

CFE CANDIDATE NUMBER:

--	--	--	--	--	--	--	--

Common Final Examination May 21, 2025 – Day 1 (Booklet #1 – NPF Version 2)

Total examination time: 4 hours.

Further details on the examination can be found on the next page.

GENERAL INSTRUCTIONS BEFORE THE EXAMINATION

1. Fill in your candidate number on the booklets. The examination booklets (or paper response, as instructed) must be submitted before leaving the examination writing centre. They must NOT BE REMOVED from the writing centre. If these items are not received, the response may not be accepted.
2. Follow the instructions provided. Instructions must not be removed from the writing centre.
3. Sign the Policy Statement and Agreement Regarding Examination Confidentiality below.

Policy Statement and Agreement Regarding Examination Confidentiality

I understand that all examination materials are the property of CPA Canada and are under the exclusive custody and control of CPA Canada. CPA Canada has the exclusive authority over examination materials to determine the content, use, retention, disposition and disclosure of this material. Candidates will not have access to their examination response, the examination marking keys or any other marking materials. The examination questions and marking guides will only be publicly available when published by CPA Canada.

I hereby agree that I will not:

- Obtain or use answers or information from, or give answers or information to, another candidate or person during the sitting of the examination;
- Refer to unauthorized material or use unauthorized equipment during the examination including but not limited to generative artificial intelligence and similar technologies (for example, ChatGPT, Grammarly, ChatBots, etc.); or
- Remove or attempt to remove any CPA Canada Examination materials, notes or any other items from the examination writing centre.

I further agree to report to the Regional/Provincial/Territorial Body any situations where there is a material risk of compromising the integrity of the examination.

I affirm that I have had the opportunity to read the *CPA In-Person Examination Regulations* and the *Policy on Academic Integrity and the Use of Artificial Intelligence* and I agree to all of their terms and conditions.

In addition, I understand that failure to comply with this Policy Statement and Agreement will result in the invalidation of my results, and may result in my disqualification from future examinations, expulsion from the profession and possible legal action.

CANDIDATE NAME (Please print)

SIGNATURE

Examination Details

The examination consists of:

Booklet #1 – Linked Case (240 minutes) (this booklet)

Booklet #2 – Capstone 1 Case (for reference) and rough notes

The case should be answered using the examination software provided, which includes a word processor and spreadsheet for inputting your response. The main body of your response should be in the word processor file. Only supporting calculations should appear in the spreadsheet file, in **Sheet 1**. All financial tables in the case with ten lines or more have been preloaded into the spreadsheets that follow Sheet 1. Those spreadsheets are in read-only mode. You must copy and paste the financial information into your Sheet 1, where you can then do all your calculations. You are responsible for clearly explaining all your calculations.

Answers or part answers will not be evaluated if they are recorded on anything other than the examination software or, in the event of computer failure, the CPA Canada writing paper provided.

Rough-note paper is available in a separate booklet, which also includes a copy of the Capstone 1 case for reference only. Rough notes, and any other notations made in the examination booklets, will not be evaluated.

The CPA Canada Handbooks, the *Income Tax Act* and the *Excise Tax Act* are available in the examination software throughout the entire examination. These materials provide the standards in effect and tax laws substantively enacted as at December 31, 2024.

A tax shield formula and other relevant tax information are available at the end of this booklet.

Candidates are instructed to consider and respond to the examination questions as presented even though the circumstances described in the examination questions may not be reflective of the current environment.

Chartered Professional Accountants of Canada, CPA Canada, CPA
are trademarks and/or certification marks of the Chartered Professional Accountants of Canada.
Copyright © 2025, Chartered Professional Accountants of Canada. All Rights Reserved.
Common Final Examination, 2025

Chartered Professional Accountants of Canada
277 Wellington Street West
Toronto, Ontario M5V 3H2

Case**(Suggested time: 240 minutes)**

It is March 15, 2026, and you, CPA, continue to work at Sanderson & Harrop Consulting LLP (SHC) and have once again been assigned to an engagement with Neptune Point Fisheries Inc. (NPF).

Since SHC's last engagement with NPF in 2024, two major strategic decisions have been made. First, in 2024, NPF opened its first seafood retail location, called Atlantic Pure Seafood Market. After the first location's initial success, a second retail store was opened in 2025. Each store sells an assortment of fresh and frozen fish and ready-to-eat seafood meals.

