Byrd and Chens Canadian Tax Principles (Canadian) 1st edition Byrd Solutions Manual

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Summary

2016 Tax Summary (Federal)

Buddy-Chapter 4 Problem

Total income

Employment *	101	16,500
Old Age Security	113	
CPP/QPP benefits	114	
Other pensions	115	
Split-pension amount	116	
Universal Child Care Benefit	117	
Employment Insurance	119	
Taxable dividends	120	
Interest	121	
Limited partnership	122	
RDSP	125	
Rental	126	
Taxable capital gains	127	
Support payments	128	
RRSP	129	
Other	130	
Self-employment *	135	
Workers' compensation and social assistance	147	
Total income	150	16,500

Net income

RPP	207	
RRSP *	208	
Split-Pension Deduction	210	
Union and professional dues	212	
UCCB repayment	213	
Child care expenses	214	
Disability supports deduction	215	
Business investment loss	217	
Moving expenses	219	
Support payments	220	
Carrying charges and interest	221	
CPP/QPP/PIPP *	222	
Exploration and development	224	
Employment expenses	229	
Social benefits repayment	235	
Other deductions *	231	
Net income	236	16,500

Taxable income

Canadian Forces personnel	244	
Home relocation loan	248	
Security options deductions	249	
Other payments deduction	250	
Losses of other years *	251	
Capital gains deduction	254	
Northern residents	255	
Additional deductions	256	
Taxable income	260	16,500

2017 Estimated	**Buddy-Chapter 4 Problem**
GST/HST credit	1,277 00
Provincial tax credit	404 00
Child Tax Benefit	
RRSP contribution limit	2,970 00

* More than one line is considered

Buddy-Chapter 4 Problem

Non-refundable tax credits

Basic personal amount	300	11,474
Age amount	301	7,125
Spouse / eligible dependant *	303	7,634
Family caregiver amount	367	
Infirm/caregiver *	306	11,455
CPP/QPP/PPIP/EI *	308	310
Volunteer firefighters' amount*	362	
Canada employment amount	363	1,161
Public transit passes amount	364	
Children's arts amount	370	
Home buyers' amount *	369	
Adoption expenses	313	
Pension income amount	314	
Disability amount	316	
Transfers *	318	8,001
Interest on student loans	319	
Tuition / education	323	
Medical expenses	332	3,430
Subtotal	335	56,390
Credit at 15%	338	8,459
Donations and gifts	349	
Non-refundable tax credits	350	8,459

Total payable

Federal tax	404	2,475
Non-refundable tax credits	350	8,459
Dividend tax credit	425	
Min. tax carry-over/other *	426	
Basic federal tax	429	
Non resident surtax		
Foreign tax credits / other	405	
Federal tax	406	
Political/inv. tax credit/other *	410	
Labour-sponsored tax credit	414	
Alternative minimum tax	417	
WITB Prepayment (RC210)	415	
Special Taxes	418	
Net federal tax	420	
CPP contributions payable	421	
EI self-employment	430	
Social benefits repayment	422	
Provincial/territorial tax	428	
Total payable	435	

Total credits

Income tax deducted *	437	500
QC or YT abatement *	440	
CPP/EI overpayment *	448	
Medical expense supplement	452	858
WITB (Schedule 6)	453	1,972
Other credits *	454	
GST/HST rebate	457	
Children's fitness amount	459	
School supply credit	469	
Instalments	476	4,000
Provincial tax credits	479	150
Total credits	482	7,480
Balance owing (refund)		(7,480)
Combined balance (refund)		(7,480)

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Canada Revenue Agency | Agence du revenu du Canada

T1 GENERAL 2016

Income Tax and Benefit Return

Step 1 – Identification and other information

BC 7

Identification

Print your name and address below.

First name and initial: Buddy-Chapter 4 Problem

Last name: Musician

Mailing address: Apt No – Street No Street name: 111 WWW Street

PO Box | RR

City: Vancouver | Prov./Terr.: BC | Postal Code: V4H 3W4

Email address

I understand that by providing an email address, I am **registering** for online mail. I **have read** and I **accept the terms and conditions** on page 17 of the guide.

Enter an email address:

Information about your residence

Enter your province or territory of residence on **December 31, 2016**: British Columbia

Enter the province or territory where you **currently** reside if it is not the same as your mailing address above:

If you were self-employed in 2016, enter the province or territory of self-employment: British Columbia

If you **became** or **ceased** to be a **resident of Canada** for income tax purposes **in 2016**, enter the date of:

Month/Day **entry** or **departure** Month/Day

Information about you

Enter your social insurance number (SIN): 527 000 061

Enter your date of birth: Year/Month/Day 1949-08-28

Your language of correspondence / Votre langue de correspondance : English [X] Français [ ]

Is this return for a deceased person?

If this **return** is for a **deceased person**, enter the date of death: Year/Month/Day

Marital status

Tick the box that applies to your marital status on December 31, 2016

1 [X] Married 2 [ ] Living common-law 3 [ ] Widowed
4 [ ] Divorced 5 [ ] Separated 6 [ ] Single

Information about your spouse or common-law partner (if you ticked box 1 or 2 above)

Enter his or her SIN: 527 000 129

Enter his or her first name: Natasha

Enter his or her net income for 2016 to claim certain credits: 3,840.00

Enter the amount of universal child care benefit (UCCB) from line 117 of his or her return: 3,840.00

Enter the amount of UCCB repayment included on line 213 of his or her return:

Tick this box if he or she was self-employed in 2016: 1 [ ]

Do not use this area								

Do not use this area	172			171				

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Residency information for tax administration agreements (For more information, see page 18 in the guide.)

Did you reside in the **Nisga'a Lands** on December 31, 2016? Yes ☐ 1 No ☒ 2

If **yes**, are you a citizen of the **Nisga'a Nation**? Yes ☐ 1 No ☐ 2

Elections Canada (For more information, see page 19 in the guide)

A) Do you have Canadian citizenship? Yes ☒ 1 No ☐ 2

Answer the following question **only if you have Canadian citizenship.**

B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors? Yes ☒ 1 No ☐ 2

Your authorization is valid until you file your next tax return. Your information will only be used for purposes permitted under the *Canada Elections Act*, which include sharing the information with provincial/territorial election agencies, members of Parliament, registered political parties, and candidates at election time.

Please answer the following question

Did you own or hold specified foreign property where the total cost amount of all such property, at any time in 2016, was more than CAN$100,000?

See "Specified foreign property" in the guide for more information **266** Yes ☐ 1 No ☒ 2

If **yes**, complete Form T1135 and attach it to your return.

If you had dealings with a non-resident trust or corporation in 2016, see "Other foreign property" in the guide.

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Step 2 - Total Income

As a resident of Canada, you have to report your income from all sources both inside and outside Canada. When you come to a line on the return that applies to you, go to the line number in the guide for more information.

