



We take your taxes personally!

# Ten Ways to Spot Tax Fraud

By Neel E. Roberts



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# Ten Ways to Spot Tax Fraud

**H**ave you ever come across a tax offer that seemed too good to be true? Or worse, have you ever been the victim of one of these schemes? Unfortunately, fraud is part of the world we live in, and the sooner taxpayers are educated about it, the better. This handout is not optional—it's mandatory if you want to avoid scams and stay on the right course. Why? Because I've learned from all the years I've been in the tax business that the right way works best, and if you follow it you'll sleep better at night. I trust you will find this as handy as others have!

## 1. Find out exactly what you are being offered.

This is the place to start your detective work. Whether you find the ad in a newspaper, on the Internet, or at a seminar, or you hear about it from a friend, I always recommend you get right to the nub of the offer once you have heard the sales pitch. In other words, find out what is expected of you for the return you are promised. Is everything the offeror tells you—their plan, seminars, website, and customer service or sales representatives' spiel—consistent with their mission? Are they high pressure, or do they allow you the freedom to do your research? Nobody should mind that you want to take the time to check them out.



## 2. How reputable are they?

This is another part of step one. I will discuss various organizations that will help you with this (point 4), but one of the best sources of information is the offeror's clients, both current and past. While nobody's perfect, the feedback you get should be consistent. Sometimes, the offeror may not reveal their client list for confidentiality reasons, so another approach is to ask their competition and vendors. As these are on opposite sides, you will soon get the middle ground. You are trying to find out how honest, consistent, and reliable they are when it comes to delivering on their word, servicing their product, and being on time.

### 3. Are they endorsed by CRA?

While CRA (Canada Revenue Agency, formerly Revenue Canada) is a government organization and has to remain impartial, they actually do certify certain products and organizations. PTC Canada uses CRA-approved software each year for commercial tax preparation. Clients can be assured of performance, and this contributes to our high satisfaction level. Getting back to tax incentive endorsements, CRA works with all the large-scale organizations, such as banks, insurance companies, and tax preparation firms, to verify the legality of particular offers. Most of these organizations should have their approvals on file, and you can always contact CRA at 1-800-959-8281 or at <http://www.cra-arc.gc.ca/menu-e.html>.



### 4. Do recognized organizations approve of them?

As I mentioned above, there are several organizations that have a lot of say in these matters. One of the most popular is the [Better Business Bureau](#) (you'll have to check for the chapter in your area). Also check organizations that tax professionals belong to, such as the [E-file Association of Canada](#), 1-866-384-4066, which has hundreds of active members, and the software manufacturer [Intuit Greenpoint](#), 1-800-452-9970, which services over 12,000 tax professionals a year. There are also accounting organizations, such as the [Institute of Chartered Accountants of Ontario](#), 1-800-387-0735 (call them for other provinces), that can give you direction. They may not always be able to recommend something, but it will be helpful to know that they haven't heard anything negative about it.

### 5. Does it sound too good to be true?

Do their promises sound as if you will win the lottery without the risk? Are their returns high over a short period of time? Most conservative investors agree on two things: First, get-rich-quick schemes are extremely rare, and only an expert with a proven track record can spot them (besides, why would they tell you about them?). Second, reasonable returns over a reasonable length of time are the true way to accumulate wealth with minimal risk. Also, every investment or strategy has risk, no matter what it is. When someone says no risk, it usually means there is such a low risk that your chances of getting hurt are minimal. Most people who can honestly say this have a

proven track record, such as Canadian chartered banks with GICs, and governments, with their bonds, notes, etc. PTC Canada generally only recommends financial products that are sponsored by governments or brand-named institutions that have been in business for decades and are household names. Also, we prefer investments over which the client has strong control and that have fast liquidity.

## 6. What is the worst possible thing that can happen?

Does the offeror tell you the worst possible thing that can happen with this strategy? Believe it or not, this is one of the planning strategies of the rich, when they venture into something new. A company that is painstakingly honest (don't ever settle for less; this is critical!) will tell you the downside and the risk. Once this is established, the next question is, can you afford this downturn if it happens to you? You must always be prepared to cover your risk, especially when investing in the stock market. While this is not exactly like gambling in Las Vegas, it's not far from it. A reputable company that clearly explains the downside and how to handle it is likely interested in you and not just your money. This is part of a long-term relationship, as there are good times and bad times in any business cycle. PTC Canada, in its tax practices, advises clients that they are always subject to audit, and we prepare returns accordingly. If a client is audited, they simply follow CRA's instructions and provide what is asked for. Clients encounter minimal complications because of the diligence with which their taxes have been handled.



