



THE Tax Tipper

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We take your taxes personally!

Issue 45

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Our Readers Respond

Hi, Neel. I am very impressed with the speed and efficiency with which PTC Canada filed my tax return. This is truly a professional company, and I will use them again.

Paul Elliot
 Co-CEO Elite Electric Bikes Inc.
www.eliteelectricbikes.com
 Surrey, B.C.

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 hope 2015 has started well for you. I've been steadily busy since the first week of January, and it's already looking like a busy year. 2014 tax returns have been processed, since many of you signed up in the fall through our early booking, a program that has proven successful.

One of the ideas I've been looking at is "pre-filled" taxes for basic filers. In theory, because we can access current T4s, etc., by now, regular clients can have everything ready to go with practically no effort. There are still drawbacks. For example, not all slips are online yet, and for the self-employed, data import, etc., needs improvement and refinement. But my hope is to have this doable across the board in a couple of years. So, consenting clients will be notified that their return has been filed, and they'll wait for their Notice of Assessment. Watch for our new program "*Ready, Set, File!*" as it develops in the next few years. For now, if you've just filed you can expect to see your Notice of Assessment as early as the end of this month. As of this year, it will be coming to you in your email.

If this is your first **Tax Tipper**, remember, you can download [previous editions](#) from our website, with news bulletins and more. My annual New Year's resolution is always to improve the service I have brought you since 1998, through useful resources that not only make taxes more manageable but will hopefully net you a few dollars from the taxman. Those of you who remember the old-fashioned way of filing taxes will agree that the service offered today is almost like

another world (for the better, of course!).

I've been blessed the last 17 years with wonderful clients. Some of you have been with me since day one, which is a delightful compliment. I hope to serve you another 17 years and beyond, and I'm excited about the services that will be available to you.

RRSP season is in top gear, and people are looking to get a bigger tax break by contributing before the deadline of Monday, March 2, 2015, for their 2014 income tax return. As a rule of thumb, you get about a 30% deduction depending on your tax bracket. While that's somewhat of a break, I believe that what you put your money into is much more important than lowering your burden to CRA. While I don't give financial advice, I find that clients are often more focused on the immediate benefit than the long-term growth potential.

With tens of thousands of layoffs across the country this New Year, many agree that Canada is sliding into a downturn. Even though oil has recently shown some recovery into the \$50 zone, experts are not discounting the possibility of \$10 a barrel in the future. The good news is that in the long run, prices in general will come down, spawning lots of buying opportunities. One of the principles I've always plugged is "Cashflow is King!" If you've had a good net surplus even in down times, chances are you can win the financial game. Some advisers say this for cash only, but in my view "Cash itself is Queen!" because if it's not being replenished, it will eventually be gone. The classic example is a lottery winner who has not invested wisely.

You may have noticed business owners go

Neel's Message, continued

broke when something unforeseen hits them, like a lawsuit or embezzlement. If their product or service is valuable, *and their operation has positive cash flow*, generally they're back on their feet before long. Contrast that to the business that, out of sheer luck, comes up with a one-hit wonder, makes millions and is then beset with obsolescence. They haven't got a clue when their fortune runs out.

The best financial plan is to post a surplus each month, no matter what. This will ensure that things work themselves out and put you on the road to better days, no matter what your habits are. Then, educate yourself on the things that matter, even if you hate them or think you have no talent for them.

I'm often brought in as a speaker/consultant for small businesses, and frequently the subject is how to improve finances. Surprisingly, many owners are not very literate economically. While they may be good at sales or income generation, they can't spot inefficiencies on the expense side. I recall a client who complained about having to pay a lot of taxes and blamed his previous accountant. When I looked at his statements, I saw that the accountant had done a correct job. The issue was that the client didn't understand basic accounting. He decided to take a bookkeeping course, greatly improving his understanding of how the numbers worked in his business. So, I'm happy to say he's on the way.

Our values and where we place our priorities make all the difference in the world. I have several clients who do very well financially even though they're not any smarter than the one who don't. They just see things differently and decide what's more important in their lives. Compromise isn't an option. That's key, and if that's been your problem in the past, it's what you have to seriously ask yourself. I've turned so many seemingly hopeless cases around, not so much because of my expertise but because the client finally decided to do the right thing, no matter what. Their change of heart may have come about voluntarily or through crisis. Either way it was the real thing—and authenticity will produce excellence in your life.

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



Neel Roberts
President and Founder

What's Happening

2015 Indexation Adjustment for Personal Income Tax, Benefit Amounts and TFSAs



At the end of last year, CRA released the comparative figures for 2014 and 2015 for tax brackets, non-refundable credits, exemptions, GST credit, other benefits and TFSAs 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 fact sheets](#) and [What's new for this tax-filing season](#), or call the general enquiries at 1-800-959-8281.

