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Our Readers Respond

"I am a Pro Advisor for Quick Books and bookkeeper. I found PTC Canada's articles were very informative and would like more. Great work Neel on the website, very impressive!"

Rosanna Beard-Bookkeeper,
South Hawkestone, Ontario.

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

Dear Clients and Friends,

I trust you all had a manageable 2010 and 2011 started on a good note. I've been incredibly busy since New Year's Day if you can believe it so looks like another record year being formulated. Congratulations to many of you who took advantage of our "early booking" service as your 2010 returns have now been assessed and refunds are on the way. For those of you not familiar with this, you can book this year to get your 2011 return processed without the discouragement of not being able to get an appointment during the busy March/April season. If this is the first Tax Tipper you're getting, remember you can download [previous editions](#) from the website. My goal always is to provide even better service than ever by bringing you cutting edge information and a variety of resources which will not only make taxes a more palatable experience but hopefully lower your legal obligation to pay.

2010 seemed to be a turnaround year and in Canada 2011 appears to have some good news. While we were certainly not out of the woods like a few years ago, positive signs are everywhere. North American auto companies have come back in the black and in the west, real estate is doing a booming business especially in the Vancouver area. The 2011-2012 Federal budget is expected to be out in a few weeks and while not a lot of change is expected, it is likely low income [seniors](#) will receive higher [Guaranteed Income Supplements](#). This is good news to the elderly whose investments were hit in the downturn and with Canada's population again, we can expect more attention in benefit payments and tax breaks to this demographic.

However, folks from all walks of life and situations still seem to be in recovery mode financially. Recently an associate of mine [Kelley Keehn](#), whose written over 7 best sellers and appeared on a variety of TV, Radio and newspapers for many years consulted with me about tax strategies for this new decade we are in. If you get her new publication, "[The Money Book-for everyone else](#)" due out any day at most book stores, you can read my answers, but the bottom line is the "easier days" of yesterday are gone and expect tomorrow to become more complex than ever. Today, you either have to become an expert in this field or get experts to work for you. I have often chosen the latter in my life and while it may seem costly in the beginning, it turns out to be a bargain in the long run and lower stress to boot.

In this "sweetheart" season, one observation comes to mind. I have yet to meet many experts who hate what they do and in fact, the opposite seems to be true. You may have heard the saying "If you love what you do, you'll never work a day in your life?" Actually most of that is true because I don't believe there's any perfect job in this world. But without a doubt, there's a vast, vast difference in service between those who are "passive" about their "work" compared to those who wake up with "passion" for their "calling". As a matter of fact, I even feel that way about many of my [off duty pursuits like astronomy](#).

Folks, let me give you some free advice even though we're well past New Year's Day (and by now you broke all the resolution anyway!). If you hate getting up in the


morning because you can't stand the next 8 hours or those lovely folks, politics and more, stop wasting time and consider some serious change. We've been in a new decade for over a year now and the changes before us I don't even think we can begin to appreciate.

The 1900's was the industrial/large corporate century but I believe the 2000's will be the century of the entrepreneur. No longer do we need huge capital and a lot of red tape to get going in your own enterprise. Technology, falling trade barriers and most important "immediate customer needs" is driving people into their own business. In 1998 when I first started PTC Canada, about 50% were self-employed or in business. Today that is easily over 90% and I don't see why it won't be a closed shop by the end of this decade. 10 years ago Google was hardly known and Facebook was not even on the drawing board, but today these are very wealthy companies worth billions and they both started out of the garage.

In my opinion, I don't think we can comprehend what the world will look like by 2020. In a previous newsletter I mentioned that I'm working on a project where you will be able to get all of your tax needs via your smart phone (hopefully not while you're driving!) and that may sound fantastic, but if my clients of 10 years plus are reading this, do you remember when you got your 2000 tax return via email attached in a PDF file? That was "nouvelle cuisine" back in the day, but guess what? Many other tax companies followed suite after that. In the 1990's I was preaching "get a computer, get a computer", in the 2000's the message changed to "get on-line, get on-line" and today the theme is

"get interconnected, get interconnected". What happened to those who didn't believe me in the 90's about getting a computer? Who knows and regrettably many won't care. It's tragic when we don't give any credence to those who dedicate themselves to a particular calling but unfortunately that's their problem and bad luck. Personally I choose to trust those who are rightfully called because even if they're a bit early in the day, there's a very good chance their right.

