



THE Tax Tipper

June 24, 2015

We take your taxes personally!

Issue 47

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Our Readers Respond

Neel, I just wanted to say that I appreciate what you are doing and feel very confident and glad that I chose PTC Canada. A huge thank you for assisting me in this process!

Leonard Byrne
 Sherwood Park, Alberta

Check out our [testimonials page](#) and [media room](#).

Need tax help right away?
[Click here](#) to get started now!

We [welcome your comments](#) on the **Tax Tipper!**

Canada Day Message

Dear Clients and Friends,

For all of us, it's a relief that the long-awaited summer is finally here. The 15+ hours of daylight are a bonus, so I welcome you all to those lazy, crazy days of summer across the nation. During my annual retreat to Lake Osoyoos last week, one of the warmest places in Canada, there was still snow on the mountain peaks around the Okanagan desert. Later this summer, I will also be travelling to a conference in Fort Worth, Texas, my first time ever in the Lone Star State. I have longed to see that part of the United States, and hope it won't be my last.

Welcome aboard to all new clients, especially if this is your first [Tax Tipper](#). I am delighted with the feedback I've gotten since we launched it in May 2006. You can find all issues on the website www.ptccanada.com, which we started around 2000. That was breaking-ground technology back then, and while most accountants engage with their clients in some way online, we were one of the first.

While that was a new way of doing business almost 16 years ago, I have always been a believer in time-tested principles. A [recent CTV article](#) said that 75% of people shop online and the trend is continuing upward. I've been a speaker, writer and consultant outside of my company for over a decade, and one of the questions I'm frequently asked by business owners trying to grow their business is, "How do I expand my client base?" What they're really asking is, "How do I make more money?"

Every business has dealt with this situation at some point and probably will till the end of time. I am quick to answer with the query, "Do your clients like what you do?" Caught off

guard but not surprised, they usually go into deep thought before answering. While some answer yes, amazingly some don't know—and then they wonder why they're broke or their customers are complaining.

A long time ago when I was delivering newspapers, a flyer attached to a bundle of papers caught my eye. It said, "The customer is always right!" That was a pretty bold statement for a 10-year-old, but it impacted me. You have to wonder, Is that really the answer? As I grew up, I never got that saying out of my head, and when I started my own business, I wanted to test it and see if it was true. I had worked as an employee for several companies that believed this, and I noticed that they generally cash-flowed well and received few complaints.

One of the things I was curious about was that those companies that received legitimate complaints about their services or products were money losers. After studying the cases, I came to two main conclusions. First, for those who had quality issues, with delivery, etc., it was the fault of the company or service provider and had to be fixed, no questions asked. Second—and this is what startled me—when the customer's needs and budget were assessed, they didn't match the service or product the customer had purchased. This was because the business was too involved in the buying decision. Most customers, me included, are not professional shoppers and often buy on impulse.

While some customers make the correct decision on impulse, there's a good chance they won't. So the conclusion I came to was that sometimes the company has to recommend that the customer *not* purchase from them. Now, turning away sales may

sound counterproductive, but I learned later that most well-seasoned businesses do this on a regular basis. This way, they can give their full attention to the right customers, with little worry that things will go wrong.

Like every new business, I tried to be the answer to everyone's tax problem back in 1998 when I started, but I soon learned that this was impossible. I discovered that the question, "Is the customer always right?" should be more like, "Is *your* customer always right?" The answer is 100%—the supplier and the user must be well matched before entering into a business relationship.

Not only have I employed this wisdom for over 15 years, but I recommend it to others seeking to grow and refine their business. Something tells me when you have over 1,000 clients, most of them active, there must be a lot of truth in it.

I also learned early in my tax consulting career to be prepared for almost anything. Years ago, I got a call at 3:00 a.m. on April 29th that went something like this: "Neel, I hope I'm not disturbing you." All I could think of to reply was, "It's okay. I had to get up and answer the phone anyway." Yes, we got this person's taxes done, but the valuable lesson I learned was that if I'm not up, it goes to voicemail. So thank y'all for your consideration over the years.

With the celebration of our great country's birthdate, let's call that a great Canadian story that'll never likely become famous. On a better note, Happy Canada Day! Enjoy the latest **Tipper** with your well-deserved summer, my fellow Canadians!

Neel Roberts
President and Founder

What's Happening

Tax Filing Deadline Come and Gone

The deadline for filing your 2014 personal returns this year was extended to Tuesday, May 5th, due to a system/communication error. If you're self-employed it was Monday, June 15th. As both of these dates are long gone, your return is technically late if you owe money. If you are expecting a tax refund or [Personal GST Credits](#), you will not receive interest. Keep in mind that certain benefits like [Child Tax Credits](#) have a shelf life of 11 months, so if you have several years to file, you may be out of luck on the older ones. If you need to get caught up, call CRA at 1-800-959-8281 and find out how many years need to be filed. If you're really behind, like 20 years, CRA may only need the last 10, so confirm that with them. Also, have them send you all the T4s they have on their database for the appropriate years with carry-overs, RRSP limits, copy of last Notice of Assessment, etc., so you can get up to date properly!