## 7. Is it worth the money you will pay?

You should clearly see what you will pay for the return you will get in the stated time. A good tax strategy should return about 50-100% within a year, without high risk. There are some marginal tax strategies out there that are legitimate, but are also way overrated. Such was the case with HBO Tax Academy, a company that came up from the United States with a business tax package promising to teach you the ins and out of the tax laws. Some of the strategies were true, but their package was overpriced. HBO was a multi-level marketing company, and my impression was that they were more interested in selling their product than giving value to the purchaser. PTC Canada's free tax

booklets for businesses, landlords, investors, and employees give you similar advice, free of charge.

### **8. Speak to your financial planner.**

A good financial planner will have an active radar screen when it comes to tax and financial schemes. Their network and associations are among the first to be alerted to scams. Also, they have the analytical skills to figure out fast if something new will likely work. Unfortunately, a lot of schemes promise you big returns if you sign now. You should never be pressured into a decision. If you are offered a fast-sign deal, have the planner do the math for you. PTC Canada has a network of experts on matters relating to taxes, including financial planning, who can assist you, usually at no initial charge.

### **9. Consult the “tax gurus.”**

Canada’s tax gurus are the industry experts and well respected for their knowledge and personal integrity. I recommend Evelyn Jacks and Tim Cestnick. They have run their own tax practices for decades and advise government, large corporations, and Canada’s wealthy. Evelyn’s website, [www.knowledgebureau.com](http://www.knowledgebureau.com), has a wealth of information, and you can sign up for a free newsletter. She can be reached at 1-866-953-4769. Evelyn has written many books, including *The 30-Minute Tax Solution*. Tim Cestnick has a unique tax forum on his website, [www.timcestnick.com](http://www.timcestnick.com), where you can post a question and have it answered by Tim and others. Also, if you have experiences to share, you can post answers to questions. Tim is the author of a yearly book, *Winning the Tax Game for the Year 20\_\_* (for each year). Tim and Evelyn are wonderful to deal with and will personally answer your e-mail, in many cases for free. If there is anyone who can spot a scam, it’s them.

### **10. Consult your tax professional.**

If you don’t have a professional working for you, have you ever considered getting one? Over 100,000 Canadian taxpayers a year are choosing to recruit a pro, because it’s just getting too complex nowadays. Ask yourself this: how much is your integrity worth? I’m sure many put a high price on it, and that’s why the majority choose to pay a pro. While a fair minority do their own, this number diminishes each year because of the value they receive from a pro. I receive many thank-you letters and phone calls from strangers who download our free material. They tell me they save so much time and headache from our insights—and many became clients. In less than a year, they get back many times the money they invest (tax deductible by the way!) in tax consulting services. Be honest in your priorities: if you want quality service that will pay

you with low risk in the long run, isn't it worth paying a pro what they ask? A reputable pro wants to earn your business and has your interest at stake, so make sure that's the impression you get. PTC Canada offers lots of free help on our website, [www.ptccanada.com](http://www.ptccanada.com), which anyone can access without ever being required to leave contact information.

I remember watching a Start Trek episode called "A Piece of the Action." It had to do with the mobs that were running the world. The kingpin said to Captain Kirk, "You can never be too careful around here." I must say I agree, given some of the deceptive schemes going on these days. I hope that this handout will help you avoid the wrong things, and that we can assist you in doing the right thing, which works very well, by the way! We at PTC Canada work for you and nobody else. We are very hands-off in our marketing and hands-on in our work for you. Our clients like us because of the results we achieve and the top-notch service we give. Join our free mailing list today to receive updates on tax events and unique products and services to ease your tax burden. On the following pages, you will find a list of free resources and services. Then you can find out for yourself why PTC (Personal Tax Consultants) Canada *takes your taxes personally!*

Sincerely,  
*Neel*

Neel Roberts  
President & Founder

P.S. Tell us your success story. It means a lot to me and my clients!

