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# THE BOTTOM LINE

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*Tony Fattal, an MBA business information and accounting specialist who has written three books, talks to an audience of approximately 140 about private enterprise GAAP at the CGA Ontario Practitioners Convention in Niagara-On-The-Lake in late September. See sidebar story on page 27.*

## Strategies to cope better in taxing times

By **ROB KELLY**

Some of the people who attended a time management seminar at a recent CGA conference probably should have shown up earlier. That way they would have gotten seats.

Granted, staff at the White Oaks Conference Resort and Spa — a tony destination in the tourist enclave of Niagara-on-the-Lake, Ont. — were quick to bring more chairs for the spillover crowd. But it is testament to the interest accountants displayed in the topic

that well over 70 of them crammed into a modest chamber set up for at best 60 people.

They were there to hear Alex Revai, a professional organizer who “had to re-invent” himself following a career as an engineer, talk about how to maintain sanity, perhaps even wit and grace, during tax season.

Billed as ‘Best Practices for the Busy Season’ the September 24 presentation offered more along the line of helpful hints than blinding insights. But in a room

full of CGAs who were apparently devoting at least a dozen hours a day to solving clients’ problems on a routine basis, interest was keen.

Prior to his talk, as he circulated among the handful of people who showed up early, Revai questioned two men at the back of the room about how many hours they worked during tax time. One said 12 to 14 per day. The other offered that however many hours he was awake would be a solid estimate.

See Take on page 27

## Long arm of IRS reaches out to Canadian banks

By **DONALEE MOULTON**

The U.S. Internal Revenue Service is reaching beyond its borders to clamp down on offshore tax evasion. New federal legislation in that country now requires Canadian banks and other foreign financial institutions to reveal the names of American account holders or pay the price. And that price is steep.

“These are quite sweeping (requirements) in terms of their scope and unprecedented in the way they have been rolled out,” said Mike Bondy, a tax partner, financial services, with PricewaterhouseCoopers LLP in Toronto.

“The legislation is going to have a significant impact on foreign financial institutions — and that term is going to be defined very broadly,” noted Steven Chan, a tax partner with Deloitte and Touche LLP in Toronto.

The *Foreign Account Tax Compliance Act* targets two groups: foreign financial institutions, including banks, credit unions and mutual fund companies, and non-financial foreign entities such as trusts. Beginning in 2013, both groups will have to enter into agreements with the IRS and report on their U.S. account holders.

Organizations that fail to, or refuse to, report this information will be hit with a 30 per cent withholding tax on all U.S. source income. That includes money

from the sale of American securities — even if they are sold at a loss.

“A bank has many sources of U.S. income — all of this could be subject to the 30 per cent withholding tax,” noted Bondy.

“The banks in Canada could get relief under a treaty with the U.S.,” he added, “but they would not get interest on the money held.”

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# Take a hard look at who your clients are

Continued from page 1

Both maintained it was a seven-day-a-week exercise in the high season. One, tongue firmly planted in cheek, said his major coping tool was “single malt scotch” coupled with a red wine regimen — perhaps for the antioxidant boost.

Neither hard liquor nor fermented fruit showed up anywhere in Revai’s slide show. Instead he urged the group to first look at themselves when it comes to organizing their environment.

“A lot of the pain we experience is self-inflicted,” Revai said. “It’s a lot easier if the change starts with us.”

Revai explained that at the end of the day “the key to success is relationships” with the obvious inference that people who are too involved with putting out multiple fires have little time to build deep ties with clients. He drew a bright line

revenue. The B and C listers will make up the remaining 80 per cent of clients, with the B list crowd generating about 30 per cent of firm revenue. While the B list people should be cultivated, the C list ones should be let go, he said.

As well, he noted, accountants should increase fees for “bottom of the barrel” clients to reflect the time and effort expended on their behalf.

However, the best way to fire dud clients may not be to put that goal on a ‘to do’ list. Revai said such a list does not generally indicate where a given activity sits in the pecking order of priorities, nor how long it will take to accomplish, neither of which is conducive to efficiency.

“Plan your daily activities the night before,” he stressed.

And don’t think you can count on being able to do several things at one if your regimen goes haywire for whatever reason.

“Multi-tasking is a myth,” he

Still Revai would not back off the point, stressing that when it comes to procedures, people should “question everything. Is that the best way to do it? Why are we doing it that way?”

He splashed the acronyms ADWAD-AGWAG on a slide, explaining “if you always do what you always did, you will always get what you always got.”

It’s not as though current behaviours are set in stone, he noted. Old habits may be hard to break but they are not unconquerable. “If you practice something for about three weeks every day it becomes a new habit.”

Generally speaking the further ahead one plans for busy season the better, Revai noted. One of the first steps should be to “physically get the office organized.

“A lot of time is wasted just simply looking for things.”

Revai said that while the widely used admonition to “work smarter” has a condescending ring to it, there is “a lot of truth” to the statement when the issues that underlie it are addressed.

A good many of the challenges time-crunched business operators face relate to people issues, Revai said. In terms of staff, he told the CGAs that they should train their people in advance to cope with what lies ahead at tax season, and to consider using temporary staff for tasks like administrative duties, taking information from clients, filing and scanning.

