



THE Tax Tipper

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We take your taxes personally!

Issue 27

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Our Readers Respond

Thanks to PTC Canada for your diligence. I appreciate Neel Roberts' fine work, which was a great help and total saving grace. God bless and have a busy year.

Brad Martinell
 Edmonton, Alberta

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!**

Dear Clients and Friends,

Yes, summer is finally here and I can't wait to enjoy it like the rest of you. I'm not sure what your plans are for the next few months, but we Canadians have limited time for this type of enjoyment, so soak it up while you can. I just got back from my annual retreat in beautiful Osoyoos, BC, and I have to admit it is one of my favourite spots in this beautiful country of ours. There's nothing like soaking in the mountain beauty while relaxing in a warm desert lake with a cool bevy in hand. If this is your first **Tax Tipper**, welcome, and remember you can always download [previous editions](#) from our website.

This year the **Tax Tipper** celebrated its fifth anniversary. The first **Tipper** was introduced on [May 26, 2006](#), as a bonus service to keep our clients informed of current events while having a lighter side to it. I can't thank you all enough for your positive response over the years, and needless to say I will keep the **Tipper** coming. It is rare that an accounting firm offers this service. For most who do, it dies off after a couple of years because, tragically, I believe it is offered for the wrong reasons. It was never my intention to create a money-making venture. Quite the opposite, it was for the sole benefit of clients and others with an interest in the Canadian tax world.

The **Tipper** is read by well over 1,000 recipients all over the world, and don't worry, I plan to continue offering it free of charge! A year after our first edition, we enhanced this service by adding timely

bulletins beginning on October 30, 2007, resulting in monthly updates, on average, to keep you in the loop no matter what. Quite a bit of work—and of course cost—goes into this, all for the benefit of the recipient.

But why should I bother when others don't? Because I am a big believer in providing value with good service. I get lots of feedback from those who benefit from the tips, etc. One client had a disability that went unclaimed for ten years and ultimately resulted in a windfall of \$20K. Another saved several thousand dollars by not participating in a charity that later turned out to be a fraud. Even something as simple as signing up for [E-services](#) rather than relying on the mail or a call centre benefits someone. Whether it's big or small, it makes a difference to the person who benefits, and that makes me feel good.

I believe it's getting not only more expensive to live in today's world, but also more complex. One of my many missions is to see how I can make things easier for the client. One of the largest praises I get is for how clients can do everything in the comfort of their home, no matter what the situation. Thanks to technology and innovation, clients now spend less time and stress doing their taxes, and more time focusing on their work, family and other things that matter to them. Naturally, efficient practices lower the cost of doing business while freeing up the client, so it's a win/win situation for all.

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But it all has to be done in good faith; otherwise people won't trust the process. I remember in my days at Boeing, they hired an efficiency expert to reduce their manpower costs, and after about six months the consultant came to management with a surefire plan guaranteed to work. The bosses asked, "Are you certain?" to which the expert confidently replied (while counting the dollar bills in his head), "Yes, absolutely." So they laid him off. Needless to say, not only is this type of attitude counterproductive, but it also leaves a lot of bad feeling that lingers for years. Underhandedness like this is a self-fulfilling prophecy that is lose/lose. When I ask my clients of over ten years why

they have stayed so long, they don't tell me it's because of my good looks or cheesy jokes. It's because they trust the process. You can't put a price on that 😊. So a hearty thank you.

And on that note, have a Happy Canada Day. Enjoy the latest **Tax Tipper** with your well deserved summer, my fellow Canadians!



Neel Roberts
President and Founder

What's Happening

Tax Filing Deadline Come and Gone



The deadline for filing personal returns was April 30, and if you're self-employed it was June 15, 2011. As both of these dates are long gone, your return is technically late if you owe money. If you are expecting a tax refund or [Personal GST Credits](#), you will not receive interest. Keep in mind that certain benefits like [Child Tax Credits](#) have a shelf life of 11 months, so if you have several years to file, you may be out of luck on the older ones. If you need to get caught up, call CRA at 1-800-959-8281 and find out how many years need to be filed. Sometimes, if you're really behind, like 20 years, CRA may only need the last 10, so confirm that with them. Also, have them send you all the T4s they have on their database for the appropriate years with carry-overs, RRSP limits, copy of last Notice of Assessment, etc., so you can get up to date properly!