2015 Budget Later than Normal Due to Market Volatility



Canadians can always have their say on the upcoming budget by visiting the [Consulting with Canadians](#) webpage. Finance Minister Joe Oliver's fiscal plan for 2015–2016 will be almost 2 months later than usual due to market volatility. So stay tuned around April. Our special bulletin with expert commentaries will be released the same evening as the budget. For further information check out the [Finance Department website](#) or call 613-992-1573.

Late Filers and Tax Debtors Stalked by CRA Imposters



As if late filers and debtors didn't have enough problems with the CRA, now there's a new player in the market—and it's not the taxman. [CTV has warned tax dodgers](#) that it's not the CRA coming after your money but scammers with your identity.

Typically, victims are told to pay the debt using prepaid credit cards or through a money transfer service. They are also forced to stay on the line until the transaction has been completed.

CRA never collects money over the phone this way, and anyone has the right to ask them to produce ID. Police say that the best way to determine if a scammer is truly associated with the CRA is to call the agency back at 1-800-959-8281 for personal or 1-800-959-5525 for business. You are also urged to report suspicious activity to the local police and Canadian Anti-Fraud Centre online at www.antifraudcentre-centreantifraude.ca or at 1-888-495-8501.

New Electronic Funds Transfer Surveillance Helps CRA Catch International Tax Cheats



The Minister of National Revenue has announced the launch of the CRA's Electronic Funds Transfer (EFT) initiative, introduced in *Economic Action Plan 2013*. Effective January 1, 2015, certain financial intermediaries, including banks, have to report to the CRA incoming and outgoing international EFTs of \$10,000 or more. Information that must be reported includes the transmission of instructions for a transfer of funds through any electronic, magnetic or optical device, telephone instrument or computer, made at the request of a client. For further insight check out the [Electronic Funds Transfer Reporting webpage](#) or [information bulletin](#), or contact CRA Media relations Philippe Brideau at 1-613-941-6269.

2014 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 2014 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!

RRSP Deadline Approaching!



This year's contribution deadline is Monday, March 2, 2015, for your 2014 income tax return. If you miss the deadline, you can always use the contribution for your 2015 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.

E-File Ready for 2014 Personal Returns



It's official. E-File starts first thing Monday, February 9, 2015, for all 2014 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](#)!

Should I Borrow for an RRSP?

Real People with Real Questions About Real Situations



Dear Neel,
Is it worth borrowing money to get a tax break on my RRSP? I owe quite a bit in taxes this year and have never done this before, so all insight appreciated!

Blair L.

Dear Blair,

I've seen all types of deals for borrowing to buy an RRSP, and I've never been a fan of this, for several reasons.

First, unlike a loan for income-earning investments, the interest is not deductible. You can, however, borrow to buy an investment outside an RRSP and then roll it into the RRSP later, getting the best of both worlds. Tax expert [Tim Cestnick](#) explains some of the numbers in an article last year in the *Globe and Mail*: [Borrowing for your RRSP: Here's how to calculate how much you'll need.](#)

Second, most tax breaks work out to about 30%, so even if you use this to pay back part of the loan, you are still carrying 70% for the remainder of the term.

Lastly, you still pay taxes on the RRSPs when you deregister them. So in the end, there's no real tax break. It's more like a deferral.

[Alison Griffiths](#) has been a financial columnist with the *Toronto Star*. An article she wrote about 4 years ago on this subject, called [Why you should never borrow for RRSP contributions](#), says it all. For further information check out CRA's [RRSP webpage](#) and the [Investment Income Guide](#). Good luck!

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



It's a Photo Finish! Now, That's a Match!

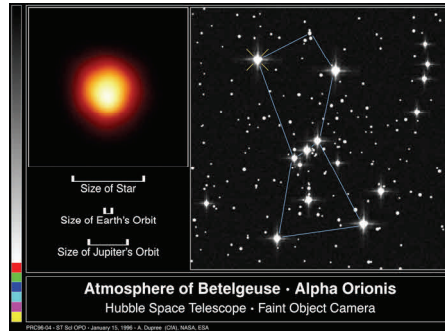


Courtesy www.artistrising.com

Finding your perfect mate can be challenging at the best of times, but what happens when the love of your life also happens to look like you? These matching flamingos not only have a lot in common, they are also a mirror image of one another. I've always believed that variety is the spice of life, but when you're this much in love, maybe you can't tell the difference!

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, which reaches 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's orbit to 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, 2015, 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!

Did You Know?



Hallmark makes over 1,330 types of Valentines!

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