One of the other sleeping giants is a massive (and I mean massive), sudden shift from employment to self-employment which I believe will sprout wings in this decade. GM in its glory days of the '70s had over 400,000 employees in the US, but today is less than 100,000 and many retirees will not get replaced. This will be a contiguous trend in North America not only for blue collar workers, but across the board. Today's companies are no longer based on the "lifetime employment" model of the last decade and because people still have to work for most of their life, individuals are more open to the risk of starting their own business.

PTC Canada has been well prepared for this and will continue to do so. The combination of a changing labor force, complex tax world and growing technology is a problem for many but music to my ears. I'm very passionate about servicing my clients and committed to this business, so I'll be here a long time with the associates who help make it happened. This Valentines I urge you to treat that special person right but also to live with passion for your calling! 

Neel Roberts
President and Founder

What's Happening

2011 Indexation Adjustment for Personal Income Tax and Benefit Amounts

At the end of last year CRA released the comparative figures for 2010 and 2011 for tax brackets, non-refundable credits, exemptions, GST credit, and other benefits. Each year, certain personal income tax and benefit amounts are indexed to inflation using the Consumer Price Index data as reported by Statistics Canada. You can check out the complete list at the CRA facts sheet or call the general enquiries at 1-800-959-8281!



2011 Budget in early March

Canadians can have their input on the upcoming budget by visiting the ["Consulting with Canadians"](#) webpage. Stay tuned for a special bulletin release slated for that very evening with expert commentaries prepared especially for you. For further information check out the [Finance Department website](#) or call 613-992-1573!



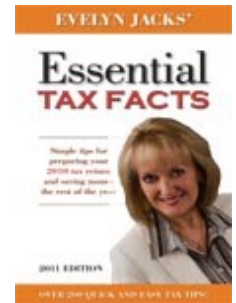
RRSP Deadline Approaching!

This year's contribution deadline is Monday, March 01st, 2011 for your 2010 income tax return. If you miss the deadline, you can always use it for your 2011 return. You should make sure you have relevant information like your contribution room, Home Buyer/Lifelong Learning Plan repayment requirements and so forth. Check out the RRSP webpage for details or call calling 1-800-267-3100 and use your Epass to get your information on-line.



Evelyn Jacks' Book for 2010 Tax Returns is out

If you've wondered what's the best way to spend \$20.00 it's getting Evelyn Jack's annual "Essential Tax Facts" available mid-January each year. Believe me it's worth it, so many times it will actually pay you after the first few tips. One of the functions of her company Knowledge Bureau is to train tax preparers like myself, so if you've like the service over the years, she gets quite a bit of credit for that. Some of the highlights of her latest book include:



2011 TAX SEASON READINESS CHECKLIST INCLUDES:

- How to report income from employment, pensions, investments and capital gains
- How to maximize deductions
- Use your RRSP to buy a home and finance education
- Maximize personal tax free zones
- Split income from pensions and investments
- Reduce clawback zones to your benefit
- Identify changes for employees, families, investors, students and executors filing final returns for deceased taxpayers

Win big by selling your tax-exempt residence Soothe your tax pain!

And much, much more to help you take advantage of tax savings opportunities all year long. . .

This year she started her own blog www.evelynjacks.com and anybody can sign up for free updates.

"E-File" Ready for 2010 Personal Returns

It's official. "E-File" starts first thing today, Monday, February 07th, 2011 for all 2010 personal returns. Most refunds are in 1-2 weeks and I suggest you get direct deposit. When you file your return simply take your banking information or a blank check and you can have your refund, GST Credit and Child Tax Benefits all done. If for some reason you forget, simply file the Direct Deposit form with CRA and they should be able to start in 1-2 months. Corporations can "E-File" all year round up to 4 years back and can do direct deposit via the Corporate Direct Deposit form.



Minister of National Revenue to Ensure Taxpayer's Right Honored

Just before the New Year started, CRA was under fire from Paul Dubé, the Tax Ombudsman because many taxpayers felt their rights were being denied for no good reason based on his report "The Right to Know". Since then Keith Ashfield, Minister of National Revenue has decided to implement all of the recommendations based on the report called "Proving your Status". If you feel you've been treated unfairly, contact the Tax Ombudsman at 1-866-586-3839 or check out the contact webpage for details.



Tax Free Savings Account Update

There's seems to be more interest in the "Tax Free Savings Accounts" (TFSA) introduced over 2 years ago. While I'm not an expert in these, here are a few things you should know about them:

A TFSA can be made up of an array of investments. Your TFSA can contain different types of investments, similar to those in a Registered Retirement Savings Plan, such as Guaranteed Investment Certificates (GICs), bonds, mutual funds and stocks. Contact your financial institution for more information concerning eligible investments.

