Module 1 Quiz

What kind of tax is the HST?

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What is NOT an aim of the income tax?

A screenshot of a computer

Description automatically generated with low confidence

A corporation pays provincial tax based on where it earns net income.

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Description automatically generated with low confidence

In a progressive tax system, as income levels rise, tax rates rise.

A screenshot of a computer

Description automatically generated with low confidence

Both corporations and trusts are required to file income tax returns.

A screenshot of a computer

Description automatically generated with medium confidence

A Canadian citizen must continue to file a Canadian tax return, even if they and their family lived in another country for the full year.

A screenshot of a computer

Description automatically generated with medium confidence

Professor X has $250,000 in taxable income in 2012. The federal tax rate is 15% and the provincial tax rate is 9%. How much tax will the Professor pay in taxes?

A screenshot of a computer

Description automatically generated with medium confidence

Mr. B. Simpson operates a bike business out of his shed and reports business income on his personal tax return. What is the deadline to file his personal tax return?

A screenshot of a computer

Description automatically generated with low confidence

Mr. B. Simpson operates a bike business out of his shed and reports business income on his personal tax return. What is the deadline for his payment of taxes?

A screenshot of a computer screen

Description automatically generated with low confidence

Module 2 Quiz

Appleco declared a bonus to Max on November 30, 2012. Appleco's corporate year end is November 30, 2012. The bonus was paid on May 5, 2013. When will the bonus be taxable to Max?

A screenshot of a computer

Description automatically generated with low confidence

What is NOT a factor in determining if you are an independant contractor or an employee?

A screenshot of a computer

Description automatically generated with medium confidence

Registered Pension Plan contributions made by an EMPLOYER on behalf of an EMPLOYEE are not a \_\_\_\_\_\_ \_\_\_\_\_\_ to the EMPLOYEE.

A screenshot of a computer

Description automatically generated with low confidence

Ken has worked for ABC Co. for 25 years. In recognition, he receives a watch from the company worth $600. He has received no other gifts from ABC Co. this year, and the last time he received such an award was 7 years ago. How much must he include in his income for tax purposes?

A screenshot of a computer screen

Description automatically generated with low confidence

Stephanie is a licensed software technician at a software design company. Her employer has recently agreed to pay for her violin lessons. Will the cost of the lessons be taxable to her?

A screenshot of a computer

Description automatically generated with medium confidence

John receives a $30,000 salary and his employer pays for $5,000 in uniforms which he is required to wear at work at all times. All other employees wear the same uniform. Assuming he has no other income or deductions, how much must John report as income?

A screenshot of a computer

Description automatically generated with low confidence

Sarah drove 20,000 km in total in 2012 of which 5,000 were for business. She paid $1,000 for insurance, $1,500 for gas, and $500 for maintenance. Assume the test to deduct vehicle expenses are met. How much can Sarah deduct?

A screenshot of a computer

Description automatically generated with medium confidence

Ken received an allowance of $400 per month for 12 months from his employer for the use of his personal vehicle which he drove for employment purposes.

Ken estimates the cost of his vehicle expenses were $5,000 and the vehicle cost $30,000 to purchase. He drove 10,000 km in total during the year of which 2,000 km were for business.

Calculate the affect on Ken's taxable income from his vehicle.

A screenshot of a computer screen

Description automatically generated with low confidence

George is an employee of Couture Inc. and earns a $60,000 salary in 2012. He also personally paid for $3,000 for professional membership dues he needed for work and $15,000 in travel expenses for trips he was required to make for work. He purchased $8,000 in meals for him and his wife during work days while he was in town. His wife does not work at the company. None of his expenses were reimbursed by his employer.

What is George's net income from employment?

A screenshot of a computer

Description automatically generated with low confidence

Eustace H. Hogan has been an employee of Major Drilling for the last two years. He uses an office in his basement to fill out orders on the internet, call customers on his cell phone, and do paperwork related to his business. Because Major Drilling doesn't have an office in his city, this is his only place of business.

His home office is 200 square feet in size and he thinks his house is 2,000 square feet in total size. His home costs for the year are listed below. He does not earn any commissions from his work.

How much can he deduct from his employment income?

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Description automatically generated with medium confidence

Module 3 Practice Quiz

During 2012, Joe earned $50,000 in taxable income. Calculate his taxes owing based on the rates in your slides, ignoring tax credits.

