



We take your taxes personally!

Employment and Commission Expense Tax Booklet

By Neel E. Roberts



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Chapter 1

Is This Booklet for You?

Welcome. This unique and well-thought-out booklet is for the commission sales person or employee with employment expenses. There is nothing like it in the tax industry. While I am flattered that many of my competitors have wanted to adapt it for their own use, it is my gift to you to use appropriately. Whether you have been a client for many years, or are just browsing for information and insight, this booklet will give you the edge when it comes to employment and commission expense tax deductions.

Whether we sent this booklet to you personally, or you came across it in some other way, we encourage you to take full advantage of it. Taxpayers shopping around for tax service have become our clients because they were impressed with one-of-a-kind publications like this one. They have passed it on to help others. Thanks to the generous feedback from clients and experts in the business, this booklet is here for your benefit.

Author, Neel Roberts

Editor's note

If you are employed and earn commission income, it is likely you're interested in learning the most about what expenses are legally deductible. The majority of us are focused on earning income, and we do not have time to learn everything about taxes. PTC Canada invites you to use this booklet, which includes sample worksheets, tax tips, strategies, and recommendations to legally reduce your tax bill. Reference books, guides, and contact information are also provided for your use.

This booklet, along with others like it, is designed in a step-by-step format to make your tax filing experience simple and thorough.

Go ahead and take advantage as I did and many others have, and keep your earnings in your pocket and *not* the tax man's.

Editor, Adam Uttley

Consider these two questions:

1. Are you employed in a job that requires you to pay your own expenses that are not sufficiently reimbursed by your employer and are considered over and above the normal cost of earning a living?
2. Have you determined that you are employed and not self-employed in this venture?

If you answered yes to these two questions, then this booklet is for you. If you are not sure of the first question, the Canadian Revenue Agency (CRA) uses the following criterion:

➡ If you are an employee and your employer requires you to pay expenses to earn your employment income, then you are entitled to claim the appropriate expenses which were only for employment purposes and not personal.

If you are not sure of the second question, consider reviewing [CRA's form guide Employee or Self-employed](#). There are certain criteria that need to be assessed before you can determine whether you are in an employment relationship. If it is found that you are *self*-employed and not employed, refer to our [Small Unincorporated Business Tax Booklet](#) for assistance, as you are eligible to claim your expenses under that category.

Chapter 2

What This Booklet Will Show You

This booklet consists of three main parts. First are the **tax worksheets** (chapter 4) that we will require to complete your taxes. It is important that all the information be complete and accurate. The last page of the worksheets is a disclosure that needs to be signed and dated, with your social insurance number.

The second part is **sample completed worksheets** (chapter 5). Follow the example for the worksheet you are filling out. If you need to, you may refer to the reference books and guides we recommend in chapter 7.

The third part is a collection of **tax tips, strategies, and recommendations** (chapter 6) designed to accommodate and help with most employment situations. I strongly suggest you investigate the ones that seem appropriate to you and implement them accordingly.

The rest of the booklet is **additional information to help you** with your employment and other tax and financial issues. The booklet is intended for those who have little or no accounting or tax background; however, an understanding of the English language and basic math is required. The information complies with current CRA regulations and is designed to maintain the integrity of your return while legally minimizing your tax obligation.

This booklet is also designed to help you prepare your taxes in the most cost-effective manner. The more preparation you can comfortably do yourself, the less your costs will be of hiring a professional. If, after reading this booklet, you decide not to fill out the worksheets or gather the required information, but you still need your information compiled, we can assist you. Please contact us for instructions, or refer to Tip #25 on page 33.

Chapter 3

Getting Prepared: What You Will Need Before Getting Started

Before you start to fill out the worksheets, you will need the following for *each year* you are filling out:

1. Last year's income tax return
2. Last year's notice of assessment or reassessment
3. All receipts, records, logbooks, and day-timers from this tax year
4. Personal information such as name, mailing address, and social insurance number
5. Form [T2200-Conditions of Employment](#), [TL2-Transport employees form](#), and [Form GST 370](#), signed by your employer if applicable
6. All T-slips and other relevant tax information
7. Calculator (preferably with tape printout), paper, pencil, and pen
8. If you are completing this on computer, I recommend MS Excel for your daily record keeping. Also, you may fill this in and save it under your name and social insurance number and e-mail it to us.
9. Any letters from CRA or ones you feel we need to review
10. [Personal Consent Form](#), [Business Consent Form](#), and [Engagement Letter](#) filled out, signed, and in our hands before we will consider your file
11. Retainer, usually minimum of \$1,000 cash or bank draft in our hands before we will proceed. Confirm details with us if you have not personally discussed this with us.
12. Any other relevant information required to complete this accurately

Do not be overwhelmed by the size of this document! It is designed to address almost every possible scenario. Most employees (90%) do not need to be concerned with the bulk of this booklet and can complete the tax worksheets (chapter 4, pages 8 to 15) in less than a day, provided accurate records have been maintained. If you are missing receipts or are unsure of certain transactions, please contact us for directions. While CRA absolutely requires that you have source documentation and a clear paper trail of all transactions, in certain cases you may be able to estimate some figures, pending CRA's approval and legal right to refuse such estimates.