TFSA contribution room accumulates every year. The maximum TFSA contribution room for an individual was \$5,000 for 2009. For 2010 and 2011, your available TFSA contribution room is made up of three components:

- Your annual TFSA dollar limit of \$5,000,
- Your unused TFSA contribution room from the previous year, and
- The total amount of withdrawals from your TFSA **made in the previous year.**
- For further information check out the bulletin update and TFSA website or call 1-800-959-8281.



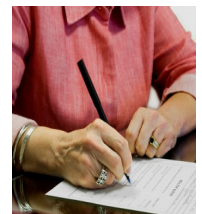
Prime Minister Committed to Reducing Red Tape

Does it seem to take forever to get the right answer or something done from the Federal Government? Stephen Harper seems to agree so last month they announced a new initiative to reduce obstacles by forming the "Red Tape Reduction Commission". Considering it cost \$30.5 billion dollars (that's 1.9% of the GDP) on regulatory compliance tasks in 2008, there's lots of incentive to reduce bureaucracy. Canadians are welcome to give there feedback by contacting the commission and for further information, check out www.reduceredtape.gc.ca.



Power of Attorney with CRA

In the past, having "power of attorney" for your tax professional could become a very involved process if you needed them to undertake particular tasks like changing an address, etc. Unfortunately, the CRA restricted several activities a representative can do for you until recently, even if you gave full consent. This year, a taxpayer can authorize their tax professional by filling out the new consent form and ticking off the "power of attorney" option in part 6. If you find this complicated, we can do this for you and any other members of your family at no charge.



2011-The Year of the Entrepreneur

Prime Minister Stephen Harper issued the following statement declaring 2011 the Year of the Entrepreneur: *"Canada's entrepreneurs are the backbone of our economy, creating jobs and driving economic growth in communities large and small across our country. They invest themselves completely in their businesses working countless hours on every aspect of their enterprise - from research and development to manufacturing, marketing and delivery. "I am therefore pleased to declare 2011 as the Year of the Entrepreneur as part of our Government's efforts to raise public awareness of the importance of entrepreneurs to Canada's economy and pay tribute to their drive and dedication. "Our Government has listened carefully in the last five years to what entrepreneurs told us they need to succeed. We have listened and have taken decisive action to address their needs and concerns, including reducing taxes and red tape, improving access to business financing, making substantial investments in training, research, and development and opening up new markets. "I encourage Canadians to participate in activities taking place this year to support local entrepreneurs and to thank them for contributing to the quality of life we all enjoy."* As an entrepreneur, I take my hat off to all the entrepreneurs I serve and may this be your best year ever!



Come Check out the Stars in Vulcan with Neel

If you've never been to Vulcan before, now you have one more reason besides checking out the Star Trek Center. Starting this year, I've been offering public astronomy demonstrations. Evening start with a small indoor presentation in the "bridge" of the Trek museum followed but outdoor stargazing. Professionals are on hand to guide with and telescopes provided along with warm treats and refreshments. All are welcome and there is no charge. Next one is Friday, February 18th, 2011 starting at 19:00 and check out the [list of showings](#) for the rest of the year courtesy of the [Royal Astronomical Society of Calgary](#).



2011 Tax Service Schedule Filling Up!

Friends, waiting until the last minute to get your taxes done is never a good idea; especially if you need it assessed soon. Once you're ready to file your 2010 return, make arrangements TODAY rather than April 30th. Unfortunately most pros like me are jammed to the rafters with appointments and you may have to wait weeks before getting a chance. Take advantage of our email, fax, phone or mail service. The days of office locations and 9-5 hours are really becoming a thing of the past and regrettably businesses stuck in yesterday's perception will get left there. Most clients are demanding more options and no surprise conventional appointments are becoming a thing of the past!



Just Asking ... Just Answering

RRSP's, Drawings and Small Business Owners

Real People with Real Questions About Real Situations

Dear Neel,
I haven't filed my returns in several years and I've run my own tanning salon which is incorporated. My accountant says it's more tax friendly to pay dividends rather than salary when I draw money out. Is this true and are there downsides to this?
Dani J.



