



THE Tax Tipper

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We take your taxes personally!

Issue 49

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Our Readers Respond

Hi, Neel. I love the updates and newsletters. PTC Canada gives me very useful information, with changes in retirement and with the websites so I don't need to search for them. I also think the pictures are cute and funny.

Liz Ventrella

The Raymond Aaron Group
 Markham, Ontario

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,

Usually I'm done my Christmas shopping by now, but this time I still have a few more things to get before I'll be finished next week. I actually do my Christmas shopping all year round, which helps if you're allergic to December 24th lineups.

We're looking at a brown Christmas so far in the West, as temperatures are predicted to be well above average for the winter. That sounds nice for going out, but it's terrible if you're a farmer who depends on ground water for the spring. I have a mountain view from my farm, and the snow usually starts to appear on the peaks after Labour Day. This year it didn't come until November, which is most unusual. So far, I've only been able to sneak in a day of snowmobiling. In the past, that would have been a daily event by this time of year.

2015 has been a challenging year, to say the least. Falling energy prices have caused much pessimism in the West and drastically reduced tax revenues for the nation. While the new government has promised tax cuts for the middle class, I think this is unlikely, considering the unexpected sums missing from the coffers. In Alberta, the days of surpluses are long gone, replaced with debt and depleted savings. A [recent CBC article](#) said that oil well drilling contractors expect one of the worst years in history. To make matters worse, the [Calgary Herald reported](#) that investment is flooding out of Canada at the fastest pace in the developed world. CMHC has predicted that house prices could fall 26% if oil hits \$35 and stays there for five years, triggering unemployment at over 12% (unseen in decades!), [according to CBC](#).

Canada is not the only country facing these challenges. After the city of Detroit declared bankruptcy two years ago, an [Economy and Markets article](#) pointed out that many more cities, like Chicago and Atlantic City, were about to throw in the towel—and those were only the ones they knew about!

With so much downturn, one wonders if it can get worse, or are we at the bottom? I believe this: "Expect the worst and hope for the best—no matter what the circumstances are." No one can predict tomorrow 100%. I think the Gospel of Matthew says it best when he quotes none other than Jesus Christ: *"So do not worry about tomorrow; for tomorrow will care for itself. Each day has enough trouble of its own."* Amen. I could never top that!

If this is your first time on board with us, welcome! And we are delighted with those of you who have hung in with us since 1998. The days ahead are indeed challenging, but that will in the end bring out the best in us.

When we first started the [Tax Tipper](#) on [May 19, 2006](#), it was an information and tax-assistance service for you, the client, free of charge. Back then, smartphones were just becoming popular, while today [over 66% of Canadians own one](#), with no end in sight. Ten years later, the newsletter has not only improved but is also still free—a small thank-you for your loyalty, and I am committed to keeping it that way.

Today, we are bombarded with information. I am delighted that almost every day someone new finds our website or remarks on the useful content available to them at no charge. While that has always

Neel's Message, continued

been my way of doing business, many of the professional folks I deal with practise the same thing. For example, [Ron Addison](#), a friend who helped me get started in the 90s, works as a highly sought-after consultant for several multibillion-dollar corporations and writes [free articles on how to improve your business](#).

Ron is one of many professionals who will help you in these perplexing times. [CBC recently reported](#) on a Statistics Canada study that showed that self-employment rises with joblessness. Those of you who have been following my newsletters know that I have been predicting a sudden rise in small businesses for several years. The recent economic developments may well be the trigger, but no worries: I'm ready for it and here for you.

Technology can be a double-edged sword. While it [eliminates jobs](#) that may be redundant, it helps to improve things by creating tools like Google's new app to [write email replies for you](#). The bottom line is this: you're not likely to change the market, so you have to figure out how to make it work for you.

When I moved to Vulcan County almost 18 years ago, I saw a guy who owned a garage and offered to do tax returns while customers waited. I suppose a lot of people didn't know better, but to make matters worse, the guy didn't show up for appointments half the time. The sad part is that people put up with him because they were paralyzed by ignorance and too scared to find out if someone else could do better. That guy is long gone, but unfortunately the point of the story is still true: people fear change. Almost every call and email I get has something to do with this. Fortunately, we're prepared to help in a way that anyone can understand and set up a routine that makes the process easier.

I don't give financial advice, but I'm often asked what I am doing. I'm not much into the stock market or real estate, nor am I on the precious metal bandwagon. Gold, for example, is more of a hedge against inflation, but recently I've been recommending that you have a more substantial "cash-on-hand" position than before. Yes, that means actual cash out of the bank and available in whatever creative way you wish.

A [video by Bill Bonner](#) of Agora Inc. explains this and makes so much sense. In short, our credit system is in

jeopardy. In the event of sudden bank closures, how would you pay your bills? Have you got at least a few weeks of cash? Bonner recommends an even stronger position than that, but it's up to you. I'd go with a few months if you can. Here's why. When "cash is king," deals are deeply discounted and you can get some sweet stuff for pennies on the dollar. After the banks in Greece closed for a stretch in 2015, [Greece passed a law](#) that all cash under mattresses, etc., must be declared. Don't think that other [cash-strapped governments](#) won't consider desperate moves like this to find tax dollars.

When I meet with my friends and family over the holidays, they often ask me about my business and what I like about it so much. I say that without a doubt it's the clients I've served, some as long as 18 years! Amazed, they ask me what my secret is. The answer, of course, is *trust*, and in reality trust is no secret. It's something that's earned and irreplaceable.

Thank you for the trust you have put in me. While trust may seem to be diminishing around us, don't be discouraged. There's a core of us not interested in selling out to what's wrong—we hang onto what's right, no matter the climate.

