



# THE Tax Tipper

October 1, 2012

We take your taxes personally!

Issue 33

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## Our Readers Respond

"Hi, Neel. Just wanted to pass on our wishes to you. I never really got to thank you so very much for the work PTC Canada did for us this year. It was such a relief to have everything done. We enjoy your regular updates, Tax Tipper info and more. Very informative and helpful."

James MacDonald, Owner  
[Jimmy Beans](#)  
 Christina Lake, BC

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!**

## Thanksgiving Message

Dear Clients and Friends,

Many of us are captivated by the changing colours of fall, and I love taking pictures on my farm as the landscape prepares for winter. Autumn is a time of change when many of us closet the summer clothes and dust off those heavy coats, because we know what's coming. This summer I took a business trip to Vancouver Island, and when I was doing some sight-seeing to the beaches north of Nanaimo, the locals bragged that while they experience fall, there isn't much of a winter to speak of. As a matter of fact, they camp all year round, and in the rare event of a snowfall, they just shut down until it all melts, usually by the next day.

Many Canadians don't have that choice when it comes to weather—or when it comes to handling their taxes. Before you know it, tax season 2013 will be here, so now is the time to start preparing. One of the most common situations I run into is folks being downsized or leaving their job to start their own business. Recently, CIBC released a report claiming that Canada will see an unprecedented boom in new businesses as many decide it's time to strike out on their own. This is unique. Not only is the market expunging itself of employees but at the same time workers are deciding to become entrepreneurs.

This can only result in one thing: soon there will be a massive exodus from employment, and the droves moving into self-employment will find their tax situation dramatically changed. Having experienced this myself 15 years ago, I understand what it

involves and have built PTC Canada to be business-friendly, especially if this is your first time. Whether you are incorporating or starting a partnership or sole proprietorship, you need to equip yourself for your new venture. It's a good idea to go for a consultation because taxes are not the only issue. There are legal and financial issues and a new work ethic taking place all at the same time.

The most common mistake I find is that people overestimate what they can accomplish in a short time. For the first two years, the business usually runs a negative cash flow, so they end up packing it in. If they have a sustainable idea or product, they can just as easily underestimate the long-term potential. The fortunes of this world take at least 10 years to flower and 20 years to come to full fruition. Experts in the business can help you lower your learning curve while enlightening you about what to expect. I always look at changing seasons as an opportunity for new ventures, and the professionals I network with teach that to their clients. When I started almost 15 years ago, I foresaw this massive transition. Sure enough, it's not only coming to pass but will go into overdrive in the next few years.

If you're a new client, welcome aboard and check out all the updated stuff on [www.ptccanada.com](http://www.ptccanada.com). I'd like to wish you, your family and all your loved ones a safe and restful Thanksgiving while you enjoy the latest **Tax Tipper** with your turkey, wherever that may be!

Neel Roberts  
 President and Founder

# What's Happening

## E-file Finally Available All Year

It's exciting to announce that as of 2013, and for the first time in history, E-file will be available year-round for personal returns. This year it will only be available until November 30, but after that it will not shut down outside of normal maintenance. Does it get any better? Here's the bonus. Also, as of the New Year, you can file previous returns if you're behind up to four years—with only one catch: 2012 will be the first year you can backfile, so if you happen to be behind up to 2016, then you can do all four years in one shot and thereafter. Now that CRA has you confused, the simple rule is this: you can E-file up to four years, but they only accumulate starting in 2013. For further information, contact the call centre at 1-800-959-8281.



## 2012 Tax Service Now Available

As I alerted some of you in the summer, 2012 tax preparation service is now available. Those of you who have all your information or are filing zero income can take advantage of this service and avoid the rush. You can get the paperwork from the [forms website](#). Unfortunately, most people will have to wait until early March 2013 when they have all their T-slips, etc. One of the bonuses is that the 2013 calculations are also available (based on current information, of course). So, for example, if a client foresees a sizable amount of money coming from a buyout with the option to defer, it's recommended they book a consultation to utilize the most tax-advantageous strategy. I have done several of these and have saved clients untold thousands with a brief planning tactic. Unfortunately, many people end up paying too much tax on severances because they are not properly informed on how to address this!



## Tax Fraudster Sentenced to 12 Years in Jail

Over the summer, the kingpin behind a multi-million-dollar tax-preparation fraud was sentenced to over 12 years in prison. While most of the scheme took place in the United States, hundreds of Canadians fell victim to him. It was estimated that over \$763 million was claimed in refunds, but only \$14 million was paid out before his arrest in 2010. For further information, check out the [Canadian Press news bulletin](#).