Submission for Preparation

When you have completed the worksheets, submit them to us by the following method with items 1, 2, 4, 5, 6, 9, and 10, and arrange payment to:

1. E-mail: taxes@ptccanada.com
2. Fax: 866-485-2761
3. Mail or courier (Canada Post only please):
Box 1347, Vulcan, Alberta, Canada T0L 2B0
4. Telephone: 866-485-2683

Please place your name and social insurance number on the file and/or cover page. **Note:**

- GST is charged on all invoices and quotes.
- Currently, there is no PST or HST charged.

Chapter 4

Tax Worksheets for Your Employment

The tax worksheets in this chapter contain all the information we will need from you to complete your taxes. Please fill in pages 8 to 15. As a bonus, we have inserted the recommended **Tax Tips** (chapter 6) for certain categories. We trust these will help you!

Thanks to all your comments we have created an electronic form for you to use if you prefer. You can fill in and return it to us via email (you will need to contact us for a password if you do not have a digital signature), or you can print the form and return it. The electronic form includes the **Tax Tips** and also examples for you to use as a reference for filling in the form, **please do not enter any of the example information in your form.**

You can access the electronic form here it will open in a new window to allow you have the booklet open for any info you may require. You may also save a copy to your computer for the convenience of entering the information in stages, and not all at once.

Please don't hesitate to ask for help!
We are here for you!

Section I

General Employment Information

1. For which taxation year are you filing this return?
2. How many employers did you have for which you are claiming employment expenses?
3. Do you have form [T2200 Declaration of Conditions of Employment](#), signed for each employer authorizing the expenses you are claiming? (Tax Tip #2, page 26)
4. If you answered no to question 3, can you get them to sign it in the future, authorizing the expenses you are claiming?
5. Does part of your salary/compensation include commissions or bonuses as a result of your sales or productivity? (Tip #17, page 30)
6. What is your occupation or main job function(s)?
7. Do you qualify for GST rebate?
8. If you answered yes to question 7, do you have form [Employee and Partner GST/HST rebate application-GST 370](#) signed by your employer?
9. If you answered no to question 8, can you get your employer to sign one in the future, authorizing your GST rebate?
10. Is there any information regarding your employment expenses that you feel we should know, whether relevant to the above or not? (Tip # 1, page 25)

Section II General Employment Expenses

Please tell us how much you spent on the expenses listed below. All amounts are business only and **do not include personal, in-home office/business, or motor vehicle expenses.**

1. Advertising (Tax Tip #5 & #6, pages 26 and 27)	
2. Business tax, fees, licenses, dues, memberships, and subscriptions	
3. Delivery, freight, and express (including postage)	
4. Fuel costs (except for motor vehicles and in-home office)	
5. Insurance (except for motor vehicles and in-home office)	
6. Interest and bank charges	
7. Maintenance and repairs (except motor vehicle and in-home)	
8. Management and administration fees (Tax Tip #12, page 28)	
9. Meals and entertainment (Tax Tip #8, page 27)	
10. Office expenses (Tax Tip #4, page 26)	
11. Supplies (Tax Tip #11, page 26)	
12. Legal, accounting, and other professional/consulting fees (Tax Tip #12, page 28)	
13. Property taxes (except in-home office)	
14. Rent and rentals (except in-home office)	
15. Salaries, wages, and benefits (Tax Tip #12, page 28)	
16. Travel expenses	
17. Telephone, utilities, cell phone, pager, internet, and communication expenses (Tax Tip #9, page 27)	
18. Conventions	
19. Any other employment expenses or information not covered, except in-home office and motor vehicles (please specify cost type and amount) (Tax Tip #13, page 29, & #23 and #24, page 32) A. B. C. D. E.	

Section III

Musical Instruments Used During Employment

A) Did you purchase any musical instruments during the year? If yes, please list and provide the purchase price.

Item	Purchase Price
1.	
2.	
3.	
4.	
5.	

B) Did you sell or dispose of/scrap/donate any musical instruments during the year? If yes, please list and provide the sold price.

Item	Sold price (\$0 if scrapped)	Original or last year's tax value
1.		
2.		
3.		
4.		
5.		

C) What are the current musical instruments you use during employment (you may consult your previous year's tax return if necessary)?

Item	Fair Market Value
1.	
2.	
3.	
4.	
5.	

D) Is there any information regarding your musical instruments that you feel we should know, whether relevant to the above or not? (Tax Tip #4, page 26)

Section IV Motor Vehicle Expenses

To be filled out for each vehicle used during employment

A) Vehicle mileage and value (**we recommend using a logbook to keep track of your mileage**)

1. Total kilometres driven (including personal) during the year	
2. Total business only, kilometres driven during the year	
3. Fair market value of vehicle at beginning of year from last year's tax return (or you may consult the blue book, a local car dealer, or newspaper ads for evaluation). Make, model, and year of vehicle.	

B) Total expenses, **including personal amount**

1. Fuel and oil	
2. Maintenance and repairs	
3. Insurance	
4. License and registration	
5. Interest on car loan (check original loan agreement and fill in interest section D below)	
6. Lease payments (check original lease and fill in lease section C below)	
7. Washes	
8. AMA (motor league)	
9. Parking	
10. Other (please specify)	

C) If you lease the vehicle, please fill in the following:

1. Manufacturer's suggested retail price or purchase price	
2. Total paid towards the lease since the beginning	
3. Date acquired	
4. Date terminated	
5. Total number of days this vehicle was leased this year	
6. Did you receive any interest on a refundable deposit? If yes, how much and when?	
7. Were you reimbursed in any way for your lease? If yes, how much and when	
8. Any other leasing information?	