Employment income (box 14 of all T4 slips)				101	16,500 00
Commissions included on line 101 (box 42 of all T4 slips)	102				
Wage loss replacement contributions (see line 101 in the guide)	103				
Other employment income				104	
Old Age Security pension (box 18 of the T4A(OAS) slip)				113	
CPP or QPP benefits (box 20 of the T4A(P) slip)				114	
Disability benefits included on line 114 (box 16 of the T4A(P) slip)	152				
Other pensions and superannuation				115	
Elected split-pension amount (**attach** Form T1032)				116	
Universal Child Care Benefit (UCCB)				117	
UCCB amount designated to a dependant	185				
Employment Insurance and other benefits (box 14 of the T4E slip)				119	
Taxable amount of dividends (eligible **and** other than eligible) from taxable Canadian corporations (**attach** Schedule 4)				120	
Taxable amount of dividends other than eligible dividends, included on line 120, from taxable Canadian corporations	180				
Interest and other investment income (**attach** Schedule 4)				121	
Net partnership income: limited or non-active partners only				122	
Registered disability savings plan income				125	
Rental income	Gross 160		Net	126	
Taxable capital gains (**attach** Schedule 3)				127	
Support payments received	Total 156		Taxable amount	128	
RRSP income (from all T4RSP slips)				129	
Other income	Specify:			130	
Self-employment income					
Business income	Gross 162		Net	135	
Professional income	Gross 164		Net	137	
Commission income	Gross 166		Net	139	
Farming income	Gross 168		Net	141	
Fishing income	Gross 170		Net	143	
Workers' compensation benefits (box 10 of the T5007 slip)	144				
Social assistance payments	145				
Net federal supplements (box 21 of the T4A(OAS) slip)	146				
Add lines 144, 145, and 146 (see line 250 in the guide).			▶	147	
Add lines 101, 104 to 143, and 147	This is your **total income.**			150	16,500 00

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Attach only the documents (schedules, information slips, forms, or receipts) **requested in the guide** to support any claim or deduction. Keep all other supporting documents.

Step 3 - Net income

Enter your **total income** from line 150			150	16,500 00
Pension adjustment (box 52 of all T4 slips and box 034 of all T4A slips)	206			
Registered pension plan deduction (box 20 of all T4 slips and box 032 of all T4A slips)	207			
RRSP/pooled registered pension plan (PRPP) deduction (see Schedule 7 and **attach** receipts)	208			
PRPP **employer** contributions (amount from your PRPP contribution receipts)	205			
Deduction for elected split-pension amount (**attach** Form T1032)	210			
Annual union, professional, or like dues (box 44 of all T4 slips, and receipts)	212			
Universal Child Care Benefit repayment (box 12 of all RC62 slips)	213			
Child care expenses (**attach** Form T778)	214			
Disability supports deduction	215			
Business investment loss Gross 228		Allowable deduction	217	
Moving expenses	219			
Support payments made Total 230		Allowable deduction	220	
Carrying charges and interest expenses (**attach** Schedule 4)	221			
Deduction for CPP or QPP contributions on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)	222			
Exploration and development expenses (**attach** Form T1229)	224			
Other employment expenses	229			
Clergy residence deduction	231			
Other deductions Specify:	232			
Add lines 207, 208, 210 to 224, 229, 231, and 232.			233	
Line 150 minus line 233 (if negative, enter "0").		This is your **net income before adjustments.**	234	16,500 00
Social benefits repayment (if you reported income on line 113, 119, or 146, see line 235 in the guide) Use the federal worksheet to calculate your repayment.			235	
Line 234 minus line 235 (if negative, enter "0"). If you have a spouse or common-law partner, see line 236 in the guide.		This is your **net income.**	236	16,500 00

Step 4 - Taxable income

Canadian Forces personnel and police deduction (box 43 of all T4 slips)	244			
Employee home relocation loan deduction (box 37 of all T4 slips)	248			
Security options deductions	249			
Other payments deduction (if you reported income on line 147, see line 250 in the guide)	250			
Limited partnership losses of other years	251			
Non-capital losses of other years	252			
Net capital losses of other years	253			
Capital gains deduction	254			
Northern residents deductions (**attach** Form T2222)	255			
Additional deductions Specify:	256			
Add lines 244 to 256.			257	
Line 236 minus line 257 (if negative, enter "0")		This is your **taxable income.**	260	16,500 00

Step 5 - Federal tax and provincial or territorial tax

Use Schedule 1 to calculate your federal tax and Form 428 to calculate your provincial or territorial tax.

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Step 6 - Refund or Balance owing

Net federal tax: enter the amount from line 64 of Schedule 1 (**attach** Schedule 1, even if the result is "0")		420	0 00
CPP contributions payable on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)		421	
Employment Insurance premiums payable on self-employment and other eligible earnings (**attach** Schedule 13)		430	
Social benefits repayment (amount from line 235)		422	
Provincial or territorial tax (**attach** Form 428, even if the result is "0")		428	
Add lines 420, 421, 430, 422 and 428.	This is your **total payable.**	**435**	0 00 •
Total income tax deducted	**437**	500 00 •	
Refundable Québec abatement	**440**	•	
CPP overpayment (enter your excess contributions)	**448**	•	
Employment Insurance overpayment (enter your excess contributions)	**450**	•	
Refundable medical expense supplement (use the federal worksheet)	**452**	857 50 •	
Working Income Tax Benefit (WITB) (**attach** Schedule 6)	**453**	1,972 00 •	
Refund of investment tax credit (**attach** Form T2038(IND))	**454**	•	
Part XII.2 trust tax credit (box 38 of all T3 slips)	**456**	•	
Employee and partner GST/HST rebate (**attach** Form GST370)	**457**	•	
Children's fitness tax credit — Eligible fees **458** X 15 00 % =	**459**	•	
Eligible educator school supply tax credit — Supplies expenses **468** X 15 00 % =	**469**	•	
Tax **paid** by instalments	**476**	4,000 00 •	
Provincial or territorial credits (**attach** Form 479 if it applies)	**479**	150 00 •	
Add lines 437 to 479.	These are your **total credits.** 482	7,479 50 ▸	7,479 50
Line 435 minus line 482	This is your **refund** or **balance owing**.		(7,479 50)

If the result is negative, you have a **refund**. If the result is positive, you have a **balance owing**. Enter the amount below on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Refund **484** 7,479 50 •

Balance owing **485** •

For more information on how to make your payment, see line 485 in the guide or go to **cra.gc.ca/payments**. Your payment is due no later than April 30, 2017.

Direct deposit - Enrol or update (see line 484 in the guide)

You do not have to complete this area every year. Do not complete it this year if your direct deposit information has not changed.

To enrol for direct deposit, to update your banking information, or to request that all of your CRA payments you may be receiving or owed be deposited into the same account as your T1 refund, complete lines 460, 461, and 462 below.

By providing my banking information **I authorize** the Receiver General to deposit in the bank account number shown below **any amounts payable** to me by the CRA, until otherwise notified by me. I understand that this authorization will replace all of my previous direct deposit authorizations.

Branch number	Institution number	Account number
460	**461**	**462**
(5 digits)	(3 digits)	(maximum 12 digits)

I certify that the information given on this return and in any documents attached is correct, complete, and fully discloses all my income.

Sign here _____

It is a serious offence to make a false return.

Telephone (604) 111-1111 Date 2017-02-25

490 X **If a fee was charged for preparing this return, complete the following:**

Name of preparer: _____

Telephone: ( ) -

EFILE number (if applicable): **489** C3099

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act,* individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 005.

Do not use this area **487** **488** **486** •

RC-16-148

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T1-2016 Federal Tax Schedule 1

This is **Step 5** in completing your return. Complete this schedule and **attach** a copy to your return.
For more information, see the related line in the guide.

