



THE Tax Tipper

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We take your taxes personally!

Issue 28

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Our Readers Respond

PTC Canada's booklet *The Canadian Tax Secrets Guide* looked very good and read well. Not only is it well thought out, but the list of deductions was of particular use to me and I will refer to it in the future with all of PTC Canada's other resources. Thanks, Neel.

Graham Neil, Office Manager
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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!**

Thanksgiving Message

Dear Clients and Friends,

The changing colour of the landscape and the falling leaves confirm that winter isn't far away. In fact, here in the west we've had snow in the mountains as early as late August—an amazing sight from my farm just an hour away when it was still over 30 degrees. I remember several feet of snow piled in the driveway last year and can only hope for a milder winter with lots of Chinooks. Unfortunately, if the Farmer's Almanac is right, 2012 is expected to be a winter of "clime and punishment" with lots of snowfall and rain. The west will be cold to very cold, while the east will have above-average temperatures, so I have my tractor ready!

When you get information (assuming the source is reliable) that the ride ahead is going to be a stormy one, what's your reaction? Many of us take the necessary precautions to prepare ourselves, while others hope their current arrangement will help them weather it through. Regrettably, a significant minority live by the saying "whatever is going on now will go on forever." It's no wonder they make such bad decisions.

Years ago when I started PTC Canada in 1998, the idea of getting your taxes done remotely online or through other than traditional face-to-face meetings seemed like a stretch. After all, nothing like that had ever happened before in history, and the internet was in its infancy and struggling with security issues. As a matter

of fact, the big, traditional names in the tax industry showed little interest in online services, because most of their revenue was storefront based. Yet companies like Amazon and Dell, watching the business weather forecast, were experiencing huge success, and I believed at the time were doing the right thing. Starting with 29 clients and few resources, I rolled all my profits over, determined to develop a service that not only bucked the trend but also took advantage of the upcoming changes of the 2000s.

No surprise, those businesses that embraced this trend are doing very well today, while those still using the cumbersome, old fashioned way are struggling to survive. What I learned a long time ago through client feedback and from other successful enterprises is that tax services offered by PTC Canada had to be "easy, quick, yet reliable" while not compromising any of the customary principles (most important) that clients had been used to for decades. In other words, our services had to be intuitive while offering value. Given that over 70% of our business is now done online, needless to say it's working.

The new iPhone 5 offers smartphone features that will greatly contribute to "getting your taxes done while you're on the go." Not only does it have HQ resolution with 4G network, but the projection screen with keypad gives it a real computer feel and functionality, which

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will eventually lose the need for even a laptop, never mind a desktop. For those of you following my newsletters, I have been speculating for the last year that this will be the decade where this service will move right onto your smartphone. While most of the apps needed to get this done are already available, more of the pieces are falling into place. I believe that by the next generation of, say, iPhone 6 (estimated release date 2013–2014), everything will be able to be done on your wireless device without the need for an office. Furthermore, completely paperless technology will be there. CRA is currently working on features to interact with you and/or your representative in an online, real time manner, and waiting in lineups or on the phone to the call centre will be a thing of the past. I foresee that you will be able to prepare, complete and transmit everything, while interacting with the necessary parties, all “on the go” before you even arrive home for dinner. At the rate technology is developing, I figure by the middle of this decade this should all be up and running.

This is a significant paradigm shift from even six years ago when CRA started online use for both clients and

representatives. We can be very grateful to those in the public and private industries who have made this happen and will continue to make the preparation and handling of your taxes much less cumbersome. I could not fathom going back to the days when everything was prepared manually and mailed to CRA—and six months later you got your notice of assessment, probably full of mistakes! Today, clients have so many choices, and I have found that offering a good service that is easy to use gets them interested. But businesses must be trustworthy—that is the fabric of any deal. I am thankful for the trust you have given me for almost 14 years, and I will always continue to work for it. I never assume it's something given freely, but it's a wonderful feeling when clients show their trust.

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 2010 Personal Returns



E-file for 2010 personal returns shut down on Friday, September 30, 2011, 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 2007 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!

2011 Tax Service Now Available



As I alerted some of you in the summer, 2011 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 2012 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!

New Children's Arts Tax Credit (CATC)



Over the summer the Minister of National Revenue, Gail Shea, announced the children's arts tax credit, a new non-refundable credit announced in the 2011 federal budget. "Parents whose children participate in paid artistic, cultural, recreational, and developmental programs will now enjoy the same benefit as parents whose children participate in paid programs of physical activity." In addition to fitness programs covered by the children's fitness tax credit, parents can now claim money spent on programs that focus on fine arts, music, performing arts, outdoor wilderness training, learning a language, studying a culture, tutoring, and more. When parents claim the children's arts tax credit—up to a maximum of \$500 of the cost of programs—they save as much as \$75 at tax time per child claimed. To find out if your child's program is eligible for the children's arts tax credit, go to www.cra.gc.ca/artscredit.

