

FAMILY FINANCES

Navigating
the maze
of the tax
departmentBy RICK SOPARLO
for the Leader-Post

A number of years ago, an individual asked me the following tax question: "Can you deduct the cost of dog food?"

You may think my immediate answer was a resounding no. But, depending on the circumstances, this individual might be able to legitimately deduct the cost of Rover's daily meal.

If the food was purchased for a canine that was a working dog and helped the individual in his business, the cost of the dog food could possibly be used as a deduction.

However, upon further questioning, I found out that the dog was no more than the faithful family pet.

Given this piece of information, I told the gentleman he couldn't claim his dog's food.

He then proceeded to tell me that his neighbour had claimed the cost of his dog's food on his return and that he had received his notice of assessment back from the tax department with no changes.

And, as you might have guessed, the neighbour's dog was also just a family pet.

However, just because the neighbour claimed a deduction that Canada Revenue Agency (CRA) appeared to allow, that does not necessarily mean it is a legitimate deduction.

In fact, after the tax filing deadline, the neighbour may very well be contacted by CRA to discuss his dog food claim, which most likely would result in his claim being denied.

To see why this individual may eventually have his claim for dog food disallowed, you need to know what happens to your return once you have filed it.

Currently, returns are received by CRA in two formats, paper and electronic. Paper returns when received by CRA are initially sorted into those that have refunds and those that have a balance owing.

They are then further separated into two categories: those returns that are considered fairly simple and those that are considered more complex.

The more-complex returns would include those that have numerous or unusual deductions or business income.

Once sorted, the information on these returns is keyed into CRA's computers, resulting in an initial notice of assessment and, if applicable, a refund cheque.

This initial assessment will normally find any math errors the taxpayer may have made, but does not validate whether or not a claim, such as dog food, is a legitimate tax expense.

Electronically filed returns go directly into the CRA's computer and, once there, are treated just like paper-filed returns.

After the initial assessment stage comes the review phase at CRA.

This is where your tax department begins the tasks of linking returns with the various "T" slips that you and they receive, and linking returns between spouses and other family members.

This is also the phase where you may be asked to submit receipts for such things as medical and moving expenses you may have claimed.

In addition to the above, your return may also be selected and subjected to what is known as a desk audit.

The desk audit is used to review certain income and expense items that may raise the dreaded red flag. (I think claiming the cost of your dog's food would fall into this category.)

If your return is selected for a desk audit, you will be notified in writing and asked to go to the local tax office to verify your claim. The result of this meeting could mean your claim is accepted as filed or denied.

If denied, your return will be reassessed and you will receive a notice of reassessment stating that you owe the government money.

So if your neighbour tells you that he just received his notice of assessment and CRA accepted the purchase of his big screen TV as a medical expense, don't be tempted to follow his lead.

That is, unless you both want to see what the inside of a CRA auditor's office looks like.

■ Rick Soparlo is a certified and registered financial planner with Partners in Planning in Regina. His views are not necessarily those of Partners in Planning.

Oil prices fall

VIENNA (AP) — Oil prices traded below \$50 US a barrel Monday, falling to levels last seen in February on rising U.S. supplies and slower economic growth. Analysts said growing OPEC production also was behind the downward drift. The light, sweet crude contract for June delivery fell 12 cents to \$49.60 a barrel in midday trade on the New York Mercantile Exchange.

AGRICULTURE

APAS tells Sask. to pay now

By TIM SWITZER
Leader-Post

Online Extra

For Subscribers Only

Go to www.leaderpost.com and look for the Online Extras at the bottom of the page for links to policy briefs by the association.

A month after the federal government provided \$1 billion in relief for farmers, one Saskatchewan producer group is calling on the provincial government to do its share.

Agricultural Producers Association of Saskatchewan (APAS) president Terry Hildebrandt was at the legislature Monday delivering a petition to Agriculture Minister Mark Wartman calling on the government to provide an immediate cash advance to struggling farmers, considering that farmers are paying more for fuel while the government is likely to see added oil revenues this year.

