



# THE Tax Tipper

June 24, 2019

We take your taxes personally!

Issue 67

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## Our Readers Respond

PTC Canada is incredibly quick and efficient in conducting business and always keeps us informed along the way. Thank you, Neel, for making the whole process affordable, convenient, and quick! We really appreciate it and look forward to using your company again.

Chantelle & Corey Scherbinski  
 Dewinton, Alberta

Check out our [testimonials page](#) and [media room](#).

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

We [welcome your comments](#) on the **Tax Tipper!**

## Happy Canada Day 2019!

Dear Clients and Friends,

I love it when summer arrives, even though it wasn't too bad a winter this year. I just got back from my annual trip out to Osoyoos. What a wonderful time in Canada's desert mountain lake! I'm looking forward to my annual retreat at Sproat Lake on Vancouver Island, Canada's region of perpetual summer, and a dip in the ocean at Pacific Rim's Long Beach. Those of you who've been there know that the ocean is cool all year round. I'm one of the few brave souls who swim without a wet suit, and man, is it refreshing!

Welcome aboard, all new clients, especially if this is your first Tax Tipper. I'm delighted with the feedback I've received since it launched over 13 years ago, in May 2006. All the back issues are on our website at [www.ptccanada.com](http://www.ptccanada.com), which was started around 2000. I was one of the first tax companies to have a functioning website. Those who've been with me since the beginning have seen it evolve into one of the most informative sites in the industry.

The country is in early election mode, as the SNC Lavalin scandal has permanently turned the tables, making the Conservatives the likely winner in October. Trudeau's Liberal government has been the biggest disaster in our country's history, and fortunately Canadians are waking up to the corruption running rampant at all levels. Today there are seven conservative provinces (most with majorities) compared to one in 2015 when Trudeau took over. This is the most radical pushback people have ever seen, and trends show no sign of it slowing down. In the recent

EU elections, many nationalists won over the establishment, and President Donald Trump's recent announcement of his re-election campaign raised a record \$24 million in one day. His rallies are the new rock concerts, and they can't be beaten. This has caused massive panic among the dinosaur political class as the people of nationalist governments see lower taxes, more employment, and freer living conditions.

Here in Alberta, we elected Jason Kenney premier in April, and when the fraudulent carbon tax (part of the global fake science complex) died last month, the price of gas fell almost 20% within a week. Optimism is on the rise here, with lower taxes predicted, jobs coming back to the energy sector, and freedom returning to the people in general. Dubbed "Open for Business," Kenney's two-month rule has not only proved successful but attracted the attention of a lot of other premiers and leaders. Having been a resident of this beautiful province since 1994, I believe Kenney will be the most successful premier we've ever had and will run for prime minister in 2023. BC is the last NDP province, and unprecedentedly, they are currently polling conservative (federally) by a fair margin. Once they flip over, the rest of the country will follow. By the middle of the next decade, we'll be in wonderful shape for massive reform, which will include lower taxes, reasonable cost of living, protected rights like free speech, choice of education and health care, and protection from surveillance, etc. Sounds too good to be true, but we've made marvelous progress in the last year thanks to you, The People!

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One of the biggest changes we will see this year is the death of the mainstream media. Let's face it! People are sick to the back teeth of them even when they try to be honest. Yes, when they admit they lied, no one believes them! To understand their outdated strategy, look at the history of the deep state's involvement with them to manipulate the population. When mainstream media started gaining popularity in 1800s, only 12% of the population were functionally literate, but by 2000 this was 80%. Further, technology came on board, putting information in the individual's palm. By the end of this year, six billion smartphones will be out in the world, so the old media model is dead on arrival. This has radically changed the game, and even with billions of taxpayer dollars pumped into the CBC, their ratings continue to tank. US Secretary of State Mike Pompeo, former CIA director, recently gave a lecture where he outright admitted the duplicitous operations of the spy agency by saying, "I was the CIA director. We lied, we cheated, we stole. We had entire training courses." How do you beat that?! It's long been known that the CIA crafts the narratives for most mainstream media operations, and it makes perfect sense that we're lied to all the time.

Same thing for social media. Currently, the US Senate is passing a bill that will remove immunity for all big tech unless free speech is upheld. The recent movie You Can't Watch This portrays the years of censorship that social media companies have been wrongfully exercising over conservatives, constitutionalists, Christians, and those who uphold Western values. This year ex-employees were calling out the CEOs, and recently Project Veritas has been recruiting whistle-blowers inside these tech companies to come forward. The results have been stunning, with much more to come.

