

Tax  
Talk

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# Scamming season is here again

**W**ithin the first 10 days of December we had several clients call to say they were almost scammed by someone claiming to be from Canada Revenue Agency collections.

This “agent” was telling people they needed to pay their debt immediately or face jail time. Our clients explained that if they owed money this was the first they’d heard of it. The caller was relentless with threats and trying to obtain payment. Thank goodness these folks had the confidence to hang up the phone.

Tax agencies like CRA are perfect foils for scammers. Innocent people will give up their social insurance number, credit card number, bank account number, passport number – whatever it takes to satisfy the taxman. At the same time, people are naturally attracted by the idea of paying less tax.

## Easy targets

Unfortunately, this combination makes them easy targets for thieves.

Christopher Houston and Steven Kendall were found guilty on fraud charges in relation to a complex RRSP scheme. Houston and Kendall offered the owners of self-directed RRSPs an opportunity to invest off-shore with-

out paying federal withholding tax.

A significant number of investors lost their retirement savings: court documents show that Houston received \$2,466,028 and Kendall received \$833,593 from the various entities that were involved in the scheme.

Richard Stanchfield, an “educator” for an outfit called Paradigm Education Group, “taught” students how to restructure their affairs to avoid paying income tax. He was compensated with a percentage of each student’s gross income in exchange for his teachings.

CRA said Stanchfield failed to report \$224,048 in taxable income for the 2003 to 2008 tax years, evading \$31,012 in federal income tax. He was found guilty on one count of income tax evasion and one count of counselling others to commit fraud.

Anthony McPhail, a tax preparer and proprietor of Valet Vending Services, created a scheme whereby he convinced 49 of his clients they could make money by buying and reselling chocolates to benefit charities.

A CRA investigation revealed that no charities benefited from these sales. McPhail then claimed more than \$3.8 million in fictitious business losses over a four-year period on his clients’ tax returns. As a result, \$231,599 in income tax was evaded. McPhail was sentenced to 18 months

in jail and fined \$323,402.

## Be vigilant

If something sounds too good to be true – even if it’s coming from your accountant – get another opinion.

It’s especially so if someone tells you that Canadians do not have to pay tax on the income they earn. Canadian courts have repeatedly and consistently rejected all arguments made in these tax protester schemes, and people are paying big fines for failing to file tax returns.

**If something sounds too good to be true – even if it’s coming from your accountant – get another opinion.**

Look, no one wants to pay more tax than they have to, and trying to reduce what you owe takes planning and discipline. By taking more control over your finances, you’ll have the confidence to question someone who promises something that sounds

too good to be true.

If you receive something suspicious and want to make sure it’s from CRA, call the agency yourself at 800-959-8281 for personal services or 800-959-5525 for business services. Agents will be able to confirm whether any CRA department is looking to contact you.

CRA does not ask for personal information of any kind by email or text message (chances are, they have it already), including communications that direct you to a CRA Web site where you’re then asked to verify your identity by entering your SIN or passport information. They don’t request payments by prepaid credit cards or ask for information you wouldn’t provide in your tax return.

While there is always a cost for doing things the right way, doing things the wrong way almost always costs more. The cost of getting duped by someone you thought you could trust, however, can be devastating both personally and financially.

The best way to protect yourself from fraud is to understand what you’re signing and who you’re dealing with. Don’t keep this warning to yourself. Make sure your spouse, kids, parents, and fiends all know.

If you have questions, ask. If your gut tells you to seek a second opinion, trust it. ●

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