



THE

Tax Tipper

May 2006

"We take your taxes personally!!"

Volume 1

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Friday, May 19th, 2006

The Tax Tipper-A New Newsletter Just for You

Dear Clients & Friends:

Its 5:30 am on the ranch, the sun is just rising as I focus on another busy day serving you. Having just put the final touches on my brand new newsletter "The Tax Tipper", I hope to bring a variety of good stuff your way. With these newsletters, you'll find out the latest news in the tax world, hear from guest experts and have live client feedback, so you have a chance to be featured personally! I've added a few fun things like photos, recipes and trivia. Taxes are very serious business but I've learned if you take absolutely everything in life seriously, the only place you'll land up is seriously dead! So let me be the first one to welcome you to an exciting adventure called "The Tax Tipper"!

Tax Deadline Not Past for All



May 1, 2006 has come and gone, but while that was the deadline for many, it is not the deadline for everybody. For instance, if you know you are getting money back or don't owe anything, then your okay. If you are self-employed, you have until June 15, 2006 but must pay interest on balances owed as of April 30, 2006.

More Alberta Energy Rebates Likely on the Way

For all qualified Alberta taxpayers, the \$400.00 *Alberta Energy Rebates* have been mailed out to all 2004 returns filed on time. If you recently filed after this, it is usually 1-2 months after the return is filed before you will get it. If you still need your 2004 return filed, please contact me for assistance, as time is limited to the end of this year. Recently, Ralph Klein announced that more rebates for this year may be on the way, and assuming they use the tax returns as the way to pay them out, it is a great incentive to stay current!



GST/HST Down 1% as of July1, 2006



Mr. Harper's Conservative administration made history on Tuesday, May 2, 2006 by dropping the GST/HST 1% (among other benefits). With lower taxes, more program spending and a surplus, the budget has been well received overall.

You can *view the details* for yourself with *Evelyn Jack's commentary!*

Sign Up For Your E-Pass NOW

Many of you have already received your 2005 tax refund via E-file. As of February 13, most 2005 returns will be E-filed. This means that refunds are processed as fast as 5 business days compared to 1-2 months on the paper system. I always recommend being set up for direct deposit so there is no need to wait for a check. All you need is the information for your bank account or a blank check to set this up. If you have already filed your return, you can fill out the *Direct Deposit form* and send it into *CRA*. If you haven't signed up for an e-pass, I suggest you do. It is the way of the future for taxes and for all of your dealings with the government. I would not be surprised if it was mandatory in ten years. If you need any help, call the help desk at 1-800-714-7257.

Sign Up Now!



Eye of the Expert

“Let the pros show you how it’s done!”



All of us have had to ask a professional for help. Why? Simply because they understand something much better than we do. I know this better than anybody because I rely on an awful lot on good folks, experts in their field to help me get my job (and other things) done to give you the best service that you deserve. Having said that, I’m starting a new section called “Eye of the Expert” which features a professional in their field to help you get the most out of a particular subject. While it is usually tax related it will be more focused outside the realm of taxes because that’s is their specialty.

Our first guest, Lesley Scorgie, is someone with whom I had the privilege of meeting last Christmas. Lesley is a very talented person in many ways, but particularly when it comes to building a savings plan that works. She started when she was 10 and is well on her way to her first million at only 22 years old. Having been featured on the Oprah Winfrey Show and the Calgary Herald, she is the editor of her own newsletter “Rich by Thirty”, a publication dedicated to helping young folks get a good start on their finances.

How To Do This Thing Called Investing



Guest: **Lesley Scorgie**
Expertise: **Investor**

Meet Barbara and John Smith. They are 43 and 48 respectively. Barbara and John each work a full time job and together their combined income is \$80,000. This is above the Canadian national average which sits at \$59,000[1]. They own a home that is worth \$330,000 (Calgary’s 2006 average house price) and two vehicles that are worth about \$20,000 each. Each year Barbara and John take their two teenage children to Mexico for a tropical vacation. Upon first glance, it appears that Barbara and John are doing quite well for themselves. They manage to afford a fairly leisurely lifestyle based on their income bracket.