New Budget for 2011 to 2012

The federal government released the latest 2011–12 budget earlier this month. Check out the [complete budget from the finance department's site](#), with detailed analysis/commentaries from [CBC](#), [CTV](#), [Globe & Mail](#), [National Post](#) and [Evelyn Jack's Knowledge Bureau](#). Here are the highlights:



Figures updated from the March 22 budget

- Total spending of \$281.4 billion (includes \$33 billion in debt payments), up 3.6% from 2010–11
- Total debt of \$585.4 billion, up \$32.3 billion from 2010–11
- Projected deficit of \$32.3 billion, \$2.7 billion higher than forecast in March
- Projected deficit for 2010–11 of \$36.2 billion, \$4.3 billion better than forecast in March
- Plans to balance the budget by 2015–16

New measures

- \$2.2 billion set aside for a deal with Quebec on sales-tax harmonization
- Phasing out of the per-vote subsidy for political parties, making parties almost fully reliant on private donations

Reintroduced measures from the March 22 budget

- \$400 million to extend the ecoENERGY Retrofit-Homes program for one year. The program offers rebates to help make homes more energy efficient.
- A top-up benefit of up to \$600 for single, low-income seniors and up to \$840 for couples through the Guaranteed Income Supplement. Expected to cost more than \$300 million a year.
- A Family Caregiver Tax Credit, which would save about \$300 a year for people caring for sick or disabled relatives
- A Children's Arts Tax Credit for children's arts, culture, recreation and developmental activities, which would save parents about \$75 a year per child
- An initiative to attract healthcare workers to rural and remote communities by forgiving up to \$40,000 in student loans for doctors and \$20,000 for nurses
- A temporary Hiring Credit for Small Business of up to \$1,000 against the increase in 2011 EI premiums to encourage hiring
- Legislation to make the \$2 billion Gas Tax Fund permanent to provide predictable infrastructure funding for municipalities.

Did You Get Hit with a Natural Disaster? You Can Ask for Tax Relief Now!



This has been one of the worst years for spring flooding across the country. I live half an hour from a natural flood plain, and several families had to be evacuated from their homes in May, so don't feel alone if you were hit by a natural disaster. Last month the Honourable Gail Shea, Minister of National Revenue, reminded Canadians in a [press release](#) that taxpayer relief provisions are available if they are unable to meet their tax obligations because of a natural disaster. Affected taxpayers who have questions or concerns about the [CRA's taxpayer relief provisions](#) can get additional information on the CRA website, or they can call the CRA at 1-800-959-8281. Business owners and self-employed individuals can call the CRA at 1-800-959-5525.

New Changes to Canada Pension Plan (CPP)



The government recently announced changes to CPP that may affect you whether or not you are claiming. Here is a summary of what to expect this year:

- Your monthly CPP retirement pension amount will increase by a larger percentage if you take it **after** age 65 (gradually from 2011 to 2013).
- Your monthly CPP retirement pension amount will decrease by a larger percentage if you take it **before** age 65 (gradually from 2012 to 2016).
- The number of years of low or zero earnings that are automatically dropped from the calculation of the CPP retirement pension will increase (in 2012 and 2014).
- You will be able to begin receiving your CPP retirement pension without any work interruption (starting in 2012).
- If you are under 65 and you work while receiving your CPP retirement pension, you and your employer will **have to** make CPP contributions (or if you work outside of Quebec while receiving a QPP retirement pension) (starting in 2012). These contributions will increase your CPP retirement benefits (starting in 2013).
- If you are age 65 to 70 and you work while receiving your CPP retirement pension, you can **choose** to make CPP contributions (or if you work outside of Quebec while receiving a QPP retirement pension) (starting in 2012). These contributions will increase your CPP benefits (starting in 2013).

