibberish." The New York based consulting firm reported, "Participants often do not understand much of the information expressed in the letters they receive. Many indicated a degree of frustration about not understanding various pieces of information contained in letters from the CRA."

As a result, CRA plans to solicit feedback from Canadians on how to improve their correspondence. They also plan to hire a third-party consultant to help rewrite the templates for standard correspondence. We will keep you posted as this develops in 2015.

### New and Improved Child Fitness Credit

Parents will be able to take advantage of the new \$1,000 maximum (up from \$500) in the spring of 2015 when they file their tax returns for 2014. The credit will be made refundable as of the 2015 tax year, increasing benefits to low-income families claiming it for that year and subsequent years. The enhancements will deliver additional tax relief to about 850,000 families who enroll their children in eligible fitness activities. For further information check out the [Fitness Tax Credit](#) website or the [information bulletin](#), or contact the call centre at 1-800-959-8281.



application process. Anyone wishing to register to participate in an in-person consultation or to submit feedback online can do so by going to [www.cra.gc.ca/dtcconsultations](http://www.cra.gc.ca/dtcconsultations). For further information check out the [information bulletin](#) or contact Noël Carisse, CRA Media Relations, at 613-952-9184.

### Are You “Tax Preparation Volunteer” Material?

Have you ever considered a profession preparing taxes but 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](#)!



### 2014 Tax Cuts and Increased Benefits for Families



In late October the Conservative government announced new measures to ease life for many Canadian families. These include:

- The Family Tax Cut, a federal tax credit that will allow a higher-income spouse to transfer up to \$50,000 of taxable income to a spouse in a lower tax bracket. The credit will provide tax relief—capped at \$2,000—for couples with children under the age of 18, effective for the 2014 tax year. Income splitting is helping seniors across the country, which is why the government is now proposing similar relief for families.
- Increasing the Universal Child Care Benefit (UCCB) for children under age six. As of January 1, 2015, parents will receive a benefit of \$160 per month for each child under the age of six—up from \$100 per month. In a year, parents will receive up to \$1,920 per child. The enhanced UCCB will replace the existing Child Tax Credit for the 2015 and subsequent taxation years.
- Expanding the UCCB to children aged six through 17. As of January 1, 2015, under the expanded UCCB, parents will receive a benefit of \$60 per month for children aged six through 17. In a year, parents will receive up to \$720 per child.
- Increasing the Child Care Expense Deduction dollar limits by \$1,000, effective for the 2015 tax year. The maximum amounts that can be claimed will increase to \$8,000 from \$7,000 for children under age seven, to \$5,000 from \$4,000 for children aged seven through 16, and to \$11,000 from \$10,000 for children who are eligible for the Disability Tax Credit.

### Government Finalizing Legislation for Disability Tax Promoters



In November the Conservative government announced new measures to regulate those who promote schemes to help disabled Canadians claim disability tax credits.

The [Disability Tax Credit Promoters Restrictions Act](#) limits fees that can be charged for helping to complete a disability tax credit request, and ensures that more money remains with persons with disabilities and their caregivers. Canadians with disabilities, their caregivers, promoters, tax professionals, qualified practitioners and the general public are invited to participate in consultations to provide feedback on how the CRA can simplify and clarify the Disability Tax Credit (DTC)

Families can claim the Family Tax Cut in the spring of 2015 when they file their 2014 tax returns. They will begin to receive payments under the enhanced UCCB in July 2015. The July UCCB payment will include up to six months of benefits to cover the period from January through June 2015. For further information check out the website [Supporting Canadian Families](#) or contact the call centre at 1-800-959-8281.

### Free Education If You're New to Taxes, Courtesy of CRA



If you're new to Canada or you want to learn more about taxes in Canada without spending any money, you'll be happy to know that CRA offers free tax and financial literacy resources to help educators teach their students about taxes.

*Teaching Taxes and Responsible Citizenship and Canada's Tax System* are two educator-led learning units about Canada's tax system, its relationship to the quality of life in Canada, and how to prepare a simple income tax and benefit return. They give students the skills they need to learn about the tax system and meet their tax obligations. Targeted at high

school and post-secondary students, the program is made up of 180 minutes of in-class instruction and student exercises, available in electronic or printed workbooks. Topics include:

- the history of taxes in the world
- Canada's tax system and the Taxpayer Bill of Rights
- types of taxes and deductions and what they mean
- tax obligations for new employees
- tax benefits students may be entitled to
- how to prepare a simple income tax and benefit return

For further information check out the [information bulletin](#) and [tax educators'](#) website, or contact Noël Carisse, CRA Media Relations, at 613-952-9184.

## Just Asking ... Just Answering

### Boss Asking Me to Be a Subcontractor

Real People with Real Questions About Real Situations



Dear Neel,  
I moved from Quebec to work in construction in Calgary. Before I moved, I was in the union as an employee.

When I got to Alberta, the boss said I had to get a GST number and there would be no deductions from my cheques.

I thought this was wonderful, as I have no idea how the tax laws work. Two years later I went into shock when collections started asking for their GST remittances. I didn't even know what they were talking about. Now I feel overwhelmed. I don't know how to deal with this at all, so any direction is much appreciated.

Jean S.

Dear Jean,  
Unfortunately, I see this situation all the time. It's a classic case of the employer posing as a client while making you out as a business, not usually the true circumstances. The boss is deliberately trying to avoid source deductions and other responsibilities of being an employer.

I suggest you check out CRA's booklet [Employee or Self-Employed?](#) to determine if you are truly self-employed. CRA

looks at a checklist of factors, but the main criterion is the amount of control the company exercises over you. If it turns out that you are deemed an employee, the employer may be liable retroactively for all source deductions, etc. You will have to contact the GST department to see how to pay out those funds that may be considered income and not taxes.

If you are deemed self-employed, the company may be required to issue a [Statement of Contract Payments](#) for each year you were with them. CRA also allows business-related deductions, outlined in their [Business Income Guide](#). Our [Small Business Tax Booklet with Excel business spreadsheet](#) will explain what you need to file your taxes and help you compile the information. In a lot of instances, a good tax professional can help you through the filings, as most businesses hire accountants to handle bookkeeping and taxes.

Merry Christmas and the very best for the New Year!

Are You *Just Asking* tax questions?

Neel can Just Answer them.



# It's a Photo Finish!

## How About a Swim with a Polar Bear?



Courtesy [www.barcroftmedia.com](http://www.barcroftmedia.com)

Meet Sulu, a 16-year-old, 800-pound, female polar bear, taking her morning dip with trainer Mark Dumas, 60, of Abbotsford, B.C. Dumas is the only man in the world who can swim with a polar bear. He's been around bears much of his life and not only plays with them but also wrestles. In fact, his family (including the family pets) are in on the act. Dumas is such a rare breed that the bear even stays at his Lower Mainland home.

For those of you who may be thinking of taking a risk in 2015, this is not the recommended way. This Christmas, let's show the right respect for our furry family members in our holiday celebrations, whether they are big, small, unique or ordinary!

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

### Did You Know?



. . . that Christmas trees were once outlawed?

Some folks find it hard to believe that at one time it was against the law to own a Christmas tree. According to *Shocked by the Bible: The Most Astonishing Facts You've Never Been Told*, some Bible-believing Christians in America and England helped pass laws making it illegal to observe Christmas, believing it was an insult to God to honour a day associated with ancient paganism. Most North Americans today are unaware that Christmas was banned in Boston from 1659 to 1681. Fortunately, this interpretation was not correct and is well in the past. Today people are free to have a tree and observe Christmas in whatever way they choose.

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