Next, in 2025, NPF's Board of Directors decided to accept an offer from a large Canadian seafood harvester to sell its Neptune's Tasties brand name for \$12 million. As part of the purchase agreement, Blue Fresh Seafoods (Blue Fresh), the purchasing company, guaranteed to buy all the wild-caught or farmed fish products that NPF makes available for a period of 10 years, given that Blue Fresh requires a wide variety of seafood products to satisfy its contract with a large North American grocery chain.

After the sale of the brand in 2025, NPF's board approved a new vision and mission statement for the company, as follows:

Vision statement: *To help create a future where seafood lovers have access to ethically sourced, high-quality, nutritious, and delicious seafood products that are processed and harvested in a way that ensures the long-term health and sustainability of the world's marine populations.*

Mission statement: *To harvest the highest quality seafood and offer a consistent supply of products with an emphasis on ethical, sustainable, and technologically advanced operations. Strive to make decisions that benefit all the company's interested parties and allow the company to become an industry leader in best practices for both seafood harvesting and processing.*

Presently, the board's main objective is to make investments that will ensure the long-term success of the company. As such, preference will be given to investments with long-term growth potential. The board would also like to earn at least a 12% annual return on any investments made.

With the proceeds from the sale of the Neptune's Tasties brand and the cash generated through the company's operations, NPF currently has \$15 million of cash in the bank. However, the board wants NPF to retain a reasonable cash reserve, to ensure that the company can withstand the unpredictability of the industry, and to take advantage of any other potential strategic investments that come available in the future.

NPF's board has asked you to review the information provided and draft a report that discusses NPF's overall strategic direction, including strategically analyzing and making a recommendation for each proposal presented. For this engagement, please ignore any tax implications within your analysis and recommendations.

INDEX OF APPENDICES

	Page
I Board Meeting with CPA in Attendance	5
II Industry Update	10
III Purchase of Bundhoo Salmon Farm	11
IV Expansion of Retail Stores	12
V Purchase of Seafood Processing Facility	13
VI Construction of Synersea Farm	14

APPENDIX I
BOARD MEETING WITH CPA IN ATTENDANCE

March 15, 2026

Yvonne: Thank you for joining us, CPA. With the sale of the Neptune's Tasties brand, NPF has recently entered a new phase in the company's development.

Allan: Yes, and because of the sale of the brand, we now have enough cash available to expand the company's operations in a way that will ensure that NPF prospers well into the future. But we also need to be careful. Given the volatility of the industry, retaining a cash reserve has become an important key success factor and board objective.

Colan: I agree, Allan. Also, because Yvonne and I are planning to retire in the next two years, the company's operations will soon become the sole responsibility of you and Kurt. Although we plan to stay on as shareholders, Yvonne and I do not intend to stay actively engaged in the day-to-day operations of NPF. We must ensure that you and Kurt have the capacity to effectively manage not only any new investments, but also NPF's existing operations.

Allan: Very true. Once you both retire, we think it would be best for me to oversee all aspects of the head office, like accounting, finance, and marketing, while Kurt will be responsible for the company's at-sea operations and processing facilities.

Kurt: Given our respective skill sets, that structure makes the most sense.

Yvonne: Excellent. It seems like we are all in agreement. With all that in mind, let's discuss the first investment opportunity currently available.

Allan: Okay, first up is a salmon aquaculture farm, Bundhoo Salmon Farm (BSF), that has been put up for sale by its owner and founder, Bibi Bundhoo. She is asking \$4 million for the operation and all its assets. Bibi is a salmon farming expert who values sustainability. She worked hard to maintain the operational efficiency of BSF. The operation, which is 12 years old, has never experienced a major adverse event such as escaped salmon into the surrounding environment or a disease outbreak.

Colan: I am hesitant. Just because there have been no adverse events to date does not mean that something like that won't happen in the future.

APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

March 15, 2026

Allan: That's true, but Bibi has said she would be willing to stay for a year after the acquisition and teach Kurt how to operate the facility. During that time, we would gain the knowledge required to help ensure the operation's continued effectiveness. And the fact that BSF is already operational means we would start to earn a return on our investment right away.

Kurt: Although I am familiar with Bibi's salmon farm, I do not have a technical understanding of how it works, so I would need to dedicate much of my time to working with Bibi, to learn how best to operate the farm.

Yvonne: It would be wonderful if we could add salmon to our product line, especially because fresh salmon and products that contain salmon are two of the biggest sellers within our retail stores.