However, if you dig a little deeper, Barbara and John aren’t as lucky as you might suspect. They owe \$10,000 on their credit cards, \$18,000 on each of their vehicles and their mortgage totals nearly \$250,000. If you asked the Smith’s about their retirement savings plan, they would answer that they think about it a lot, but don’t know where to start or how they can afford it. At this point in their life their money is spoken for. They have substantial bills to pay and two growing children to support. They, like many people in Canada, are banking on the value of their home to increase so that when they retire, they can borrow money from the equity in their home.

This situation may seem familiar to you or someone you know. It is frightening because the couple described above will be amongst the 2/3s of Canadians that will not be able to retire at age 65. They will rely heavily on the government and small work pension plans to support their lifestyle. They may also discover that nearing the end of their retirement, the pension plans they have learned to rely on will run out of money, leaving them with nothing!

Another barrier that many people face is that they feel that their income is stretched to the maximum. They can't seem to find two nickels to rub together at the end of the month. You can overcome this problem by writing down and tracking your expenses every month. Trust me, you will find an area that you can cut back in. For example, if you buy coffee every day, that accumulates to nearly \$50 every month. That \$50 could be invested in your retirement savings plan if you made the choice to bring your coffee in a mug from home. That is just one example of many. What are some areas in your finances that you could cut back in?

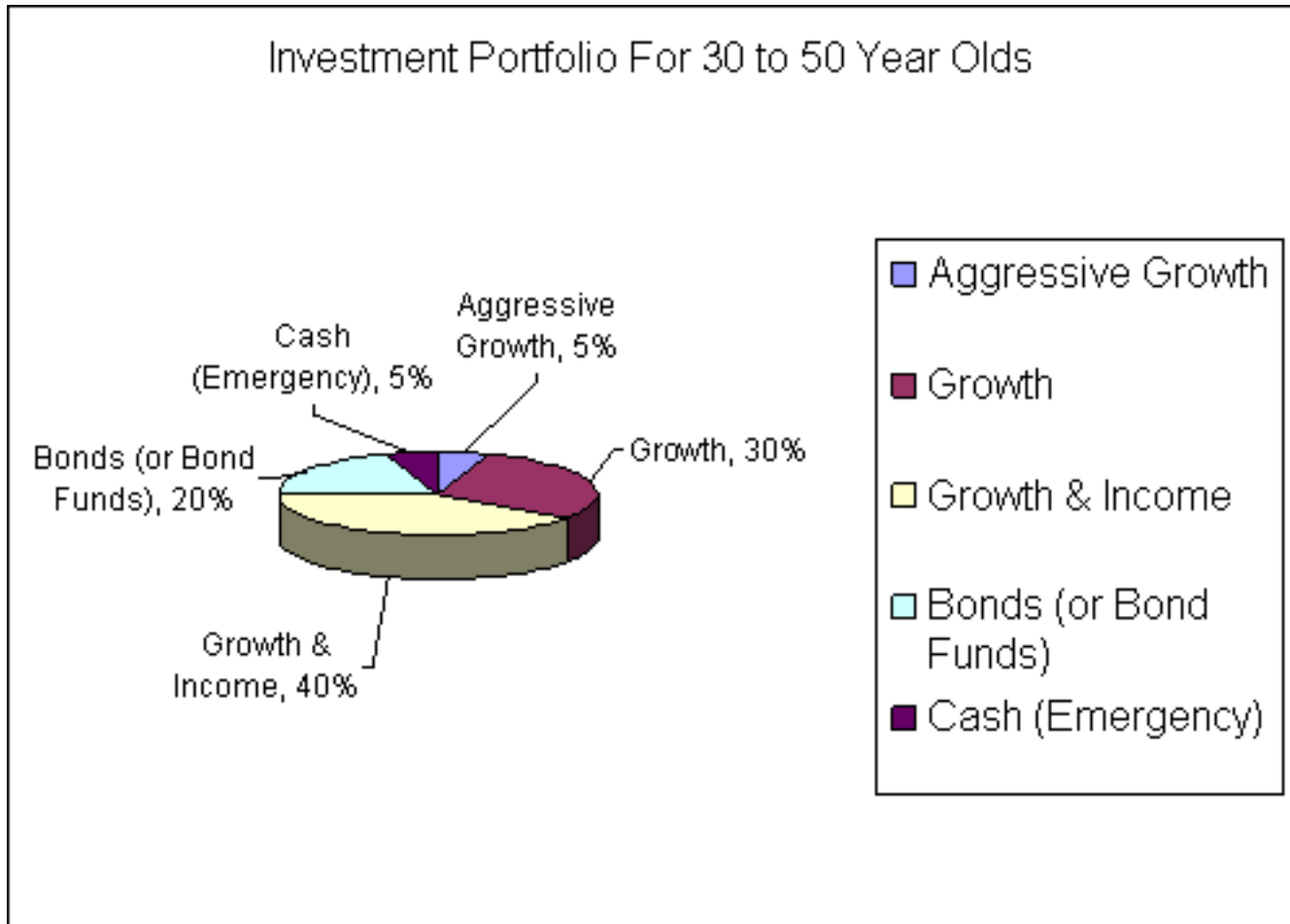
If you are just starting your investment portfolio and want to avoid being caught in the trap of 'no retirement', it is time to get a hold of your finances. The financial advice that follows includes something that I like to call the 'how to' factor. The 'how to' factor is so important because it reveals what you need to do in order to build your personal financial portfolio. Often, we hear tips and strategies like "buy and hold" and/or "invest well and prosper". But, what do statements like those really mean? The fact is, they mean nothing if they aren't accompanied by the 'how to' factor.

