



THE Tax Tipper

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We take your taxes personally!

Issue 30

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Our Readers Respond

Thank you so much, Neel, for the prompt and professional services of PTC Canada!

Cal and Maureen Peters
 Morden, Manitoba

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**!

Valentine's Message

Dear Clients and Friends,

A belated Happy New Year, and I trust the year has started well for you. I have been steadily busy since New Year's Day, 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 2011 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 you can download [previous editions](#) from our website. My goal is to provide better service than ever by bringing you 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 14 years to have magnificent clients like yourself. Some of you have been with me since day one in 1998, which is a wonderful compliment. I hope to serve you another 14 years and beyond.

As the government continues to focus on getting the economy back on track, one of the issues that has been making headlines is pension reform. The government maintains that projected payouts are not sustainable under the current system and modification must come soon. Last week, the [National Post reported](#) that Finance Minister Jim Flaherty "will not back down" from much needed changes to our pension system. For example, Old Age Security (OAS) payments are

projected to almost triple from the 2010 payouts of \$36.5 billion to \$108 billion.

While Flaherty dismissed the suggestion that the growing costs of the pension system will be affordable and Harper promises not to cut payments, it is being suggested that the eligibility age be raised from 65 to 67 years of age, which amounts to a 2-year reduction. With the first baby boomer turning 65 in 2010 and the bulge hitting the system in about 2022 (the boom peaked in 1957), you don't have to be too smart to figure out that our system will be dramatically strained 10 years from now.

As a matter of fact, many financial experts doubt the current pension system can survive the next few decades and strongly recommend setting up your own system independent of the government. RRSPs are certainly a good idea, but you should set up investments in addition to free yourself up from government payouts. I've never been a strong advocate of CPP or OAS, because you're at the mercy of whatever rules the current regime comes out with, whether you paid into the plan or not.

Today's challenges require a different way of thinking. Pensions are nice, but historically they are a relatively new idea. For those of you who were able to cash in on them, especially a "defined benefits payment plan," that's great, but I don't think future generations will have that type of luck. Strange as it seems, we have to go back to the old way when we took care of our own retirement. That may come down hard for

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Neel's Message, continued

many, but that's the reality, and the news is hinting that it's already taking shape.

If you haven't started, the first thing you have to do before meeting any expert is to develop a "bullet proof" savings plan. No matter what your lifestyle, if you don't have money left over, your plan is not working and that's where you have to start. I have been fortunate to meet many who have developed this habit and will be okay when their working days are over, but this is not the case for the majority. The good news is that you can start today no matter what you did in the past.

Sometimes the best present you can give yourself is to pay yourself. That may sound weird, but when I look at a new business plan, if that's not listed as one of the expenses, then it's not going to work. Same with your savings plan—if you don't pay yourself, it's not going to work. One of the best suggestions I've heard from many planners is to have an account where you make constant deposits and no withdrawals. It's amazing how much will pile up in a few

years, even if it's invested at a low rate. The idea is to develop the habit.

Actually, that's one of the best gifts you can give your sweetheart. Nothing wrong with the usual chocolates and flowers, but your sweetheart will sure thank you in the years to come when those flowers are forgotten and the dog ate the candy anyway. I once heard that if you really care for someone, you'll do what's right for them, whether they see that right away or not. I've always done business that way and it sure has paid off. Also, I have always been passionate about servicing my clients and will do so for many years. 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 six years later I promise to keep doing it for years to come!



Neel Roberts
President and Founder

What's Happening

2012 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 2011 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!



Evelyn Jacks' Book for 2011 Tax Returns Is Out

If you're wondering about the best way to spend \$20, it's 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 highlights of her latest book are



- Part 1 – Understanding the Basics
- Part 2 – Essential Tax Facts for Employees
- Part 3 – Essential Tax Facts for Seniors
- Part 4 – Essential Tax Facts for Investors
- Part 5 – Essential Tax Facts for Life Events

Last year Evelyn started her own blog at www.evelynjacks.com. Anybody can sign up for free updates.

RRSP Deadline Approaching!

This year's contribution deadline is Wednesday, February 29, 2012, for your 2011 income tax return. If you miss the deadline, you can always use the contribution for your 2012 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.



2012 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.



E-File Ready for 2011 Personal Returns

It's official. E-File starts first thing Monday, February 13, 2012, for all 2011 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](#)!



2012 Indexation Adjustment for Personal Income Tax and Benefit Amounts

At the end of last year, CRA released the comparative figures for 2011 and 2012 for tax brackets, non-refundable credits, exemptions, GST credit and other benefits. 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](#) or call the general enquiries at 1-800-959-8281.



Did You Know?



More than 35 million heart-shaped boxes of chocolate will be sold for Valentine's Day!

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



RRSPs, Landlords and the Self-Employed

Real People with Real Questions About Real Situations



Dear Neel,
I have a few rental properties and have run my own cleaning company for years. I don't understand how RRSP room works for me compared to when

I was a regular employee. Is it different and subject to a new set of rules?

Ed S.

Dear Ed,
You also mentioned in your letter that your cleaning company was incorporated, so CRA treats that like a different taxpayer from your personal taxes. Your RRSP

room is calculated similarly to that of an employee based on the "net" earned income after deductions. Therefore, whatever your rental properties made after expenses will qualify. However, whatever your business pays you as an employee and not as dividends will also count. You should discuss with your accountant what is the best way to pay yourself. Our [Investment Tax Booklet](#) can give you insight on further details. Good Luck!

Are You *Just Asking* tax questions?

Neel can *Just Answer* them.



It's a Photo Finish! Yes, Love Can Be Blind

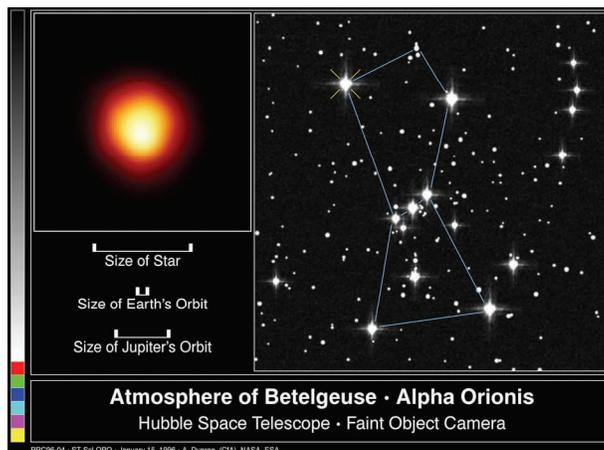


Courtesy [The Telegraph](#)

This romantic squirrel from a backyard in Boulder, Colorado, thought he had found the perfect mate until he hit a snag. The object of his desire is made of plastic. After a half hour of intense trifling, the would-be suitor realized the T-Rex was nothing more than a man-made body. Well, who can blame the poor little guy? After all, at this time of year, love can not only be blind but have poor taste to boot!

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, it beats slowly like a giant heart, and it 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 it 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, 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, 2012, 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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