

# Accountant's Opinion: Introductory Letter

## Explanation for the following accountant's comments:

- 1, that buying a membership is only a commercial expense if it happens inside a commercial entity;
- 2, that the purchaser should "be in business;"
- 3, "memberships can be expensed as a regular expense incurred in the course of carrying on a business:"

I asked Mr. Sonogo, in this context, how broad the definition of "business" would be. He told me that "commercial entity or business" includes any business endeavor in which the purchaser may be involved: it can be a Large or Small Corporation, a Sole Proprietorship, even any Multi Level Marketing Company, Network Marketing Program, Internet Affiliate-based subcontracting Business, or any Home Based Business or Franchise in which the purchaser may be involved. We have registered [www.HBBB.ca](http://www.HBBB.ca) and .com, as well as [www.HomeBasedBusinessBuilders.ca](http://www.HomeBasedBusinessBuilders.ca) and .com at the advice of our Winnipeg consultants.

If the purchaser is simply an employee with no personal or corporate business activity whatsoever, then the purchaser should register a Sole Proprietorship, \$60 at <http://www.cbs.gov.on.ca/obc/english/4tg2aw.htm>. As a Sole Proprietorship entity, the FinAd Marketing Membership Program is indeed an active business because it has both proven expenses and real income, with the Company issuing T4-A and T5 tax slips.

For new "Home Based Business Individuals," there are extra benefits besides the typical \$20,000 Membership Expense Receipt. All your home based business expenses, from car expenses and gas, to a portion of your home as home office, to entertainment, meals, mobile phones, and particularly in our case, travel, are tax-deductible. Our FinAd Affiliate Programs are worldwide, with affiliates subcontracting from Zurich to Boston to Vancouver. And if you seriously promote FinAd or any of our dozen Affiliate Programs on any of your world travels, the cost of that trip becomes a "business expense" on Form T-2124.

At your request, we shall provide the article by well-known Canadian financial writer **Tim Cestnik**, *Self Employment Is One of the Last Great Tax Shelters*, and a deeper review by American financial writer **Jeff Schnepfer**, *The Ultimate Tax Shelter: Owning Your Own Business*. Also available, at wholesale cost from FinAd: *Canadian Tax Strategies For Home Based Business* see [www.TaxReductionInstitute.com](http://www.TaxReductionInstitute.com).

The FIRST allowable SIMPLE expense is the **"Memberships"** deduction (successfully used for five years, with only two re-assessed due to size with half the credits carried over to the following year, involving FinAd's pre-decessor). "Membership" is the best way to claim the deduction on the T-2124. – A sample T-2124, filled out with "Business Category," and "Naming Your Business" on the form, is available to Members and Reps and is provided as one of the attachments. The credits can be carried forward 10 years.

The SECOND allowable SIMPLE expense / deduction is as **"Subcontracted Services"** which provides a strong backup if "Memberships" are ever challenged. A second accountant, reviewing our program for his own interest, volunteered his further opinion that,

- 1: "Both subcontracting and marketing are also legal tax expenses;"**
- 2: "There is nothing preventing the client from also selling Memberships for extra income."**

The THIRD allowable deduction, "Marketing," is very much a part of our above two activities, and of course we record all expenses. "Membership" and "Subcontracting" allow for a simple tax receipt as one-price cost items that never need breaking down the way Marketing Expenses do.

The most important thing is, that a prospective Member, if he or she does not have a business, or does not have a Membership in an MLM, an Internet Affiliate Program, a Franchise or Home Based Business, should register a SOLE PROPRIETORSHIP in their Province or State, with the Ontario link provided above. Other province's Sole Proprietorship registration links are available upon request.

**Sonego  
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Accounting • Taxation • Management Consultants • Member of the Kanata Group

April 2, 2006

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Tax Opinion on the Marketing Membership Project offered by Financial Advantage 100.com (FINAD).

I have reviewed the business concept presented by Financial Advantage 100.COM which involves the selling of commercial websites and the products and services commercialized through them. I understand that these websites are going to be packaged through a membership program.

Section 9 of the Income Tax Act defines a business as an activity conducted in a "sufficient" commercial manner. Section 9 goes on to state that the activity is commercial when it is the intention to make a profit. Thus, it is important for the investor to be in business in order to expense the cost of the membership.

I would caution that buying a membership in itself is not commercial, and for it to be, it has to happen inside a commercial entity.

In conclusion, the Investment package that Financial Advantage 100.COM is promoting complies well within the rules and guidelines of section 9 of the Income Tax Act.



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Selling of Memberships

In your last letter you defined your presentation and you repackaged the product. It is now the selling of memberships into a marketing project. Memberships can be expensed as a regular expense incurred in the course of carrying on business.

The opinion that follows this letter was arrived at by using the above arguments and applies to the last presentation that I received from you. Any changes in your investment package will invalidate our opinion.

Thank you for your patronage

Regards

Eric Sonego

  
Sonego, Boivin and Associates

I have read the aforementioned and I agree with the definitions and limitations expressed in the opinion.

  
Ralph Idema

Date: 3rd. April, 2006

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