For further information check out the [Changes to the CPP](#) brochure and the [website](#), or contact them at 1-800-277-9914.

Mail Finally Moving Again



At the time of writing, it looks like you'll be getting your mail starting the middle to end of this week. If you were expecting correspondence from CRA, individuals can contact them at 1-800-959-8281 and businesses at 1-800-959-5525. You can follow either [Canada Post's website](#) or the [union's CUPW](#) for the latest.

2010 Tax Review Notices Are Out

CRA conducts their review (post-assessment) of current tax returns during the summer of the year in which they are filed. If your return is selected, you will receive a letter requesting the information they require. It is essential that you respond to this letter even if you need time to track down receipts, etc. CRA can usually grant time extensions if the request is reasonable. However, if you do not respond to their letter, CRA will normally reassess you within 30 days, and you will be responsible for newly assessed balances owing plus interest. After that, you can use the appeals process to dispute the balance, but that can be more complicated than just responding in the first place.



Tax Freedom Day For 2011 Is June 6



If you're wondering how long you will have to work for the government this year before your tax bill is paid, you are officially free after June 6 or 159 days. That's actually two days later than 2010 and six days later than 2009 for the Canadian average, which doesn't sound good off the hop, but compared to 2005, which was June 21, and 2000, which was June 24, maybe it's not so bad. Check out the Fraser Institute's website for details and how we rate around the world.

Just Asking ... Just Answering

To Lease or Not to Lease? What Is the Best Way?

Real People with Real Questions About Real Situations



Dear Neel,

I just started my own small consulting firm and would like to get a new car.

Also, I need to get other items like office equipment, computers, etc. I'm not rich but do have about \$20,000

saved, so does it make sense to lease to save money, or pay cash up front? I appreciate your insight.

Peter H.

Dear Peter,

This is a question that most business owners ponder at some point, especially with their accountants, and I'm glad you're asking it early in your enterprise's development.

There is no one-stop answer because there are various factors involved, such as cash flow, buy-back cost and of course feasibility. Since the financial crisis of 2008, much has changed in the world of leasing, and it is no longer as easy as falling off a log to qualify, so that's the first hurdle. To give you an idea how scarce leases have become, financing companies like GMAC actually stopped giving them a few years ago. While the costs are generally tax

deductible (with some restrictions for vehicles), leases suck up a lot of cash flow during the life of the contract, so that's another hindrance.

I suggest you check out our Small Business Tax Booklet under "Tax Tips & Strategies" (page 30, "Leasing versus Purchasing"). But the best way to make a decision is to have your accountant prepare an analysis comparing leasing to buying. This is well worth the fee you will be charged, especially if it saves you thousands of dollars while protecting you from hidden clauses in case you have to get out of it, etc. Regarding the legal aspects, your lawyer can also help you.

Unfortunately, leases are nowhere near as popular as they were ten years ago, and I have not been recommending them like I did during their heyday of past decades. Good Luck!

Are You *Just Asking* tax questions?

Neel can *Just Answer* them.



It's a Photo Finish!

Fireworks at the Calgary Stampede



Courtesy [Fine Art America](#)

Known as the greatest outdoor show on Earth, the [Calgary Stampede](#) takes place just after Canada Day, and needless to say there is a spectacular fireworks show on opening day. Check out this [video](#) put well to music to get you inspired to have your own display, wherever you are in this great nation of ours! Enjoy and Happy Stampede!

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

Did You Know?

Canada has over 31,752 lakes that are over three square kilometers. Some say the figure is as high as 3,000,000, but that can't be confirmed. One thing is for sure: we are blessed with the largest supply of fresh water (amongst other resources) in the world—and that makes us the envy of much of the world. This summer when you're out on the lake or river, take the time not only to enjoy our abundance but also to be thankful for all we as Canadians have at our fingertips, just for the asking!



Courtesy [Natural Resources Canada](#)

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