A screenshot of a computer

Description automatically generated with medium confidence

During 2012, Jennifer earned $140,000 in taxable income. Calculate her taxes owing based on the rates in your slides, ignoring tax credits.

A screenshot of a computer

Description automatically generated with medium confidence

The amount of an individual’s personal tax credit eligible for transfer to their spouse is reduced by their taxable income.

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Description automatically generated

Shaun is married to Jill. Jill earns $60,000 per year so Shaun is not able to claim the spousal credit for her. They have a 10-year-old son, Brody. Shaun has heard he can claim the eligible dependant credit for Brody since he can’t claim Jill.

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Description automatically generated

Barry is a single individual whose 67-year-old mother lives with him. She is not mentally or physically infirm. What credit(s) will Barry claim for her?

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Description automatically generated

John is married and has two children age 10 and 12. His wife earns no income. John receives pension income of $1,000 from RRSPs. Calculate his tax reduction from credits.

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Description automatically generated with medium confidence

A screenshot of a computer

Description automatically generated with medium confidence

John makes charitable donations every year. In 2014, he donated $5,000 in total. Calculate the impact it will have on his taxes payable.

A screenshot of a computer screen

Description automatically generated with low confidence

Jimmy Dean is married to Jamie Dean & they have two children, Jonah (age 16) and Jessica (age 21). The family had medical expenses and income as follows:

                                                Medical Expenses                           Income

Jimmy                                   $5,000                                                   $40,000

Jamie                                    $3,000                                                   $60,000

Jonah                                    $2,000                                                   $600

Jessica                                  $4,000                                                   $10,000

Jimmy would like to claim all the family’s credits since he paid for them all. Calculate the reduction in taxes that will result from medical.

A screenshot of a computer

Description automatically generated with medium confidence

During 2012, Jillian attends university for 8 months of full time study and 1 month of part time study. Her tuition for the year is $5,400.

She pays $300 in interest on her student loans through the Canada Student Loan Service Centre and $200 through an ordinary line of credit she has at the Bank of Montreal.

Determine the total reduction of Jillian’s taxes owing because of education related credits for 2012.  
A screenshot of a computer

Description automatically generated with low confidence

Module 4 Practice Quiz

John’s wife, Patty, passed away during 2012 and her employer paid a death benefit of $16,000 which John split equally with his son, James ($8,000 each). What is the appropriate tax treatment of this benefit?

A screenshot of a computer

Description automatically generated with low confidence

Employment insurance proceeds must be included in income regardless of whether they are repaid.  
A screenshot of a computer screen

Description automatically generated with low confidence

Nigel and Morgan are each 68 years old and are married.

Nigel earns the following income: OAS $6,000, CPP $12,000, RRSP Income $30,000, Interest $1,000.

Total Income $49,000

Morgan earns the following income: Dividends $10,000.

Total Income $10,000

What would you recommend they do to optimize their taxes?  
A screenshot of a computer screen

Description automatically generated with medium confidence

On January 1, 2012, Jessica and Ben sign a separation agreement that calls for Jessica to pay Ben $1,000 per month in child support and $700 per month in spousal support beginning that day. What amount must Ben include in his income for the full year?  
A screenshot of a computer screen

Description automatically generated with low confidence

On November 1, 2012, James Deanne moved from Saskatchewan to Nova Scotia. He traveled 2,300 km by car for 4 days in order to move. He used a rented storage van to move his belongings which cost him $800.00. He spent $1,400 in September on a trip to Nova Scotia to search for a home. He’s very picky about the size of his kitchen so needed to be there in person. From November 1st – 30th, James lived in a rented apartment until his house was available to be moved into. The apartment cost $125 per night.

James earned $10,000 in income in his new job in Nova Scotia after the move and his employer paid him $1,000 specifically to cover the cost of the move, but doesn’t specify what it can be used for.

Calculate James’ maximum moving expense deduction.

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Description automatically generated with low confidence

Craig and Candace have two children named Greg and Craig Jr, who are ages 4 and 9, respectively.

During the year, Craig paid for $12,000 in after school programs and babysitting. Greg attended a summer day camp which cost $200 for two weeks. Craig Jr. was enrolled in a 12-day overnight summer camp which cost $2,000.

Craig earns $80,000 in 2012 from employment income and Candace attended school full time to earn her MBA.

Who should claim the child care deduction?  
A screenshot of a computer

Description automatically generated with low confidence

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During the year, Craig paid for $12,000 in after school programs and babysitting. Greg attended a summer day camp which cost $200 for two weeks. Craig Jr. was enrolled in a 14-day overnight summer camp which cost $2,000.

