



In Touch *with* Tax

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Personal Tax Commentary 1994-1995

THE TAX VERDICT

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Opening Statements

Nothing has grabbed the media's attention with more fervour than the so called "trial of the century" that recently took place in the U.S. Who wasn't glued to the tube or radio on that fateful day when the verdict was brought down? The press and media coverage of that event reached proportions never seen before. Some might even say that too much has already been written and said about that case. In fact, most people have probably had it up to here (note: Editor pointing to top of head) with all the news and related stories. Well, unfortunately you haven't heard the last of it. ITWT, never known to leave a stone unturned, has been covering a case closer to home that has remarkable similarities to the case south of the border; but with a different slant. Any resemblance to the facts of that other well known case is pure coincidence. Now let's turn it over to our intrepid ITWT court reporter, BUZZ TAXTIPS.

Buzz TaxTips:

Welcome to day one of the case of the Government vs. OJ Taxpayer (that's short for "Ordinary Joe", a distant cousin to "Average Joe"). OJ Taxpayer has been accused of paying too little tax to the government. We're not talking tax evasion here. Just plain and simple tax planning techniques designed to slash his tax bill and keep more money in his pockets. OJ is backed by the so called "Dream Team" of tax professionals; an arsenal of well paid (and not to mention well dressed) team of defense tax advisors, led by Johnnie Taxpert, who have spent months devising his tax plans to achieve the optimum results. The Government prosecution side is led by none other than Perry Mason (you may recall he was Canadian, eh). We don't know how they managed to get him to switch from his traditional defense role to act for the prosecution.

Presiding over this very important case is a judge well known for his integrity, his intellect, and especially his knowledge of the rules contained in the *Income Tax Act*. The statute from which he got his name, Judge Vance *ITA* (no relation to the celebrated judge in that other case).

When the charges were originally read to OJ Taxpayer, he responded that "he was absolutely 100% not guilty." Being the smart client that he is, he refused to add anything further to his story and referred all further questions to his trusted accountant.

I think the lawyers for both sides are ready for their opening statements so let's go to the courtroom.

Perry Mason:

Ladies and gentlemen of the jury; the honourable and esteemed Judge ITA; and citizens of Canada. We are here today to examine the tax planning and financial records of

Mr. OJ Taxpayer. Mr. Taxpayer has the resources and wherewithal to assemble the finest team of tax advisors that money can buy in order to devise and create a variety of tax planning schemes. It is these very plans that have helped Mr. Taxpayer obtain his wealth by keeping tax dollars that rightfully belong in the federal coffers.

We will show evidence that Mr. OJ Taxpayer will go to any lengths to save taxes.

We will present expert witnesses on GST, EHT, and PST that will show that Mr. OJ Taxpayer is the perpetrator of the crime. It will be obvious from the traces of evidence, that these tax plans could be committed by none other than the defendant. His personal stamp is all over the crime scene.

There is no more heinous crime than good tax planning and we at the government will go to any lengths to stop it. We will even change legislation if the courts don't support us. The elimination of the tax deferral for self employed individuals and private investment corporations, the reduction of large RRSP overcontributions and curtailing the use of family trusts represent just some of the new prosecution plans to inhibit good tax planning.

We at the government will prove beyond a reasonable doubt that Mr. OJ Taxpayer is guilty of the crime of good tax planning.

Judge ITA:

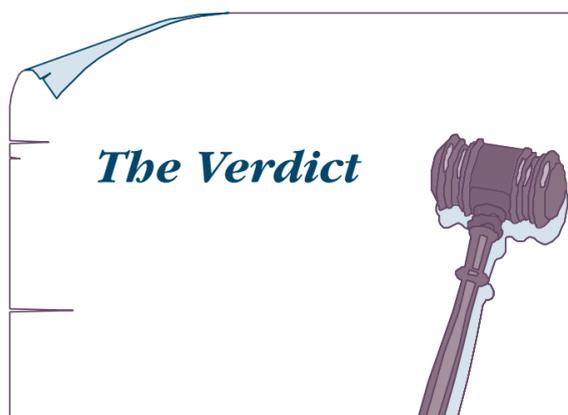
Thank you, Mr. Mason. Now we'll turn it over to defense counsel, Johnnie Taxpert. Herrrrrrre's Johnnie.

Johnnie Taxpert:

My client stands before you an innocent man. He has done nothing more than any law abiding citizen would do when supported by a top notch team of tax advisors. It has been well established over many years and by a number of landmark cases that every tax paying citizen has the right to arrange his affairs within the confines of the law in order to save the most tax possible.

We will prove that the suspicious drive that OJ took along Highway 401 on that fateful day was simply a visit to his tax accountant. Nothing more than is his legal right as a Canadian taxpayer.

We have spent considerable time preparing our tax planning defense for Mr. OJ Taxpayer. We have stressed to Mr. Taxpayer that tax planning is not a once a year activity. Structuring your affairs to minimize tax is a year round endeavour. It's important to get good counsel throughout the year. That's why we like retainers. While certain planning matters can be implemented effectively at the end of any year, most prudent planning is carried on throughout the year.



Buzz TaxTips:

The jury has been deliberating for several months now. It has taken them that long to examine the lengthy tax planning document placed before them by the defense. Questions have been emanating from the jury room on a wide variety of the tax planning tips contained within the exhibit. It seems as though the jury is really sinking their teeth into that document.

Rumours continue to abound surrounding the jury's verdict. Experienced court observers are split on how they feel the decision in this case will go. The tension building in this case is beyond description. Noted journalists have compared the tension to that experienced in the recent Quebec referendum. Some have even compared the anxiety created by this case to the feelings experienced while waiting in your accountant's office to see if you will get a refund on your personal tax return.

We've just heard word from the courtroom that the jury have reached their verdict. Let's go to the courtroom cameras to see the results.

Judge ITA:

Ladies and gentlemen of the jury, have you reached your verdict?

Jury Foreperson:

Yes we have your honour.

Judge ITA:

Mr. OJ Taxpayer, will you please rise and face the jury. Jury Foreperson, could you please read your verdict.

Jury Foreperson:

We find the defendant, OJ Taxpayer, NOT GUILTY, on all charges.

In fact, we found the tax planning ideas prepared by Mr. Taxpayer's defense team to be both interesting and informative. The exhibit illustrated numerous last minute tax planning tips for 1995 as well as some excellent ideas that will help taxpayers plan their affairs in 1996. We were hoping that we could get copies of this document to help plan our own financial matters.

Buzz TaxTips:

People are rejoicing on the streets of Canada. There seems to be universal support amongst Canadian taxpayers for this verdict. Canadian taxpayers have experienced growing frustration in dealing with their tax affairs. Perhaps the results of this case and the lengthy document presented by the defense will be just the tonic that taxpayers need.

OJ's defense team did a superlative job representing their client. They used all their savvy and acumen to devise a tax plan that was above reproach. Let's see if we can get a word with the defendant who is just leaving the courtroom.

OJ! OJ! Do you have any final words on the verdict and your defense dream team?

OJ Taxpayer:

I am very tired but pleased with the result. My defense team was excellent. They created the definitive tax plan for me. *"IT FIT LIKE A GLOVE"*.