Step 1 - Federal non-refundable tax credits

Basic personal amount	**claim $11,474**	300	11,474 00		1
Age amount (if you were born in 1951 or earlier) (use federal worksheet)	(**maximum $7,125**)	301	7,125 00		2
Spouse or common-law partner amount (**attach** Schedule 5)	=	303	7,634 00		3
Amount for an eligible dependant (**attach** schedule 5)	=	305			4
Family caregiver amount for infirm children under 18 years of age Number of children born for whom you **are claiming** the family caregiver amount: 352 x $ 2,121 =		367			5
Amount for infirm dependants age 18 or older (**attach** Schedule 5)		306			6
CPP or QPP contributions: through employment from box 16 and box 17 of all T4 slips (**attach** Schedule 8 or Form RC381, whichever applies)		308			• 7
on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)		310			• 8
Employment Insurance premiums: through employment from box 18 and box 55 of all T4 slips	(**maximum $955.04**)	312	310 20		• 9
on self-employment and other eligible earnings (**attach** Schedule 13)		317			• 10
Volunteer firefighters' amount		362			11
Search and rescue volunteers' amount		395			12
Canada employment amount (If you reported employment income on line 101 or line 104, see line 363 in the guide.)	(**maximum $1,161**)	363	1,161 00		13
Public transit amount		364			14
Children's arts amount		370			15
Home accessibility expenses (**attach** Schedule 12)		398	5,800 00		16
Home buyers' amount		369			17
Adoption expenses		313			18
Pension income amount (use the federal worksheet)	(**maximum $2,000**)	314			19
Caregiver amount (**attach** Schedule 5)		315	11,455 00		20
Disability amount (for self) (Claim **$8,001**, or if you were under age 18, use the federal worksheet)		316			21
Disability amount transferred from a dependant (use the federal worksheet)		318	8,001 00		22
Interest paid on your student loans		319			23
Your tuition, education, and textbook amounts (**attach** Schedule 11)		323			24
Tuition, education, and textbook amounts transferred from a child		324			25
Amounts transferred from your spouse or common-law partner (**attach** Schedule 2)		326			26

Medical expenses for **self, spouse or common-law partner, and your dependent children born in 1999 or later**	330	2,800 00	27	
Enter $2,237 or 3% of line 236, whichever is **less**.		495 00	28	
Line 27 minus line 28 (if negative, enter "0")		2,305 00	29	
Allowable amount of medical expenses for **other dependants** (do the calculation at line 331 in the guide)	331	1,125 00	30	
Add lines 29 and 30.		3,430 00 ▶	332	3,430 00 31
Add lines 1 to 26, and line 31.			335	56,390 20 32
Federal non-refundable tax credit rate				15 % 33
Multiply line 32 by line 33.			338	8,458 53 34
Donations and gifts (**attach** Schedule 9)			349	35
Add lines 34 and 35. Enter this amount on line 48.	**Total federal non-refundable tax credits**		350	8,458 53 36

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Step 2 - Federal tax on taxable income

Enter your **taxable income** from line 260 of your return.	16,500 00	37

Complete the appropriate column depending on the amount on line 37.	Line 37 is **$45,282** or less	Line 37 is more than **$45,282** but not more than **$90,563**	Line 37 is more than **$90,563** but not more than **$140,388**	Line 37 is more than **$140,388** but not more than **$200,000**	Line 37 is more than **$200,000**	
Enter the amount from line 37.	16,500 00					38
		45,282 00	90,563 00	140,388 00	200,000 00	39
Line 38 minus line 39 (cannot be negative)	16,500 00					40
	x 15 %	x 20.5 %	x 26 %	x 29 %	x 33 %	40
Multiply line 40 by line 41.	2,475 00					42
	0 00	6,792 00	16,075 00	29,029 00	46,317 00	43
Add lines 42 and 43.	2,475 00					44

Step 3 - Net federal tax

Enter the amount from line 44			2,475 00	45	
Federal tax on split income (from line 5 of Form T1206)		424		• 46	
Add lines 45 and 46.		404	2,475 00 ▶		2,475 00 47
Enter your total federal non-refundable tax credits from line 36 on the previous page.		350	8,458 53	48	
Federal dividend tax credit		425		• 49	
Minimum tax carryover (**attach** Form T691)		427		• 50	
Add lines 48, 49, and 50.			8,458 53 ▶		8,458 53 51
Line 47 minus line 51 (if negative, enter "0")	**Basic federal tax**	429			52
Federal foreign tax credit (**attach** Form T2209)		405			53
Line 52 minus line 53 (if negative, enter "0")	**Federal tax**	406			0 00 54

Total federal political contributions (**attach** receipts)	409		55		
Federal political contribution tax credit (use the federal worksheet)	**(maximum $650)**		410	• 56	
Investment tax credit (**attach** Form T2038(IND))			412	• 57	
Labour-sponsored funds tax credit (see lines 413, 414, 411 and 419 in the guide)					
Net cost of shares of a federally registered fund	Net cost 411	Allowable credit	419	• 58	
Net cost of shares of a provincially registered fund	Net cost 413	Allowable credit	414	• 59	
Add lines 56 to 59.			416	▶	60
Federal logging tax credit					
Line 54 minus line 60 (if negative, enter "0") If you have an amount on line 46 above, see Form T1206.				417	61
Working income tax benefit advance payments received (box 10 on the RC210 slip)				**415**	• 62
Special taxes (see line 418 in the guide)				418	63
Add lines 61, 62, and 63. Enter this amount on line 420 of your return.	**Net federal tax**			420	0 00 64

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T1-2016 Amounts for Spouse or Common-Law Partner and Dependants Schedule 5

See the guide to find out if you can claim an amount on line 303, 305, 306, or 315 of Schedule 1. For each dependant claimed, provide the details requested below. **Attach a copy of this schedule to your return**.

Line 303 - Spouse or common-law partner amount

Did your marital status change to other than married or common-law in 2016?

If **yes**, tick this box **5522** ☐ and enter the date of the change. ▶ Month/Day

Base amount			11,474 00	1
If you are entitled to the **family caregiver amount**, enter $2,121 (see page 45 in the guide).	**5109**	+		2
Add lines 1 and 2.		=	11,474 00	3
Spouse's or common-law partner's net income from page 1 of your return		-	3,840 00	4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 303 of your Schedule 1.		=	7,634 00	5

Line 305 - Amount for an eligible dependant

Did your marital status change to married or common-law in 2016?

If **yes**, tick this box **5529** ☐ and enter the date of the change. ▶ Month/Day

Provide the requested information and complete the following calculation for this dependant.

First and last name:	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:		N/A	Yes ☒ No ☐

Base amount			11,474 00	1
If you are entitled to the **family caregiver amount**, enter $2,121 (see page 45 in the guide and read the note below).	**5110**	+		2
Add lines 1 and 2.		=	11,474 00	3
Dependant's net income (line 236 of his or her return)	**5106**	-		4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 305 of your Schedule 1.		=		5

Note: if you are entitled to the **family caregiver amount** for this dependant and he or she is a child under 18 years of age, you **must** claim the family caregiver amount on line 367, and **not** on this line.

Line 306 – Amount for an infirm dependant aged 18 or older

Provide the requested information and complete the following calculation for each dependant.

First and last name:	Year of birth	Relationship to you
Address:		N/A

Base amount				1
Infirm dependant's net income (line 236 of his or her return)		-		2
Allowable amount for this dependant: line 1 minus line 2 (if negative, enter "0") **(maximum $6,788)**		=		3

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Amounts for Spouse or Common-Law Partner and Dependants

Line 315 – Caregiver amount

Provide the requested information and complete the following calculation for each dependant.