CRA Employees Fall for Phone and Email Scams

The CRA has been warning the public for more than a year about fraudulent communications purporting to be from CRA. These are [phishing emails](#) posing as refunds or other communications.

Sadly, thousands of CRA employees fell for this scam, according to a recent [BNN article](#). CRA spokesperson Philippe



Brideau said that a security test by CRA will lead to further employee training: "As a result of this learning exercise, the CRA will continue to implement improved security awareness and training, which includes e-mail phishing and cybersecurity." He went on to say, "Please note there was never a risk to taxpayer information throughout the exercise. The CRA's systems are safe and secure."

A recent [Nanaimo Business News article](#) reported a similar scam. The Better Business Bureau of Vancouver Island had "received an influx of calls in recent days from people across the Island targeted by an automated-dialer calling system, claiming that the CRA is filing a lawsuit against them for tax fraud."

For more on scams, or to report deceptive telemarketing, or if you have given personal or financial information unwittingly, contact the [Canadian Anti-Fraud Centre](#) toll free at 1-888-495-8501.

Can Your Audit Have a Happy Ending?

The word "audit" sends shivers down most people's spines. I've helped several clients with audits, and I can tell you that it can end well if you have kept all your documentation and followed the rules. That may sound like Greek to some, but take a look at this story in the *National Post* back in April, explaining how one business was ready when the taxman showed up: [What to do if the CRA comes calling](#) by [Augusta Dwyer](#).



2014 Tax Review Notices Are Out

CRA conducts its review (post-assessment) of current tax returns during the summer of the year in which the return is filed. If your return is selected, you will receive a letter requesting the information CRA requires. It is *very important* to respond to this letter even if you need time to track down receipts, etc. CRA will usually grant time extensions if the request is reasonable. However, if you do not respond to their letter, CRA will normally reassess you within 30 days, and you will be responsible for newly assessed balances owing plus interest. After that, you can use the appeals process to dispute the balance, but that can be more complicated than just responding in the first place.



New Form for Status Indians Claiming Tax-Free Employment Income

CRA has recently come up with the new TD1-IN, which helps those Status Indians entitled to tax-exempt employment income.

In a nutshell, an employee's employment income is 100% exempt from tax if any one of the following situations applies:

- The employee performs more than 90% of employment duties on the reserve, but the employer does not reside there.
- Both the employee and the employer live on the reserve.
- Both the employee and the employer live on the reserve and the employee performs 50% of the employment duties on the reserve.
- Unless another exemption can be applied, the 90% exemption will be prorated depending on where the employment duties are performed.
- If the employee works for an Indian band that has a reserve or tribal council representing one or more bands (or an Indian organization controlled by one or more of such bands or tribal councils), and the employer, employee and recipients of the services "for the most part" live on the reserve, income earned by the employee may be exempt from tax. However, the band or tribal council must be exclusively dedicated to the social, cultural, educational or economic development of Indians in the delivery of their non-commercial services.

For further information, check out CRA's Aboriginal webpage, or contact the general call centre at 1-800-959-8281 or business line at 1-800-959-5525.

STATUS INDIANS REGISTERED INDIANS				
Band Membership				No Band Membership
Treaty		Non-Treaty		other Bill C-31 Indians
Reserve	Non-Reserve	Reserve	Non-Reserve	

CRA Call Centres Send More Busy Signals than Rings

Are you feeling unwanted by CRA? So many people are being put on hold when they call, or are greeted by a busy signal, that some are wondering if they're actually being put "on ignore."

An article in the Brandon Sun said that 2/3 of calls end in a busy signal even after several redials. Opposition members blame budgetary cuts of over 24% in CRA's taxpayer services for the poor response to the 60+ million calls to CRA last year. During the recent tax season, almost 80% of calls ended in a busy signal, a rate that most people find unacceptable. While getting your own online access helps, many taxpayers prefer to speak to a live agent in certain cases. If you feel this has gotten out of hand, you can complain to CRA service complaints. Keep a log of busy signals and fax it to 1-866-388-7371 from Canada or the United States, or to 1-819-536-0701 from outside Canada and the United States.



2015 Pan Am / Parapan Am Games and Taxes

This summer, Toronto will be hosting the 2015 Pan Am/Parapan Am Games. The Pan Am Games will take place from July 10 to 26, and the Parapan Am Games from August 7 to 15.

If you're a non-resident contractor, worker, athlete, media organization or volunteer, be sure to check out CRA's Pan Am/Parapan Am webpage to learn about possible tax implications. Whether you are involved in the games to do business, volunteer, or simply for pleasure, there may be tax obligations. Anyone affected should contact the general call centre at 1-800-959-8281 or business line at 1-800-959-5525 for further information.