Speaking of the retail stores, I think it's time we consider opening the next series of storefronts. Although the competition is fierce and growing, I have found four locations that appear perfect for new Atlantic Pure Seafood Markets. The only drawback is that two of these potential locations are outside of Newfoundland and Labrador—one would be in Quebec and the other would be in Ontario.

Colan: I am worried about supply, Yvonne. Although our current stores have so far been successful, they are vulnerable to the industry's fluctuating supply, especially given the consumer demand for a wide variety of product choices, and because the maximum allowable harvest limit for certain species is expected to decrease. Plus, the further away each store is from our head office, the harder it will be to effectively manage.

Yvonne: Although supply is always a concern in our industry, I've had recent contact with a number of suppliers located close to us in Newfoundland. I think we should be able to lock in several new long-term supply contracts that are necessary to stock our retail stores with high-quality and in-demand products. We should capitalize on our initial success and open more storefronts in the locations I have found before some other company does.

APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

March 15, 2026

Allan: I do like the diversification that our retail stores offer us, and Mom's judgement about which locations to pick for our stores has been perfect so far. But Mom, you must admit, this aspect of our business hasn't been without headaches. I understand that high employee turnover is still a problem within our existing stores?

Yvonne: Yes, that's true. But that's simply the reality of retail these days.

Kurt: To me, the expansion only makes sense if you coordinate the development and opening of each store, Mom. You have the experience and expertise from opening the first two stores, and it seems like the first six months after a new store is opened is the most complicated and time consuming.

Yvonne: Yes, the development and initial opening is the most critical time for the future success of each store. After that initial period, the amount of time I have needed to devote to the day-to-day operations of each store has dropped, although even still, managing our current retail stores takes up a good portion of my time.

Colan, I believe you wanted to discuss the next investment opportunity?

Colan: Indeed, Yvonne. We have the opportunity to buy a local seafood processing facility called Marine Eats for \$7 million. Marine Eats processes raw seafood into ready-to-eat fresh or frozen meals that are shipped to and sold by grocery stores. Each grocery store uses its own labelling, so Marine Eats does not sell any product to the end consumer under its own brand.

Kurt: Interesting. Marine Eats has been in business for a long time and is well established. From my experience in plant operations, I know that this type of facility can be a challenge to operate. If we acquire it, it will require a lot of time to manage effectively.

Colan: That's actually one of the best parts of this opportunity. The current owner said that the facility's management team has made it clear they intend to stay, so we could use their expertise to ensure the facility continues to perform well.

APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

March 15, 2026

Yvonne: What type of meals does the facility currently produce?

Colan: The facility is very versatile in terms of the meals it can produce, so Marine Eats can adapt its product formulations to meet the needs of its customers. This versatility is a big reason for the facility's success.

As well, with the rise in demand for more variety, Marine Eats needed to greatly expand its list of suppliers to ensure it can meet the specifications of each client.

Allan: I like the fact that the facility is versatile. We could adapt its products to match our own specifications. But the process of changing formulations would be new to us. This could also be challenging because we would need to ensure that the raw fish used by the facility meets our strict requirements for quality.

Yvonne: That's true, Allan, but the prospect of offering ready-to-eat meals is attractive. We could take advantage of the growing demand for variety by offering a wide assortment of high-quality premade products.

Kurt: Speaking of variety, I want to propose one last opportunity for investment. Integrated Multi-Trophic Aquaculture (IMTA) uses the most advanced marine technology to enable aquaculture farms to cultivate and harvest multiple species at a time. We have the opportunity to build this type of aquaculture farm and cultivate at least four species simultaneously!

Yvonne: This sounds complicated.

Kurt: You're right, it is, but I think it's worth it. Not only is this type of aquaculture the most environmentally friendly, but it also produces the highest quality and most nutritious farmed seafood. It does this by creating an environment where the waste products from one species are used by the other species. This reduces the environmental impact and cuts costs.

I estimate the project, which I am calling Synersea, will cost \$8 million and will take two years to become operational, but once it is, Synersea will provide NPF with a reliable source of in-demand seafood.

APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

March 15, 2026

Colan: I am somewhat familiar with this type of aquaculture farm. From what I know, although the annual harvest size is much higher than a typical aquaculture farm, the risk of disease and pests is also higher in an IMTA farm, given the interconnected nature of an IMTA farm operation.

Kurt: That's true, but the overall success of Synersea would directly depend on how well we develop the initial infrastructure and farming environment. If we can get that right, I am confident in the long-term success of the project.

