



# THE Tax Tipper

February 7, 2016

We take your taxes personally!

Issue 50

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## Our Readers Respond

Thanks, Neel. That was fast! PTC Canada is probably the most efficient business I know of!"

Sean Bredin  
 St. George, Ontario

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 2016! in case I haven't communicated with you yet. This year, 2015 returns started off right on January 1, if you can believe it, and I look forward to being of service to you.

It's no surprise that the Canadian economy will face many of the same challenges as the rest of the world. With low oil prices, soaring unemployment in the West, and a plunging Canadian dollar, I'm gearing up to give as much help to my clients as I can.

The new lows that crude oil reached this year have many speculating that the price will fall to \$10 per barrel, which I hinted at last year when oil was at \$50. While that may sound low, it's still not beyond the realm of possibility, as an estimated \$380 billion worth of projects have been cancelled since 2014, with more on the way. One industry expert, Michael Snyder, explains that the banks are running scared with the possibility of \$1.50 a barrel! While I do find this extreme, \$10 isn't, and you should start planning around this.

Brazil, once a thriving economy at #7 in the world, is now officially in a depression, according to Forbes Magazine. Back home here in Alberta, it's the first time in years that we've seen a downturn of such magnitude, with commercial vacancy rates as high as 30%, and the worst believed to still be ahead. While the federal and provincial governments will attempt to stimulate the economy, I believe that the damage is too extensive and we will be down for years to come. One creative insurance company, First Foundation of Edmonton, is offering layoff

insurance for \$50 a month, covering you for up to 6 months of mortgage payments tax free, so this is helpful.

The falling dollar has caused food prices and more to soar. At the time of writing, the dollar is at about 70 cents U.S., but some experts are thinking the bottom is closer to 55 cents. Because the dollar is strongly tied to oil prices, we can't expect any relief soon. In fact, private-intelligence firm Strategic Forecasting, or Stratfor, published its Decade Forecast, with some very chilling predictions for the next 10 years, including the collapse of Russia, downfall of Germany, and crash of China. Interestingly, Germany just announced that it's looking at implementing a daily limit of 5,000 euros on cash transactions. While this is supposed to combat money laundering, it's an unprecedented move that could spread globally. Combine this with the strong move to automate as many jobs as possible right up to the CEO level by the next decade, and I have news for you: *You're not sitting this one out, no matter what!*

I know this is not what you want to hear, and I'm not as pessimistic as some experts, predicting the end. But the chance of another great depression like the 1930s in the next year or two is now here. This presents a new challenge for me in how I will serve my clients. They will still need tax advice, but now survival and coping strategies will become important.

Three things I can recommend off the bat: First, cash on hand. I suggest having at least a few weeks' worth, and if possible a few months', to pay your bills in case you can't access your account. Second, cash flow. Get your expenses under control and hold off on

## Neel's Message, continued

any big purchases for a while, as there will be lots of bargains by 2017–2018. If you're out of work and can't find any cash, look at starting your own business. Believe it or not, this is the time to do it, as customers are cost conscience and will usually gravitate to the lowest bidder even if you are less experienced.

Third, have essentials on hand like storable food, water, fuel, candles, and a backup generator. I'm utterly amazed at how many I know who have multi-million-dollar homes but none of the above. You should have at least a few weeks to several months of supplies in store.

I plan to offer more assistance on this as the demand inevitably grows, so I have lots of resources coming your way. Oh yeah, and the same old tax service you've been used to since 1998? Yup, it'll still be A1, as always!

I wish you and your loved ones a Happy Valentine's and Family Day long weekend.



Neel Roberts  
President and Founder

## What's Happening

### 2016 Indexation Adjustment for Personal Income Tax, Benefit Amounts, and TFSAs



At the end of last year, CRA released the comparative figures for 2015 and 2016 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 fact sheets](#), plus [What's new for the 2016 tax-filing season?](#) announced earlier. Or call general enquiries at 1-800-959-8281.

### More E-Services for 2015 Personal Returns



It's official. E-File starts first thing Monday, February 8, 2016, for all 2015 personal returns. Most refunds come in 1–2 weeks, and I suggest you get direct deposit. Also, there are [a variety of slips now available online](#) as far back as 10 years, with online mail and more. 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!](#)

### CRA Fires Employee in Data Breach



In a [CBC article last week](#), CRA confirmed ousting an employee in a data sting conducted by CSIS, Canada's spy agency. The report described how intelligence officers, repeatedly and without a warrant, improperly obtained taxpayers' information, with multiple instances of a particular CSIS office obtaining information. CRA spokesman Philippe Brideau explained that the employee is no longer with the agency and the case is now with CSIS. The public may learn more if Canada's Privacy Commissioner decides to investigate.

### RCMP Warns of CRA Collection Scam

#### Telephone Scam Alert...



This has been going on for a few years, but it has intensified against innocent taxpayers. Essentially, a robo caller will call you with a message saying that there's a warrant out for your arrest and you must settle a balance right away by calling them back. Here's the [website link from CRA with the details](#) and [what to expect when you hear from CRA](#). If you run into this, do not entertain the caller at all and call the [Canadian Anti-Fraud Centre](#) toll free at 1-888-495-8501.