Craig earns $80,000 in 2012 from employment income and Candace attended school full time to earn her MBA.

Calculate the maximum amount that can be claimed for child care.  
A screenshot of a computer screen

Description automatically generated with low confidence

MODULE 6 QUIZ CCA

Randall purchased a $40,000 piece of office furniture during 2019. The balance in his UCC pool for furniture at the end of 2018 year was $80,000 and is amortized at the declining balance rate of 20%. Calculate Randall’s 2019 maximum CCA.

A screenshot of a computer

Description automatically generated with low confidence

Jamie O. purchased a new piece of equipment during 2019 (the current year) that he uses to manufacture pants. He purchased it from Italy so had to pay to have it sent over to Canada. He paid $70,000 for the equipment, $3,000 for shipping, and $1,000 for duties at the border. Because the government wants to encourage pants makers in Canada, they gave Jamie a $20,000 grant to purchase the equipment.

A screenshot of a computer

Description automatically generated with low confidence

Jim Jones started a business on August 1, 2019. In November, he purchased a BMW car which cost $40,000. Calculate the maximum deduction he can claim in the year for these purchases.

A picture containing text, screenshot, font, web page

Description automatically generated

January Smith purchased a printing press for $30,000 and claimed CCA over time. Her opening UCC balance for the current year was $50,000 and she sold the printing press for $40,000. She has no other pieces of equipment in that pool. Calculate the total impact on her taxable income.

A screenshot of a computer

Description automatically generated with low confidence

January Smith purchased a printing press for $200,000 and claimed CCA over time. Her opening UCC balance for the current year was $80,000 and she sold the printing press for $130,000. Several other pieces of equipment are in the pool. Calculate the total impact on her taxable income.

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Description automatically generated

Module 7 Practice Quiz

John invests in shares of Dell Computers. He intends to hold these shares for an extended period of time and they are the only shares that he owns. He earns $6,000 in dividends from the shares in 2012.

A screenshot of a computer

Description automatically generated with low confidence

Patrick is a serial investor and owns 4 different apartment complexes each with 20 units each. Each complex has its own building manager and repairman. He has a bookkeeper who does work for all four buildings.

A screenshot of a computer

Description automatically generated with low confidence

Deepak buys three parcels of land because they think they are undervalued and can be sold at a profit. All three together cost $60,000 ($20,000 each). He successfully sells one of the parcels in the year they were purchased for $50,000 and thinks he has an interested buyer for one more. Deepak does property development as his main occupation.  
A screenshot of a computer

Description automatically generated with low confidence

Deepak buys three parcels of land because they think they are undervalued and can be sold at a profit. All three together cost $60,000 ($20,000 each). He successfully sells one of the parcels in the year they were purchased for $50,000 and thinks he has an interested buyer for one more. Deepak does property development as his main occupation.

A screenshot of a computer screen

Description automatically generated with low confidence

Collin and Jennifer Baird purchased their dream home for $230,000 in 2011. They’ve always wanted to have a home gym so did substantial renovations to their basement so that it was fully furnished. In 2012, Collin ended up having to move for work but the couple were happy to find out the housing market had greatly improved; they were able to sell house for $400,000.  
A screenshot of a computer

Description automatically generated with low confidence

Collin and Jennifer Baird purchased their dream home for $230,000 in 2011. They’ve always wanted to have a home gym so did substantial renovations to their basement so that it was fully furnished. In 2012, Collin ended up having to move for work but the couple were happy to find out the housing market had greatly improved; they were able to sell house for $400,000.

A screenshot of a computer

Description automatically generated with low confidence

Which factor is NOT a consideration in determining if a sale is on account of capital property or is business income?

A screenshot of a computer

Description automatically generated with medium confidence

Calculate FinCo’s Net Income For Tax Purposes from business income based on the following set of facts:

Revenues from sales                                    $200,000

Expenses:

Salaries                                                         $120,000

Depreciation                                                   8,000

Financing Fees                                                10,000

Meals & Entertainment                                   1,000

Net Income before tax                                  $61,000

Tax Expense                                                     $10,000

Net Income                                                      $51,000

CCA $12,000

Eight year-old son earns $50,000 for odd jobs, would cost approximately $10,000 to hire someone else.