D) If you had a car loan on which you paid interest, please fill in the following:

1. Date interest payments started this year	
2. Date interest payments stopped this year	
3. Total interest paid in year	
4. Date vehicle was purchased	
5. Any other information you feel we should know	

E) If you purchased any vehicles during the year, please fill in the following:

Vehicle	Purchase Date	Amount
1.		
2.		
3.		

F) If you sold any vehicles during the year, please fill in the following:


Vehicle	Sold Date	Amount Received
1.		
2.		
3.		

G) Is there any information regarding your vehicles that you feel we should know, whether relevant to the above or not? (Tax Tip #15, page 29)

Section V
 In-Home Business Expenses
 (if you use a space in your home for employment/office)

A) Space and/or rooms used

1. What is the area or number of rooms used for employment in your home?
2. What is the total area or rooms in the home?

 **Note:** If you changed in-home office spaces during the year due to moves, etc., please fill in this section V for each in-home office and average out.

B) Expenses: Please list the total for the year, **including personal portion.**

1. Heat	
2. Electricity	
3. Insurance	
4. Maintenance	
5. Property taxes	
6. Condo fees	
7. Rent	
8. Telecommunications	
9. Alarm	
10. Other expenses (please specify)	

C) Is there any information regarding your in-home business/office expenses that you feel we should know, whether relevant to the above or not? (Tip #14, page 29)

Section VI Disclosure

I, _____, Social Insurance Number _____,
(your full name) (your SIN)
have read, understood, and completed all relevant procedures required for tax preparation. I have conducted all necessary research and sought all required assistance, and all data submitted is true and accurate to the best of my knowledge. I will not hold PTC Canada or its associates liable in any way or at any time, and I accept responsibility for all information supplied.

Signature _____

Date _____

✓ Please don't forget our survey on page 39!

Chapter 5

Sample Worksheets for You to Follow

Use the model on pages 17 to 24 to help you fill out the tax worksheets in chapter 4. If you need further information, please refer to the books and guides listed in chapter 7.

Please
don't
copy
any
of
this
information!

It
is
only
for
your
reference!

Section I

General Employment Information

1. For which taxation year are you filing this return?
2002
2. How many employers did you have for which you are claiming employment expenses?
3
3. Do you have form [T2200 Declaration of Conditions of Employment](#), signed for each employer authorizing the expenses you are claiming?
Yes, see attached
4. If you answered no to question 3, can you get them to sign it in the future, authorizing the expenses you are claiming?
N/A
5. Does part of your salary/compensation include commissions or bonuses as a result of your sales or productivity?
Yes, commissions from sales
6. What is your occupation or main job function(s)?
Door-to-door air salesman
7. Do you qualify for GST rebate?
Yes
8. If you answered yes to question 7, do you have form [Employee and Partner GST/HST rebate application-GST 370](#) signed by your employer?
No
9. If you answered no to question 8, can you get your employer to sign one in the future, authorizing your GST rebate?
Yes, requesting one today
10. Is there any information regarding your employment expenses that you feel we should know, whether relevant to the above or not?
Commissions included in T-4 slip

Section II

General Employment Expenses

Please tell us how much you spent on the expenses listed below. All amounts are business only and **do not include personal, in-home office/business, or motor vehicle expenses.**

1. Advertising	\$450
2. Business tax, fees, licenses, dues, memberships, and subscriptions	\$500
3. Delivery, freight, and express (including postage)	\$600
4. Fuel costs (except for motor vehicles and in-home office)	\$0
5. Insurance (except for motor vehicles and in-home office)	\$100
6. Interest and bank charges	\$200
7. Maintenance and repairs (except motor vehicle and in-home)	\$0
8. Management and administration fees	\$0
9. Meals and entertainment	\$1,230
10. Office expenses	\$235
11. Supplies	\$432
12. Legal, accounting, and other professional/consulting fees	\$500
13. Property taxes (except in-home office)	\$0
14. Rent and rentals (except in-home office)	\$0
15. Salaries, wages, and benefits	\$0
16. Travel expenses	\$2,345
17. Telephone, utilities, cell phone, pager, internet, and communication expenses	\$1,253
18. Conventions	\$2,654
19. Any other employment expenses or information not covered, except in-home office and motor vehicles (please specify cost type and amount) A. N/A B. C. D. E.	

Section III Musical Instruments Used During Employment

A) Did you purchase any musical instruments during the year? If yes, please list and provide the purchase price.

Item	Purchase Price
1. <i>N/A</i>	
2.	
3.	
4.	
5.	

B) Did you sell or dispose of/scrap/donate any musical instruments during the year? If yes, please list and provide the sold price.

Item	Sold price (\$0 if scrapped)	Original or last year's tax value
1. <i>N/A</i>		
2.		
3.		
4.		
5.		

C) What are the current musical instruments you use during employment (you may consult your previous year's tax return if necessary)?

Item	Fair Market Value
1. <i>N/A</i>	
2.	
3.	
4.	
5.	