Let me close with a story from when I used to do voluntary ministry work in seniors' homes. A man used to visit his wife loyally every day despite her deepening Alzheimer's condition. Things came to a point one Christmas where she no longer recognized him, and the doctor recommended, "You really should put her in a nursing home, as she's no longer the same woman you married 50 years ago." Annoyed, the man retorted, "Yes, but ***I'm still the man she married!***"

You see, there's tremendous pressure today to forsake values that are tried, tested and true because of changing conditions. But the faithful are not fazed and persevere in what's right—no matter what!

Merry Christmas, Happy New Year, and enjoy the last **Tax Tipper** of 2015!



Neel Roberts
President and Founder

What's Happening

Clients Already Booking 2016 Appointments

Clients are taking advantage of space available for the 2016 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 2015 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 8, 2016, 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 Changes

It's been over a year since Canada's anti-spam legislation went into effect, and the changes since July 1, 2014, may apply to your organization.



According to a [Roger's business article](#), it is the sender's responsibility to ensure compliance. The article contains a short review of the rules, including what the legislation covers; consent; content requirements; software rules; and upcoming changes.

For example, since January 15, 2015, under the software rules it has been illegal to install or update software on someone else's computing devices without their express consent. Starting July 1, 2017, individuals and organizations will be able to bring CASL-related civil cases to the courts. This "private right of action" allows applicants to seek damages if they've been affected by an act or omission that breaks CASL rules.

PTC Canada never solicits business via email or in general, and all client correspondence is handled according to our standard [Letter of Engagement and General Service Agreement](#).

For further information, check out the government's [anti-spam website](#). The Government of Canada does not provide any direct legal assistance, interpretation, compliance assessments or advice to the general public or businesses. For legal advice or assistance, they recommend that you contact a lawyer.

CRA and IRS Monitoring Snowbirds



If you're a snowbird or receiving some forms of government benefits, the taxmen on both sides of the border will be monitoring you more closely, according to a [recent CBC article](#).

CRA and Employment and Social Development Canada expect to save between \$194 million and \$319 million over five years once the long-anticipated system is fully in place, through recouped employment insurance, old age security, and child tax credits.

Essentially, if a Canadian citizen or permanent resident is out of Canada for more than 183 days, entry-exit information will be shared with the agencies to determine if benefits are still payable. Further, Canadians spending a lot of time south of the border and receiving payments there could incur U.S. tax liabilities, depending on the situation.

Back in 2013, the [Toronto Star](#) ran an article entitled [Avoiding the Snowbird's Trap](#), laying out the things to look for in annual filings. The CRA has set up a webpage, [Canadian residents going down south](#), with the regulations. For further information, check out [CRA's bulletin](#) or contact the general enquiries at 1-800-959-8281. If you have [U.S. tax obligations](#), see the IRS webpage or phone non toll-free 1-267-941-1000.

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](#)!

Just Asking ... Just Answering

Should I Incorporate on My Own or Through a Lawyer?

Real People with Real Questions About Real Situations



Dear Neel,
I'm starting my own business and have decided that incorporation is the best way to go for me. Should I do this on my own or through a lawyer? The registry only wants a few hundred dollars, but by the time I finish with the lawyer it will be almost \$1,000!

Victor A.

Dear Victor,
I'm not clear on what your business is or all that's involved, but it's common to pay more when using a lawyer.

I generally recommend using a lawyer, not because I want to see you pay more but because the services that come bundled together and the advice you'll receive can be priceless. For example, have you considered what would happen if you suddenly got sued? The registry and your accountant couldn't offer much help, but a lawyer could. We live in such a litigious world now that needing legal advice is just a matter of time, and usually more than once.

Today's small claims courts are far different than they were ten years ago. Not only have they raised the limit to as high as \$50K in some jurisdictions, but they are holding many more hearings to accommodate the backlogs. This alone should tell you that there's much distrust out there and you need to be ready.

Also, lawyers can help you with sales contracts, reviewing deals and acquiring assets. If your business is too small to incorporate, I suggest you start as a sole proprietor to make life easy. You can always incorporate later if the need arises.

Check out the article [The Journey to Incorporation](#). If you still believe this is the way to go, our [corporate tax checklist](#) will help you gather the other information required.

Merry Christmas and the very best for the New Year!

Are You *Just Asking* tax questions?

Neel can *Just Answer* them.



Did You Know?



... that Eggnog originated in England?

No one seems to know the exact date when this famous beverage was invented, but it can be traced as far back as the Medieval Ages of AD 500 to 1500.

Sometimes known as "eggflip," eggnog is related to various milk and wine punches concocted long ago in the Old World. In North America, a new twist was added when rum was introduced in place of wine. In colonial America, the rum version was commonly called "grog," so the name "eggnog" is likely derived from the very descriptive term for this drink, "egg-and-grog," which corrupted to "egg'n'grog" and then to "eggnog."

Centuries later, it is as popular as ever during Christmas. In fact, it's hard to imagine the season without a cup of nog. Like many others of our grand traditions, there is lots of history and life behind the frothy, dairy brew.

It's a Photo Finish!

Christmas à la Northern Lights



Courtesy www.spaceweather.com

Christmas by the Arctic Circle is a different experience than most of us have living close to the U.S. border. The little hamlet of Pangnirtung, Nunavut, population 1,400, never sees true daylight at this time of year, with the sun peeping over the horizon for only about 3 hours a day after more than 20 hours of darkness. This photo was taken at high noon, which is more like our dusk. The bonus, though, is that they get a grand view of the Northern Lights like no one else. Our Great White North tour destinations actually sell [Northern Lights holidays](#), especially around Christmas, as it's a treat for those living closer to the equator. If you thought the North was just cold and ice, think again. Canada has more unique destinations to offer than most of us know!

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

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