

CPA COMMON FINAL EXAMINATION

CFE REFERENCE SCHEDULE 2020

1. PRESENT VALUE OF TAX SHIELD FOR AMORTIZABLE ASSETS

Present value of Total Tax Shield from CCA for a new asset acquired before November 21, 2018

$$= \frac{CTd}{(d+k)} \left(\frac{2+k}{2(1+k)} \right) = \frac{CdT}{(d+k)} \left(\frac{1+0.5k}{1+k} \right)$$

Present value of Total Tax Shield from CCA for a new asset acquired after November 20, 2018

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

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

2. SELECTED PRESCRIBED AUTOMOBILE AMOUNTS

	2019	2020
Maximum depreciable cost - Class 10.1	\$30,000 + sales tax	\$30,000 + sales tax
Maximum monthly deductible lease cost	\$800 + sales tax	\$800 + sales tax
Maximum monthly deductible interest cost	\$300	\$300
Operating cost benefit - employee	28¢ per km of personal use	28¢ per km of personal use
Non-taxable automobile allowance rates		
- first 5,000 kilometres	58¢ per km	59¢ per km
- balance	52¢ per km	53¢ per km

3. INDIVIDUAL FEDERAL INCOME TAX RATES

For 2019

<u>If taxable income is between</u>	<u>Tax on base amount</u>	<u>Tax on excess</u>
\$0 and \$47,630	\$0	15%
\$47,631 and \$95,259	\$7,145	20.5%
\$95,260 and \$147,667	\$16,908	26%
\$147,668 and \$210,371	\$30,535	29%
\$210,372 and any amount	\$48,719	33%

For 2020

<u>If taxable income is between</u>	<u>Tax on base amount</u>	<u>Tax on excess</u>
\$0 and \$48,535	\$0	15%
\$48,536 and \$97,069	\$7,280	20.5%
\$97,070 and \$150,473	\$17,230	26%
\$150,474 and \$214,368	\$31,115	29%
\$214,369 and any amount	\$49,645	33%

4. SELECTED INDEXED AMOUNTS FOR PURPOSES OF COMPUTING INCOME TAX

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

	2019	2020
Basic personal amount (if net income (NI) \geq 33% tax bracket)	\$12,609	\$12,298
Basic personal amount (if net income (NI) \leq 29% tax bracket)	12,609	13,229
Spouse, common-law partner, or eligible dependant amount (NI \geq 33%)	12,609	12,298
Spouse, common-law partner, or eligible dependant amount (NI \leq 29%)	12,609	13,229
Age amount if 65 or over in the year	7,494	7,637
Net income threshold for age amount	37,790	38,508
Canada employment amount	1,222	1,245
Disability amount	8,416	8,576
Canada Caregiver amount		
(for children under age 18)	2,230	2,273
(for other infirm dependants age 18 or older)	7,140	7,276
Net income threshold for Canada Caregiver amount	16,766	17,085
Adoption expense credit limit	16,255	16,563

Other indexed amounts are as follows:

	2019	2020
Medical expenses tax credit - 3% of net income ceiling	\$2,352	\$2,397
Annual TFSA dollar limit	6,000	6,000
RRSP dollar limit	26,500	27,230
Lifetime capital gains exemption on qualified small business corporation shares	866,912	883,384

5. PRESCRIBED INTEREST RATES (base rates)

<u>Year</u>	<u>Jan. 1 - Mar. 31</u>	<u>Apr. 1 - June 30</u>	<u>July 1 - Sept. 30</u>	<u>Oct. 1 - Dec. 31</u>
2020	2	2	1	
2019	2	2	2	2
2018	1	2	2	2

This is the rate used for taxable benefits for employees and shareholders, low-interest loans and other related-party transactions. The rate is 4 percentage points higher for late or deficient income tax payments and unremitted withholdings. The rate is 2 percentage points higher for tax refunds to taxpayers with exception of corporations, for which the base rate is used.

6. MAXIMUM CAPITAL COST ALLOWANCE RATES FOR SELECTED CLASSES

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.....		Original lease period plus one renewal period (minimum 5 years and maximum 40 years)
Class 14.....		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, 55.....	100%	