First and last name:	Eunice Musician	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:	111 WWW Street, Vancouver BC V4H3W4	1929	Mother	Yes [X] No [ ]

Base amount		20,607 00	1
If you are entitled to the **family caregiver amount**, enter $2,121 (see page 45 in the guide and complete box 5112 below).	+	2,121 00	2
Add lines 1 and 2.	=	22,728 00	3
Dependant's net income (line 236 of his or her return)	-	9,500 00	4
Line 3 minus line 4 (if negative, enter "0"). If you are entitled to the **family caregiver amount** on line 2, **the maximum amount is $6,788**. If not, the **maximum is $4,667**.	=	6,788 00	5
If you claimed this dependant on line 305 of Schedule 1, enter the amount you claimed.	-		6
Allowable amount for this dependant: line 5 minus line 6 (if negative, enter "0").	=	6,788 00	7

First and last name:	Earl Musician	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:	111 WWW Street, Vancouver BC V4H3W4	1927	Father	Yes [ ] No [X]

Base amount		20,607 00	1
If you are entitled to the **family caregiver amount**, enter $2,121 (see page 45 in the guide and complete box 5112 below).	+		2
Add lines 1 and 2.	=	20,607 00	3
Dependant's net income (line 236 of his or her return)	-	7,500 00	4
Line 3 minus line 4 (if negative, enter "0")If you are entitled to the **family caregiver amount** on line 2, **the maximum amount is $6,788**. If not, the **maximum is $4,667**.	=	4,667 00	5
If you claimed this dependant on line 305 of Schedule 1, enter the amount you claimed.	-		6
Allowable amount for this dependant: line 5 minus line 6 (if negative, enter "0").	=	4,667 00	7

Enter, on line 315 of your Schedule 1, the **total** amount you are claiming for all dependants.

Enter the **total** number of dependants for whom you entered $2,121 on line 2 for this calculation.	**5112**	1

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T1-2016 Working Income Tax Benefit Schedule 6

For more information, see line 453 in the guide. Complete this schedule and **attach** a copy to your return to claim the working income tax benefit (WITB) if you meet **all** of the following conditions in 2016:

- you were a resident of Canada throughout the year;
- you earned income from employment or business; and
- at the end of the year, you were 19 years of age or older or you resided with your spouse or common-law partner or your child.

The WITB is calculated based on the working income (calculated in Part A below) **and** your adjusted family net income (calculated in Part B below). You can claim the **basic** WITB (Step 2) if the working income (amount on line 8 below) is more than $4,750. If you are eligible for the WITB **disability supplement** (Step 3), your working income (amount on line 7 below) must be more than $2,295. **Also**, if your adjusted family net income is less than the amount specified in the **chart on the next page**, you need to complete this form to find out if you are entitled to the WITB. If your adjusted family net income is more than the amount specified in the chart on the next page, you are not entitled to the WITB.

You cannot claim the WITB if in 2016:

- you were enrolled as a full-time student at a designated educational institution for more than 13 weeks in the year, unless you had an eligible dependant at the end of the year; or
- you were confined to a prison or similar institution for a period of at least 90 days during the year.

Notes: If you were married or living in a common-law relationship but did not have an eligible spouse or an eligible dependant, complete this schedule using the instructions as if you had neither an eligible spouse nor an eligible dependant.

If you are completing a final return for a deceased person who met the above conditions, you can claim the WITB for that person if the date of death was after June 30, 2016.

Step 1 - Calculating your working income and adjusted family net income

Do you have an eligible dependant?	381	Yes [X] 1	No [ ] 2
Do you have an eligible spouse?	382	Yes [X] 1	No [ ] 2

Part A - Working income

Complete columns 1 and 2 if you had an eligible spouse on December 31, 2016. Otherwise, complete column 1 only.

		Column 1 You		Column 2 Your eligible spouse	
Employment income and other employment income reported on line 101 and line 104 of the return		16,500 00	3		3
Taxable part of scholarship income reported on line 130	383 / 384		4		4
Total self-employment income reported on lines 135, 137, 139, 141, and 143 of the return (**excluding** losses and income from a communal organization)			5		5
Tax-exempt part of working income earned on a reserve or an allowance received as an emergency volunteer	385 / 386		6		6
Add lines 3 to 6. Enter the amount even if the result is "0".	387	16,500 00	7		7
Add the amounts from line 7 in columns 1 and 2. Enter this amount on line 16 on the next page.	**Working income**	16,500 00	8		

Part B - Adjusted family net income

		Column 1 You		Column 2 Your eligible spouse	
Net income amount from line 236 of the return		16,500 00	9	3,840 00	9
Tax-exempt part of all income earned or received on a reserve less the deductions related to that income, or an allowance received as an emergency volunteer	388 / 389		10		10
Total of universal child care benefit (UCCB) repayment (line 213 of the return) and registered disability savings plan (RDSP) income repayment (included on line 232 of the return)			11		11
Add lines 9, 10, and 11.		16,500 00	12	3,840 00	12
Total of UCCB (line 117 of the return) and RDSP income (line 125 of the return)			13	3,840 00	13
Line 12 minus line 13 (if negative, enter "0")	390	16,500 00	14		14
Add the amounts from line 14 in columns 1 and 2. Enter this amount on line 23 and line 35 on the next page.	**Adjusted family net income**	16,500 00	15		

Are you claiming the basic WITB?	391	Yes [X] 1	No [ ] 2	If yes, complete Step 2 on the next page.
If you qualify for the disability amount, do you want to claim the WITB disability supplement amount?	392	Yes [ ] 1	No [X] 2	If yes, complete Step 3 on the next page.
Does your eligible spouse qualify for the disability amount for himself or herself?	394	Yes [ ] 1	No [X] 2	If yes, he or she must complete steps 1 and 3 on a separate Schedule 6.

Continue on the next page.

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Step 2 - Calculating your basic WITB

If you had an eligible spouse, **only one of you** can claim the basic WITB. However, the individual who received the WITB advance payments for 2016 is the individual who **must** claim the basic WITB for the year. If you had an eligible dependant, **only one individual** can claim the basic WITB for that same eligible dependant.

Working income amount from line 8 on the previous page	16,500.00	16	
Base amount	4,750.00	17	
Line 16 minus line 17 (if negative, enter "0")	11,750.00	18	
Rate	20.40 %	19	
Multiply line 18 by line 19.	2,397.00	20	
If you had neither an eligible spouse nor an eligible dependant, enter $1,242. If you had an eligible spouse or an eligible dependant, enter $1,972.	1,972.00	21	
Amount from line 20 or line 21, whichever is **less**	1,972.00 ▶		1,972.00 22
Adjusted family net income amount from line 15 on the previous page	16,500.00	23	
Base amount: If you had neither an eligible spouse nor an eligible dependant, enter $12,786. If you had an eligible spouse or an eligible dependant, enter $17,234.	17,234.00	24	
Line 23 minus line 24 (if negative, enter "0")		25	
Rate	16.50 %	26	
Multiply line 25 by line 26.	▶		27
Line 22 minus line 27 (if negative, enter "0")			1,972.00 28

Enter the amount from line 28 on line 453 of your return **unless you complete Step 3.**

Step 3 - Calculating your WITB disability supplement

Enter the amount from line 7 in column 1 on the previous page.		29	
Base amount	2,295.00	30	
Line 29 minus line 30 (if negative, enter "0")		31	
Rate	21.00 %	32	
Multiply line 31 by line 32.		33	
Amount from line 33 or $573, whichever is **less**	▶		34
Adjusted family net income amount from line 15 on the previous page		35	
Base amount: If you had neither an eligible spouse nor an eligible dependant, enter $20,308. If you had an eligible spouse or an eligible dependant, enter $29,170.	29,170.00	36	
Line 35 minus line 36 (if negative, enter "0")		37	
Rate: If you had an eligible spouse and he or she also qualifies for the disability amount, enter 8.5%. Otherwise, enter 17%.	17.00 %	38	
Multiply line 37 by line 38.	▶		39
Line 34 minus line 39 (if negative, enter "0")			40
If you completed Step 2, enter the amount from line 28. Otherwise, enter "0".			1,972.00 41
Add lines 40 and 41. Enter this amount on line 453 of your return.			1,972.00 42

Adjusted family net income levels

	You had neither an eligible spouse nor an eligible dependant	You had an eligible spouse or an eligible dependant
Basic WITB Adjusted family net income (line 15 in Step 1)	less than $20,314	less than $29,186
WITB disability supplement (you qualify for the disability amount) Adjusted family net income (line 15 in Step 1)	less than $23,679	less than $32,541
WITB disability supplement (you had an eligible spouse and **both** of you qualify for the disability amount) Adjusted family net income (line 15 in Step 1)	▶	less than $35,912

See the privacy notice on your return.