D) Is there any information regarding your musical instruments that you feel we should know, whether relevant to the above or not?
N/A

Section IV Motor Vehicle Expenses

To be filled out for each vehicle used during employment

A) Vehicle mileage and value (we recommend using a logbook to keep track of your mileage)

1. Total kilometres driven (including personal) during the year	<i>57,248</i>
2. Total business only, kilometres driven during the year	<i>41,859</i>
3. Fair market value of vehicle at beginning of year from last year's tax return (or you may consult the blue book, a local car dealer, or newspaper ads for evaluation). Make, model, and year of vehicle.	<i>2008 Ford Explorer worth \$44,987</i>

B) Total expenses, including personal amount

1. Fuel and oil	<i>\$2,376</i>
2. Maintenance and repairs	<i>\$1,745</i>
3. Insurance	<i>\$1,589</i>
4. License and registration	<i>\$75</i>
5. Interest on car loan (check original loan agreement and fill in interest section D below)	<i>\$751</i>
6. Lease payments (check original lease and fill in lease section C below)	<i>\$4,378</i>
7. Washes	<i>\$350</i>
8. AMA (motor league)	<i>\$85</i>
9. Parking	<i>\$450</i>
10. Other (please specify)	<i>Towing/storage \$235</i>

C) If you lease the vehicle, please fill in the following:

1. Manufacturer's suggested retail price or purchase price	\$35,500
2. Total paid towards the lease since the beginning	\$4,378
3. Date acquired	October 10, 2007
4. Date terminated	September 10, 2008
5. Total number of days this vehicle was leased this year	365
6. Did you receive any interest on a refundable deposit? If yes, how much and when?	No
7. Were you reimbursed in any way for your lease? If yes, how much and when	No
8. Any other leasing information?	N/A

D) If you had a car loan on which you paid interest, please fill in the following:

1. Date interest payments started this year	January 01, 2007
2. Date interest payments stopped this year	December 31, 2008
3. Total interest paid in year	\$751
4. Date vehicle was purchased	January 31, 2007
5. Any other information you feel we should know	N/A

E) If you purchased any vehicles during the year, please fill in the following:

Vehicle	Purchase Date	Amount
1. N/A		
2.		
3.		

F) If you sold any vehicles during the year, please fill in the following:

N/A

Vehicle	Sold Date	Amount Received
1.		
2.		
3.		

G) Is there any information regarding your vehicles that you feel we should know, whether relevant to the above or not?

N/A

Section V
 In-Home Business Expenses
 (if you use a space in your home for employment/office)


A) Space and/or rooms used

1. What is the area or number of rooms used for employment in your home?

1

2. What is the total area or rooms in the home?

4

 **Note:** If you changed in-home office spaces during the year due to moves, etc., please fill in this section V for each in-home office and average out.

B) Expenses: Please list the total for the year, **including personal portion**.

1. Heat	<i>\$1,657</i>
2. Electricity	<i>\$789</i>
3. Insurance	<i>\$325</i>
4. Maintenance	<i>\$567</i>
5. Property taxes	<i>\$1,345</i>
6. Condo fees	<i>\$1,489</i>
7. Rent	<i>\$10,000</i>
8. Telecommunications	<i>\$1,500</i>
9. Alarm	<i>\$750</i>
10. Other expenses (please specify)	<i>Satellite \$265</i>

C) Is there any information regarding your in-home business/office expenses that you feel we should know, whether relevant to the above or not?

N/A

Section VI
Disclosure

I, Joe Blowhart, Social Insurance Number 312-845-956,
(your full name) (your SIN)

have read, understood, and completed all relevant procedures required for tax preparation. I have conducted all necessary research and sought all required assistance, and all data submitted is true and accurate to the best of my knowledge. I will not hold PTC Canada or its associates liable in any way or at any time, and I accept responsibility for all information supplied.

Signature Joe Blowhart

Date April 01, 2003

Chapter 6

Tax Tips, Strategies, and Recommendations for Employees

How you can plan better to legally reduce your tax bill

These tips and strategies are based on years of tax-preparation experience and the current employment environment. I recommend you always check things out and look before you leap. You would be amazed how much a little research can pay off. Whether you choose all or only a few, I trust you will find this information as useful as many others have.

1. Determine whether you qualify for the employment expense deduction

The majority of workers in Canada do not qualify for this deduction because most expenses are either covered by their employer or are considered normal for their pursuit. While the Income Tax Act is not specific about who can and cannot claim the deduction, generally speaking you can use this rule of thumb as a starting point: You are not likely eligible to claim this deduction if the following apply to you:

- Your employer covers most of your expenses.
- You use your vehicle to go to and from work only and not in between.
- You use your home only for personal activities and not for employment.
- Your employment consists mainly of routine work with average responsibility and without extra compensation for sales or performance.

You should consider this deduction if any the following apply to you:

- You use your vehicle and home for business/employment.
- You have responsibilities that make a substantial impact on the company/department.
- You are paid commissions, bonuses, or performance merits.
- You are in a leadership role or learned skill/profession.

2. Get [Form T2200, Conditions of Employment](#) signed

If your employer requires you to cover expenses over and above normal expenses, and you are not reimbursed sufficiently, have your employer sign [Form T2200](#). You can also get the form by calling 1-800-959-2221. Once signed by the authorized person, it will allow you to deduct reasonable expenses not sufficiently reimbursed. This must be done for each tax year and each employer.

3. Get [Form TL2 Claim for Meals and Lodging Expenses](#) signed

Use [Form TL2](#) if you are in the transportation industry. You may choose which method you want (detailed, simplified, or batching) to claim the meals deduction, provided you have kept the logs/records accurately. You can also get the form by calling 1-800-959-2221. Once signed by the authorized person, it will allow you to deduct meals, lodging, and showering expenses not sufficiently reimbursed. This must be done for each tax year and each employer. If you incurred other expenses, you will need to get form [T2200](#), mentioned above, signed.

