



# THE Tax Tipper

April 11, 2014

We take your taxes personally!

Issue 41

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### Our Readers Respond

The service I received from PTC Canada was exceptional. Neel Roberts addressed every question and concern I had promptly and with care. I would recommend him to anyone!

Megan Warner  
 Kamloops, B.C.

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!**

P.S. Astronomy enthusiasts can follow Neel's monthly column [Sky's the Limit](#) in the [Vulcan Advocate](#) the first Wednesday of every month!

Dear Clients and Friends,

I love it when spring is in the air. While there's still another month of tax season to go, it's refreshing to know that warmer days are ahead and the cold ones behind. Before you know it, we'll be off on our summer vacations and no longer worried about getting out of our snow-filled driveways. I don't really stop working after tax season, as late filers still make up the bulk of my business, but I'll hibernate for a week under the covers to refuel.

Thanks to the internet, faxes and other ways of staying in touch, clients who can't get out of their driveways, or just prefer to stay home, no longer have to meet in person. As I look back 16 years to 1998 when I started this business, the old-fashioned way of doing things manually on paper seems so obsolete compared to the options clients have now. [www.ptccanada.com](http://www.ptccanada.com) has made it possible for over 80% of our business to be conducted online, and we're heading for 100% by the end of the decade. That may sound optimistic, but technology continues to open doors for every situation.

One of the first things I noticed years ago as a new entrepreneur was that people are too busy and have little interest in taxes. Therefore, it was essential to create a business that clients could access easily but would still be effective.

The internet has just [turned 25 years old](#), and while most people weren't online until the mid-1990s, I saw even then that this was the way of the future, and with minimal resources and experience, I started to work on a website. Even with the [Heartbleed bug](#) that shut down the CRA site last week, no one doubts that doing taxes, and more, online is the way to go.

I've been advocating that all of this will move onto your smartphone by the end of the decade, as paper becomes less relevant. Watch for the PTC Canada app to be launched by next year. Your feedback has made this possible and even set benchmarks in the industry.

Some folks point to competitors trying to copy my ideas and wonder if I'm offended. I just scoff and reply, "Why should I be? I'm flattered that they think I'm doing something useful!"

You see, I learned a long time ago that people will never try to duplicate a sham (at least on purpose). I've never been threatened by competition—it's the best reason to keep improving the program. I believe that Abraham Lincoln said it best . . .

Lincoln appointed men of opposite parties to important places of work. In one case, two such men were not getting along, but each was doing his job well. Nevertheless, some critic complained to Lincoln about the men not getting along. Lincoln told the critic a story. A man was plowing his field with a mule. Someone came along, noticed a horsefly on the mule and attempted to kill the pesky fly. The plowman said, "Don't kill that fly. It's all that keeps the mule going!"

Now that you've had your laugh, may I take this opportunity to wish you and your loved ones a safe and blessed Easter holiday, wherever you may spend it. Our small group of 20+ in Vulcan celebrates by having our annual deep-fried turkey on the farm, and it's to die for. Enjoy the April **Tax Tipper!**

Neel Roberts  
 President and Founder

# What's Happening

## 2014 Federal Budget Is Out

Former Minister of Finance Jim Flaherty tabled his last federal budget a couple of months ago. Check out our [February 11, 2014, bulletin](#) for details.



## New Credits and Benefits for Your 2013 Personal Taxes

Every year there are several hundred changes and/or additions to the tax code. Most don't affect the average filer directly or immediately, but the CRA recently listed the [highlights of changes and benefits](#) that filers may be interested in. The [list of tips](#) includes [filing your own return for free](#) and getting [free filing services](#).



For further details, check out the CRA tax tip [information bulletin](#) or contact the tax line at 1-800-959-8281.

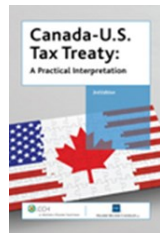
## Canada Inks Deal with IRS, Allows CRA to Collect Tax Info on U.S. Residents

In February, the federal government announced that it had [signed a deal](#) with the United States over a new American law aimed at weeding out tax cheats in Canada.

The [Foreign Account Tax Compliance Act](#), drafted in 2010 by the U.S. Internal Revenue Service, requires Canadian financial institutions to report information about anyone considered to be a U.S. resident or citizen—including dual citizens—directly to the IRS as of this July.

