

CPA COMMON FINAL EXAMINATION

CFE REFERENCE SCHEDULE 2021

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

	2020	2021
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	27¢ per km of personal use
Non-taxable automobile allowance rates		
- first 5,000 kilometres	59¢ per km	59¢ per km
- balance	53¢ per km	53¢ per km

3. INDIVIDUAL FEDERAL INCOME TAX RATES

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%

For 2021

<u>If taxable income is between</u>	<u>Tax on base amount</u>	<u>Tax on excess</u>
\$0 and \$49,020	\$0	15%
\$49,021 and \$98,040	\$7,353	20.5%
\$98,041 and \$151,978	\$17,402	26%
\$151,979 and \$216,511	\$31,426	29%
\$216,512 and any amount	\$50,141	33%

4. SELECTED INDEXED AMOUNTS FOR PURPOSES OF COMPUTING INCOME TAX

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

	2020	2021
Basic personal amount (if net income (NI) \geq 33% tax bracket)	\$12,298	\$12,421
Basic personal amount (if net income (NI) \leq 29% tax bracket)	13,229	13,808
Spouse, common-law partner, or eligible dependant amount (NI \geq 33%)	12,298	12,421
Spouse, common-law partner, or eligible dependant amount (NI \leq 29%)	13,229	13,808
Age amount if 65 or over in the year	7,637	7,713
Net income threshold for age amount	38,508	38,893
Canada employment amount	1,245	1,257
Disability amount	8,576	8,662
Canada Caregiver amount		
(for children under age 18)	2,273	2,295
(for other infirm dependants age 18 or older)	7,276	7,348
Net income threshold for Canada Caregiver amount	17,085	17,256
Adoption expense credit limit	16,563	16,729

Other indexed amounts are as follows:

	2020	2021
Medical expenses tax credit - 3% of net income ceiling	\$2,397	\$2,421
Annual TFSA dollar limit	6,000	6,000
RRSP dollar limit	27,230	27,830
Lifetime capital gains exemption on qualified small business corporation shares	883,384	892,218

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>
2021	1	1		
2020	2	2	1	1
2019	2	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.....	30%	
Class 55.....	40%	
Class 56.....	30%	