NETWATCH

Your guide to business and accounting on the Internet

As accountants, we're immediately tagged as number experts, regardless of the career we are in. But even the trusted number-cruncher will occasionally deal with calculations that don't easily come to mind.

When we get a tad rusty, we might need a wee bit of a refresher, or even some help with certain types of calculations. And that's perhaps one of the benefits of the Internet from an accounting perspective: you can use it to locate a vast number of financial calculators that come in handy for many different circumstances.

For example, there are online calculators for mortgages, RRSPs, taxes, loans for buying a car or other matters. At these Web pages, you can enter some financial information and get the results instantly.

The level of sophistication and range of options available through these calculators is impressive. Take the issue of mortgages, for example. If you are considering a new home purchase, or selling your existing home for a larger one (or advising a client on such matters), online mortgage calculators can help you explore the ramifications of various financial approaches. These calculators let you examine the mortgage decision from a variety of perspectives, such as your total monthly costs, or how much of a mortgage you could obtain based on current income.

There are also specialized financial calculators available on the Web that relate to business activities, such as the internal rate of return, net present value and other common financial concepts. SolveIT!, a company that develops software that makes these nifty e-tools tick, has placed a variety of very good financial calculators on its site that you can access and use for free.

One caveat, though: many of these calculators are developed in the US, so the results won't always add up for Canadians. For example, you can't use US retirement calculators for RRSP decisions (US retirement plans differ from ours) or for mortgages (mortgage interest is tax deductible in the US). Hence, you should be sure to use Canadian-specific financial calculators whenever possible.

Two good starting points for Canadian-specific calculators are the Independent Online Financial Marketing site and Dinkytown. The websites of most major Canadian financial institutions are also excellent resources, since they feature a number of calculators worth exploring.

If you want to go beyond Canadian-specific calculators, take a look at investment site TheStreet.com as well as AccountingWeb, both of which feature a variety of innovative calculators. Finally, the best overall directory for online calculators is Martindale's Reference Desk — it features more than 14,000 models. Some are Canadian-specific, and a number of others can be used for any purpose.

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Choice calculators

Independent Online Financial Marketing
www.independentfinancial.on.ca/calculators.htm
Dinkytown
www.dinkytown.net/java/ca.html
Martindale's The Reference Desk Calculators
www-sci.lib.uci.edu/HSG/Ref.html
AccountingWeb
www.accountingweb.com/tools/calculators.html
TheStreet.com
www.thestreet.com/tsc/financenter/FC_calc.html

Civil penalties on their way

The Canada Customs and Revenue Agency is in the process of training its staff to enforce third-party civil penalties, and some experts are concerned that they could hit accountants hard.

The civil penalty provision — which came into effect June 29, 2000, but is just starting to be enforced by the CCRA following the September release of its final guidelines — applies to anyone who counsels others to file their tax returns based on false or misleading information, or who turns a blind eye to false information provided by clients for tax purposes.

"I think the CCRA has been given a very big hammer here — if you read the law, it can be interpreted very widely," says David Blom, a CA with Grant Thornton in Halifax who presented an update on third-party civil penalties at the Canadian Tax Foundation's annual conference. "Even if you do everything right and a piece of information presented to you is false but you weren't aware and should have been — it could affect your business, and that's what causes me trouble."

The CCRA has stated that penalties will be applied in only the "most egregious circumstances," but Blom worries the threat of penalty could actually be more damaging than the penalty itself.

"If I now have to do things that are in my best interest, rather than in my client's best interest, it could force me to resign from representing the client," he says.

Similar concerns have been voiced by the CICA's Taxation Committee, which submitted a