In reaction to this, Facebook has launched their own currency, called Libra, to try and take over the cryptocurrency market, knowing their monopoly on information is coming to an end with an avalanche of lawsuits. Considering they were the ones trying to shut down bank accounts, this is absolutely hypocritical! I would not be surprised if Facebook was the catalyst behind the shutdown of several bank accounts of

conservatives and Christians earlier this year. I've written previously that I don't think this cryptocurrency will catch on because the upcoming generation of cryptos will have to be backed by a solid commodity like gold, silver, oil, etc. *Rich Dad Poor Dad* author Robert Kiyosaki has written a new book called Fake Money, Fake Teachers, Fake Assets: How Lies Are Making the Poor and Middle Class Poorer, which is so appropriate to the times. His summary: FAKE Money, FAKE Assets & FAKE Education ... It's ALL FAKE! Yes, that's exactly the age we live in, and I'm optimistic we're finally coming out of it into a realistic monetary system.

It's important you keep up to date with what's going on as there's lots of information out there, but much of it is fake. I'm here to deliver the real news—it's part of my mission. I easily spend 40 to 50 hours a week doing research on top of my normal duties and having a life. These newsletters take 2 to 3 months to compile from hundreds of articles, videos, shows, books, etc. There are thousands of other independent newsletters, journalists, YouTubers, etc. who care about doing what's right, volunteer lots of time and effort, and need you to pass the word on. Remember, it's you who makes the fundamental changes in society happen, not the 1% unelected nobodies at the top. I know in real time you can't tell, and it's discouraging, but when you look back, there's no doubt good results are taking place.

On a better note, Happy 152nd Canada Day! I'm just hanging around the farm this long weekend, but there's always things to do when you live on acreage. One of our recent adventures in Alberta this spring was the smoke-filled skies from northern forest fires. It looked like nuclear fallout for a few days—the sun barely peaked out and it was hard to breathe. I was never so happy to see clear skies, and believe me, I have a better appreciation for clean air today. Whatever you do, enjoy the **Tax Tipper** with your well-deserved summer, my fellow Canadians!



Neel Roberts  
President and Founder

## Tax Filing Deadline Come and Gone

The deadline for filing your 2018 personal returns this year was Tuesday, April 30, 2019, and if you're self-employed it was Saturday, June 15, 2019. As both 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. 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!



## To Incorporate or Not to Incorporate?

A Knowledge Bureau article takes up the issue of whether or not to incorporate. We've had an article on our website for years, called The Journey to Incorporation by Doug MacLeod, C.A., which clients have found very useful. But it will take research on your part before you decide. While your day-to-day activities are not much affected by your business structure, your legal liability and tax obligations are. I've spent more time closing corporations for clients when it turned out that incorporation was overkill and not worth the money or effort. The new Tax on Split Income rules doom business owners who make financial decisions during the year to pay dividends to family members who are inactive shareholders. I definitely recommend consulting with your tax professional before moving forward, as the majority of my consultations result in the client staying a sole proprietor.



## Plastic Tax on the Way?

Oh no! Just when you thought we weren't taxed enough, here comes another waste of taxpayers' money—a study about a proposed plastic tax. Even the CBC is pushing the propaganda by tweeting Our Easter Isn't about Religion—It's about Family and Living Plastic-Free. A recent Rebel report was doubtful that the tax would be in during this election cycle, but if the Liberals get back in, don't be surprised to see it by 2023.



## 2018 Tax Review Notices Are Out

CRA conducts its review (post-assessment) of current tax returns during the summer of the year in which the return is filed. If your return is selected, you will receive a letter requesting the information CRA requires. It is *very important* to respond to this letter even if you need time to track down receipts, etc. CRA will usually grant an extension of time 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.



## Canada Benefits from Millionaire Tax Migration

A Bloomberg article has pointed out that millionaires are moving around the world to avoid high taxes. Canada was the third choice for gains, while USA was second and Australia first. On the losing end were China #1, Russia #2, and India #3. The data is somewhat surprising, considering that Canada has had more taxes in recent years, but obviously we must still be competitive when you consider that China was offering a zero corporate tax rate to compete with the recent American tax cuts in 2017. This is a good statistic to monitor, as it gives an idea of the health of the nation since these migrants have the money and expertise to study the feasibility of moving.



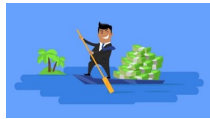
## Watch Out for Those Health Care Spending Accounts

Recently, the CRA put out a notice about businesses improperly claiming deductions related to Health Spending Accounts (HSA). I've never been a fan of these accounts, as the rules seem to be ambiguous if you're not a corporation. If the business is a sole proprietorship with no arm's-length employees, CRA does not consider an HSA to be a private health services plan and any costs incurred for amounts paid to this account are not deductible business expenses. This is not to say the idea is a scam, but it may not be as helpful as initially perceived. You should consult a few independent brokers to see if this is for you. I'm no expert, but my mind remains open if you come up with a winner, so let me know.