New Tax Credit for Volunteer Firefighters



Over the summer the Minister of National Revenue, Gail Shea, also announced a new non-refundable tax credit for volunteer firefighters announced in the 2011 federal budget. "Every day in Canada, almost 85,000 brave men and women are ready to put their own lives at risk to protect the lives and property of their friends, neighbors, and even perfect strangers. Our Government recognizes these efforts and is proud to have introduced the Volunteer Firefighter's Tax Credit," said Minister Shea. The non-refundable tax credit is available to any volunteer firefighter who serves at least 200 hours per year at one or more fire departments beginning on January 1, 2011. Services that make up those 200 hours include responding to and being on call for firefighting and other emergencies, attending meetings at the fire department, and taking courses in preventing and putting out fires. When an eligible firefighter claims the credit, they can reduce income taxes they have paid or will owe at tax time by as much as \$450. For more information about the volunteer firefighter's tax credit, go to www.cra.gc.ca/firefighter.

Possible Relief for TFSA Over-Contribution



Have you put too much into your TFSA (Tax Free Savings Account) or got stumped by the rules? The CRA recently announced that each case will be considered individually and they "will once again be as flexible as possible in cases where a genuine misunderstanding of the TFSA contribution rules occurred." While the program has only existed for two years and over 98% of contributors are in compliance, honest mistakes can happen. For further information check out the [TFSA website](http://www.cra.gc.ca/TFSA) or call 1-800-959-8281.

HST No More in BC



On August 26 this summer, BC residents voted to return to the previous GST/PST system of sales tax before HST was implemented over a year ago. It will take until early 2013 before the 7% PST and 5% GST are in effect, as there are several steps that will need to be completed, such as reverting bookkeeping, fund transfers and more. For immediate information regarding this, check out <http://www.hstinbc.ca/> and stay tuned to CRA's [GST/HST website](http://www.cra.gc.ca/gst/hst) or call 1-800-959-5525.

Tax Relief for Hurricane Irene 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 Irene, which thrashed the east 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](http://www.cra.gc.ca/form-rc4288) or by writing to their [local CRA office](http://www.cra.gc.ca/office). For further information, check out the [news bulletin](http://www.cra.gc.ca/news-bulletin) or contact 1-800-959-8281.

Americans in Canada being asked to file US Returns



Recently, there has been a lot of press about US citizens living in Canada who are not earning income outside of Canada, but have been asked to file returns south of the border. Failure to do so can result in persecution and outrageous fines in the tens of thousands of dollars. Given that as many as a million people are in this situation, the IRS can find billions of windfall dollars. This has led to a lot of confusion and stress, causing Finance Minister Jim Flaherty to complain about the policy's unfairness. [Margaret Wente](#) of *The Globe and Mail* recently wrote an [article outlining the reactions](#) of people who have been contacted by the IRS. There is no clear indication on the best course of action. Should you find yourself in this situation, let me know and I will look for an expert in my network.

Not signed up on-line yet? Get Quick Access now!

QuickAccess
For Individuals

If you need tax information right away but have not already joined the millions who can [access their tax files online](#), you can now get [quick access](#) to your tax return status, your RRSP deduction limit, your TFSA contribution room, your NETFILE code, and the status of your benefit payments. This service is designed to instantly provide basic information – just a small part of the full service, which offers much more. I recommend getting it at no cost to you. For further information, contact the [help desk](#) at 1-800-714-7257.

Just Asking ... Just Answering

Not My T4—And Now CRA Wants Money!

Real People with Real Questions About Real Situations



Dear Neel,
Recently I got reassessed for income that CRA says I didn't report. Turns out there was a T4 issued in my name from an employer I never worked for, and now they're out of business. How can I get this resolved? I have no idea how they even got my information because it's out of province, etc. Am I alone in this?

Robyn M.

Dear Robyn,
It sounds like you may have been the victim of ID theft, which unfortunately is becoming more common every day. It is possible someone got your social insurance number and is trying to claim a deduction while concealing the person who is actually getting paid. You need to report this to CRA right away and possibly to your local police

department. Depending on the outcome of the investigation, [Service Canada](#) may recommend changing the number to prevent this happening again. Once CRA is convinced that the income had nothing to do with you, you will not be liable tax-wise, and it will be up to them to pursue the perpetrators. CRA is obligated under law to [protect your information](#). However, you have to take precautions at your end. **Do not give your social insurance number out to anyone or to any source you suspect is unreliable.** Fraudsters can cause extensive damage before they are caught, and you can be on the hook for a while until everything is cleared up. Good luck!

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



It's a Photo Finish!

The World's Largest Cranberry Festival



Courtesy www.cranfest.com

There may be a lot of things to celebrate at Thanksgiving, but these folks in Warrens, Wisconsin, really know how to do it. Dubbed the “World’s Largest,” Warren’s Cranberry Festival features more than three miles of shopping and over 1,300 booths, including Arts & Crafts, Handmade Jewelry, Wood Sculptures, Metal Garden Art, Knitted Items, Flea Market & Antiques, Primitives, Fishing & Hunting Supplies, Purses, Collectibles, Toys, Clothing, Sports Memorabilia, Farmers Market, Fresh Fall Produce, Dried Flowers, Honey, Soaps and Lotions, and much more. It is rumoured by locals that you can actually live at the festival. So this Thanksgiving, if you’re looking for a place to move, don’t blame me if you actually do it!

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



Don't miss ...

The [Leonid meteor shower](#), peaking Thursday, November 17, 2011. Astronomy fans and enthusiasts can follow Neel’s monthly column [Sky’s the Limit](#) in the [Vulcan Advocate](#), the first Wednesday of every month!

Did You Know?

When Neil Armstrong and Edwin Aldrin sat down to enjoy their first meal on the moon, their foil food packets contained roast turkey and all of the trimmings?



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