$117,500

A screenshot of a computer screen

Description automatically generated with low confidence

Calculate FinCo’s Net Income For Tax Purposes from business income based on the following set of facts:

Revenues from sales                                      $300,000

Gain on Sale of Land                          40,000

Expenses:

Salaries (to non-family)                                  $190,000

Golf club fees                                                    20,000

Supplies                                                               15,000

Insurance                                                            7,000

Net Income before tax                                  $108,000

Tax Expense                                                       $16,000

Net Income                                                        $92,000

The land sold during the year had proceeds of $60,000 and a cost of $20,000. Landscaping fees totalling $5,000 were capitalized in the year.

$231,000

A screenshot of a computer

Description automatically generated with medium confidence

Module 8 Practice Quiz

Craig earns $90,000 in eligible dividends on his shares of IBM in 2012. He has no other income.

Calculate Craig’s taxable income for the year.

Calculate Craig’s dividend tax credit for the year.

Calculate Craig’s taxes owing. Assume he is single with no children, dependants, and has no other tax related expenditures.

A screenshot of a computer screen

Description automatically generated with medium confidence

Quinn purchased a 5-year interest bearing bond on March 1, 2015 for $10,000. The bond bears annual interest of 8% of the face value.

It is now March 2, 2016 and Quinn has received no cash payments yet from the bond.

Calculate the total income inclusion this year from the bond.

A picture containing text, screenshot, font

Description automatically generated

James purchased an interest bearing bond on March 1, 2015 for $10,000. The bond bears annual interest at 4% of the face value.

On March 30, 2016 James receives a cash payment of $1,000.

Calculate the total income inclusion this year from the bond.

A picture containing text, screenshot, font, algebra

Description automatically generated

Jim borrows $400,000 from the bank at a rate of 5% in order to purchase common shares in a private corporation. He thinks he’ll earn a large capital gain when he sells the shares in the future and also plans to get annual dividends when the corporation earns income.

Is the interest on Jim’s loan deductible to him?

A picture containing text, font, screenshot

Description automatically generated

James borrows $100,000 from the bank at a rate of 8% to make an interest free loan to his wife, Sandy.

Is the interest on James’ loan deductible to him?

A screenshot of a chat

Description automatically generated with low confidence

Simon borrows $200,000 from the bank to invest in a partnership and deducts the interest on the loan. Two years later he sells his partnership interest for $150,000 and uses the proceeds to pay down the loan. He has $50,000 of the loan still to be repaid.

Is the interest on the $50,000 still deductible to him?

A screenshot of a computer

Description automatically generated with low confidence

Module 9 Practice Quiz

Bert contributes $3,000 to his son’s RESP during 2013. What impact does this have on Bert’s taxable income?

A screenshot of a computer

Description automatically generated with low confidence

James heard about how great TFSA accounts were and decided to open one in 2012. What is the maximum amount that James can contribute in 2012 assuming he is 25 years old?

A screenshot of a computer

Description automatically generated with medium confidence

Ernie has $10,000 in TFSA contribution room available for 2013. He withdraws $5,000 from his TFSA in June 2013, and then contributes $15,000 in August, 2013. What is the balance of Ernie's TFSA contribution limit (positive or negative) after his August contribution?

A screenshot of a computer

Description automatically generated with medium confidence

Sam had $15,000 in RRSP contribution room at the end of 2012. His employer says his pension adjustment for 2012 was $8,000 on his $70,000 salary. Sam also earns $30,000 from a partnership he invests in.

Sam contributed $400 per month to his own RRSP and $500 per month to his spouse, Ryan’s, RRSP during 2013.

What is the impact on his taxable income?

What is his RRSP Contribution room at the end of 2013?

A picture containing text, screenshot, font

Description automatically generated

Carry and her husband Troy are planning to buy their first home this summer. They each have $50,000 in RRSPs saved up ($100,000 total). What would you recommend they use to help purchase their home?

What is the maximum amount that each of them can contribute using this option only?

A picture containing text, font, screenshot, algebra

Description automatically generated

Zigg Ziggler has reached the age of 71 this year and would like to avoid paying the tax that would result if he were to withdraw all of his RRSP funds immediately. He’s heard of a tax deferred retirement option that will help him withdraw his retirement funds over time.

What is the acronym for the plan Zigg is thinking about?

A picture containing text, font, screenshot

Description automatically generated

Module 10 Practice Quiz

Jeremy purchases 55 shares of Tablet Inc. in February, 2013 for $34 each. He purchases 70 more shares of Tablet Inc. in May, 2013 for $27 each. He purchases 100 shares of Tablet Inc. in September, 2013 for $46 each. In October, 2013, Jeremy sells 90 shares of Tablet Inc. for $100 each.