## CRA Signs Secret Settlement with Wealthy KPMG Clients Involved in Offshore Tax Scheme



An investigation by CBC's *The Fifth Estate* and Radio-Canada's *Enquête* has learned that CRA has once again made a secret out-of-court settlement with wealthy KPMG clients caught using what the CRA itself had alleged was a "grossly negligent" offshore "sham" set up to avoid detection by tax authorities. A Reddit blogger comments, "The scheme orchestrated by accounting giant KPMG enabled clients to dodge tens of millions of dollars in taxes in Canada by making it look as if multimillionaires had given away their fortunes to anonymous overseas shell companies and gotten their investment income back as tax-free gifts. Really, with some of the best tax lawyers and accountants in the world, this was the scheme they came up with. It's almost transparent. CRA still didn't catch it, though. Meanwhile, if I make a mistake on my business taxes, they'll send someone to give me a financial colonoscopy." EXACTLY! This is what's got many people up in arms, and more are calling for accountability for these ongoing schemes!

## Complex Tax Returns Costing Canadians Billions



It's no surprise that Canada's tax system has grown increasingly complex, as the Toronto Sun pointed out this recent tax season. "A growing web of complicated rules and changes has made the tax system more difficult for Canadians to understand, which affects the cost—in time and money—of compliance," said Finn Poschmann, co-author of the study, Tax Complexity in 2019: Can It Be Tamed? From 2001 to 2016, the length of the federal personal income tax guide (in this case, for Ontario) increased from 48 pages to 78, or 63%. From 1996 to 2016, the number of personal exemptions, deductions, credits, and exclusions on income tax forms increased from 111 to 146, or 32%. Citing previous Canadian research, the Fraser Institute says that as of 2012, Canadians were paying professionals between \$5.84 billion and \$6.96 billion annually just to fill out their personal income tax returns—and that doesn't include additional compliancy costs like bookkeeping, audits, and more.

## CRA Found Unreported Taxes in BC and Ontario Real Estate Sales



CRA announced last month that since 2015, CRA audits have identified over \$1 billion in additional gross taxes related to the real estate sector. During this same period, CRA auditors reviewed over 41,700 files in Ontario and British Columbia, resulting in over \$100 million in assessed penalties. Specifically, last year, the CRA assessed \$171 million more in additional gross taxes related to real estate than in the year prior, a 65% increase. Penalties also totaled over \$57 million, which is more than double compared to the year before. The Real Estate Task Force, a dedicated team established under the Trudeau government, focuses on ensuring that

- Taxpayers report all sales of their principal residence on their tax returns;
- Any capital gain derived from a real estate sale, where the principal residence tax exemption does not apply, is identified as taxable;
- Money made on real estate flipping is reported as income;
- Commissions earned are reported as taxable income; and
- For Goods and Services Tax/Harmonized Sales Tax (GST/HST) purposes, builders of new residential properties remit the appropriate amount of tax to the CRA.

## Tax Professionals Can Bring Tax Freedom Day Earlier Each Year



Tax Freedom Day comes on June 14 this year, according to the Fraser Institute. The Knowledge Bureau points out that a tax professional can make it come a bit earlier, depending on your situation. According to the CRA's most recent tax filing statistics, the percentage of EFILE returns has increased from 55% for 2014 to 57.9% for 2018 (15,656,014 returns), indicating that the percentage of Canadians using professional services is on the rise. With complexities and more rules being added all the time, this is no surprise. Our Personal Tax Checklist is a great starting point for both new and current clients. Our self-employed clients use our Small Business Tax Booklet to find deductions that may have been missed. A tax specialist can also work with you to recover errors or omissions on prior filed returns up to 10 years back.

## Tax Audits and Your Rights as a Taxpayer



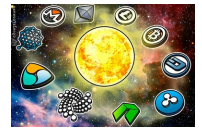
The word “audit” naturally triggers most taxpayers, and for good reason. Chances are if CRA is doing an in-depth audit, they’re coming for money—a lot! A [Knowledge Bureau article](#) cites the rights of both you, the taxpayer, and the CRA. The taxpayer’s and CRA’s rights during a tax audit can be found in the *Income Tax Act*, s. 231.1. For example, the CRA is authorized to enter any premises where any business is carried on, property is kept, or any other activities are undertaken in connection with the business or property, or books or records, and to require the owner or manager to provide reasonable assistance and answer all proper questions. The taxpayer, on the other hand, does have certain rights, like the right to see a written request for information and a list of issues to be answered. In addition, if the property is a dwelling, the person authorized by CRA may not enter without the consent of the occupant unless a search warrant is produced.