When you are creating your personal financial portfolio there are so many things that you need to consider. The path of life that you are on affects every element of your portfolio. For example, if you are married with children, you likely are not going to gamble your retirement funds in high risks stocks. You've got too much to lose and a family to consider. Alternatively, if you are a single professional you can afford to take some additional risks with your investments because you don't have other people's livelihood at stake. You'll have to consider the factors in your life that affect where you want to go financially and how you are going to get there.

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With the money that you are saving, you can start playing the investing game for as little as \$25 per month. If you are new to the game, the easiest way to get into the market is through mutual funds. This is because they allow an investor to diversify their money easily and because of diversification, this in turn reduces the risks of investing. Also, with mutual funds you don't have to know very much about investing to take advantage of mutual funds. In addition to this, you can invest in mutual funds without a lot of initial money. You can set up a mutual fund by going to your local bank and conducting an investment interview. After completing your investment interview, the personal banker will be able to determine what type of investor you are. In particular, they will be able to determine the risk tolerance that you have. Then they develop an investment plan that is aligned with your goals.

Your investment portfolio should look similar to this:



This portfolio is typical of the average 30 to 50 year old with goals to retire at ages 55 to 65. You can get all of these types of funds within various mutual fund categories. The key to building this type of portfolio is to continually add funds to it. I like to recommend that you contribute on the days that you get paid. Then the funds disappear faster than you can spend them! If you start to miss that money, remind yourself that you are investing in your own future! This is your first step in the 'how to' of investing.

The average individual between the ages of 30 to 50 is looking for a portfolio that allows them to achieve the following goals; they want to build their net worth and retire within 10 to 20 years substantially. They want to accomplish these goals without putting their retirement savings at great risk. If you are just starting out, try these tips. If you are in the market all ready, check up on your portfolio to ensure that you are on the right track!

Editor's Comments: *Lesley's view on debt reflects true wisdom. Recently in Los Angeles, California a transit worker retired at the age of 100 (March 22, 2006 CBC Article-The Associated Press) after 70 years of service. His secret to his longevity? "I don't smoke, and I don't drink and I don't fool with these credit cards," says Arthur Winston. Take it from a really centurion!*

Lesley Scorgie welcomes your comments and can be contacted at lesley@richbythirty.com. She is also invites to download your free copy of her magazine "Rich by Thirty" at www.richbythirty.com!

Now for Some More Tax Facts

Three letters ago, I let you in on something that you may not have known. Did you know that the total tax bill of the average Canadian family has increased by 1,351% since 1961? According to the *Fraser Institute's Joel Emes* and *Dr. Michael Walker* in their book *Tax Facts 12* (2001), most people have no idea how integrated taxes are in our daily lives. You can check out the *first chapter* of the book free of charge. Two months ago, you could get the *sixth chapter free* and if you want to buy the book, contact the Fraser Institute at 1-866-716-7175, info@fraserinstitute.ca. We are now up to *Tax Facts 13* Chapter 1, written in 2004, a more updated version of the 2001 edition. This month you can check out *Chapter 6* for free!

Just Asking?.....Just Answering!