4. Leasing versus purchasing

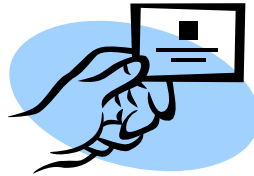
In most cases, you can deduct the employment portion of the lease, whereas you cannot claim depreciation on most assets, except motor vehicles. This can make a substantial deduction, depending on what you do. Some items you may want to lease include vehicles, equipment, office furniture, computers and electronics, and others assets. As a bonus with leases, you usually have the option to purchase at the end for personal use at a reasonable price. In recent years, leases have become more versatile, with low/no down, easy qualifications, and low risk. If you want to speak to a lease specialist, I recommend Mr. Ken Sands in Calgary, Alberta, at 403-253-0600.

5. Finder's Fees

Has someone brought you sales? Consider paying them a finder's fee. This is actually a method of advertising. You can even compensate someone who is actively trying to promote your products within reason, even if the sales have not shown up yet.

6. Advertising

This comes in many forms, including newspapers, flyers, brochures, business cards, fridge magnets, signs, coupons, literature books, calendars, bookmarks, and more. These are all deductible. You can make them up yourself or have a professional do it for you.



7. Bad Debts

Any sale you have recorded that has not been paid within a fair amount of time or as agreed can be deducted, provided a reasonable attempt has been made to collect the debt. If you need a collection agency, I recommend Mrs. Sue Seamans at [Bison Credit Solutions](http://BisonCreditSolutions.com), 1-877-686-8522, sue.seamans@bsgcorp.com.

8. Meals and entertainment

CRA states that this is deductible, provided that it is for the purpose of business. It is a great way to meet clients and business associates and to generate possible sales. Remember, *Use, don't abuse!*

9. Telecommunications and the internet

Some employees need a phone, fax, cell phone, pager, and the internet; therefore, I recommend this. Your local phone company or reputable retailer can help you. If you cannot afford a computer but wish to have e-mail access, go to your local library. Most public libraries offer this free of charge with a valid library card. Many institutions and individual consultants offer computer training at various levels, and the cost is deductible. Check out the latest advertisements for what's available. The cost of developing and maintaining a website for your business is deductible. If you need help with a website, I recommend Mr. Stephen Schaff of [Gridworx](http://Gridworx.com) at 403-397-9646, admin@gridworx.ca.

10. Losses on the sale of assets

If you sell or dispose of a depreciable asset for considerably less than you paid for it and it is worth less than its depreciated value, the loss is deductible. For example, say you bought a car two years ago for \$22,000 and its depreciated value is \$14,000. On the market, you are only able to get \$5,000. Your terminal loss of \$9,000 is deductible.



11. Make good use of the calendar year regarding expenses

All taxpayers are on a calendar year and accrued-expenses method. Therefore, most purchases are deemed expensed on the day of the transaction, not delivery or anything else. Depending on your financial situation, you may want to consider making a lot of purchases at the end of the calendar year to keep your net income low and lower your taxes. Again, weigh all the variables before proceeding this way. If you want to see whether your expense may need to be prorated regardless of when the item was purchased, you can look up [CRA Interpretation Bulletin \(I-T\) 417-Prepaid Expenses and Deferred Charges](#).

12. Hire experts for difficulties and help with repetitive tasks

It is important that your job be done as well as possible and that you get the right people to help you out. Hiring an expert is not only an effective tax strategy (because the costs are deductible), but it is also an excellent time management method. Look for a list of consultants in the Yellow Pages, and delegate appropriate tasks to free up your time for other things.

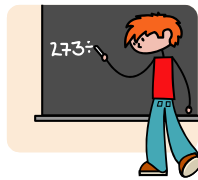
One type of consultant to consider is an efficiency expert (or someone good) in your field. The first meeting is usually free, and if you have all the relevant information, the expert can generally tell you what they can do for you and what it will cost. In most cases, it will be well worth it! You can do the same for sales, marketing, customer service, coaching, and anything involving your job. The rule of thumb here is, if you don't need or want to do a task, or you don't know how to do it, start looking. Everyone has only 24 hours in a day, no matter how you use them.

Continued...

Also, it has become common for employees and sales professionals to hire business-coaching services. They will often give you free, useful information before you decide to spend any money on them. I can recommend two: The Wealth Creator Source by the Raymond Aaron Group; contact Miss Liz Ventrella, 1-905-881-8995 Ext. 22, liz@aaron.com, <http://www.aaron.com/new/libraryClub.html>; also, Brian Tracy International, www.briantracy.com, 858-481-2977.

13. Training, seminars, workshops, upgrading, and professional development

If you cannot claim these under the standard tuition deduction on the personal side, or your employer will not reimburse you for them, then most can be claimed here, provided they are relevant to what you are doing now or in the near future. Training etc. can come in various forms, including classroom, lecture, in-home, self-study, internet, and correspondence, provided it is business related.



14. Maximize deductions for your in-home expenses

See page 23 of the sample worksheets for an example of what could be available to you. Generally, any portion of your personal residence that you use for employment is considered deductible. Most people overlook regular maintenance and upkeep of their residence. This includes the cost of cleaning, lawn care, clearing snow, etc. A good rule of thumb is to keep receipts of everything you spend on your home and decide later if you can use them. Most employers don't reimburse their staff for in-home expenses. It is important that the in-home expense you are claiming is reasonable and used only for your employment. If you wish, you can read [IT-352R2 – Employee's Expenses, Including Work Space in Home Expenses](#).