Minister of National Revenue Kerry-Lynne D. Findlay explained, "This is strictly a tax information-sharing agreement. This agreement will not impose any U.S. taxes or penalties on U.S. citizens or U.S. residents holding accounts in Canada. The CRA does not collect the U.S. tax liability of a Canadian citizen if the individual was a Canadian citizen at the time the liability arose. This includes dual Canada-U.S. citizens. That will not change under this agreement."

For further information, check out the [information bulletin](#) or contact the Canadian Department of Finance at 613-996-8080.



## Long-anticipated Registration of Tax Preparers Program (RTPP) Underway

Two months ago in Vancouver, Minister of National Revenue Kerry-Lynne D. Findlay launched the first of several consultations on the proposed Registration of Tax Preparers Program (RTPP). The RTPP is part of a recently announced [three-point plan](#) to support small and medium-sized businesses by helping them comply with tax rules and reducing red tape.

The [RTPP](#) is welcome news for professionals in the industry to monitor the integrity of practitioners, and I encourage you, as taxpayers, to have your say too. While most in the business are dedicated to a high standard of professionalism, a small minority continue to make life dangerous for unsuspecting taxpayers.

[CTV's W5](#) recently did an exposé on [Fiscal Arbitrators](#), run by Larry Watts, who duped 1,800 clients into impoverishment through a scheme promising unusually big tax breaks. The disturbing part of this growing trend is that the folks involved were mostly first-time fraud victims, and this is why it's important that something be done about it.

For further news, check out the government's [press release](#), or call Noel Carisse, Media Relations, Canada Revenue Agency, at 613-952-9184.



## 2013 Tax Filing Deadline at the End of April!

The deadline for most personal returns is now 19 days away. 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 2013 return, make arrangements TODAY rather than on April 29. I am jammed to the rafters with appointments, and you may have to wait weeks before getting in. Take advantage of our email, fax, phone or mail service. Make sure you [authorize us](#) if you haven't already done so or you are a new client. The days of office locations and 9–5 hours are becoming 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—appointments are no longer necessary!



# More on What's Happening

## Pay Taxes by Pre-authorized Debit Instead of by Cheque



CRA stopped accepting payments at the tax offices a few years ago. You can now mail them a cheque, but even better, you can pay through your bank via [My Account](#).

The pre-authorized debit (PAD) service allows taxpayers registered with My Account to authorize the CRA to withdraw from their Canadian financial institution a pre-determined amount on a pre-determined date.

- If you are already a My Account user, go to your account on the CRA website. Setting up a PAD agreement will be offered as an option upon login.
- During set-up, you can:
  - specify the amount of the withdrawal;
  - set the date or recurring dates when the withdrawal(s) are to be made; and
  - indicate the bank account you'd like to use to make the payment(s).

For further details, check out the [information bulletin](#) or [payments webpage](#), or contact the general enquiries line at 1-800-959-8281.

## CRA Busts Its Own Employees in Massive Fraud



In what is being exposed as an embarrassment to the Tax Agency, the RCMP arrested seven people in February as part of [Project Coche](#), an investigation into several alleged fraud conspiracies going back to 2008 and involving as many as 15 Canada Revenue Agency employees. Charges include bribery of public officers, conspiracy, fraud, breach of trust by a public officer, and fraud against the government. Five of the accused allegedly received commissions on tax credits obtained through fraudulent means. The Mounties said in a statement that three of those five were active CRA officials at the time the offences took place. More details to come.

## Living Outside Canada? Make Sure You Don't Owe Taxes or Need to File!



If you have moved out of the country, either permanently or temporarily (not for vacation), it is your responsibility to ensure whether you are liable to the CRA. Depending on your situation, CRA can determine your status through the [Determination of Residency Status Form NR 73 \(Leaving Canada\)](#) and [Determination of Residency Status Form NR 74 \(Arriving in Canada\)](#).

A recent [Globe and Mail article](#) explained it well. If you're not sure of your circumstances, check out CRA Tax Folio [S5-F1-C1](#). It's best to consult a professional if you're still unclear. The fees you'll pay will be well worth the nightmares they'll save you.

For further information, contact the [International Tax Office](#) at 1-855-284-5942, or outside North America at 1-613-940-8495 collect.