(Real people with real questions about real situations)

Checking your Notice of Assessment

Dear Neel,

My wife and I filed our 2005 returns two weeks ago and got our notice of assessments last week. We noticed the result was different than what our accountant originally E-filed. We forgot a T5 from interest earned and CRA automatically included this. Should we do anything? How does this affect our record with them when we've had no problems in the past? Dale & Donna S.

Dear Dale & Donna S.

This is a very common thing at tax time, to miss a slip that either didn't show up or was missed during the data entry process. If CRA has already adjusted the return and it is correct, there is no further action needed on your part. CRA is quite generous with forgotten slips, so unless you have a large rap sheet of missing slips, your record should still be good with them. If you discover that the assessment was not adjusted when it should be to reflect the T-slip, then have your accountant file a *T1-ADJ* (adjustment) return. You can easily do this over the internet by going to the *CRA website* and getting an *epass*, or calling them during business hours at 1-800-959-8281 and letting them know you will be changing it. As of this year, if you and your representative are registered for an *epass*, he can now do this very quickly. Hope this clarifies things!

April 30th Deadline in Stone?

Dear Neel,

I am a self-employed consultant in the oil industry and work overseas for several months at a time. Sometimes I'm gone from February until the mid-summer and end up filing late because by the time my accountant of 20 years gets back from holidays; it's around September when I finally file my return. Can I apply for an extension? I make about \$600,000/yr and pay about \$200,000 in taxes. The late penalties/interest amounts to over \$10,000 which is stinging and would be nice if there is a way to avoid this! Len O.

Dear Len O.,

Ouch, that's a lot to pay for filing one late return! There are ways to apply for extensions and even waived penalties/interest under extenuating circumstances such as illness, natural disasters, etc., but not for the reasons you have listed. *The Fairness Act* lists the details but I would think that after dealing with an accountant that long, they would be motivated to help you solve this. Faxes, email and couriers allow you to send all your information to the pro so they can process it on your behalf. Over 60% of my business has been conducted this way for the last 5 years simply because people are busy and need more convenient ways of doing their taxes. If your long term accountant can't help you with this, it's time to start shopping around. I trust this will help!

Late Taxes-What Now?

Dear Neel,

My husband is totally ridiculous when it comes to filing our taxes on time. Once we waited 4 years, then got caught up and some how ended up falling 2 years behind again this time around. I'm a bit embarrassed to face our accountant who worked hard to get us caught up last time, but I'm stuck, as we have to file together for our business. I noticed by your ad and website you seem to deal a lot with this so I would like your opinion! Michelle P.

Dear Michelle P.

I am sorry to hear that you are being dragged into your husband's tardiness but in all my years of handling late filers, there's only one real solution to *stop procrastination*. Have him look in the mirror! Real results demand (notice how this is not an option) real desire. I can't tell you how many people I have had to turn away because they simply lack any genuine interest in helping themselves. But the reality of the situation is no one can help them unless they show sufficient interest. Now if he wants someone to handle everything from the bookkeeping up, no problem at all, as that is a service most pros can arrange. However, there's no magic formula for those who give into laziness all the time. I wish you the very best!

Are You "Just Asking" tax questions? Neel can "Just Answer" them at:

Neel_Roberts@ptccanada.com

Tax Filing Deadline Needs To Be Changed

by Evelyn Jacks



April 30 just doesn't cut it any more, says Evelyn Jacks, President of The Knowledge Bureau, and the federal government should consider extending the tax filing deadline for all taxpayers to June 15, the one available to unincorporated small business owners, or adjust the trust filing deadline.

"Times have changed and CRA needs to respond accordingly," says Mrs. Jacks. "The reality is that taxpayers and their advisors are having a difficult time complying with a tax filing deadline that comes just one month after the trust filing deadline. With the popularity of mutual fund trusts and income trusts, many taxpayers have waited for several weeks for T3 slips to be delivered--far too close to the tax filing deadline to be reasonable. Further, because testamentary trusts are often invested in similar investment vehicles, compliance becomes difficult."

All of this is a costly exercise given the number of amended slips that are required to correct errors by those scrambling to comply with the rules, according to Jacks. While extending the tax filing deadline could be costly for tax practitioners--drawing out staffing requirements over longer periods of time--compliance would be less hurried, more accurate and more time could be spent counseling clients on tax planning, as well.

