

**RW & A INC.**  
 Leaders in Sales, Implementation, Training, Support and Software Development for ERP systems.  
 416-446-1090  
 www.rwa-software.com  
 SAGE BUSINESSVISION 

**ACCOUNTINGWORLD**  
 Ontario's Accounting & Financial Newspaper

**GET MORE**  
 Learn more inside.  


**INSIDE THIS ISSUE**

Editorial: Transfer Pricing	3
Industry News	4
Tax laws creating crisis	8
New Price Control Measures	11
Balancing Accountability	13
Q & A - Business Goodwill	14
Finer Financial Future	16
Lean Kids, Leaner Credit	17
Black Holes and Flows	18
Web 2.0: IT Evolution	19
Vertical Software Integration	20
Information Technology Security	21
Forex Trading Methods	23
Attracting What We Want	25
Pick your references carefully	26

**We want to hear from you,  
Send us your comments  
and suggestions**

info@accountingworld.ca

Publications Mail Agreement # 41388532

# Bank of Canada lowers overnight rate target by 1/4 percentage point to 4 1/4 per cent

The Bank of Canada has announced that it is lowering its target for the overnight rate by one-quarter of one percentage point to 4 1/4 per cent. The operating band for the overnight rate is correspondingly lowered, and the Bank Rate is now 4 1/2 per cent.

Since the October Monetary Policy Report (MPR), there have been a number of economic and financial developments that have a bearing on the prospects for output and inflation in Canada.

Consistent with the outlook in the MPR, the global economic expansion has remained robust and commodity prices have continued to be strong. The Canadian economy has been growing broadly in line with the Bank's expectations, reflecting in large part underlying strength in domestic demand. However, both total CPI inflation and core inflation in October, at 2.4 per cent and 1.8 per cent respectively, were below the Bank's expectations, reflecting increased competitive pressures related to the level of the Canadian dollar. The Bank now expects inflation over the next several months to be lower than was projected in the MPR. In the context of exceptional volatility in global financial markets, the Canadian dollar spiked well above parity with the U.S. dollar in November, but it has recently traded closer to the 98-cent-U.S. level assumed in the October MPR.

Overall, the Canadian economy continues to operate above its production capacity. Given the strength of domestic demand and weak productivity growth, there continue to be upside risks to the Bank's inflation projection.

However, other developments since October suggest that the downside risks to the Bank's inflation projection have increased. Global financial market difficulties related to the valuation of structured products and anticipated losses on U.S. sub-prime mortgages have worsened since mid-October, and are expected to persist for a longer period of time. In these circumstances, bank funding costs have increased globally and in Canada, and credit conditions have tightened further. There is an increased risk to the prospects for demand for Canadian exports as the outlook for the U.S. economy, and in particular the U.S. housing sector, has weakened.

All these factors considered, the Bank judges that there has been a shift to the downside in the balance of risks around its October projection for inflation through 2009. In light of this shift, the Bank has decided to lower the target for the overnight rate. At its next interest rate decision in January, the Bank will assess all economic and financial developments and the balance of risks. A full projection for the economy and inflation will be published in the Monetary Policy Report Update on 24 January 2008.



## Document Scanning Interview with DR Tax Software

*Interviewed by: Ahmadyar Mir*

For information on the buzz surrounding the trend toward document scanning, we interviewed Joanne Birtch, Vice president of Marketing and New Business Development at Dr Tax Software Inc.

AW: How do you see the use of document scanning in the field Dr Tax serves, that of income tax preparation?

JOANNE: The move to document scanning has been a reaction to two things: the CRA's post-season requests for supporting documents especially for EFILED returns and secondly, the ongoing battle to reduce the amount of paper we accumulate.

AW: When accountants start to speak about scanning tax slips we immediately start to think about data being captured by the tax software.

JB: You are right. Wouldn't it be great to just scan the slips and have the information simply appear on the tax return! Maybe someday that will be the case, but right now, 2007-2008, there is no scanning software that is capable of providing the accuracy needed to capture figures with the reliability required by our clients.

Document recognition/conversion and data capture technologies use a number of different tools to manage the various target print types. Optical Character Recognition (OCR) is used for machine printed characters. ICR (for handwritten information), barcode recognition, and form processing and recognition for both structured (government issued forms like T4-OAS) and semi-structured forms (like T4s) are all needed to provide full data capture. While many technologies exist to do the job, they are simply not as accurate as needed by the tax preparation industry. A patchwork solution of varying degrees

of data capture could end up slowing, rather than speeding up, the process.

AW: When do you see OCR being widely included in the tax preparation process?

JB: I do not have a crystal ball, but I would not expect that document capture in tax preparation streamlining is likely to take place with as heavy a reliance on OCR as you might think.

In the future, I believe we will see all tax slips issued by government, employers, banks etc. being printed with a bar code, just as we see on tax returns now. With bar codes, the scanner will take on the dual role of scanning the document for archiving and reading the bar code. This would create a reliable string of data that can be accurately transferred to the client's tax return.

continue ..... page 23



**PAY ALL YOUR BUSINESS EXPENSES ELECTRONICALLY**

**ELECTRONIC PAYMENTS FOR BUSINESS!**  
 No more envelopes, paper, printing or postage! Save time and money making all your business payments electronically right from your computer just like you do your personal bills!

TelPay for Business™ is simple, easy-to-use e-payment software that lets you make and account for all your business payments electronically!

**To sign up, or to register for a free online learning session that will show you step-by-step how easy it is to make all your business payments electronically, visit [www.TelPayForBusiness.ca/GetStarted](http://www.TelPayForBusiness.ca/GetStarted) or call 1.800.665.0302.**