



# THE Tax Tipper

February 7, 2013

We take your taxes personally!

Issue 35

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## Our Readers Respond

Hello, Mr. Roberts. I have changed my email address and am really missing PTC Canada's newsletters, etc. I'd appreciate if you would please add me back to your updates!

Katalin Balazs  
 Calgary, Alberta

Check out our [Media Room](#) and [testimonials page!](#)  
 Need tax help now? Click [here](#) to get started right away!  
 As usual, we [welcome your comments](#) on the **Tax Tipper!**

## Valentine's Message

Dear Clients and Friends,

A belated Happy New Year! I trust 2013 has started well for you. I have been steadily busy since January 1, the day I got back from holidays, not that it's a problem for me, as I love what I do. Many of you signed up last fall to have your 2012 taxes done through our [early booking](#), and in fact I have already completed quite a few returns. You can expect to see a Notice of Assessment as early as the end of this month.

If this is your first **Tax Tipper**, remember that you can download [previous editions](#) from our website. My annual goal is always to improve the service I have brought you since 1998 by providing you with cutting-edge information and a variety of resources that will not only make taxes more palatable but will hopefully lower your legal obligation to pay. I have been blessed over the past 15 years to have magnificent clients like you. Some of you have been with me since day one, which is a wonderful compliment. I hope to serve you another 15 years and beyond.

We are now at the height of RRSP season, and people are looking to take advantage of the tax deduction that comes with their RRSP. As a rule of thumb, you get about a 30% deduction, depending on your tax bracket. While that may be somewhat of a break, I believe that what you put your money into is much more important than lowering your tax burden to CRA. Too often, clients overfocus on the immediate benefit rather than the long-term growth potential.

Quick decision-makers who get excited about the latest mustang growth stock or mutual fund need to keep in mind that these only reflect past performance. Even worse are the "once-in-a-lifetime" opportunities that turn out to be the Ponzi schemes that so often make the news. Here's something for those of us showing our age who remember the original [Batman series of the sixties](#). The actual [Batmobile](#) used in the show [fetched a handsome \\$4.2 million last month](#). George Barris bought the [1955 Ford Futura](#) concept car for \$1 in 1965. Even rare-car auctioneers [Barrett-Jackson](#) admitted that this return on investment is extremely unusual. It's safe to say that it's probably easier to win one of the mega lotteries—definitely more sensational than doable.

While I am often asked about investments, I am by no means an adviser and stay dedicated to taxes. I can say, however, that I would not do business with any firm that has been in business less than 20 years or seems desperate to grab your cash. You've worked hard for your money and should respect it. Also, make sure you are comfortable dealing with the people you choose and that they understand your changing situation. I have always had a simple yet practical approach to business. I learned long ago that clients must understand what they are getting into, and the service must be both simple and effective. Otherwise it won't make sense and the chances of communicating are very

*Continued on page 2*

poor. Many of the new clients who come to me are coming out of these poor relationships.

I have been hired as a consultant by several companies and educational institutions to advise them on starting and/or running a business. To my amazement, the people attempting to make a go of their enterprise do not lack talent, ability or sincerity. What they lack is the interpersonal skills necessary to engage and nurture clients. Unfortunately, this is not taught at many schools, yet it is a serious need. I like to tell a story about my early days as an entrepreneur back in 1998 when I was not offering corporate tax returns. A new client was so happy with the personal tax service I was providing that he said he would sign his name to his corporate return if I filled it

out, so that I would not be responsible for any liability that might occur. Naturally I didn't accept, but that was a very strong message to me at the beginning of my business career: Folks will bend over backwards to do business with you if you look after them. I see no sign of that changing.

PTC Canada remains committed to staying up to date in the tax world and the forces that surround it. When I started the **Tax Tipper** in 2006, I made that promise to you, and seven years later I have kept it and will continue to do so for years to come!