15. Maximize deductions for your motor vehicle expenses

See pages 20 to 22 of the sample worksheets. Generally, any use you make of your personal vehicle for employment is considered deductible. I recommend joining the motor league. Not only is this deductible, but it is also a great investment. The cost is small, and it will pay for itself the first time you use it. Get the good package, as it doesn't cost much more and provides lots of benefits for members.

16. Employed apprentice mechanics and trades people

As of 2002, if, at any time in the taxation year, you were an apprentice mechanic employed to repair self-propelled motorized vehicles (including automobiles, aircraft, boats, snowmobiles, etc.), you may be able to deduct the cost of eligible tools you purchased to earn employment income. The same applies for all trades people as of 2006.

17. Consider self-employed commissions rather than employment

Depending on your situation, if you earn strictly commissions, or most of your income from that employer is made up of commissions, consider having the payroll department issue you a T4A and pay you as a self-employed commission earner (box 20), rather than a T4 with commissions filled out in box 42. You could qualify for self-employment deductions that are considerably more than employment.

18. Consider direct reimbursements rather than taxable allowances

Depending on how you are compensated, if you receive a taxable allowance you may not be getting fully reimbursed for your expenses. For example, you claim a \$100 expense at work, and your employer adds \$100 onto your regular paycheque. If you are paying tax on it, say, at a 25% tax bracket, you are only getting \$75 in hand, leaving you \$25 out-of-pocket. If your employer gives you a direct reimbursement (tax-free, separate cheque preferred) for \$100, it all comes out even and is in fact easy to understand.

**19. Make sure you are reimbursed sufficiently**

Sometimes, you may think you are being reimbursed fairly by your employer for an expense, but not all the facts have been considered. Taxes, as mentioned above in the taxable allowance scenario, are one example. Another is car expenses. Many people just look at the gas expense, but, in reality, there are loads of others (see pages 20 to 22 of the worksheets). I recommend you calculate all your expenses, including depreciation, and see if the compensation you are receiving is fair. (You can do this yourself, or we can do it for you. The small fee will be worth it!). Suppose you are compensated \$0.20 cents per kilometre for 10,000 kilometres in the year. Your employer would give you a cheque for \$2,000 at the end of the year. However, on calculation, you find your expenses are actually \$4,000. You would be entitled to claim the difference.

20. Be careful about being overcompensated for expenses

Some employers give a tax-free allowance or flat rate of payment for an employee's activities that may be more than needed. Again, it is the taxpayer's responsibility, not the employer's, to see that the compensation is fair. If, after calculation, you discover that you are in a surplus, you may be in a taxable situation. Using the above example, suppose you were compensated \$0.50 cents per kilometre for 10,000 kilometres in the year. Your employer would pay you \$5,000, which would leave you \$1,000 subject to tax. As CRA is entitled to audit records up to 6 years, this can catch many people off guard, so it is crucial that your expenses be handled properly.

21. Working outside of Canada

There are generally three ways to get tax relief if you are employed outside of Canada. First is via the Overseas Employment Tax Credit deduction. You and your employer must meet the criteria listed on form T626, which can be downloaded at <http://www.cra-arc.gc.ca/E/pbg/tf/t626/README.html>. You can also get this and other forms at your local tax center or by calling the Forms Centre at 1-800-959-2221.

The second way is by declaring yourself a "non-resident" of Canada, subject to CRA's approval. You will need to fill out form NR73 (<http://www.cra-arc.gc.ca/E/pbg/tf/nr73/README.html>) when you leave Canada and form NR74 (<http://www.cra-arc.gc.ca/E/pbg/tf/nr74/README.html>) when you return. Depending on their decision, you may be exempt, partially exempt, or not exempt. The criterion is how close your ties are to Canada.

The third way depends on the country you are in and type of treaty that has been signed. Some countries are exempt from Canadian taxes, some are entitled to Canadian tax credit on foreign taxes, and, unfortunately, some are double taxed. You can check out individual treaties at http://www.fin.gc.ca/treaties/treatystatus_e.html or by calling the International Tax Office in Ottawa at 1-800-267-5177 (collect 613-952-3741 outside the toll-free area). This depends on the relationship Canada has with the particular country.

Generally speaking, Canada has a good international reputation, and this is a windfall for employment outside the country. Those who wish to seek work outside of Canada, but don't know where to start, can consider a career teaching English. Global Tesol College has locations all over the world and guarantees you a job in as little as five days. Provided you can read, write, and speak fluent English, have a high school diploma, are at least 18 years of age, and pass their exams, you are assured of a position in less than a week.

Qualifications to enter this field are minimal, and yet the compensation can be

generous. Pay typically starts at about \$3,000 per month, with full benefits and most expenses, including flights. There is also opportunity to use your English in other areas, such as tutoring, business, legal, medical, tourism, and much more, if you are not interested only in teaching. GTC has free information seminars that explain everything they do and offer. You can even do all their courses online, if you are not close to a major city. For further information, contact Global Tesol College at 1-888-270-2941, www.globaltesol.com, 10762-82nd Avenue, Edmonton, Alberta, Canada T6E 2A8.