*Since 1998, PTC Canada has helped thousands of Canadian taxpayers and clients around the world achieve optimal results with innovative tax preparation, planning, and consulting.*

## Free Tax Booklets

We offer other tax booklets, worksheets, and information that may be helpful to you. These include booklets for:

1. [Canadian Tax Secrets Guide](#)
2. [Employment and Commission Expense Tax Booklet](#)
3. [Investment Tax Booklet](#)
4. [Rental Property Tax Booklet](#)
5. [Small Unincorporated Business Tax Booklet](#)
6. [Farming Income](#)
7. [Personal Tax Organization Checklist](#) (Everyone can use this.)

You can download these and much more from our website ([www.ptccanada.com](http://www.ptccanada.com) under Resources) or we can arrange to have them sent to you.

## Our Free Services

1. Tax booklets, guides, worksheets, and preparation assistance
2. Seminars and information meetings
3. Investment opportunities
4. Mail and e-mail updates
5. 24/7 support via phone, fax, e-mail, courier, and mail
6. Internet filing and interactive website
7. Mobile tax services in certain areas
8. First consultation and personal assessment



**Tip:** If you are not a client but want regular updates, you can join our complimentary update service. Contact us and we'll start you today. There is no cost or obligation, and we love giving away free stuff!

## Other Services by PTC Canada

At PTC Canada, we are a network of Canadian tax and financial professionals who are specialists in our fields. We are committed to providing you with tax and financial expertise and assistance if you are affected by CRA (formerly Revenue Canada). Our goal is to provide insight and help to the taxpayer so that our clients can make informed decisions. Our philosophy is commitment to integrity and win/win solutions. Our services now consist of:

1. All types of tax preparation, planning, and consulting
2. Corporate tax returns
3. General accounting
4. Book and record keeping
5. Financial planning and investment services
6. U.S. and Quebec tax returns
7. Bankruptcy and debt consultation
8. Legal tax matters
9. Client representation to CRA
10. Overseas taxes and relocation assistance
11. Later-filer preparation
12. Previous years' corrections and adjustments up to 15 years

## Reference Books and Guides

I always recommend getting free stuff first and hope this booklet and other PTC Canada publications have been helpful. CRA also publishes a variety of [Tax Guides and Pamphlets](#) every year, which you can get by mail by calling the Forms Centre at 1-800-959-2221. You can also access their list of [forms and publications](#).

Here are a few more things worth looking into:

1. PTC Canada has a free *Canadian Tax Secrets Guide* that you can download from our website at [www.ptccanada.com](http://www.ptccanada.com), or contact us and we will send it to you.
2. I also recommend Tim Cestnick's *Winning the Tax Game 20\_\_* (for whatever year you are doing), available at your local bookstore or [www.chapters.ca](http://www.chapters.ca) for about \$25. The cost is deductible, and I believe you will find more than enough information to recover your investment of time and money. Go to [Tim's website](#), or contact Tim at [tim@timcestnick.com](mailto:tim@timcestnick.com) if you wish to discuss his work or other strategies.
3. Another book for about the same price is *The 30-Minute Tax Solution* by tax expert Evelyn Jacks of the [Knowledge Bureau](#). You can get it at your local bookstore or by calling Evelyn at 1-866-953-4769.

## Contact Information

In this booklet, I have given you some contact information that may interest you. Below is my contact information, as well as CRA's. If you are looking for something else, please contact me.

### **My contact information:**

Neel Roberts, President and Founder  
PTC Canada  
Box 1347  
Vulcan, Alberta, Canada  
T0L 2B0  
Tel: 866-485-2683  
Fax: 866-485-2761  
E-mail: [Neel\\_Roberts@ptccanada.com](mailto:Neel_Roberts@ptccanada.com)  
Website: [www.ptccanada.com](http://www.ptccanada.com)



## CRA Contacts

Service	Toll Free Number
General Services	1-800-959-8281
Refund Enquiries	1-800-959-1956
Business Number Enquiries	1-800-959-5525
Child Tax Benefits	1-800-387-1193
GST Credit-Personal	1-800-959-1953
Forms	1-800-959-2221
Collections	1-800-332-1312
All other Government of Canada Services	1-800-622-6232
Alberta Family Employment Tax Credit	1-800-959-2809
Fax Number-Depending on your location	Call General Services
Web Site	<a href="http://www.cra-arc.gc.ca">www.cra-arc.gc.ca</a>
Overseas Tax Services-Ottawa	1-800-267-5177
Overseas Tax Services-Outside Canada	Collect 613-952-3741
Local Tax Center	Call General Services

✓ **Note: Toll free numbers work across Canada.**