

TIP #5: THERE ARE QUESTIONS YOU *SHOULD NOT ASK YOUR ACCOUNTANT.*

Time is money. So keep your questions relevant and your answers real.

When dealing with your accountant, remember that time is money! Avoid debating issues where the tax savings at stake will save you less than the cost of the discussion and don't ask your accountant's office to send you extra copies of documents you will get as part of your file. (You do not need an extra copy of your tax return, for example.)

Here are some other discussions you should avoid having with your accountant:

1. Never ask your accountant how you can hide a transaction from the Canada Revenue Agency.

Do not ask your accountant hypothetical questions with an illegal implication. Accountants are required to report certain transactions without your knowledge. This includes transactions under laws governing money laundering.

RED FLAG

The biggest argument for not asking how to do illegal transactions is that you risk becoming a "former client." Your accountant wants to do his job, not play games.

KEY INSIGHT

Novice investors often hear about "grey area shortcuts" early in their investment careers. Someone might suggest you sign a document that's not true, assuring you it's a harmless and even necessary strategy. Investors who swim with sharks risk their money and their reputations. Don't do it!

2. Do not ask your accountant for specific investment advice.

American entrepreneur Warren Buffet is one of the few people who really understands long-term investing — and even he makes some mistakes. Do not expect your accountant to do your due diligence. Your accountant is there to help you with administration set-up, advice or tax

issues. He is not trained to be an investor and most times will hedge on answering such questions for fear of lawsuits.

3. Avoid hypothetical questions.

Novice investors may think it is a good idea to ask their accountant about all of the possibilities that may come with a particular investment or investment strategy. It is far better to focus on what you actually intend to do, while adding a few variables as compared to a long list.

4. Expect informed advice, not training.

Your accountant's practice is backed by years of education, training, experience and a commitment to continuous learning. Accountants cannot teach their clients everything they know, although they can teach the basics.

5. Don't expect your accountant to take kindly to questions about the "latest date" you can bring in your documents.

Accountancy firms run on deadlines and you should want to help them do their job well. The closer your documents come in to the deadline, the greater the chance of error or a late filing and penalties.

6. Your accountant cannot guarantee you will not be audited.

The best way to avoid being audited is to report all your income and claim zero expenses. This leaves little for the CRA to challenge. Since expenses are reported to reduce income and save tax, this is not a reasonable business practice!

7. Information about what your friends "get away with" is not helpful.

You may know a guy whose accountant lets him write-off a Sea-doo. Be realistic in what you ask your accountant. All that really means is that your friend has not been caught. Similarly, you cannot get too creative with your expenses (laundry, shoes, baby safety items) and expect your accountant to look the other way. This is not a game and your accountant understands how concerns about minor items can attract major attention.

8. But the CRA staff gave you a different answer . . .

CRA staff can be helpful, but they do not necessarily have the information to answer technical questions. The agency is also not bound by "decisions" rendered over the phone.

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