"Primary food producers are the only ones that can't pass (high fuel prices) on, so we're saying with fuel prices up 50 per cent from last year, let's take that and relieve that," he said.

Since Saskatchewan producers re-

ceived about \$280 million of the federal aid, Hildebrandt said he would like to see \$180 million from the province, which he suggested could be handed out in the form of a farm fuel rebate.

Wartman said "there is very little likelihood that (the government) can respond positively to that." He said the province is still struggling to find the money to fund the Canadian Agricultural Income Stabilization (CAIS) program.

"That is our primary commitment," he said. "(If) CAIS funding can flow, it will help producers who have their applications in. If those applications move through in a timely manner —

and I know the federal government is trying to push to get them moved through — they will be able to get an initial payment of somewhere in the neighbourhood of 70 per cent of what they are expecting."

He added that it is still too early to know what will be done with any extra energy revenue, although this plan will be considered if there is extra money.

"Will (oil prices) hold? I don't know, I sure hope so, and I hope that everybody in the province will see the benefit, and from my perspective as Minister of Agriculture in particular, I hope agriculture will see the benefit of that," he said.

After hearing Wartman's response, Hildebrandt said he wasn't surprised.

"We've just got to get agriculture out of the cost column for this provincial government, into an investment column," he said. "When you spend it at the bottom and it multiplies through the economy, there's a return on that

investment that I think will have to be recognized."

He said while the petition only technically has some 2,000 signatures, some of those represent large businesses and municipalities which depend on the agricultural economy.

Sask. Party critic Bob Bjornerdud said farmers right now would prefer immediate cash rather than funding of the CAIS program and that it's time for the government to show leadership across the country and help producers.

"Last year they got over (a) \$1-billion windfall they didn't expect to have and it took them to December to fund CAIS. It's time they come to the table and help farmers out," he said. "It's still one of the main drivers, if not the main driver, in the province and always will be because we have so much arable land in this province. Just once help our farmers out without waiting for somebody else, federal or somebody else, to help them out."

SAFETY WEEK



BRYAN SCHLOSSER/Leader-Post

Candace Carnahan of Passport to Safety spoke Monday at the start of North American Occupational Safety and Health Week. Carnahan lost the lower part of her left leg in an accident six years ago while working as a summer student at a mill.

She lost her leg and
now talks workplace safetyBy ERIN MORRISON
Leader-Post

A gruesome tale of a lost leg held the attention of more than 300 people from Regina's business community Monday.

"Tomorrow isn't a guarantee for anyone," warned Candace Carnahan, the speaker at a luncheon held to kick off North American Occupational Safety and Health (NAOSH) week.

Carnahan lost her left leg below the knee when she was caught in a conveyor belt as a summer student worker six years ago. Now she's working for Passport to Safety, using the story of her accident and amputation to try to prevent workplace accidents.

Carnahan's story may be frightening, but it's a "feeling of hope" that she's trying to give her audiences.

She feels her accident wouldn't have happened if she had been better educated by both the company and by her high school about how dangerous a workplace can be.

The education Carnahan is pushing for has become part of this year's NAOSH week. The motto "Equip. Educate. Empower." has been adopted for the awareness week, which will also be observed by groups in the United States and Mexico as part of a program originally developed during the NAFTA talks to standardize workplace practices across the continent.

The importance of safety education also falls

right in line with Saskatchewan's Action Plan for workplace safety, an initiative headed up by the Department of Labour and the Saskatchewan Workers' Compensation Board.

In 2002 Saskatchewan had one of the worst workplace-injury rates in the country, and Labour Minister Deb Higgins introduced an initiative to reduce that rate by 20 per cent by 2007.