"It's time to revisit the tax filing deadline for all Canadians," says Jacks, "and while we're at it, the quarterly installment payment threshold of \$2000. At a time when Canadians come close to "tax freedom day" as noted by the Fraser Institute, they should also have the freedom to be as compliant as possible with reasonable deadlines and tax payment thresholds.

What do you think? Should the tax filing deadline be extended permanently? Send us your views and stories and email this article to a friend for theirs.

For more information or to interview Evelyn Jacks, please contact The Knowledge Bureau Inc. ([click here](#)).

Just The Facts Ma'am (or is it Man?)

(Did you know that?)

1. A sneeze can exceed the speed of 100 mph.
2. Only one in two billion people will live to be 116 or older.
3. The Hoover Dam was built to last 2,000 years. The concrete in it will not even be fully cured for another 500 years.
4. In Eastern Africa you can buy banana beer. This beer is brewed from bananas.
5. All clams start out as males; some decide to become females at one point in their lives.
6. Sherlock Holmes never said "Elementary, my dear Watson".
7. One plain milk chocolate candy bar has more protein than a banana.
8. As of 1996, "Hee Haw" holds the record for the longest running weekly first-run syndicated show in the history of television. It spanned over 4 decades, from the late '60s to the early '90s, airing every Saturday night at 7:00.
9. McDonalds and Burger King "sugar-coat" their fries so they will turn golden-brown.
10. Europe has no deserts - it is the only continent without one.

*Got an interesting fact?
Email it to us!*



Summer BBQ Recipe Persian Shish Kabob

Serves 4

The idea in this recipe is keep it simple. The beef is marinated in a mixture of lime juice and onion, seasoned with salt and pepper, and grilled. Serve with a Persian style pilaf or pitas with your favorite sauces and toppings!

Prep Time: 20 Minutes
Cook Time: 15 Minutes
Ready In: 35 Minutes

INGREDIENTS:

- 2 pounds beef tenderloin
- 1 onion chopped
- 1 tablespoon salt
- 1 pinch ground black pepper
- 1/8 cup fresh lime juice

DIRECTIONS:

1. Cut beef into cubes 1x1/2 inch. Add to a medium mixing bowl along with the onion, salt, black pepper, and lime juice. Mix well, cover, and refrigerate overnight.
2. Preheat grill for high heat.
3. Thread beef on skewers, 6 to 8 pieces per skewer.
4. Lightly oil grate, and place kebobs on grill. Cook for 3 to 4 minutes per side, 12 to 16 minutes in all.



Not only good in the summer, but all year round!

Send us your scrumptious recipe!

”Somewhere Over The Rainbow”

“Are you ready for those spring showers



“Caught this shot over the barn 2 summers ago”



“Look close over the prairie, it’s actually a **DOUBLE** rainbow-rare!”

Send us your fascinating photo or story!

Client Corner

It’s “YOUR” Say

“I thought I knew all about personal income tax. I have a background in computers and every year

I used one of the many personal income tax programs to fill out my tax returns. One day I had a small problem with a tax return that I had already submitted and received a refund. I decided to give PTC Canada a try. I met with Neel and in no time at all he reviewed my return, made corrections, re-filed a corrected version and I received another refund. For me, PTC is the only way to go. I like the personal touch and the way they dealt with my problem quickly, privately and in a way I can understand”.



Bill Smith,
Vulcan, Alberta, Canada.
Client since 2000

Thank You for A Wonderful Tax Season!



Neel Roberts
President & Founder

I welcome all new clients and thank the loyalty of the regulars. It's a delight to see you again! Some of you have been with me for almost 10 years and that is a wonderful compliment. I very much appreciate the many referrals you send me and I look forward to meeting and serving each one of you this year and beyond. While I only hear from the majority of you once a year, I am always happy to get an email or phone call in the off season to hear about your progress and to see if I can be of assistance. I personally thank you for another records season!

The next newsletter will be in 3 months from now on August 15th, 2006 and I will address "Real Estate and Taxes". As a valued client, your friends and family are welcome to receive upcoming newsletters simply for the asking. Have them send me their email and their name and I'll add them to my mailing list.

Making your taxes season better than ever!

Sincerely,
Neel

Since 1998, PTC Canada has been helping thousands of Canadian taxpayers and clients around the world achieve optimum results with innovating tax preparation, planning and consulting.



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