



# THE Tax Tipper

October 6, 2010

We take your taxes personally!

Issue 23

## Inside

What's Happening	2-4
Just Asking ... Just Answering	5
Did You Know?	5
It's a Photo Finish	6

**President and Founder**  
**Neel Roberts**  
**PTC Canada**  
**Box 1347**  
**Vulcan, Alberta**  
**T0L 2B0**

**Phone 866-485-2683**  
**Fax 866-485-2761**  
**[taxes@ptccanada.com](mailto:taxes@ptccanada.com)**  
**<http://ptccanada.com>**

### Our Readers Respond

Hello, Neel. I wanted you to know that I appreciate the work PTC Canada has done for me over the years. I have less stress than I have had for years, and now I can relax guilt-free. Thank you again. You have a loyal customer for life.

**Rob Campagne**  
**Mobile Auto Trim**  
**Delacourt, Alberta**

We welcome your comments on the Tax Tipper!  
 Check out our [newsroom](#). We make press now and then!

Dear Clients and Friends,

### Thanksgiving Message!

It was a busy summer for me, but I did manage to get away now and then with friends and family. It's amazing that we haven't had snow yet, as it's common in this part of the country to have had at least one dump by now. But when I look west at the mountains, it seems like they took the brunt of it, so I guess I'm next. One of the projects I'm finishing is building a new garage. It's ready to be put to use to prep all my vehicles and equipment on the farm for winter.

The changing seasons have a lot in common with taxes. Not only are they both inevitable, but most people don't like all the things that go with them. On my farm, I have a list of at least 40 items that need to be tended to before the snow sets in. And it doesn't end there, because the world still goes on. But my point is this: When we know change is coming, what do we do about it? I'm delighted that most people I know take the initiative to plan for it and manage to stay ahead. When we live in a cold country like Canada, we have little choice. Unfortunately, there is always a small minority who have the philosophy, "Whatever is going on will go on forever." As ludicrous as that sounds, it's not surprising that they always make bad decisions.

I remember an old teacher who lived by the saying, "Expect the worst and hope for the best." Over the years, I have found a lot of wisdom in that statement, for two reasons: First, it doesn't promote over-comfort. I find that when I'm helping a client clean up several years of back taxes, complacency (especially a false sense of it) had set in, until the inevitable happened. Second, remaining optimistic when one's state of affairs seems hopeless is not only emotionally healthy but actually helps the situation. Many people call a professional when they've run out of possibilities, because they need better options. I'm delighted to say that after 13 years of running this business, we're able, almost 100% of the time, to substantially improve our clients' circumstances.

Today we live in very challenging times, and I don't believe that's going to change anytime soon. Job losses and vanishing investment portfolios continue to negatively affect people's lives, and getting the proper help tax-wise is imperative. Sure, the good times do eventually return, but one thing is for sure: yesterday is gone forever, never to come back.

What does this mean for you? Simply this: the decisions you make today affect you tomorrow and beyond, no matter what the economic climate is. In this decade, I believe you will see two significant changes that will affect the average Canadian: First, a large shift from earning wages from employment to self-employment (running your own business) and building sales. Large industries, government and institutions have been facing intense international competition for years. Now, with cheap overseas wages

Continued on page 2

## Neel's Message, continued

added to the equation, downsizing will be a continuing trend. Second, strategies about pensions and investments have been changing for years. The days of working 30 years for the same company and getting a good pension looked after by someone else have been disappearing for years, and fixed incomes, for example, are becoming more self-managed. There are many more factors, but it's a completely different game compared to the traditional industrial model of the 19th and 20th centuries that we are used to.

When I started PTC Canada in 1998, I foresaw that not only would technology become a factor in providing practical tax solutions, but offering timely information consistent with the most recent changes would be even more critical. My hope in providing regular updates is to keep you informed using the best expertise. Admittedly, I don't know everything and don't profess to be the best. However, I am thrilled to have built a top-quality network of information and professionals that I can pass on, usually

for free, for your benefit. Our clients have a high satisfaction rate, not because I say so but because they come back and tell others. Not only am I flattered by that, but when I look back, I'm delighted to have helped and will continue to do so. Our website, [www.ptccanada.com](http://www.ptccanada.com), is updated regularly. Thousands visit each month to gain insight, so don't ever hesitate to do so.

Lastly, thank you for your continued feedback, which I always enjoy. Rarely does a day go by that clients or passersby don't email or phone. This is invaluable for building the business. Did you know that clients are by far the #1 contributor to developing the business as it stands today? Impossible to do it any other way!