Higgins noted at the luncheon that the number had already dropped by 11 per cent, putting the province about half way to its goal. A \$14.7-million budget has been put in place to reduce the number of on-the-job injuries and deaths in Saskatchewan. Last year, 21 workers died on the job, and Higgins wants to see this number, along with the roughly 8,000 injuries every year, drop even more.

"We've seen some very good results," Higgins said in an interview, citing education as the key.

"Young workers are over-represented," she says of this year's number of accident victims.

That is why the organizers of the NAOSH week have targeted young people, said Will Putz of the Saskatchewan Safety Council.

Carnahan's speech was largely attended by the business community, but to help raise awareness among young people, about 90 tickets were sponsored for students to attend, Putz said.

Bringing the percentage of accidents down, however, is not enough for Carnahan.

"One per cent," she said "is still someone's son."

CROP REPORT

Seeding ahead
of last year's

By Leader-Post staff

Despite last week's cool weather across the province, seeding is ahead of schedule because of overall warmer spring temperatures, according to Saskatchewan Agriculture and Food's weekly crop report.

Saskatchewan farmers have seeded three per cent of the 2005 crop, compared with the five-year average of two per cent planted at this time.

"Conditions have been a little bit better this spring," said Terry Bedard, agronomist with Agriculture and Food.

"It was just this past week that it was cooler and they had to slow down, but before that they were going," Bedard said.

Nine per cent of the crop is planted in the southwest, four per cent is planted in the southeast, and one per cent is planted in the central grainbelt region.

It is possible that some crop may need to be re-seeded, Bedard said.

"Some people are concerned about how much of that seed is germinated and how did the cold weather that we've had these past few days affect it," she said.

"We don't know the answer to that question and probably won't know for several days."

Despite cool weather, some pre-seeding fieldwork was completed, and it is expected that a return to warmer temperatures will bring a flurry of field work and seeding activity.

Over the past week, most areas of the grainbelt received trace amounts of rain and snow, but there was very little measurable precipitation.

However, topsoil moisture conditions are reported as adequate across the majority of the grainbelt. Some areas are experiencing drying caused by winds.

"That is mostly in the southeast part of the province, sort of in between Regina and Estevan and a little bit north in Moose Jaw," Bedard said.

The May 1, 2005 Stubble Subsoil Moisture map shows improvement from Nov. 1, 2004 because of winter snowfall and spring rains.

Most of the grainbelt has good to excellent subsoil moisture conditions.

Some farmers continued with combining, baling and burning the remainder of last year's crop that was left in the field over winter.

"I'm not sure that the quality is any worse than it was last fall, but the issues that people did find over the winter was wildlife and rodent damage," Bedard said. "There was damage by animals over the winter so there was definitely some crop loss there. I can't quantify at this time."

"It was poor going into winter and it doesn't improve over the winter, so we are still looking at poor quality grain."

TOP 40 UNDER 40

Al-Katib wins
national award

By Leader-Post staff

Murad Al-Katib, president and CEO of Saskcan Pulse Trading Inc., has another award to add to his collection.

The Davidson native was named as one of Canada's Top 40 Under 40, a national program that honours 40 Canadians in the private, public and not-for-profit sector under the age of 40.

Al-Katib is a founding partner of Saskcan Pulse Trading, the Regina-based company that in four years has become the largest processor and exporter of red lentils in the Western Hemisphere.

"This award comes as a surprise and it's a humbling experience, but it's great to see the Saskcan team recognized on the national stage," Al-Katib said in a press release Tuesday.

Al-Katib and Saskcan were previously named Saskatchewan Business of the Year and Exporter of the Year.

Al-Katib and the other Top 40 recipients were selected from more than 1,400 nominees by an independent advisory board composed of business leaders from across Canada.

The selections are made based on five criteria: vision and leadership; innovation and achievement; impact; community involvement and contribution; and strategy for growth.

Canada's Top 40 Under 40 was founded 10 years ago by Caldwell Partners, which continues to manage the program. The winners will receive their awards at a ceremony in Toronto Tuesday evening.