22. Using losses in your employment/sales

Most employment/sales can use reported net losses for two things: first, to offset other net income, such as other employment; and second, to carry forward into other years' income. Keep in mind that this should not be a recurring thing, and your employment/sales should have a reasonable expectation of profit. CRA uses the three-year time frame as a rule of thumb, but that can depend on your capital, skill, and time requirements.

23. Personal time, assets, and resources versus business ventures and deductions

If there was ever a reason to go into employment/sales, this is it. CRA allows you to deduct a portion of your vehicle, home, and expenditures, provided they are for your employment/sales. In other words, the things you have to spend money on personally can be deducted for non-personal dealings. You must support this with receipts and documentation. A logbook or day-timer is recommended to support your claims.



24. Keep track of cash expenses that don't have receipts

Sometimes, you may have difficulty getting receipts. Parking, car washes, gratuities, and meals at a hot dog stand are examples of the many situations that may leave you without hard proof. CRA understands this, as long as your claim is reasonable. I recommend you buy a day-timer or Pocket PC and mark down as much as you can.

25. Save every receipt, transaction, and record possible

You can never have too much relevant information! Develop a simple, yet effective filing system (and it shouldn't cost much) where you have a receipt and record for everything. If, at the end of the year, you have a pile of receipts that do not seem relevant, keep them anyway. Create a separate folder that indicates you are not using them for your return but choose to store them. You never know when they might come in handy. Sometimes, a taxpayer isn't aware that something is deductible and a few years later finds out that indeed it is. CRA is always changing the rules, and these changes can be retroactive. You can request tax adjustments up to 15 years. I can easily help if you have receipts! Become a pack rat with every possible receipt, record, invoice, expense, income, day-timer, logbook, transaction, and statement. Even if you have to pay someone to sort and file, the investment could be well worth it in the short and long run. In short, don't throw anything out, ever! Don't worry about what your friends think—you'll be ahead of the game while they are behind the eight ball. If you need a bookkeeper who is good in this field, I recommend Ms Carla Miller at 403-255-7367, miller.carla@telus.net.

26. Do you wish to learn employment taxes in detail?

There is lots of reading material on this subject, but you don't want to spend too much time or money trying to hunt down the relevant facts. Check out chapter 7 of this booklet for our recommendations.

Take the time to do your homework. Research before you retain. While PTC Canada is absolutely committed to your taxes, you know your employment best. Make sure you have discussed everything with us and your trusted experts before attempting the suggested strategies. I strongly encourage you to explore the ideas that many others have used to their advantage. While some of the ideas may not be for everyone, I believe most people will benefit with minimum risk. I wouldn't have it any other way!

Chapter 7

Other Booklets, Worksheets, References and Guides, Services, and Contact Information

May we offer you help with other tax booklets and/or services?

Other Tax Booklets

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

1. [Canadian Tax Secrets Guide](#)
2. [Investment Tax Booklet](#)
3. [Rental Property Tax Booklet](#)
4. [Small Unincorporated Business Tax Booklet](#)
5. [Farming Income](#)
6. [Personal Tax Checklist](#) (Everyone can use this.)
7. [Corporate Tax Checklist](#) and many other [forms and worksheets](#)
8. Plus our [10 Ways series](#) (for example [10 Ways to Cut Your Tax Bill](#))

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

Tax Guides from CRA

Every year, CRA publishes a variety of [Tax Guides](#). For employment expenses, I recommend the [Employment Expenses guide \(form T4044\)](#). I suggest you get these at the end of each tax year when they come hot off the press, or you can have them mailed to you by calling the Forms Centre at 1-800-959-2221.

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, 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 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 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.

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

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



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!

Contact Information

In the **Tax Tips and Strategies** (chapter 6), I have given you some contact information, depending on what may interest you. In this section, I will give you mine and CRA's. If you were 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
Website: 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	www.cra-arc.gc.ca
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.**

Survey and Feedback

As a favour to us, we would greatly appreciate it if you would take a few minutes to give us your thoughts. Your contribution will help others and make us better at what we do. **Thank you for your time!**

Please rate the following items from 1 to 5, where **1 is strongly disagree** and **5 is strongly agree**.

1. I found this guide to be generally helpful. _____
2. This guide was too long _____, too short _____, just right. _____
3. I learned something new and practical. _____
4. I will implement a few ideas discussed. _____
5. I would recommend this to people I care about. _____
6. The guide was well organized and easy to follow. _____
7. The materials made sense to me. _____
8. I was able to understand the general messages introduced. _____
9. I feel enlightened on the subject of taxes. _____
10. I would like to see more publications like this. _____
11. I will refer to this guide again in the future. _____
12. I will bring this guide with me when I'm doing research. _____

I found the following subjects useful:

I would like to see more on the following:

General comments and feedback:

Thank you for your valued response! Kindly send this to me by whatever method you wish. My contact information is on page 37. I look forward to meeting you soon!