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Charitable donations

Charitable donations details

Name of organization	Amount paid
Planned Parenthood Of Canada	3,000 00
Reported on slips Claim: Own slips	
Total current year donations	3,000 00

Donations to U.S. organizations

Name of organization	Amount paid
Total current year donations	<NIL>

Other gifts

Donations made to government entities	
Donations made to prescribed universities outside Canada.	
Donations made to the United Nations, its agencies, and certain charitable organizations outside Canada.	
Donations made to a registered museum or cultural organization.	
Community Food Program Donation (Farmers)	

Charitable donations summary

		U.S.	Canadian	Total
Total current year donations			3,000 00	
Other gifts				
Unclaimed donations from 2012 - 2015				
Unclaimed donations from 2011		+	+	
Total charitable donations	A	=	= 3,000 00	3,000 00
Net income	B		16,500 00	
75% of line B	C	=	= 12,375 00	
Gifts of depreciable property	D			
Taxable capital gains minus capital gains deduction on gifts of capital property	E	+	+	
Add lines D and E	F	=	=	
25% of line F	G	+	+	
Add lines C and G	H	=	= 12,375 00	
Allowable U.S. donations	I		-	
Total donations limit	J	=	= 12,375 00	12,375 00
Allowable charitable donations (least of lines A, J or amount required to reduce federal tax to zero)				
Charitable donations available for carryforward			3,000 00	3,000 00

Charitable donation carryforward - Canadian

Year	Beginning balance	Claimed in 2016	Ending balance
2011			
2012			
2013			
2014			
2015			
2016			3,000 00
Totals			3,000 00

Cultural and ecological gifts (pre-February 11, 2014) carryforward

Year	Beginning balance	Claimed in 2016	Ending balance
2011			
2012			
2013			
2014			
2015			
2016			
Totals			

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Charitable donations

Ecological gifts (post-February 10, 2014) carryforward

Year	Beginning balance		Claimed in 2016		Ending balance	
2006						
2007						
2008						
2009						
2010						
2011						
2012						
2013						
2014						
2015						
2016						
Totals						

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T1-2016 Home Accessibility Expenses Schedule 12

Complete this schedule if you had eligible home accessibility expenses and you are claiming the home accessibility tax credit. For more information, see line 398 in the guide.

Attach a copy of this schedule to your return. Do not include receipts, but keep them in case we ask to see them later.

If you need more space, attach a separate sheet of paper.

Date of sales slip or contract	Supplier or contractor		Description	Amount paid (including all applicable taxes)
	Name	GST/HST No. (if applicable)		
2016-01-13	Fred Nesbitt		Install ramps	+ 5,800.00
				+

Total eligible expenses	=	5,800 00	**1**
Enter $10,000 or the amount from line 1, whichever is **less**.		5,800 00	2
Enter the amount claimed on line 398 of Schedule 1 by other qualifying individuals (see line 398 in the guide).	-		**3**
Line 2 minus line 3 Enter this amount on line 398 of your Schedule 1. **Home accessibility expenses**	=	5,800 00	**4**

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BRITISH COLUMBIA

British Columbia Tax

BC428
T1 General - 2016

Complete this form and **attach a copy** to your return. For more information, see the related line in the forms book.

Step 1 – British Columbia non-refundable tax credits

	For internal use only		5609		
Basic personal amount	**claim $10,027**		5804	10,027 00	1
Age amount (if born in 1951 or earlier) (use the *Provincial Worksheet*)	**(maximum $4,497)**		5808	4,497 00	2
Spouse or common-law partner amount					
Base amount		9,445 00			
Minus: his or her net income from page 1 of your return		3,840 00			
Result: (if negative, enter "0")	**(maximum $8,586)** ▶	5,605 00	5812	5,605 00	3
Amount for an eligible dependant					
Base amount		9,445 00			
Minus: his or her net income from line 236 of his or her return					
Result: (if negative, enter "0")	**(maximum $8,586)** ▶		5816		4
Amount for infirm dependants age 18 or older (use the *Provincial Worksheet*)			5820		5
CPP or QPP contributions: (amount from line 308 of your federal Schedule 1)			5824		• 6
(amount from line 310 of your federal Schedule 1)			5828		• 7
Employment Insurance premiums: (amount from line 312 of your federal Schedule 1)			5832	310 20	• 8
(amount from line 317 of your federal Schedule 1)			5829		• 9
Adoption expenses (amount from line 313 of your federal Schedule 1)			5833		10
Children's fitness amount			5838		11
Children's fitness equipment amount (50% of amount from line 5838)			5842		12
Children's arts amount	**(maximum $500 per child)**		5841		13
Back-to-school amount			5846	500 00	14
Education coaching amount			5843		15
Pension income amount	**(maximum $1,000)**		5836		16
Caregiver amount (use the *Provincial Worksheet*)			5840	8,774 00	17
Disability amount (for self) (Claim **$7,521** or, if you were under 18 years of age, use the *Provincial Worksheet*)			5844		18
Disability amount transferred from a dependant (use the *Provincial Worksheet*)			5848	7,521 00	19
Interest paid on your student loans (amount from line 319 of your federal Schedule 1)			5852		20
Your tuition and education amounts [use and **attach** Schedule BC(S11)]			5856		21
Tuition and education amounts transferred from a child			5860		22
Amounts transferred from your spouse or common-law partner [use and **attach** Schedule BC(S2)]			5864		23
Medical expenses:					
Amount from line 330 of your federal Schedule 1	5868	2,800 00	24		
Enter $2,085 or 3% of net income from line 236 of your return, whichever is **less**.		495 00	25		
Line 24 minus line 25 (if negative, enter "0")		2,305 00	26		
Allowable amount of medical expenses for other dependants (use the *Provincial Worksheet*)	5872	1,125 00	27		
Add lines 26 and 27.	5876	3,430 00 ▶		3,430 00	28
Add lines 1 to 23, and line 28.			5880	40,664 20 ▶	29
British Columbia non-refundable tax credit rate				x 5.06 %	30
Multiply line 29 by line 30.				5884 2,057 61	31
Donations and gifts:					
Amount from line 30 of your federal Schedule 9		x 5.06 % =			32
Amount from line 17 of your federal Schedule 9		x 14.70 % =			33
Add lines 32 and 33.			5896	▶	0 00 34
Add lines 31 and 34.					2,057 61 35
Farmers' food donation tax credit: Enter the amount of qualifying gifts that have also been claimed on line 35.		0 00 x 25.00 % =		5898	0 00 36
Add lines 35 and 36. Enter this amount on line 49.		**British Columbia non-refundable tax credits**		6150	2,057 61 37

Go to Step 2

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Step 2 - British Columbia tax on taxable income

Enter your **taxable income** from line 260 of your return.					16,500 00	38
Complete the appropriate column depending on the amount on line 38.	Line 38 is **$38,210** or less	Line 38 is more than **$38,210**, but not more than **$76,421**	Line 38 is more than **$76,421**, but not more than **$87,741**	Line 38 is more than **$87,741**, but not more than **$106,543**	Line 38 is more than **$106,543**	
Enter the amount from line 38 in the applicable column.	16,500 00					39
Line 39 minus line 40	0 00	38,210 00	76,421 00	87,741 00	106,543 00	40
(cannot be negative)	16,500 00					41
	x 5.06 %	x 7.70 %	x 10.50 %	x 12.29 %	x 14.70 %	42
Multiply line 41 by line 42.	834 90					43
	0 00	1,933 00	4,875 00	6,064 00	8,375 00	44
Add lines 43 and 44. **British Columbia tax on taxable income**	834 90					45