## CRA Discontinues TELEFILE Service

This was the last year that individuals could [TELEFILE](#) their personal returns over the phone. This comes as no surprise, since only 1.2% of Canadians use this service, compared to the whopping 66% who file electronically. TELEFILE was more popular in the 1980s and early 90s, when commercial e-filing was just getting going and was not yet available to the public as it is today. The effective date was June 27, 2012. CRA allowed the last return to use this older method. For further information, check out the [news bulletin](#) or contact the call centre at 1-800-959-8281.



## CRA Strives to Keep Businesses Informed

Many tax professionals like me applaud the technical advances CRA has brought to the public over the last five years. Particularly, small businesses have much better access to information and tools to help their bottom line. Whether you prefer to learn about these through [video instructions](#) or [newsletters](#), my advice is to stay informed so you can take advantage of them. For further information, check out the [news bulletin](#) or contact the business line at 1-800-959-5525.



### Are You Really, Really Behind on Your U.S. Taxes?

Thousands of Americans in Canada and abroad are scrambling to understand the recent tax crackdown by the U.S. Internal Revenue Service (IRS). Recently, the IRS brought some welcome relief to those who are missing returns. While current tax treaties are designed to avoid double or over-taxing, all U.S. citizens are required to file returns with Reports of Foreign Bank and Financial Accounts (FBARs) regardless of where they live, and must report their worldwide assets. The IRS will allow taxpayers they consider to be low compliance risks to get caught up without facing penalties or additional enforcement, provided they have simple tax returns and owe \$1,500 or less in taxes for any of the covered years. For further



information, check out the [information bulletin](#) or contact the [IRS International office](#) at 1-267-941-1000 (not toll-free).

### No More Tax Packages in the Mail as of 2013

2012 was the last year you'll get those annual notices in the mail from CRA to file your taxes in the New Year. To reduce expenses, and because of advances in e-services, CRA will no longer be using paper reminders. Those wishing to file their own return can [download the forms](#) or [Net file](#) online. For further information, contact the call centre at 1-800-959-8281.



## Just Asking ... Just Answering

### I'm So Messed Up, Who Would Want Me?

Real People with Real Questions About Real Situations

Dear Neel,  
After reading all your stuff on the webpage, I feel you are the only one I can tell this to. I was self-employed in the construction industry and haven't filed in at least 10 years. I have little money to pay someone, let alone pay the taxes I owe. Every time I start to get my taxes together, I run out of money and the accountants eventually get rid of me for lack of co-operation. To top it off, I find it hard to keep a roof over my head, and even my own parents don't want me in their house. I'm 47 years old and many people think I've lost my marbles. Not only am I losing hope, but I doubt I'll ever get this behind me. Can you help?

Brett C.

Dear Brett,  
Marbles can be found, and while your case is serious, it is by no means the worst I've seen. You must understand that a shortage of money is only part of the problem. The real

issue is that you refused to get on with things when you had the money. There's only one way to tackle this: find an accountant who will work with you and agree on a payment plan for their fees, and then stick to it. It's much cheaper to prepare the paperwork than use a bookkeeper. Our [Small Business Tax Booklet](#) and [Excel business spreadsheet](#) can help you with that. Sometimes, to settle your account, you can submit a consumer proposal to pay the outstanding balance to CRA through a bankruptcy trustee. Good luck!

Are You *Just Asking* tax questions?

Neel can *Just Answer* them.



# It's a Photo Finish! World's Fastest Pumpkin Carver!



Courtesy [www.worldrecordsacademw.org](http://www.worldrecordsacademw.org)

Are there records that can be set in the fall if you have a healthy harvest? Steven Clarke of Havertown, Pennsylvania, carved one ton of pumpkins in just over 3 ½ minutes. Each pumpkin had ears, eyes, nose, mouth and brows, with the lids put back on, so you can imagine he moves like lightning. In 1999, he was invited by then vice-president Al Gore to demo his carving for the White House Halloween party. Check him out in a [carving contest](#). While Clarke claims he doesn't train for it, he acknowledges that the key to avoiding the jitters is to keep his arms out straight. You have to admit that while not everybody is cut out for this, the pumpkins don't seem to have a choice!

[Send us your fascinating photo or story.](#)



## Don't miss ...

The [Leonids meteor shower](#) peaking Saturday, November 17, 2012. Astronomy fans and enthusiasts can follow Neel's monthly column [Sky's the Limit](#) in the [Vulcan Advocate](#), the first Wednesday of every month!

## Did You Know?

Over 300,000,000 turkeys are sold in North America for Thanksgiving alone?  
*Now that's a lot of scratch!*



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