Regarding clients, the same proactive approach applies. Scheduling mid-year and calendar year-end meetings with clients to make sure everyone is on the same page is a good idea, he said, and the earlier meetings should involve the more difficult client files. “Help yourself by helping clients.”

When dealing with highly dis-



Photo by Gary Beechey

**More than 70 people crowded into a room laid out for roughly 60 to hear professional organizer Alex Revai offer tips on how accountants can cope with tax season. The talk was part of the CGA Ontario Practitioners Convention at Niagara-On-The-Lake.**

organized clients, Revai said it’s important to make them understand the differentiated fee structure. If they arrive with the proverbial ‘shoebox’ full of tax information and proffer it helplessly, they need to be told “it’s going to cost you this much” in terms of a surcharge because of the level of disorganization.

A simple way to potentially head off some of the trouble a ‘shoebox’ client brings to the table is to provide them in advance with accordion files and to get them to give you the files every couple of months or so to keep the situation under control, Revai said.

Also in terms of managing information flows, Revai recommended that CGAs invest in modestly priced speedy compact scanners, which can often process 30 double-sided pages a minute, thus creating searchable electronic documents that can be

stored in “virtual binders.”

Revai underscored the importance of electronic document management software use whenever possible to organize, eliminate paper filing and aid in speedy information retrieval, adding that various companies can assist in this.

Document management systems enhance productivity and unify the management of paper and electronic materials, Revai said, offering better security, compliance and disaster recovery, provided there is a secure back-up system offsite.

At the end of the day Revai said his aim is to “help small businesses in an increasingly crazy world.”

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## Time management tips

- Divide clients into three groups; best, middling, worst. Get rid of the very worst.
- Hike your fees for difficult clients because they require more time and energy.
- Plan all your busy season activities as far in advance as you can.
- Meet with clients prior to any real deadlines to make sure you

are both on the same page

- Invest in electronic document management, which is often reasonably priced.
- Multi-tasking is a myth, try to avoid it.
- In the long term, investing in relationship building is the best way to grow a business. Just meeting filing deadlines is not.

between getting the job done on a relatively superficial level and making real connections with clients, with the latter being the path to prosperity.

“A satisfied customer does not a loyal customer make,” he warned. “Loyalty entails an emotional connection.” The satisfied customer turnover rate is 15 per cent, he noted, while the loyal customer turnover rate is only five per cent.

But that does not mean one should pour inordinate effort into relationship building with every client, Revai added. In another nod to efficient business organization, he said some high-maintenance clients just aren’t worth the effort.

“The most demanding clients are probably the ones you get the least amount of return from,” he said. “Eighty per cent of results come from 20 per cent of the effort expended.”

Revai said if an accountant separates his clients into A, B and C groupings, the A list should comprise approximately 20 per cent of the people and supply about 50 per cent of the

warned, not something that human beings can realistically tackle. If you try anyway, “you are going to pay for it one way or another.”

One of the keys to success is “is to find defenses against the onslaught of technological overload.

“Our aim should not be to allow technology to drive us at the speed of light.

“Interruptions occur to the extent you allow them to occur.”

For example, he said, it’s permissible to post a message saying, “I’m sorry I’m only receiving email at my desktop” in order to cultivate free time even if one has a smartphone in tow. “Learn to say no whether it’s a colleague, the boss or a client.”

It looked as though Revai pushed the organizational mantra too far, however, when he told his audience that they should only have one file on their desk at any given time, the document they were working on at the moment. It provoked a round of muted laughter, with one man asking “what have you been smoking?”

## New regime lightens disclosure

**I**n an era when more regulation is widely seen as the cure for economic ills, some business owners will undoubtedly be breathing a small sigh of relief in hearing Tony Fattal’s description of new private enterprise GAAP as involving “significant reductions in disclosure requirements” from GAAP.

Fattal, a senior associate at business training and financial information services firm Knowledge Plus, and the author of three books, gave a rundown on PE GAAP at the recent CGA Practitioners’ Convention at Niagara-On-the-Lake, Ont.

There is “an emphasis on greater judgment” by owners and

operators of businesses because, Fattal said, banks, venture capitalists and other lenders are the ones who will be looking at the financial statements of businesses using PE GAAP and “they will tell you what they want.”

“It does not make sense” for the Accounting Standards Board “to put in a lot of disclosure requirements” around PE GAAP and if fewer “disclosures are mandated there is less cost to the system. It’s a very practical approach.”

Creditors, investors and lenders “are going to dictate a lot of the disclosures.”

Come 2011 there will be two

choices, IFRS and PE GAAP and some larger private firms may wish to go with IFRS if, for instance, they plan to go global, or to float an IPO, Fattal noted.

When it comes to small and medium-sized enterprises, however, the AcSB has decided “that IFRS is not really appropriate for Canada” because it isn’t “robust enough.” While the Americans “are looking at it” they too are “not likely to adopt IFRS for SMEs,” Fattal said.

While the AcSB wants to review their PE GAAP in 2016 “in my opinion it will warrant continuing,” Fattal said.

• Rob Kelly