Step 3 – British Columbia tax

Enter your British Columbia tax on taxable income from line 45.			834 90	46
Enter your British Columbia tax on split income from Form T1206.	6151			• 47
Add lines 46 and 47.			834 90	48
Enter your British Columbia non-refundable tax credits from line 37.		2,057 61		49
British Columbia dividend tax credit: Credit calculated for line 6152 on the *Provincial Worksheet*	6152			• 50
British Columbia minimum tax carry-over: Amount from line 427 of federal Schedule 1 x 33.70 % =	6154			• 51
Add lines 49 to 51.		2,057 61	2,057 61	52
Line 48 minus line 52 (if negative, enter "0")				53
British Columbia additional tax for minimum tax purposes Amount from line 117 on Form T691 x 33.70 % =				54
Add lines 53 and 54.				55
Provincial foreign tax credit from Form T2036				56
Line 55 minus line 56 (if negative, enter "0")				57

BC tax reduction

If your net income (line 236 of your return) is **less than $31,647**, complete the following calculation.
Otherwise, enter "0" on line 64 and continue on line 65.

Basic reduction	Claim $436		436 00	58
Enter your net income from line 236 of your return.		16,500 00		59
Base amount		19,400 00		60
Line 59 minus line 60 (if negative, enter "0")				61
Applicable rate		3.56 %		62
Multiply line 61 by line 62.				63
Line 58 minus line 63 (if negative, enter "0")			436 00	64
Line 57 minus line 64 (if negative, enter "0")				65
Logging tax credit from Form FIN 542S or Form FIN 542P				66
Line 65 minus line 66 (if negative, enter "0")				67

Go to Step 3

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Step 3 – British Columbia tax (continued)

Enter the amount from line 67 on the previous page.			68

British Columbia political contribution tax credit

Enter your British Columbia political contributions made in 2016.	6040		69
Credit calculated for line 70 on the *Provincial Worksheet* **(maximum $500)**			70
Line 68 minus line 70 (if negative, enter "0")			71

British Columbia employee investment tax credits

Enter your employee share ownership plan tax credit from Certificate **ESOP 20**.	6045		• 72
Enter your employee venture capital tax credit from Certificate **EVCC 30**.	6047		• 73
Add lines 72 and 73. (**maximum $2,000**)			74
Line 71 minus line 74 (if negative, enter "0")			75

British Columbia mining flow-through share tax credit

Enter the tax credit amount calculated on Form T1231.	6881		• 76
Line 75 minus line 76 (if negative, enter "0"). Enter the result on line 428 of your return. **British Columbia tax**		0 00	77

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BRITISH COLUMBIA

British Columbia Credits

BC479
T1 General - 2016

Complete the calculations that apply to you and **attach a copy** to your return. For more information, see the related line in the forms book.

Sales tax credit (for low-income families and individuals)

If you had a spouse or common-law partner on December 31, 2016, **only one of you** can claim this credit for both of you.

Income for the sales tax credit

	Column 1 You		Column 2 Your spouse or common-law partner	
Enter the net income from line 236 of the return	16,500 00	1	3,840 00	1
Total of universal child care benefit (UCCB) repayment (line 213 of the return) and the registered disability savings plan (RDSP) income repayment (included in line 232)		2		2
Add lines 1 and 2	16,500 00	3	3,840 00	3
Total of the UCCB income (line 117 of the return) and the RDSP income (line 125 of the return)		4	3,840 00	4
Line 3 minus line 4 (if negative, enter "0")	16,500 00	5		5
Add the amounts from line 5 in column 1 and column 2 (if applicable)	**Adjusted net family income**		16,500 00	6
If you had a spouse or common-law partner on December 31, 2016, enter $18,000. Otherwise, enter $15,000.			18,000 00	7
Line 6 minus line 7 (if negative, enter "0")	**Income for the sales tax credit**			8

Basic sales tax credit	**claim $75** 6033	75 00	9
Additional credit for your spouse or common-law partner	**claim $75** 6035	75 00	10
Add lines 9 and 10		150 00	11
Amount from line 8 x 2% =			12
Line 11 minus line 12 (if negative, enter "0")	**Sales tax credit**	150 00	13

British Columbia home renovation tax credit for seniors and persons with disabilities

If, on December 31, 2016, you and your spouse or common-law partner occupied separate principal residences for medical reasons, claim the home renovation tax credit for seniors and persons with disabilities and tick **box 6089**. 6089

Enter your home renovation expenses from line 5 of your Schedule BC(S12). **(maximum $10,000)** 6048 x 10 % = 14

British Columbia venture capital tax credit

Enter your venture capital tax credit from Certificate **SBVC10** for shares acquired in 2016.	6049	• 15	
Enter your venture capital tax credit from Certificate **SBVC10** for shares purchased during the first 60 days of 2017 that you **elect** to claim in 2016.	6050 +	• 16	
Enter your unused venture capital tax credit from previous years shown on your most recent notice of assessment or notice of reassessment.	+	17	
Add lines 15, 16, and 17. **(maximum $60,000)**	=	▶ +	18

British Columbia mining exploration tax credit

Enter your mining exploration tax credit from Form T88.	6051 +	•	19
Enter your mining exploration tax credit allocated from a partnership from Form T88.	6053	20	
Add lines 13, 14, 18 and 19.		= 150.00	21

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Enter the amount from line 21 on the previous page.				=	150.00 22

British Columbia training tax credit

Enter your training tax credit for individuals from Form T1014, *British Columbia Training Tax Credit (Individuals)*.	6055		23		
Enter the amount from line 4 of Form T1014-1, *British Columbia Training Tax Credit (Employers)*.	6056	+	• 24		
Enter the amount from line 4 of Form T1014-2, *British Columbia Shipbuilding and Ship Repair Industry Tax Credit (Employers)*.	6063	+	• 25		
Add lines 23, 24, and 25.		=	▶	+	26
Add lines 22 and 26. Enter the result on line 479 of your return.		**British Columbia credits**		=	150 00 27

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Medical expenses

Medical expenses - line 330

Period covered by claim: from 2016-01-01 to 2016-12-31

Payment date	Name of patient	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2016-12-02	Buddy-Chapter 4 Problem M	Canada Wide Dental Clinic	Dental services	No	1,200 00	1,200 00
2016-12-02	Natasha Musician	Canada Wide Dental Clinic	Dental services	No	700 00	700 00
2016-12-02	Linda Musician	Canada Wide Dental Clinic	Dental services	No	100 00	100 00
2016-12-02	Richard Musician	Canada Wide Dental Clinic	Dental services	No	800 00	800 00
				No		
					Medical expenses subtotal	2,800 00

Are you claiming medical expenses? Yes

	Taxpayer	Spouse	
Premiums paid to private health service plans			
Employee/Recipient-paid premiums for private health services plan			
Québec prescription Drug Insurance Plan - 2015			
Nova Scotia Seniors' Pharmacare Program			
Total medical expenses - line 330			2,800 00

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Medical expenses

Allowable amount of medical expenses for other dependants - line 331

Name of other dependant	Earl Musician			Net income	7,500 00
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2016-12-02	Canada Wide Dental Clinic	Dental fees	No	1,050 00	1,050 00
			No		
				Total medical expenses	1,050 00

Are you claiming medical expenses for this dependant? Yes

Minus: 3% of line 236 of Earl Musician's return (maximum $2,237)	225 00
Allowable amount of medical expenses	825 00