Allan: I don't doubt that either, Kurt. From what I know, once an IMTA farm is set up and stable, the system automates many of the processes that once depended on people to perform. But what about the location for Synersea?

Kurt: I have already found a location that looks perfect. I was in touch with the landowner, and she has offered a 10-year lease with the potential to extend it for at least another 10 years. The location looks perfectly suitable for a farm that would include Greenland halibut, mackerel, blue oysters, and sugar kelp, which is an edible and healthy type of seaweed. Finally, because of Synersea's advanced technology, I don't think it would take long before the IMTA operation gains the Best Aquaculture Practices (BAP) certification.

Yvonne: It looks like you have done your homework, Kurt. The project certainly sounds interesting.

CPA, please review all the materials and provide us with your report as soon as possible. Meeting adjourned.

APPENDIX II INDUSTRY UPDATE

Consumer demand for fresh, frozen, and ready-to-eat fish and fish products has increased in recent years, although the greatest demand is for wild-caught fresh and frozen fish. As consumers become increasingly health conscious, the demand for seafood products perceived to be healthy, such as salmon, mackerel, and Greenland halibut, has increased significantly. In addition, for ready-to-eat fish products, the biggest increase in demand has been for products that are additive-free and for brands that offer a wide variety of meals to choose from.

Although wild-caught fish is still preferred, acceptance of fish farmed from aquaculture operations has gone up because of the benefits provided by the significant technological improvements of modern aquaculture farms. These technological improvements have not only allowed aquafarms to produce higher quality and better tasting seafood, but they have also made newer aquaculture farms more environmentally sustainable and easier to operate.

The maximum allowable harvest limit for wild-caught Greenland halibut, cold water shrimp, salmon, and other species set by government regulators has stayed steady in the past two years; however, the government has given advance notice that it expects to decrease these quotas at least four times in the next five years.

APPENDIX III
PURCHASE OF BUNDHOO SALMON FARM

Prepared by Allan

Whereas several salmon farms in the Atlantic region have recently suffered disease outbreaks and were investigated by Fisheries and Oceans Canada (DFO), BSF has never experienced such an event. Bibi partially credits this to BSF's location, which is situated in an area protected against extreme weather and algae blooms. Bibi believes the salmon farm's location is one of the reasons for its prolonged success. However, although Bibi would never say so, BSF's success is also due to Bibi's dedication to the farm's daily operations.

Three years ago, BSF earned the BAP certification and reached the maximum capacity of salmon that the operation's infrastructure can safely farm. Since then, the operation's annual revenue has stayed steady, at \$13.3 million. BSF's farming costs equal roughly half of revenue. Since earning the BAP certification, the farm's other expenses have also remained steady at \$6.15 million per year.

Based on the information received from Bibi, BSF's infrastructure was recently inspected by a third-party consulting group, who provided a full diagnostic report. The report concluded that BSF does not currently require any equipment or technology upgrades but, to ensure the continued health of the farm's salmon population and the environmental compliance of the operation, it will likely need an upgrade within two or three years. It's not uncommon for an older salmon aquaculture operation like this to require a periodic maintenance upgrade. The last major upgrade occurred four years ago, when a traceability and food safety system was introduced into the operation. That upgrade was necessary for BSF to become eligible for the BAP certification.

APPENDIX IV EXPANSION OF RETAIL STORES

Prepared by Yvonne

With the experience gained from opening the first two Atlantic Pure Seafood Market locations, we now have a much better idea of what products are most in demand. We can use that knowledge to stock our stores with the most popular products. Based on our current sales data, we know that freshly caught wild fish is the most popular, followed by farmed fish. We are also seeing an ever-increasing demand for pre-cooked, ready-to-eat meals.

Each new retail location comes with a cost of \$250,000 for the equipment and \$500,000 for leasehold improvements. Based on our experience from the first two locations, we expect each store's annual revenue to approximate \$3.5 million. However, given the increasing demand for healthy and environmentally sustainable seafood products, I expect our retail locations to experience growth for at least the next several years. The estimated expenses for each store are as follows:

Expense	Amount
Purchases	67% of revenue
Wages	\$ 595,000
Marketing	\$ 175,000
Rent	\$ 110,000
Utilities	\$ 90,000
Other operating costs	\$ 69,000

The one expense that is hard to determine, and not included above, is the transportation costs associated with supplying store locations in provinces outside of Newfoundland and Labrador. I estimate this expense will be \$15,000 for each out-of-province location, but if we cannot find suppliers local to each location, this expense would increase.