Cheques Ending This Year

This is the last year that CRA will issue tax-related payments by cheque, including refunds, Child Tax Benefit, Universal Child Care, GST credits, GST refunds, Working Income Tax Benefits and more.

Most of my clients are already set up for direct deposit. If you haven't done this, go to the CRA direct deposit website and it will be done immediately in most cases. Government agencies at all levels are moving in this direction. After Thursday, December 31, 2015, YOU WILL NOT GET PAID ANYMORE if you are not set up on direct deposit! Contact the general call centre at 1-800-959-8281 or business line at 1-800-959-5525 for further information.



Former CRA Auditor Convicted in Bribery Scandal

Back in 2012, the [Globe and Mail](#) reported that an RCMP sting operation had busted three former CRA employees for fraud and corruption in extorting bribes from business owners. Last week, according to a [Toronto Sun article](#), former CRA auditor Francesco Fazio was convicted on corruption charges arising out of his 2005 audit of La Belle Place restaurant in Montreal. After threatening the owner with a \$600,000 tax bill for



unreported income, Fazio attempted to make a deal with him for a reduced assessment on payment of a bribe of \$90,000. The plot came to light as part of a larger police investigation into corruption and fraud at the Montreal offices of the CRA. Fazio was the first of eight agents arrested in the operation to be convicted, and is due to be sentenced in July.

Taxpayers suspecting such scams should immediately report them to the [Canadian Anti-Fraud Centre](#) at 1-888-495-8501, fax 1-888-654-9426, or submit a secure [online request](#).

Just Asking ... Just Answering

Boyfriend's Company Is in My Name, and He's Behind Filing

Real People with Real Questions About Real Situations



Dear Neel,
I was such a stupid child when I fell in love with my boyfriend two years ago. He put his construction company into my name, because when we moved in together, I thought there were tax advantages like he said. Shortly after that, I found out that he was in

bankruptcy and needed a corporation to keep securing business. Otherwise, he'd be out of work.

CRA called me at home one day demanding that I file the overdue GST, corporate and payroll returns. I don't even know what they are. Now I'm having nightmares because he probably owes a lot and I'm on the hook for tens of thousands of dollars, while CRA doesn't care that I was deceived into this deal. Is it as bad as it sounds? Can I do anything about it?

Lana H.

Dear Lana,

Your story is by no means unique. I've seen this several times, and unfortunately there's little anybody can do to help you.

One possibility is to pay a visit to a tax lawyer or forensic accountant to see if an employer-employee relationship exists as outlined in CRA's [Employee or Self-Employed?](#) guide. CRA generally looks down upon those who incorporate to mask personal services that are really considered employment, to avoid payroll deductions and take advantage of illegitimate expense claims.

In your letter, you explained that your boyfriend is the only one active in the business. You aren't active, and chances are that if he couldn't work, the business would close down. If you keep sufficient documentation and have witnesses, your lawyer or accountant can build a case. Once he has sufficient evidence, he should contact the [CRA Criminal Investigations Department](#). If they accept your case, the departments that go after non-filers or collections will usually put everything on hold until a probe is completed. If this doesn't happen, you will have to ask [the minister to intervene](#) and request a stay of action while the investigation is going on.

Sometimes a tax professional may be able to do this, but unless you're confident that he or she can deal with all these departments, a lawyer or accountant is the better choice. If CRA rules in your favour, all liabilities against you will be immediately cancelled and your boyfriend and his employer will be liable going forward. Take note: CRA has come down hard on convicted offenders by [advising the media](#) of cases where people have been convicted in the courts of tax evasion or failing to file. So it's best to try and settle before that happens. Good luck!

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



It's a Photo Finish! Fireworks Over a Mountain Lake!



Courtesy of <http://therealbanff.com>

Wherever you celebrate Canada Day, I hope you'll bring some fireworks to show off your patriotism. I always escape with friends near the Rocky Mountains to light explosives over the lake after a day of boating, quading, swimming and fishing. This picture from my home province of Alberta, in [Banff National Park](#) next to [Sulphur Mountain](#) over [Vermilion Lakes](#), is fairly close to what I experience. Wherever you may be this holiday, I trust you'll enjoy it to the max!

Did You Know?

. . . that Canada's Confederation Bridge is the longest in the world to cross ice-covered water?



After four years of construction using crews of more than 5,000 local workers, the two-lane toll Confederation Bridge opened to traffic on May 31, 1997, at a total construction cost of over \$1.3 billion. It joins the eastern Canadian provinces of Prince Edward Island and New Brunswick, making it possible to travel throughout the Maritimes by road. The curved, 12.9 kilometer (8 mile) bridge is the longest in the world to cross ice-covered water. More than a decade after its construction, it remains one of Canada's top engineering achievements.

Courtesy of www.confederationbridge.com

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