Name of other dependant	Sarah Musician			Net income	
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2016-12-02	Canada Wide Dental Clinic		No	300 00	300 00
			No		
				Total medical expenses	300 00

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of Sarah Musician's return (maximum $2,237)	
Allowable amount of medical expenses	300 00

Name of other dependant				Net income	
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
			No		
				Total medical expenses	

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of 's return (maximum $2,237)	
Allowable amount of medical expenses	

Medical expense summary

Medical expenses	330	2,800 00
Minus : 3% of line 236 of your return (maximum $2,237)		495 00
Subtotal		2,305 00
Plus medical expenses for other dependants	331	1,125 00
Allowable amount of medical expenses	332	3,430 00
Total medical expenses		3,430 00

* Limitation:
(1) Yes - Attendant care/Nursing Home (not claiming disability);
(2) Yes - Attendant care/Nursing Home (and claiming disability);
(3) Yes - Van adapted for transportation of patient requiring use of a wheelchair;
(4) Yes- Moving expenses for a patient's move to a more accessible dwelling

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Other credits

Age amount - line 301

Maximum claim			7,125 00	1
Your net income from line 236 of your return	16,500 00	2		
Base amount	35,927 00	3		
Line 2 minus line 3 (if negative, enter "0")		4		
Multiply line 4 by 15%				5
Line 1 minus line 5 (if negative, enter "0"). Enter this amount on line 301 of Schedule 1.			7,125 00	6

Volunteer firefighters' amount – line 362

Do you wish to claim this credit?	☐ Yes	☒ No
Volunteer firefighters' amount		

Public transit passes amount - line 364

Amounts for public transit passes from your T4 slips		1
Amounts for public transit passes from your spouse or common law partner's T4 slips		2
Amounts for public transit passes not included on your or your spouse or common-law partner's T4		3
Amounts for public transit passes from your dependant children (under age 19)		4
Total of lines 1, 2, 3 and 4		5
Amount claimed by your spouse or common-law partner ____ %		6
Enter this amount on line 364 of Schedule 1		7

Home buyers' amount - line 369

Do you qualify for the home buyers' amount?	☐ Yes	☒ No
Home buyers' credit		
Amount claimed by another individual		
Home buyers' amount		

Search and rescue volunteers' amount – line 395

Do you wish to claim this credit?	☐ Yes	☒ No
Search and rescue volunteers' amount		

Total income tax deducted - line 437

T4 slips	500 00
T4A slips	
T4A (OAS) slip	
T4A (P) slip	
T4A (RCA) slip	
T4E slip	
T4RIF slips	
T4RSP slips	
T5013 slips	
T1032 line P - Pension Transferee	
Québec tax deducted (if not filing Québec return)	
Subtotal	500 00
Less: T1032 line P - Pensioner	
Total	500 00

Refundable medical expense supplement - line 452

Your net income from line 236 of your return	16,500 00	1		
Net income of your spouse or common-law partner from page 1 of your return	3,840 00	2		
Add lines 1 and 2.	20,340 00	▶	20,340 00	3
Universal Child Care Benefit (UCCB) (line 117 of your return) or the benefit of your spouse or common-law partner from page 1 of your return	3,840 00	4		
Registered disability savings plan (RDSP) income (line 125 of your and your spouse's or common-law partner's return)		5		
Add lines 4 and 5.	3,840 00	▶	3,840 00	6
Line 3 minus line 6			16,500 00	7
Universal Child Care Benefit repayment (line 213 of your return) plus the UCCB repayment of your spouse or common-law partner from page 1 of your return		8		
RDSP income repayment (included in the amount of line 232 of your and your spouse's or common-law partner's return)		9		
Add lines 8 and 9.		▶		10
Adjusted family net income: add lines 7 and 10.			16,500 00	11
Base amount			26,277 00	12
Line 11 minus line 12 (if negative, enter "0")				13

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Enter the lesser of :

- **$1,187**

- 3,430 00 x 25% = 857 50 — 857 50 — 14

(25 % of the total of line 215 of your return and line 332 of Schedule 1)

Multiply the amount on **line 13** by 5%. — 15

Line 14 minus line 15 (if negative, enter "0"). Enter this amount on line 452 of your return. — 857 50 — 16

Tax paid by instalments - line 476

Payment date	Description	Amount
2016-03-15	Instalment	1,000 00
2016-06-15	Instalment	1,000 00
2016-09-15	Instalment	1,000 00
2016-12-15	Instalment	1,000 00
	Total tax paid by instalments	4,000 00

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Dependant information

	Dependant #1	Dependant #2	Dependant #3
Social Insurance Number			
First name	Linda	Larry	Donna
Last name	Musician	Musician	Musician
Relationship	Daughter	Son	Daughter
Birthdate	2011-04-01	2012-04-01	2013-04-01
Net income			
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2016?	Yes	Yes	Yes
Street address	111 WWW Street	111 WWW Street	111 WWW Street
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	Vancouver
Province	BC	BC	BC
Postal code	V4H 3W4	V4H 3W4	V4H 3W4
Province of residence on 2016/12/31	British Columbia	British Columbia	British Columbia
Disability/infirmity			
Qualify for disability amount?	No	No	No
Mentally or physically infirm?	No	No	No
If yes, state nature of infirmity			
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses			
Percentage claim	100.00	100.00	100.00
Children's arts amount			
Eligible children's art expenses			
Percentage claim	100.00	100.00	100.00
Transfers from dependants			
Tuition fees (T2202 and TL11)			
Education - # months part time			
Education - # months full time			
Unused tuition/education from 2015			
Net income			
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2015			
Non-refundable amounts (lines 5812 to 5845)			

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	Dependant #4	Dependant #5	Dependant #6
Social Insurance Number		527 000 285	
First name	Donald	Richard	Sarah
Last name	Musician	Musician	Musician
Relationship	Son	Son	Daughter
Birthdate	2014-04-01	1999-03-15	1996-09-02
Net income		2,800.00	
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2016?	Yes	Yes	Yes
Street address	111 WWW Street	111 WWW Street	111 WWW Street
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	Vancouver
Province	BC	BC	BC
Postal code	V4H 3W4	V4H 3W4	V4H 3W4
Province of residence on 2016/12/31	British Columbia	British Columbia	British Columbia
Disability/infirmity			
Qualify for disability amount?	No	No	No
Mentally or physically infirm?	No	No	No
If yes, state nature of infirmity			
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses			
Percentage claim	100.00		
Children's arts amount			
Eligible children's art expenses			
Percentage claim	100.00		
Transfers from dependants			
Tuition fees (T2202 and TL11)		3,000.00	9,600.00
Education - # months part time			
Education - # months full time		4	12
Unused tuition/education from 2015			
Net income		2,800.00	
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2015			
Non-refundable amounts (lines 5812 to 5845)			

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	Dependant #7	Dependant #8	Dependant #9
Social Insurance Number			
First name	Eunice	Earl	
Last name	Musician	Musician	
Relationship	Mother	Father	N/A
Birthdate	1929-04-10	1927-11-16	
Net income	9,500.00	7,500.00	
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2016?	Yes	Yes	No
Street address	111 WWW Street	111 WWW Street	
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	
Province	BC	BC	
Postal code	V4H 3W4	V4H 3W4	
Province of residence on 2016/12/31	British Columbia	British Columbia	NA
Disability/infirmity			
Qualify for disability amount?	Yes	No	No
Mentally or physically infirm?	Yes	No	No
If yes, state nature of infirmity	blind		
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?	100.0	100.0	
Claim on Schedule 5	6,788.00	4,667.00	
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses			
Percentage claim			
Children's arts amount			
Eligible children's art expenses			
Percentage claim			
Transfers from dependants			
Tuition fees (T2202 and TL11)			
Education - # months part time			
Education - # months full time			
Unused tuition/education from 2015			
Net income	9,500.00	7,500.00	
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2015			
Non-refundable amounts (lines 5812 to 5845)			

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Child care expense details

(Please use the drop down list to select the first name of an eligible child)

Child first name	Organization or name	SIN	# weeks*	Amount	Claim
			Total		

*Enter the # of weeks spent at boarding school, overnight sports school or overnight camp.