What is the taxable gain on Jeremy’s sale?

A screenshot of a computer

Description automatically generated with low confidence

Matthew owns 75 acres of farm land in rural Saskatchewan. It was purchased for $160,000 in 2013 and is all used to farm corn. Matthew has a prospective purchaser for 30 acres of the land who is willing to pay $120,000. Calculate the impact on Matthew’s taxable income if he were to sell.

A picture containing text, font, screenshot

Description automatically generated

Samantha sold a piece of property in 2010 for $300,000 but has yet to receive any of the proceeds from the sale. The purchaser has since gone out of business and she doesn’t think she will receive any repayment on her sale. What income impact can Samantha expect from this bad debt assuming she can absorb it? A picture containing text, screenshot, font

Description automatically generated

Peter sold shares of Telephonica Ltd. for $500,000. The shares cost him $300,000 to buy. The purchaser has agreed to pay him his proceeds over time as follows: year 1 $80,000, year 2 $100,000, year 3 $100,000, year 4 $100,000, year 5 $120,000.

What will Peter’s income inclusion be in the year of sale (year 1)?

A picture containing text, font, screenshot

Description automatically generated

Nicholas has decided to move to another town and has begun to clean out his house. Listed below are the items he intends to sell. Calculate the amount of income Nicholas must include in his taxable income if he sold the following assets.

                                                Cost                       FMV

Coffee Table                         $200                      $500  
Play Set                                $1,700                   $800  
Dish Set                                $1,100                   $1,600

A screenshot of a computer screen

Description automatically generated with low confidence

James needs some spare cash to buy the new PS5. He’s found a few things in his attic that he thinks are worth some money and has listed them below. Calculate the amount of income James must include in his taxable income if he sold the following assets.

                                                Cost                       FMV

Painting                                $5,000                   $8,000  
Coin                                       $3,000                   $2,000

A screenshot of a computer

Description automatically generated with medium confidence

Claire sells a piece of land to her husband Josh. The land cost Claire $100,000 and she sold it to Josh for its fair market value of $80,000.

What is the tax impact to Claire?

What is the ACB to Josh of the land?

A screenshot of a computer

Description automatically generated with medium confidence

Module 12 Practice Quiz

Jake sells a piece of land to his mother. The land cost $30,000 to Jake and an appraiser says it is worth $40,000. He sells it to his mother for $90,000.

What is the taxable capital gain to be reported by Jake?

A screenshot of a computer

Description automatically generated with low confidence

Jake sells a piece of land to his mother. The land cost $30,000 to Jake and an appraiser says it is worth $40,000. He sells it to his mother for $90,000.

What is the cost basis (ACB) to his mother going forward?

A screenshot of a computer screen

Description automatically generated with low confidence

Jake gifts a piece of land to his spouse. The land cost $30,000 to Jake and an appraiser says it is worth $40,000. He files no election.

What is the taxable capital gain to be reported by Jake?

A screenshot of a computer

Description automatically generated with medium confidence

Jake gifts a piece of land to his spouse. The land cost $30,000 to Jake and an appraiser says it is worth $40,000. He files an election to have the spousal rollover not apply.

What is the cost basis (ACB) to his spouse going forward?

A screenshot of a computer

Description automatically generated with low confidence

Dave gives a rental building to his granddaughter Jane (8 years old) as a gift. The rental building earned $8,000 in net income during the year. How much income will be reported by Jane? A screenshot of a computer

Description automatically generated with medium confidence

Dave gives a rental building to his granddaughter Jane (8 years old) as a gift. Jane sells the rental property for a taxable capital gain of $20,000. How much income will be reported by Jane? A screenshot of a computer

Description automatically generated with low confidence

Claire passed away during 2020. At the time she passed away, she owned her home which had a cost of $100,000 and a fair market value of $160,000, and an RRSP account with a cost of $30,000 and a fair market value of $70,000. Both of these assets were left to her children.

Calculate the income to be reported on Claire’s personal tax return as a result of her passing.

A screenshot of a computer

Description automatically generated with low confidence

Explain the role of the executor in administering a deceased individual’s estate.

The individual you have selected to manage your estate handles various tasks including distributing your assets, filing your taxes, and representing the estate in probate court if needed. Additionally, they assume accountability for resolving any financial complications related to the estate.

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Description automatically generated with low confidence