### RRSP Deadline Approaching!

This year's contribution deadline is Monday, February 29, 2016, for your 2015 income tax return. If you miss the deadline, you can always use the contribution for your 2016 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 [CRA Account](#) to get your information online.



### 2015 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 2015 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!



### T-Slip Issuers Must File Online to Avoid Fines

Employers and others who issue more than 50 slips in a year must now do so online by Monday, February 29, 2016, to avoid fines. A recent [Knowledge Bureau article](#) explains the details, and the newly released [T4015 T5 Guide – Return of Investment Income](#) is one of the several guides available on the [CRA Business website](#). Penalties for not e-filing T5 slips start at \$250 for 51–250 slips, \$500 for 251–500 slips, \$1,500 for 501–2,500 slips, and \$2,500 if you issue 2,501 or more. For further information, contact the business line at 1-800-959-5525.



### Canadians Honest When It Comes to Doing Business and Paying Taxes

In these days when things seem to be getting darker and our principles less relevant, there is a silver streak across our country when it comes to doing business above board.

According to last month's [Knowledge Bureau article](#), Canada has the second-lowest problem in relation to its underground economy. Canada is one of 19 countries that provided data to the 2011–12 OECD survey and participated in a survey by the United Nations Economic Commission for Europe (UNECE) in 2005.

While the news is encouraging, CRA notes, "The residential construction industry (28.3%), finance, insurance, real estate, rental and leasing and holding companies industries (13.8%), retail trade industry (12.2%) and accommodation/food services industry (11.6%) accounted for the greatest share of underground economic activity. These four industries together accounted for two-thirds of the total underground economy value added."

Having specialized in getting people caught up from several years of non-filing, I agree that most Canadians are, by far, honest and want to do what's right, all of which builds our country's reputation abroad.



### Have You Got a Recently Deceased Friend with an Active Facebook Account?

If you've ever had to deal with the estate account of a loved one who just passed away, you don't need me to tell you about the checks and balances involved. However, one that often gets overlooked is social media accounts that keep on going and how to deal with them. [Kelley Keehn](#), author and lecturer, recently featured an article on LinkedIn called [Your loved one passed away. What do you do with their Facebook account?](#) You can check out all of Kelley's work at <http://www.kelleykeehn.com/> or contact her at 1-780-732-0144.



## Gold or Cash? How Do I Park My Money in Case of a Crisis?

Real People with Real Questions About Real Situations



Dear Neel,  
I use a lot of electronic services like debit, credit, and online banking, with little cash. I've heard a lot recently about being prepared in case the system goes down and you can't use these services. Can you comment on this? I

know it's not a tax question, but in this RRSP season, I think it's time to do something different.

Logan G.

Dear Logan,  
I commend you for being awake to the reality of a possible crisis around the corner, and I couldn't agree more that it's time to think like a contrarian.

One must become a student of trends. An expert I've watched for over 20 years, with great accuracy, is [Harry Dent Jr.](#) While I hold some precious metals and coins, [his conclusion on gold](#) goes against the grain of most experts. The marketing of gold seems to be overrated, and during deflation, it generally goes down in value. Historically, gold

has been a universal trade medium and hedge against inflation, unlike stocks, real estate, etc., which appreciate during booms.

While it's possible to hold gold certificates in an RRSP, I don't recommend this. You should hold the coins or bullion *physically* from a trusted source, though this will not qualify for a deduction. Cash, on the other hand, tends to be highly sought after in a deflationary situation. Not only can you keep on buying goods, but you can likely get discounts as the demand for currency goes up.

Mr. Dent was predicting an easy 50% correction to the Dow Jones Industrial average in about two years. If that's any indication of how it'll all fall out, cash will be at a premium price. [This recent interview with financial expert Nomi Prins](#) explains, "*Build a stockpile of cash . . . and look at investing in gold as a percentage of disposable investment income,*" reinforcing the cash position. Some of my readers have as much as a year's worth of cash on hand, so obviously others are on the same page. Good luck!

## It's a Photo Finish! South Pole Puppy Love?

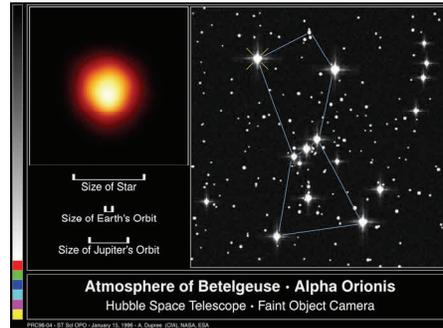


Courtesy [United States Geological Survey](#)

A recent [ABC News article](#) ran a story of an Antarctica Wendell baby seal planting one on Mom, which ended up going viral on Instagram. By the end of the day, U.S. Geological Survey scientist William Link's snap had over 12,700 likes. "The seals would just be hanging out on the ice. They're not afraid of people. You can walk right up to them," explained Link upon getting the close-up. While this part of the Earth can experience minus-100 degrees in winter, this kind of warmth was welcomed all over the social media world!

[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, surprise your loved ones first 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, 2016, starting in the North American SE sky after sundown and setting in the west around 2:00 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?**



... about 1 billion Valentines are exchanged each year? Next to Christmas, that's the largest seasonal card-sending occasion of the year.

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