I'd like to take this opportunity to wish you, your family and all loved ones a safe and restful Thanksgiving. Enjoy the latest **Tax Tipper** with your turkey!

Neel Roberts  
President and Founder

## What's Happening

### E-file Over for 2009 Personal Returns

E-file for 2009 personal returns shut down on Thursday, September 30, 2010, so all returns filed from now on will go via paper, which means they will take longer to process. Corporate returns, on the other hand, are still allowed back four years. This means those unfiled from a 2006-year-end can in fact be E-filed. CRA recently informed us at one of our associate meetings that a new system revamp for personal returns will now allow returns to be E-filed for the rest of the year. But unfortunately this won't be available for a couple of more years!



### 2010 Tax Service Now Available

As I alerted some of you in the summer, 2010 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 2011 when they have all their T-slips, etc. One of the bonuses is that the 2011 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 Free Savings Account (TFSA) Update

Over the summer, Minister of Finance Jim Flaherty and Minister of Revenue Keith Ashfield announced that Canadians who accidentally over-contributed to the Tax Free Savings Accounts will not be subject to penalties this time. "Our government recognizes that there was some genuine confusion about the rules for the TFSA in the first year," said a statement released by the finance and revenue ministers. "The first year of the program, we have taken the decision to be as flexible as possible in cases where a genuine misunderstanding of the TFSA contribution rules occurred." For further information check out the TFSA webpage or contact CRA at 1-800-959-8281.



### Unauthorized CRA Employees Abusing Taxpayer Information

Late in the spring, it came to CRA's attention that several taxpayers were complaining that ex-spouses and other unauthorized employees of CRA were perusing their files without permission. While CRA had not officially made a news release about this, there were several press releases to this effect. If you suspect that you have been a victim of this, I recommend you take immediate action and notify the Taxpayers' Ombudsman at 1-866-586-3839. This is a very serious issue and should not be taken lightly. If you are not satisfied with this, get hold of your local police and demand protection of your information.



### CRA Looking at Ways to Ease Small Business Compliance

If you run a small business and have been through at least one audit, I don't have to tell you how stressful this can be, especially if the results don't go in your favor. Having recognized that record keeping can be a tedious task, CRA is looking into ways to reduce the complexities associated with it, starting with a simplified logbook. For many of the small business clients I handle, this seems to be a chore many hate. With electronic tools, etc., there is no reason why it can't be made easier. While more simplified ideas are being considered, the taxpayer is not exempt from proving expenses as required. Check out CRA's webpages, Business Records and Reporting Your Business Income and Expenses. While we offer our sole-proprietor clients the Small Business Tax Booklet with Excel Business Spreadsheet, and our corporate clients the Corporate Tax Checklist with Income Statement and Balance Sheet, all free of charge, you should check into this further. A great book to get is Evelyn Jacks' Make Sure It's Deductible, available online or at most bookstores. Ultimately, it is you, the taxpayer, who is responsible for your taxes, not the accountant, CRA or anyone else.



### Tax Relief for Hurricane Igor Victims

There never seems to be much good news when a natural disaster strikes. However, CRA is offering tax relief to those affected by the recent Hurricane Igor, which thrashed the Eastern Coast. Individuals or businesses unable to meet their tax obligations should contact the CRA to apply for taxpayer relief. Requests are considered by the CRA on a case-by-case basis. Taxpayers can make a relief request by completing Form RC4288 Request for Taxpayer Relief or by writing to their local CRA office. For further information, check out the news bulletin or contact 1-800-959-8281.



### New Rules in the New Year for Partnerships

A few weeks ago the CRA announced that the prerequisite related to the number of partners in a partnership will be replaced with a new requirement based on financial activity. Also, the requisite to file based on the types of partners will be revised. The new necessities apply to all partnerships for fiscal periods ending in 2011 and later. Check out the [news bulletin](#) and the [partnership filing website](#) for more information, or contact the business line at 1-800-959-5525.



### Huge Fines for Unfiled Taxes

The CRA continues to fine individuals, corporations and all others not filing required tax returns. Recently, [a man was fined](#) \$6,000 for unfiled personal tax, GST and corporate returns. On top of that, he was still required to remit unpaid taxes with appropriate interest and penalties. Those who find themselves behind may qualify for a "Tax Amnesty," but of course individual situations differ. If you need to get caught up, let me know and I will get you started, while reducing your liabilities.