Dear Dani J.,
Dividends are certainly an option, but keep in mind CRA views them like an investment payout like interest, etc. and is not considered "earned

income". Therefore, you cannot claim expenses like daycare, moving expenses and your RRSP contribution room does not increase amongst other things. I cannot give you specific recommendations on how to report it because you didn't mention how money was taken out of the company. Most accountants will recommend the most tax friendly route and assuming you owe taxes after all those years, it's probably the way to go. Check out our [Investment Tax Booklet](#) for further details and Good Luck!

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



It's a Photo Finish! Now That's Amore—White Whale Style!



Courtesy of: [China's Xinhua News Agency](#)

Last year, underwater photographers were lucky enough to catch a white whale blowing heart shaped bubbles at the Harbin Polar land in China's northeast Heilongjiang province. It's a place with amazing construction made out of ice and snow where two white whales are trained to blow heart-shaped bubbles in the water. After spending a year to train the whales, the pair is able to make bubbles now and most of them are heart-shaped. The two whales in aquarium will perform their fantastic "stunt" to welcome the visitors with the heart-shaped bubbles, and bound to impress those celebrating Valentine's Day, as well. So if someone tries impress you with an underwater heart shaped kiss this Valentine's, unfortunately you'll have to sadly tell them "Sorry, it's been done, honey"!

Did You Know?



About 1 billion Valentine's Day cards are exchanged each year? That's the largest seasonal card-sending occasion of the year, next to Christmas. No wonder Hallmark has over 1330 different cards specifically for this day.

"Dog done!" says this puppy



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

Our Readers Respond:

Check out what others say about us in our [testimony page](#) and [media room!](#)

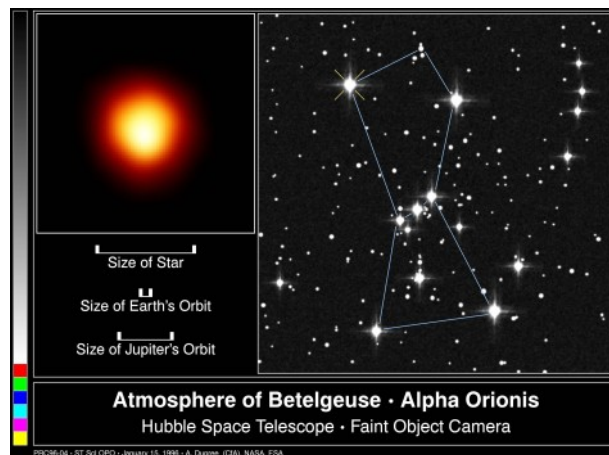
Need tax help now? Click [here](#) to get started right away!

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





Celestial Treat-Check out The “Valentine” Star!



Have you ever wondered if there was a celestial object named after the saintly love day? The fact of the matter is a resounding “YES”, there is a Valentine Star and it is more commonly known as Betelgeuse (pronounced beetle juice) a favourite of many astronomers! So why is it the Valentine’s Day Star? A telescope will reveal its red colour, beats slowly like a giant heart and stimulates the spirit of those attuned to it. The prominent object we can see every February 14th is this bright scarlet star because it's at its highest point above the horizon every Valentine's Day night between the hours of 8 and 9 p.m. It marks the shoulder star of Orion and it changes its size regularly like a slow pulsating heart that beats once every 6 years. Now when Betelgeuse is fully contracted at its smallest size it is a whopping 500 times the width of our Sun but when it expands to its biggest size it is almost 900 times as wide.

Betelgeuse is an extremely large red super giant star, fluctuating in approximate size from the equivalent of Mars' orbit, to that of Jupiter's, so it's monstrous compared to our puny yellow Sun. It is the second brightest star in the constellation Orion and the ninth brightest object in the night sky. It is a vertex of the Winter Triangle and center of the Winter Hexagon. It is possible that Betelgeuse will become a supernova, which will be the brightest ever recorded, outshining the Moon in the night sky. Considering its size and age, it may explode within the next thousand years. Since its rotational axis is not toward the Earth and also because of its 640 light year distance, Betelgeuse's supernova will not cause a gamma ray burst in the direction of Earth large enough to damage its ecosystems. Therefore, this February after you get the chocolates and flowers, surprise them with first a picture of the giant red star, pulsing like a heart full of cosmic love and then show them the real deal that evening. Believe me they'll remember it the right way. The Valentine’s Day star is visible February 14th, 2011 starting in the North American SSE sky after sun down and setting in the West around 04:00 am.

Astronomy fans or enthusiast can follow Neel’s monthly column “Sky’s the Limit” in the Vulcan Advocate printed the first Wednesday of every month!