Neel

Appendix

Tax Organization Checklist


Part 1 of 4 – Personal Information

1. Are you a first-time client to PTC Canada?
2. If you are a first-time client, how did you find out about PTC Canada? (referred, where, when, how?)
3. Tax years to be filed (we recommend doing a separate checklist for each year to be filed)
4. Full legal name (as on social insurance card) and the name you used in the tax year filed (i.e. Cameron John Smith, Cam; or Susan Ashley Brown, Sue)
5. Current residential mailing address. If moving soon, use new address.
6. Home telephone number. Also, work, pager, cell, and other contact numbers. Please include e-mail addresses, fax numbers, and web addresses, if applicable.
7. Marital status. If married or common law and not filing together, please include your spouse's first name, social insurance number, and net income (line 236 of their return).
8. Your social insurance number
9. Your date of birth in the following format: day/month/year
10. Were you or your spouse self-employed at any time this tax year? If yes, in which province?
11. Were you involved in bankruptcy? If yes, please state entrance and/or discharge date.
12. Is the taxpayer deceased? If yes, please state date of death. Please also provide details of legal hearings, proceedings, etc.
13. Did you leave or re-enter Canada this year? If so, please provide departure and/or entrance date(s).
14. Do you wish to have your name added to the voters' list through your tax return?
15. Are you applying for the GST credit?
16. Do you have any children/dependants under 19 or 19 and older certified infirm by a doctor? If yes, please state their full legal name(s), social insurance number(s), and net income (line 236 of their return). If they require a tax return completed by us, please have them use a separate PTC Canada checklist.
17. Do you own foreign property worth over \$100,000 Canadian?
18. Please tell us any other personal information we may need.

Part 2 of 4 – Income

What are the sources of your income? Please note, this includes income from all over the world, not just Canada.


1. Employment
2. Sales or commissions
3. Odd jobs, casual labour, tips
4. Old Age Security Pension
5. Canada or Quebec Pension Plan
6. Other pensions or superannuation
7. Disability benefits
8. Employment insurance benefits
9. Taxable dividends from Canadian corporations
10. Interest or investment income
11. Income/losses from a limited/non-active partnership
12. Taxable capital gains
13. Support payments received
14. RRSP income
15. Workers' compensation income
16. Social assistance
17. Net Federal Supplements
18. Did you start, participate in, or end a business(es), rental property(ies), farm(s), fishing operation(s), or profession(s) of which you were either a sole proprietor, partner, or co-owner? If yes, please click on the appropriate items and state the applicable partners' names, social insurance numbers, mailing addresses, and percentage of activity level (from 1% to 99%).
19. Foreign income
20. Any other income we need to know about.

 **Please note:** If you had income but were not issued a T-slip for it, you must discuss this with the issuer. **As a taxpayer, you, not your income provider, PTC Canada, or CRA, are ultimately responsible for researching, tabulating, and reporting all your income.**

Part 3 of 4 – Deductions from Income

Which of the following deductions apply to you?

1. Registered Pension Plan contributions not on T4 slips
2. RRSPs
3. Saskatchewan Pension Plan
4. Annual union or professional dues
5. Universal Child Care Benefit (UCCB) repayment
6. Child care expenses
7. Child fitness tax credit
8. Attendant Care expenses
9. Live-in dependants under 18 or over 65
10. Business investment losses
11. Moving expenses or any carried over from last year
12. Spousal or child support payments made
13. Carrying charges and interest expenses
14. Exploration and development expenses
15. Authorized employment expenses
16. Cleric's residence deduction
17. Canadian Forces personnel and police deduction
18. Canada employment amount
19. Employee home-relocation deduction
20. Stock options and shares deductions
21. Limited losses of other years' deductions
22. Non-capital losses of other years
23. Net capital losses of other years
24. Capital gains deductions
25. Northern residence deduction
26. Disability claim
27. Interest paid on student loan this year and interest paid in previous years not claimed
28. Tuition amounts claimed by student/taxpayer and any amount carried over from previous years
29. Tuition amount transferred by parent
30. Amounts transferred from your spouse
31. Medical expenses not covered by a drug plan
32. Public transit passes
33. Donations not claimed up to 5 years
34. Tax paid by instalments in advance
35. Federal or provincial tax credits
36. Losses or any other deductions carried over from last year
37. Any other deduction you feel we should know about

 **Please note:** All deductions claimed by the taxpayer are subject to CRA approval. *You, the taxpayer, must pursue all rejected or disputed deductions at your own expense. PTC Canada assumes no responsibility or liability for rejected or disputed deductions.*

Part 4 of 4 – Miscellaneous

A. For the completion of your return, please review the following:

1. Would you like direct deposit of your refund, GST payment, or child tax benefits?
2. Are you planning to enclose any payment to CRA with this return?

B. One of the services PTC Canada offers is assistance with negotiations with CCRC and any challenges you may face with your taxes. All answers to the following questions will be kept strictly confidential! If you would prefer to speak to us directly, please indicate.


1. Do you currently have a debt outstanding with CRA that you would like to discuss?
2. Do you currently have any outstanding issues with CRA?
3. Have you ever been audited? If yes, how many times and when? Please provide details.

C. PTC Canada's growth has been largely due to clients referring their friends, family, and associates. PTC Canada pays referral bonuses and awards discount fees upon completion of a new client's return. We invite you to take advantage of this.

1. Do you know someone who might require our assistance or services? If yes, please provide name, phone number, relationship, and details. May we use your name when contacting this person?

D. Please enclose the following information with these documents and all your receipts:

- a) Last year's tax return
- b) Last year's notice of assessment
- c) Signed consent form (T1013). If you do not have this, we can provide it.
- d) Spouse's or common law spouse's tax information
- e) Dependents' tax information
- f) Anything else you feel we should know about

 **Please note:** Tips on this form or webpage are for information only and are not legal advice. Those seeking legal advice must obtain counsel from professionals practicing in that field. **PTC Canada will not be held responsible for any liability incurred by anyone using this information form or webpage.**