## Tax Evasion, Not Reform, Is CRA’s Priority



A recent [Knowledge Bureau article](#) points out that the Liberal government seems more keen on catching cheaters than giving all of us honest taxpayers a break. The Joint Chiefs of Global Tax Enforcement (J5), which the CRA is a part of, is made up of heads of tax crime and senior officials from five international tax organizations. Proven to be effective after only one year, their goal is to share data and intelligence, while addressing cross-national tax crime threads, including cyber-crime and cryptocurrency, and global tax evasion. This is proof that digital currency like bitcoin etc. is very much on their radar and has no advantage over other currencies. Overall, the public has no problem going after evaders, but are the enforcers catching just the small fry or really going after the big fish who have ways of getting around the system? Time will tell, but don’t hold your breath!

## CRA Updates the Tax Treatment of Cryptocurrency—A New Term: *Virtual Payment Instrument*



Get ready for a new term—“virtual payment instrument”—invented by CRA for the treatment of payment outside of conventional methods like cash, cheques, credits cards, etc. I googled the term, and there doesn’t seem to be anything out there. A [Knowledge Bureau article](#) explains the application of “virtual payment instrument,” which is a property that is “a digital representation of value that functions as a medium of exchange” and “exists only at a digital address of a publicly distributed ledger.” A virtual payment instrument is now considered to be a financial instrument. Now cryptocurrency purchases will be treated like legal tender, and if the seller is a GST registrant, GST/HST will be applicable to the transaction. More to come as this develops.

## CRA Writes Off \$133 Million Owed by One Taxpayer



A recent [CBC article](#) noted that CRA wrote off more than \$133 million in taxes owed by one taxpayer and did not specify whether the recipient of the write-off was a person or a corporation. The amount was for unspecified excise taxes or excise duties, but the CRA has offered no further details. Etienne Biram, a spokesperson for the CRA, said that confidentiality provisions under the law prevented the agency from identifying the taxpayer who benefited from the write-off, or divulging details of the nature of the uncollected taxes of \$133,416,922.33, a record federal tax write-off in Canada. The CRA wrote off a total of \$2.7 billion in taxes for the fiscal year 2017–18, which was reportedly the largest single-year sum that the agency had written off since the \$2.8 billion registered in both 2013–14 and 2014–15.



[us on Facebook!](#)



## Hate These Computers and Love the Way We Used to Do Taxes!

Real People with Real Questions About Real Situations



Dear Neel,  
Do I have to do everything online for taxes? I liked the old-fashioned way, as it seemed reliable and easier for me. I'm not very computer literate and feel that the way we did things for decades made more sense. My return is very basic and not complicated at all.

Alex J.

Dear Alex,  
E-services have exploded in the last decade not just with CRA but in commerce in general. Most people bank, buy, and perform many services online, so it would be next to impossible to go back to the pre-2000's way of doing business. I know others who have expressed similar concerns to yours, but more for reasons of privacy and confidentiality. While it's not mandatory to use all the e-services, CRA is making it difficult to perform anything manually, including direct deposit for refunds

and benefits. The account portal is currently linked to other departments like Service Canada and some banking payment functions.

This will eventually expand to most government departments at all levels, possibly including the international level. Since taxes play an important role in our lives, we could see this expand into banking, employment, and even immigration. In other words, this is only going to grow, so it doesn't make sense to resist it. The issues of surveillance and security are being dealt with, and it won't be an overnight issue, so don't get left behind. If you still don't want to go electronic, find a tax professional who can handle all this for you, as they're equipped to help you. Good luck!

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



Did You Know?



... Canada has the longest coastline of any country in the world, at 151,600 miles?

Courtesy of <https://www.worldatlas.com>

# It's a Photo Finish! Whale Watching & Fireworks for Canada on the Coast!



Main photo courtesy of [Earth Ocean Adventures](#)

Canadians across the nation celebrate Canada Day in many different ways, but on Vancouver Island they take it to the next level. [A tour company](#) leaves Victoria Harbour at 5:30 p.m. to head out to Race Rocks to view wildlife, whales, lighthouses, and whatever else is in the area that evening. Then they return to the harbour to watch spectacular fireworks against the downtown skyline from the ocean. A celebration you will not forget. Call 250-885-7226 if you would like to join them this Monday, July 1, 2019.

*Send us your fascinating photo!*

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