## New ePassports Monitoring Your Time Outside Canada and Being Shared with Other Governments



The new [ePassport](#) issued by Service Canada as of last year will now exchange your information with other government departments, including CRA and the IRS.

As of July 1, 2014, when Canada and U.S. border authorities start scanning the new passports, snowbirds can be deemed U.S. residents if they exceed the 183-day absence from the country, according to a [Knowledge Bureau Article](#).

In her book [Canadians & the IRS, CA/CPA](#) (U.S. tax specialist) [Angela Preteau](#) explains these new regulations in detail, and much more. A recent [Globe and Mail article](#) confirmed many of these facts. Long-term travellers must be more diligent than ever to protect themselves from tax liability to the U.S. government.

For further information, contact the [International Tax Office](#) at 1-855-284-5942, or outside North America at 1-613-940-8495 collect.

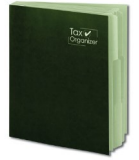
# More on What's Happening

## Search and Rescue Volunteers Get New \$450 Tax Credit

Shortly after releasing the 2014–2015 federal budget, [Finance Minister Jim Flaherty explained the new Search and Rescue Volunteer Tax Credit](#), which qualified taxpayers can claim in the 2014 tax year and beyond. Since February, Minister of National Revenue Kerry-Lynne Findlay has been promoting the credit to those who do 200 or more non-paid, eligible hours in search and rescue for a recognized organization. For further details, check out the [information bulletin](#) or contact the general enquiries line at 1-800-959-8281.



## Need to Simplify Your Tax Receipts? Get the *Canadian Tax Slip Sorter* Today!



Wouldn't it be nice to just deposit all your receipts in a slot and worry about the rest later? Check out the [Canadian Tax Slip Sorter](#). With categories already laid out, all you have to do is drop and go. Perfect for those who hate bookkeeping but want a fighting chance when tax season rolls around. Prices from \$14.99 include taxes and shipping.

And there's a bonus! Just mention this ad and Web Code #EFA2527 for a 15% discount. Simply call 1-905-542-TAXX (8299) to order yours today.

## Just Asking ... Just Answering

### Can CRA Disallow All Business Expenses of My MLM?

Real People with Real Questions About Real Situations



Dear Neel,  
I was audited for my MLM business (multi-level marketing). Essentially, CRA thinks I'm part of a scam and disallowed every deduction even though I haven't had any income for

three years. I want to appeal this but my accountant will not do it. Should I do this myself or get an expert?

Richard M.

Dear Richard,  
I would definitely get an expert opinion, not just for the appeals process but also to consider whether CRA is correct in assessing this MLM as a scam.

I have never seen a feasible multi-level marketing scheme, reflecting a legitimate business plan, and I've written about this in several newsletters. [Other reputable folks, however, wholeheartedly agree with this arrangement.](#) According to CRA's [Business Income Guide](#), not only must the business have a reasonable "expectation of profit," but the expenses must be "directly related" to generating income. While no

time limit is specified, three years of no cash flow does not sound like a venture that will fly.

Also, the appeals process never guarantees anything and can get expensive if you hire a tax professional. Recently, the [Tax Court of Canada ruled](#) that a business that turned out to be a fraud from the beginning was not entitled to claim any expenses, because the court concluded that it was never designed to be a "for profit" enterprise.

While many people don't like audits or the conclusions they reach, sometimes not only is the audit correct but it can expose schemes that are harmful to all involved. Our [Small Business Tax Booklet](#) clarifies applicable deductions, etc. It pays to hire a professional before getting into business. Hope this helps!

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



# It's a Photo Finish! Easter Bunny on Duty



Courtesy [Townhall.com](http://Townhall.com)

## Giant Easter Bunny Greets Visitors to Britzer Garten Amusement Park on Good Friday in Berlin

Most of us are used to seeing security guards when we enter almost any type of gate. But curators at [Britzer Garten](http://Britzer Garten), the 90-hectare park in Berlin, Germany, tried a different approach for the Easter weekend. Towering over visitors by several times, this statue can be seen for several blocks. And while it's not in any record book, it is a distinct feature in this entertainment area at any time of the year.

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

## Did You Know?

Colombians have a strange dinner menu for Easter. Instead of chocolates and eggs for the feast, they dine on iguana, turtles and big rodents.



*"They can't make their mind up on me,"  
says this mutant!*

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