### CRA Exposing Unreported Offshore Income

The Honourable Keith Ashfield, Minister of National Revenue, Minister of the Atlantic Canada Opportunities Agency and Minister for the Atlantic Gateway, recently announced that the CRA has received information from the government of France about HSBC account holders. Since then the CRA has continued to analyze account data to ensure that the Canadian holders are declaring all their income for tax purposes. The CRA has begun a series of audits. "This is just another example of how our government is taking action to crack down on people who unfairly exploit offshore accounts," said Minister Ashfield. "We know that most Canadians pay their taxes and play by the rules. That's why we are taking aggressive action to recover money owed to Canadians." The CRA can confirm that over 1,000 bank accounts are linked to Canadian taxpayers. The largest accounts are now being audited, and others will follow. All accounts that are linked to Canadian taxpayers will be reviewed. Not reporting income from foreign sources is illegal. Tax recovery continues to grow as a result of the CRA's international efforts and audit processes. The CRA is committed to continuing collaborative work to protect Canada's tax base.



### Tax Audit Unfair? Help Is Now Here!

Have you been audited, or are you in the process of being audited? Regrettably, this has become a touchy issue in recent years. Not only have a few clients complained about being treated unfairly, but in my meetings with other professionals the message is similar. I have always taken a fair and reasonable approach to all matters, but I have to admit that I've seen some very irrational decisions by the auditor. I don't recommend you accept that. I am delighted to have just formed a working relationship with an audit specialist who has had a large success rate and is prepared to take your valid case to the top courts of our land. If you or anyone else feels you need this help, please get hold of me right away. The recent [Taxpayer Bill of Rights](#) essentially guarantees you fair treatment. You should make full use of the [Taxpayers' Ombudsman](#) if you feel you've been cheated.



## I Owe—But Haven't Filed

Real People with Real Questions About Real Situations

Dear Neel,

I'm getting very frustrated with CRA because I have been sick for the last two years and was hardly able to run my business, let alone make any money. I haven't been able to file because I was bedridden most of the time, and now CRA is seizing my bank account for amounts they made up and money I know I don't owe. How can I finally end this, as I am now just recovering?

Shelley R.

Dear Shelley,

I am sympathetic to your situation, and many of us without health issues can't understand the difficulties one has to go through to do things like filing a tax return. You did not mention whether you were filing your own return or getting help from a professional. In this case I'd recommend the latter, as it will likely be well worth it. The first order of business is to file the returns, because if you don't owe CRA, the arbitrary assessments should get changed to reflect the correct amount. If you do owe,

however, you may be entitled to relief under the [Taxpayer Relief Provisions](#).

Second, you should see if you qualify for the [disability tax credit](#) and any other federal or provincial benefits. This is over and above any payments you may have received from a private disability plan. Lastly, if you have explained your situation and you are still getting harassed, file a complaint with the [Taxpayers' Ombudsman](#). They can be reached at 1-866-586-3839 and there is no cost. Good Luck!

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



## Did You Know?

**A cranberry must bounce at least four inches before it can be harvested!**



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



Ever wondered what folks say about us? Check out our [client testimonies!](#)

As usual, we [welcome your comments](#) on the Tax Tipper!

# It's a Photo Finish! Now That's a Big Pumpkin!



Courtesy Pumpkin Nook 2010

This is officially the world's largest pumpkin, weighing in at 1,725 pounds. Christy Harp brought it to the Ohio Valley Giant Pumpkin Growers (OVGPG) Giant Pumpkin Weigh-Off on Saturday, October 3, 2009. Christy's new world record beat the previous record of 1,689 pounds in 2007, held by Joe Jutras of North Scituate, Rhode Island. Nick Harp, standing by her, is Christy's proud husband.

Where did the seed that Christy used to break the record come from? It was the previous winner Mr. Jutras's seed. Up until now, Christy, of Jackson Township, Ohio, was known as a teacher. Now she can teach the world how to grow giant pumpkins. We hope and anticipate that Christy's great accomplishment will help to educate and propel all growers toward breaking the 2,000-pound barrier. Congratulations and good luck to Christy on this spectacular accomplishment. BTW, did someone say, pass the pumpkin pie?

**Send us your fascinating photo or story.**



Don't miss the Leonids Meteor shower peaking Wednesday, November 17, 2010.

Astronomy fans and enthusiasts can follow Neel's monthly column Sky's the Limit in the Vulcan Advocate printed the first Wednesday of every month!

All materials are the exclusive property of PTC Canada and are for information purposes only. Individuals and entities should seek personal advice from qualified professionals before taking further action, as PTC Canada and its associates assume no liability whatsoever for this resource.

[Click here to unsubscribe to this newsletter](#)

The Tax Tipper is professionally finished by Joyce Gram of Gram Editing Services, your newsletter pro.  
[www.gramediting.com](http://www.gramediting.com) Email: [email@joycegram.com](mailto:email@joycegram.com)