Neel Roberts  
President and Founder

## What's Happening

### Tax Frauds Becoming More Bizarre and Elaborate than Ever!

Those of you who have followed PTC Canada's newsletters over the years will know that I have pointed out scams, deceptions and tax-related frauds that seem to be growing each year. What's interesting about them is that they are becoming not only more involved but also more bizarre, and that seems to be following a trend. Recently, CRA convicted a BC man who used dead children's ID, false bank documents and various phoney official papers to defraud CRA and several banks of well over \$1 million. For a scheme that went on from 2000, the taxpayer was sentenced to 4 years in jail and ordered to pay back \$276,655 in restitution. Details are available in the [CRA news bulletin](#). It is becoming more important than ever to protect yourself from opportunities that look too good to be true. If you suspect fraud, contact the [CRA Informant Leads Program](#) at 1-866-809-6841.



### Evelyn Jacks' Book for 2012 Tax Returns Is Out

If you're wondering about the best way to spend \$20, it's by getting Evelyn Jacks' annual [Essential Tax Facts](#), available mid-January each year. Believe me, it's worth it. In fact, it will actually pay you after the first few tips. One of the functions of her company, [Knowledge Bureau](#), is to train tax preparers like me, so if you've liked my service over the years, she gets quite a bit of the credit. Some of the highlights of her latest book are the special life events that trigger important money moments, with hundreds of tax-savvy tips that you will easily understand so you can build and grow your wealth significantly over time. These include saving for your education, moving out, buying your first home, managing pension and other investments, getting married, having children, divorce, illness, a new job, termination, self-employment, inheritance and so on. In 2011 she started her own blog, [www.evelynjacks.com](http://www.evelynjacks.com). Anybody can sign up for free updates.



### 2013 Indexation Adjustment for Personal Income Tax, Benefit Amounts and TFSAs



At the end of last year, CRA released the comparative figures for 2012 and 2013 for tax brackets, non-refundable credits, exemptions, GST credit, other benefits and TFSA accounts. Each year, certain personal income tax and benefit amounts are indexed to inflation using the Consumer Price Index data as reported by Statistics Canada. You can check out the complete list at the [CRA facts sheet](#) and the previously announced [Tax Relief Bulletin](#), or call the general enquiries at 1-800-959-8281.

### 2013 Budget in Early to Mid-March

Canadians can have their input on the upcoming budget by visiting the [Consulting with Canadians](#) webpage. While the exact date is not yet known, stay tuned for a special bulletin slated for release that very evening with expert commentaries prepared especially for you. For further information check out the [Finance Department website](#) or call 613-992-1573.



### RRSP Deadline Approaching!

This year's contribution deadline is Friday, March 1, 2013, for your 2012 income tax return. If you miss the deadline, you can always use the contribution for your 2013 return. Make sure you have relevant information such as your contribution room, Home Buyers' Plan or Lifelong Learning Plan repayment requirements, and so forth. Check out the [RRSP webpage](#) for details or call 1-800-267-3100, and use your [Epass](#) to get your information online.



### 2013 Tax Service Schedule Filling Up!



Friends, waiting until the last minute to get your taxes done is never a good idea, especially if you need them assessed soon. Once you're ready to file your 2012 return, make arrangements TODAY rather than on April 30. Most pros like me are jammed to the rafters with appointments, and you may have to wait weeks before getting in. Take advantage of our email, fax, phone and mail service. The days of office locations and 9–5 hours are a thing of the past, and regrettably businesses stuck in yesterday's ways will get left there. Most clients are demanding more options, and—no surprise—conventional appointments are becoming a thing of the past too!

### E-File Ready for 2012 Personal Returns



It's official. E-File starts first thing Monday, February 11, 2013, for all 2012 personal returns. Most refunds come in 1–2 weeks, and I suggest you get direct deposit. When you file your return, simply take your banking information or a blank cheque and you can have your refund, GST Credit and Child Tax Benefits all done. If you forget, simply file the [Direct Deposit form](#) with CRA and they should be able to start in 1–2 months. Corporations can E-File all year round up to 4 years back, and can do direct deposit via the [Corporate Direct Deposit form](#)!

**Did You Know?**



Hallmark makes over 1,330 types of Valentine's Day cards?

Got an interesting fact? [Email it to us!](#)

## Selling My Business as Stock Versus Cash

Real People with Real Questions About Real Situations



Dear Neel,  
I want to retire and sell my trucking company, but I was told there might be a tax advantage to selling the shares compared to taking the normal cash sale. Is this true?

