



# THE Tax Tipper

December 15, 2009

We take your taxes personally!

Issue 19

## Inside

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

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Dear Clients and Friends,

2009 will go down in history as one of the most challenging economic years we have faced since many of us can remember. South of the border, our American counterparts seem to have been hit much harder, and not only have homeless shelters become overloaded, but many people have been forced into tent cities where canvas coverings have become their permanent homes. In states like California and Michigan, unemployment rates have reached over 20% in some regions, which is depression level! While the markets have shown recovery and there is renewed optimism in the job market, many experts feel we are still far away from a needed recovery.

Investor Warren Buffett has been in the news a lot lately, and when asked his thoughts about the economic situation, he said, "The next few months will continue to be challenging, but five years down the road history teaches us we would have put this in the past." Recalling the last three downturns – 1981-83, 1991-93 and the technology crash of the early 2000s – I must say this did indeed seem to be the case five years later. In other words, while times may seem bad at the moment, the economy naturally tends to improve with an upswing. If history is consistent – and most respect Buffett's view – we can expect 2010 to be a turnaround year.

As I enter my 13th year in business, I am flattered that so many of you have stayed with me throughout the years, and especially that many have been with me since day one in 1998. Despite all the bad news on the street, PTC Canada has had another record year of growth, so needless to say I am very pleased. I'm also grateful for the praise and notes of thanks I regularly get from loyal, long-time clients and new ones who have come aboard this year. These letters make the challenges of this tough business well worth it. There are an estimated 400 changes to the tax laws each year. This, combined with your changing situation, makes it imperative that expert service be readily available.

Today, client needs are much more sophisticated and trying than they were when I started in the late 1990s. With tax laws becoming more complicated, people don't have the time or determination to make sense of what needs to be done. That's why we have our website, [www.ptccanada.com](http://www.ptccanada.com). It's designed for busy people who need something done right away and want to take care of it in their own home. Over 90% of our clients make use of our website on a regular basis, and with almost everybody in the country having access to the Internet, that is only going to increase. Whether you have a unique situation, or you just want to do your annual filing or stay in touch, our website is rich in resources, all at no cost or obligation.

At this time of year, we get together with old friends, family and acquaintances, which I myself will be doing, sharing festivities and memories. This year an old boss of mine contacted me out of the blue. It's been almost 25 years since we worked at the old Boeing plant in Toronto, and while today we live in different places and have different careers, we agree that the way things were done in the past should stay in the past. It used to be that we could make good money for minimal production, but today you can't even joke about that. The world is much more competitive and buyers have lots of choices, so businesses

Continued on page 2

cannot be complacent, as they were decades ago. Bill Gates lives by a saying "Microsoft is two years away from bankruptcy from a company that doesn't exist and a product that isn't invented."

What he means is that he never takes anything for granted, because there's always someone trying to do better than you. Many of us saw the hundred-year-old auto maker General Motors file for bankruptcy this summer; and while that industry has been very competitive the last two decades, unfortunately for too long they were unworried, and they paid the ultimate price!

Lastly, I ask you to help out where you can this holiday season. Many charitable institutions have experienced cutbacks this year, and places like the food bank and Salvation Army really feel the scaled-back contributions. In our small town of 2,000, a fair number of people depend on

our community's goodwill as a matter of life and death. Cold winters can be especially trying, and I am delighted that many of my clients, friends and family give heartily. Did you know that Canadians are considered among the most generous people in the world? Having lived in Canada all my life, I'm proud of that. Apart from receiving a tax deduction, you can feel that someone in need benefited. Check out Mark Victor Hansen's book [The Miracle of Tithing](#). I recommend it at this time of year because it is well written on the "non-economic" areas of giving. I have been tithing for years, and I can't tell you how many times it has faithfully rewarded me. Thank you in advance for doing this. Merry Christmas, Happy 2010 and enjoy the last **Tax Tipper** of the year!

Neel Roberts  
President and Founder

## What's Happening

### 2009 Tax Service Now Available

Are you all ready to file your 2009 return? We are ready to roll, thanks to the help of our speedy software developers. Simply contact me with all your information, and you may have your refund in January. Unfortunately "E-File" does not start until Monday, February 8, 2010, so all early returns will be paper-filed with the usual 4-6 week turnaround. There is still a slight advantage, especially if you're expecting a large refund!



### Keep Those Home Renovation Receipts

On your 2009 tax return, you have a one-time chance to claim up to \$10,000 (minimum \$1,000) on home renovations you did between January 27, 2009, and February 1, 2010. Most expenses to improve your personal residence, such as rebuilding a kitchen, are allowable, but not items for regular maintenance, such as snow clearing or lawn cutting. Check out the [Home Renovation Tax Credit \(HRTC\)](#) or call the hotline at 1-877-959-1272.