APPENDIX V
PURCHASE OF SEAFOOD PROCESSING FACILITY

Prepared by Colan

Marine Eats has a wide variety of customers, which are mostly small or mid-sized grocery stores in Eastern and Central Canada. The appeal of Marine Eats' products is clear, given that the facility has more demand than it can satisfy. In the past, the facility was expanded to increase capacity, but it is now at its limit.

The facility received a series of complaints five years ago after people became ill from consuming ready-to-eat meals produced by Marine Eats. This occurred after Marine Eats began shipping its products to Central Canada. The added distance and time required to reach store shelves resulted in the spoilage of some of the product. To ensure it never happened again, Marine Eats increased the number of additives and preservatives in its products to extend their shelf life; since then, the facility has received no further complaints. The increase in additives also improved the taste of Marine Eats' products.

Marine Eats prefers to obtain its supply of raw fish from local harvesters and aquaculture farms but, given periodic fluctuations in the availability of local ingredients and the need for a wide variety of products, the company also has supply arrangements with many suppliers in the United States and other international companies.

In 2027, the first full year of NPF's potential ownership, the facility would have an estimated eight years of useful life remaining before it would require an extensive refurbishment. At present, the facility generates \$4.1 million in annual revenue, with variable costs that equal approximately 55% of revenue. The facility's fixed costs are currently \$675,000. The facility's revenue is expected to increase by 4% per year, whereas fixed expenses are only expected to grow by 2.5%. If we decided to close the facility at the end of its current useful life and sell the land it sits on, we estimate a cash inflow of \$450,000 after all the necessary shutdown and closing costs.

APPENDIX VI CONSTRUCTION OF SYNERSEA FARM

Prepared by Kurt

Before we can begin construction of the Integrated Multi-Trophic Aquaculture (IMTA) farm, Synersea, a significant amount of preliminary work will be required. In 2026 and the beginning of 2027, we will need to obtain the necessary licences, complete an initial feasibility study and environmental assessment, and find and acquire the best equipment. We also need to acquire initial seed stock of mackerel and blue oysters, which we will need to first populate the farm. In addition to these expenses, I intend to enroll in a three-month technical program to learn all about IMTA farm operations, should we decide to move forward with this project. These upfront costs are expected to total \$2 million.

Construction of the IMTA farm would then take place in 2027 and is expected to cost approximately \$6 million. The lease will also commence in 2027. The lease's initial term is 10 years and has an annual cost of \$250,000, but the useful life of the farm could far exceed that if it is properly maintained. However, given the time it will take for the first harvest to reach maturity, the operation will not begin to earn revenue until July 2028. I have compiled the following forecast, which details the expected revenue and operating expenses for the first six years of the operation after its construction in 2027 (all figures are presented in thousands).

Item	2028 (\$)	2029 (\$)	2030 (\$)	2031 (\$)	2032 (\$)	2033 (\$)
Revenue	16,600	33,200	33,200	52,500	52,500	52,500
Farming expense	9,500	17,000	17,000	24,000	24,000	24,000
Other operating expenses	6,000	14,000	14,000	25,515	25,515	25,515

After 2033, and until the initial lease term ends in 2036, the project's revenue and expenses are not expected to fluctuate beyond any changes that are caused by the conditions of the market. I expect the operation to be upgraded for its third and fourth species, Greenland halibut and sugar kelp, in 2031. This upgrade in 2031 is expected to cost \$3 million. Although it would be possible to introduce even more species into the operation after 2031, I have not included any further potential expansion in my analysis.

End of Examination

**CPA COMMON FINAL EXAMINATION
REFERENCE SCHEDULE**

Present Value of Tax Shield for Amortizable Assets

Present value of total tax shield from CCA for a new asset acquired on or after January 1, 2024, and before January 1, 2028, other than those eligible for immediate expensing, which would normally be subject to the half-year rule.

$$= \frac{CdT}{(d+k)}$$

Present value of total tax shield from CCA for a new asset acquired after November 20, 2018, and before January 1, 2024, or, under proposed legislation, on or after January 1, 2025, and before January 1, 2030, other than those eligible for immediate expensing.

$$= \frac{CdT}{(d+k)} \left(\frac{1+1.5k}{1+k} \right)$$

Notation for above formula:

C = net initial investment

T = corporate tax rate

k = discount rate or time value of money

d = maximum rate of capital cost allowance

Selected Prescribed Automobile Amounts

Item	2024	2025
Maximum depreciable cost — Class 10.1	\$37,000 + sales tax	\$38,000 + sales tax
Maximum depreciable cost — Class 54	\$61,000 + sales tax	\$61,000 + sales tax
Maximum monthly deductible lease cost	\$1,050 + sales tax	\$1,100 + sales tax
Maximum monthly deductible interest cost	\$350	\$350
Operating cost benefit — employee	33¢ per km of personal use	34¢ per km of personal use
Non-taxable automobile allowance rates		
— first 5,000 kilometres	70¢ per km	72¢ per km
— balance	64¢ per km	66¢ per km

Individual Federal Income Tax Rates

For 2024:

If taxable income is between	Tax on base amount	Tax on excess
\$0 and \$55,867	\$0	15%
\$55,868 and \$111,733	\$8,380	20.5%
\$111,734 and \$173,205	\$19,833	26%
\$173,206 and \$246,752	\$35,815	29%
\$246,753 and any amount	\$57,144	33%

For 2025:

If taxable income is between	Tax on base amount	Tax on excess
\$0 and \$57,375	\$0	15%
\$57,376 and \$114,750	\$8,606	20.5%
\$114,751 and \$177,882	\$20,368	26%
\$177,883 and \$253,414	\$36,782	29%
\$253,415 and any amount	\$58,687	33%

Selected indexed amounts for purposes of computing income tax

Personal tax credits are a maximum of 15% of the following amounts:

Item	2024	2025
Basic personal amount, and spouse, common-law partner, or eligible dependant amount for individuals whose net income for the year is greater than or equal to the amount at which the 33% tax bracket begins	\$14,156	\$14,538
Basic personal amount, and spouse, common-law partner, or eligible dependant amount for individuals whose net income for the year is less than or equal to the amount at which the 29% tax bracket begins	15,705	16,129
Age amount if 65 or over in the year	8,790	9,028
Net income threshold for age amount	44,325	45,522
Canada employment amount	1,433	1,471
Disability amount	9,872	10,138
Canada caregiver amount for children under age 18, and addition to spouse, common-law partner, or eligible dependant amount with respect to the Canada caregiver amount	2,616	2,687
Canada caregiver amount for other infirm dependants age 18 or older (maximum amount)	8,375	8,601
Net income threshold for Canada caregiver amount	19,666	20,197
Adoption expense credit limit	19,066	19,580

Other indexed amounts are as follows:

Item	2024	2025
Medical expense tax credit — 3% of net income ceiling	\$2,759	\$2,834
Old age security repayment threshold	90,997	93,454
Annual TFSA dollar limit	7,000	7,000
RRSP dollar limit	31,560	32,490
Lifetime capital gains exemption		1,250,000
Lifetime capital gains exemption for dispositions before June 25	1,016,836	
Lifetime capital gains exemption for dispositions after June 24	1,250,000	

Prescribed interest rates (base rates)

Year	Jan. 1 – Mar. 31	Apr. 1 – June 30	July 1 – Sep. 30	Oct. 1 – Dec. 31
2025	4	4		
2024	6	6	5	5
2023	4	5	5	5

This is the rate used for taxable benefits for employees and shareholders from interest-free and low-interest loans. The rate is 4 percentage points higher for overdue income taxes payments and unremitted withholdings. The rate is 2 percentage points higher for tax refunds to taxpayers, with the exception of corporations, for which the base rate is used.

Maximum capital cost allowance rates for selected classes

Class	Rate	Additional information
Class 1	4%	For all buildings except those below
Class 1	6%	For buildings acquired for first use after March 18, 2007, and \geq 90% of the square footage is used for non-residential activities
Class 1	10%	For buildings acquired for first use after March 18, 2007, and \geq 90% of the square footage is used for manufacturing and processing activities
Class 8	20%	
Class 10	30%	
Class 10.1	30%	
Class 12	100%	
Class 13	N/A	Straight-line over original lease period plus one renewal period (minimum 5 years and maximum 40 years)
Class 14	N/A	Straight-line over length of life of property
Class 14.1	5%	For property acquired after December 31, 2016
Class 17	8%	
Class 29	50%	Straight-line
Class 43	30%	
Class 44	25%	
Class 45	45%	
Class 50	55%	
Class 53	50%	
Class 54	30%	

(THIS PAGE INTENTIONALLY LEFT BLANK)