Doug F.

in addition to shareholders that may have a major interest. While shares certainly offer a 50% tax advantage to the seller on the net profit, the buyer still has to arrange for transition of employees, goodwill, interim management and other acquisition costs that may not be considered capital assets. Check out [CRA's Capital Gains guide](#) to start, but keep in mind that a sale done the right way takes several years of planning. Good luck!

Dear Doug,  
Corporate business owners have a variety of ways of selling the business they spent years building up, but the most important thing to know is that this is a transaction that requires more than just meeting with your accountant. You need to include your lawyer, financial adviser and business coach (if you don't have one, get one)

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



## It's a Photo Finish! Muskrat Love?



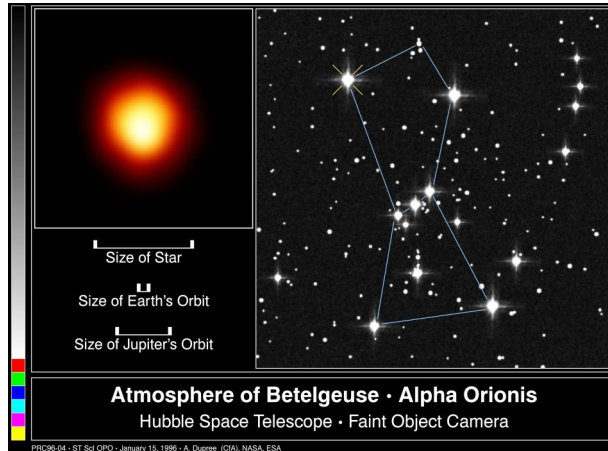
Courtesy [www.allvoices.com](http://www.allvoices.com)

The old '70s Captain & Tennille song [Muskrat Love](#) may be passé, but these hamsters have put a new edge on that idea. While everybody has their own unique pick-up lines, the real reason she said yes was that she was totally "taken back." After all, if a rodent sent you flowers, is that an "offer you can refuse," whether you're in the mob or not? We thought so!

Send us your fascinating photo or story.



## Celestial Treat – Check Out the Valentine Star!



Have you ever wondered if there was a celestial object named after the saintly love day? Yes, there is! It's the Valentine Star, more commonly known as Betelgeuse (pronounced beetle juice), and it's a favourite of many astronomers!

So why is it called the Valentine Star? Because it's red in colour, beats slowly like a giant heart and stimulates the spirit of those attuned to it. The prominent object we can see every February 14 is this bright, scarlet star at its highest point above the horizon every Valentine's Day night between the hours of 8 and 9 p.m. It marks the shoulder star of Orion and changes in size regularly like a slowly pulsating heart that beats once every six years. Now, when Betelgeuse is fully contracted to its smallest size, it is a whopping 500 times the width of our Sun, but when it expands to its biggest size it is almost 900 times as wide.

Betelgeuse is an extremely large, red, super-giant star, fluctuating in approximate size from the equivalent of Mars' orbit to that of Jupiter's; so it's monstrous compared to our puny yellow Sun. It is the second brightest star in the constellation Orion and the ninth

brightest object in the night sky. It is a vertex of the Winter Triangle and centre of the Winter Hexagon. It is possible that Betelgeuse will become a supernova, which will be the brightest ever recorded, outshining the Moon in the night sky.

Considering its size and age, it may explode within the next thousand years. Since its rotational axis is not toward the Earth, and also because of its 640 light-year distance, Betelgeuse's supernova will not cause a gamma ray burst in the direction of Earth large enough to damage our ecosystems.

So, this February, after you get the chocolates and flowers, first surprise your loved ones with a picture of the giant red star pulsing like a heart full of cosmic love, and then show them the real deal that evening. Believe me, they'll remember it. The Valentine Star is visible February 14, 2013, starting in the North American SSE sky after sundown and setting in the west around 3:30 a.m.

Astronomy fans or enthusiasts can follow Neel's monthly column Sky's the Limit in the Vulcan Advocate published the first Wednesday of every month!

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