### Filing Lots of T4s? Now You Have to Do It Online!

Beginning in 2010, if your business or institution is filing over 50 T4s or other slips such as T4As, T5s, RRSPs and even Tax-Free Savings Account returns, you will have to do it online. Most businesses are already doing this because there are many advantages, such as reduced paperwork and instantaneous recording on CRA's end. For further information, check out the [bulletin](#) or call the business line at 1-800-959-5525!



### Finally You Can Pay Your Taxes Online!

I have been asked many times if you can pay your taxes in the comfort of your home, like your other bills, and now it looks like you can. Back in October the Honourable Jean-Pierre Blackburn, Minister of National Revenue and Minister of State (Agriculture and Agri-Food), announced the launch of a new online service at the Canada Revenue Agency (CRA), which included paying taxes from most major Canadian banks. Check out [details of the announcement](#) or contact the general enquiries line at 1-800-959-8281!



### Minister Proposes Changes to Tax-Free Savings Accounts

In mid-October the Honourable Jim Flaherty, Minister of Finance, proposed amendments to the *Income Tax Act* to strengthen the rules applicable to Tax-Free Savings Accounts (TFSAs). Changes include the following:

- Making any income attributable to deliberate over-contributions and prohibited investments subject to existing anti-avoidance rules in the *Income Tax Act*
- Making any income attributable to non-qualified investments taxable at regular income tax rates
- Ensuring that withdrawals of deliberate over-contributions, prohibited investments, non-qualified investments or amounts attributable to swap transactions, or of related investment income, from a TFSA do not create additional TFSA contribution room
- Effectively prohibiting asset transfer transactions between TFSAs and other accounts.



Minister Flaherty said, "These proposals will ensure that the TFSA remains viable and strong for Canadians today and in the future and the use of inappropriate transactions to draw excessive benefits are avoided." For further information, check out the [TFSA press release](#)!

### Are You "Tax Preparation Volunteer" Material?

Have you ever considered a profession preparing taxes but lack the experience? The [Tax Volunteer Program](#) is an excellent way to get started, as the qualifications are minimal. If you want to pursue a career in the tax industry, this experience can be very helpful. Many professionals actually started here before going into practice full-time. I even heard a rumour that they have a free meal at the end of the season but you have to bring your own ketchup; don't let that discourage you. For further information, contact the general enquiries line at 1-800-959-8281 or drop by your [local tax centre](#)!



### HST Coming to BC and Ontario Canada Day 2010

BC and Ontario will join the Maritime provinces in a Harmonized Sales Tax, combining the current PST and GST into one tax. If proposed legislation goes through as planned, starting July 1, 2010, [Ontario residents](#) will pay 13% (5% to the federal government and 8% to the provincial government), and [BC residents](#) will pay 12% (5% federal and 7% provincial). Businesses collecting the tax will only be required to remit one amount to CRA and none to the province. More details will follow as final reading approaches. For further information, check out the [HST bulletin](#) or call the business inquiries line at 1-800-959-5525. This is expected to become law before Parliament breaks for the summer vacation!



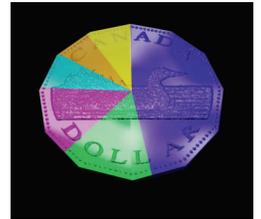
### Canada's Economic Action Plan Update

There is lots of information available on Canada's Economic Action Plan, including progress on stimulus spending, financial reform, bailouts and tax incentives. While you can find out recent developments via the press and Internet, the Finance Department has set up a website at [www.actionplan.gc.ca](http://www.actionplan.gc.ca) with the latest updates. You can even sign up for emails to keep you posted!



### Ever Wonder Where Your Tax Dollar Goes?

Too often taxpayers question where those payroll deductions, etc., go, especially in tough economic times like these when we need government help more than ever. The Finance Department has prepared a simple presentation of last year's income and expenditures. You can expect this year's results to be out by about budget time next year, around early February 2010. In brief, we had tax revenues of about \$242.4 billion, less expenses of \$232.8 billion, for a net surplus of \$9.6 billion, which is applied to our national debt. On a side note, our GDP (Gross Domestic Product) is over \$1.5 trillion (11th in the world) or \$44,600 per person (18th in the world), which is impressive for a population under 34 million!



### CRA Now Has "Donation" Webpage to Protect Against Scams and More

CRA has set up a webpage to inform interested donors about potential scams, tax receipts and authorized charities, etc. Because of the number of fraudulent organizations busted in the past, many taxpayers have been on the hook for billions of recovered dollars through CRA reassessments. This has caused a lot of grief for those who thought they were getting a fabulous return. Now you can do your own investigations before you give. For further information, check out [www.cra.gc.ca/donors](http://www.cra.gc.ca/donors) or call 1-800-267-2384!



### EI Benefits for the Self-Employed Next Year?

In the last budget, Bill C-56, also known as the *Fairness for the Self-Employed Act*, allows a self-employed person to opt into the EI program as of January 2010. Under the proposed legislation, the individual must participate in the program for at least one year before becoming eligible for benefits, with a minimum of \$6,000 self-employed earnings annually. In return, they can receive up to 15 weeks of maternity benefits, 35 weeks of parental benefits, 15 weeks of sickness benefits and 6 weeks of compassionate care benefits. The program is much needed, considering that over 2.6 million Canadians are self-employed; and with more corporate refugees joining these ranks, that is only expected to grow. For further information, check out the Bill C-56 fact sheet!



### New Global Accounting Standards Coming to the Canadian Tax System!

Beginning in 2011, a new set of accounting principles, known as International Financial Reporting Standards (IFRS), will affect the way CRA requires individuals and corporations to report income. I will keep you updated as more news gets released, or you can follow various websites through RSS feeds. You can expect the bulk of the new practices to be announced in mid-2011 for the 2012 tax season.



## Can They Assess Me Without a Tax Return?

Real People with Real Questions About Real Situations

Dear Neel,

I haven't filed my returns for over five years, and the other day I got assessments in the mail for three years that I know are wrong. They are trying to tell me that I earned more in my business than I did. What's my next step? Can they really do this even though it's inaccurate? I refuse to believe CRA has this much power!

Paula C.

Dear Paula,

Elsewhere in your letter you indicated that you are self-employed and therefore entitled to certain deductions, but that legitimate deductions like donations and alimony support were not considered. Unfortunately, CRA does indeed have the right to "arbitrarily" assess you based on the information they have, and the assessment becomes enforceable if you do not file a dispute notice. The law changes from year to year, and you should consult with a

tax professional if you are unsure how to resolve the outstanding balance with CRA. Since you have your own small business, our Small Business Tax Booklet with Corporate Checklist will help you compile your information.

You did not mention why you were behind. If it's more than just procrastination, you should consider making an application for relief of penalties and interest under the Fairness Act. However, if you still have a balance owing, the Taxpayer Bill of Rights does not exempt you from paying, and arrangements must be made accordingly. Good luck!

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



## Did You Know?

The first decorated tree was at Riga, Latvia, in 1510. In the early 16th century, Martin Luther is said to have decorated a small Christmas tree with candles to show his children how the stars twinkled through the dark. The early trees were biblically symbolic of the Paradise Tree in the Garden of Eden. The many food items were symbols of Plenty, the flowers—originally only red—of Knowledge, and White for Innocence!



Osborne House Christmas Tree illustration in *Godey's Lady's Book*, December 1850

## Our readers respond!

I am speechless and taken with PTC Canada's excellent results. Thanks to Neel Robert's guidance, tax time is much easier than I imagined, and I don't know why you wouldn't put PTC to work for you. Thanks Neel. You rock. Can't get better, prompter service than that!

Fred Smith, River Guide  
Calgary, Alberta

Check out our media room. We make the press now and then!  
Ever wondered what others say about us? Take a look at our testimony page!  
Need tax help now? Click here to get started!  
As always, we welcome your comments on the Tax Tipper! Send us an email.

# It's a Photo Finish!

## It's the World's Tallest Lighted Living Christmas Tree!



Courtesy [Christmas Treasurers](#)

This 160-foot (49-metre) Douglas fir made its debut in 1994 by Patrick Dibala of Blue River, Oregon (one hour east of Eugene). With over 4,000 lights, it was quickly shut down by the local utility commission for safety infractions. However, it was re-launched in 2003 with 50,000 lights on the tree alone and another 50,000 revolutionary microchip LED (light emitting diode) holiday lights, which use 85–95% less energy. They are virtually indestructible indoors and outdoors, remain cool to the touch and stay lit continuously for up to 50,000 hours! Flame-tip faceted LED lights are actually computer chips made of pure silicon with natural elements, all encased in a non-flammable, indestructible epoxy shell. Chip colour is created by minerals that never flake or fade like conventional lights. In use, they never get more than one degree above room temperature. Connect as many as 43 strings end to end, and if one light should go out, the rest stay lit. Really incredible! If you want to see it, it's on display daily from dusk to midnight Pacific Standard Time, or check it out now on the [live webcam!](#)

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

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