Transfer from dependants

Disability transfer from dependant

SIN			Disability amount	A	8,001.00
First name	Eunice		Taxable income		9,500.00
Last name	Musician		Basic personal amount		11,474.00
Birthdate		1929-04-10	Age amount		7,125.00
Maximum available for transfer (A-B)		8,001.00	Other amounts - lines 3 to 20 of Schedule 1		
Disability transfer		8,001.00	Adjusted taxable income	B	0.00

Tuition and education transfer from dependant (post-secondary)

SIN		527 000 285	Tuition and education amount	A	4,860.00
First name	Richard		Taxable income		2,800.00
Last name	Musician		Basic personal amount		11,474.00
Birthdate		1999-03-15	Age amount		
Maximum available for transfer (A-B)		4,860.00	Other amounts - lines 3 to 21 of Schedule 1		
Tuition and education transfer		0.00	Unused tuition and education from 2015		
			Adjusted taxable income	B	0.00

SIN			Tuition and education amount	A	5,000.00
First name	Sarah		Taxable income		0.00
Last name	Musician		Basic personal amount		11,474.00
Birthdate		1996-09-02	Age amount		
Maximum available for transfer (A-B)		5,000.00	Other amounts - lines 3 to 21 of Schedule 1		
Tuition and education transfer		0.00	Unused tuition and education from 2015		
			Adjusted taxable income	B	0.00

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CHAPTER TWO SOLUTIONS

Solution to Assignment Problem Two - 1

Need For Instalments

Instalments are required when an individual's "net tax owing" exceeds $3,000 in the current year and in either of the two preceding years. In somewhat simplified terms, "net tax owing" is defined as the combined federal and provincial taxes payable, less amounts withheld under ITA 153. Mr. Boardman's net tax owing figures are as follows:

2014 = $750 ($62,350 - $61,600)
2015 = $16,020 ($29,760 - $13,740)
2016 = $4,980 ($52,370 - $47,390) Estimated

As Mr. Boardman's net tax owing in 2016 (the current year) and his net tax owing in 2015 (one of the two preceding years) is greater than $3,000, he is required to make instalment payments.

Amounts

If Mr. Boardman bases the first two quarterly payments on the 2014 net tax owing, they would only be $187.50 each ($750 ÷ 4). However, the payments for the last two quarters would be $7,822.50 each {[$16,020 - (2)($187.50)] ÷ 2}, resulting in total instalment payments of $16,020.

A preferable alternative would be to base the payments on the estimated net tax owing for 2016. These payments would be $1,245 each ($4,980 ÷ 4), for a total of $4,980.

Payment Dates

The quarterly payments would be due on March 15, June 15, September 15, and December 15 of 2016.

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Solution to Assignment Problem Two - 2

Part A

Under ITA 157(1), Ledux Inc. would have three alternatives with respect to the calculation of its instalment payments. The alternatives and the relevant calculations are as follows:

Current Year Base The instalment payments could be 1/12th of the estimated Tax Payable for the current year. In this case the resulting instalments would be $16,945.42 per month ($203,345 ÷ 12).

Preceding Year Base The instalment payments could be 1/12th of the Tax Payable in the immediately preceding taxation year. The resulting instalments would be $17,963.92 ($215,567 ÷ 12).

Preceding And Second Preceding Years The third alternative would be to base the first two instalments on 1/12th of the Tax Payable in the second preceding year and the remaining instalments on 1/10th of the Tax Payable in the preceding year, less the total amount paid in the first two instalments.

In this case, the first two instalments would be $16,118.33 ($193,420 ÷ 12) each, a total of $32,236.66. The remaining 10 instalments would be $18,333.03 [($215,567 - $32,236.66) ÷ 10] each. The total instalments under this approach would be $215,567.

While the third approach would provide the lowest payments for the first two instalments, the payments would total $215,567. As this is larger than the $203,345 total when the instalments are based on the current year's estimated Tax Payable, the use of the current year's Tax Payable approach would be the best alternative.

Part B

If the Company failed to make instalment payments towards the 2016 taxes payable, it would be liable for interest from the date each instalment should have been paid to the balance due date, March 31, 2016.

Assuming the actual 2016 taxes payable are $203,345, it would be the least of the amounts described in ITA 157(1), and interest would be calculated based on the current year instalment alternative. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is a penalty on large amounts of late or deficient instalments. This penalty is specified in ITA 163.1 and is equal to 50 percent of the amount by which the interest owing on the late or deficient instalments exceeds the greater of $1,000 and 25 percent of the interest that would be owing if no instalments were made. While detailed calculations are not required, we would note that this penalty would clearly be applicable in this case.

Interest on the entire balance of $203,345 of taxes payable would be charged beginning on the balance due date, March 31, 2016, two months after the end of the 2016 taxation year. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is also a penalty for late filing. If no return is filed by the filing due date of July 31, 2016, the penalty amounts to 5 percent of the tax that was unpaid at the filing date, plus 1 percent per complete month of the unpaid tax for a maximum period of 12 months. This penalty is in addition to any interest charged due to late payment of instalments or balance due. In addition, interest would also be charged on any penalties until such time as the return is filed or the instalments (balance due) paid.

The late file penalty could be doubled to 10 percent, plus 2 percent per month for a maximum of 20 months for a second offence within a three year period.

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Solution to Assignment Problem Two - 3

Part A - Case 1

Barry's net tax owing in each of the three years is as follows:

2014 = $2,456 ($14,256 - $11,800)
2015 = $1,626 ($15,776 - $14,150)
2016 = $4,083 ($16,483 - $12,400) Estimated

While the net tax owning in the current year is expected to exceed $3,000, it did not exceed $3,000 in either of the two previous years. The payment of instalments is not required.

Part A - Case 2

Barry's net tax owing in each of the three years is as follows:

2014 = Nil ($14,256 - $14,920) Note that a negative number is not used here.
2015 = $4,376 ($15,776 - $11,400)
2016 = $3,257 ($16,483 - $13,226) Estimated

As his net tax owing is expected to exceed $3,000 in 2016 and was more than $3,000 in 2015, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $814.25 ($3,257 ÷ 4), for a total amount of $3,257.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $1,094 ($4,376 ÷ 4), for a total amount of $4,376.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being nil. The remaining two instalments would be $2,188 ($4,376 ÷ 2), a total of $4,376.

The best choice would be Alternative 1. While the first two instalments are lower under Alternative 3, the total for the year under Alternative 3 is $1,119 ($4,376 - $3,257) higher.

Part A - Case 3

Barry's net tax owing in each of the three years is as follows:

2014 = $3,036 ($14,256 - $11,220)
2015 = $2,501 ($15,776 - $13,275)
2016 = $3,610 ($16,483 - $12,873) Estimated

As his net tax owing is expected to exceed $3,000 in 2016 and was more than $3,000 in 2014, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $902.50 ($3,610 ÷ 4), for a total amount of $3,610.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $625.25 ($2,501 ÷ 4), for a total amount of $2,501.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being $759 ($3,036 ÷ 4) each, a total of $1,518. The remaining two instalments would be $491.5 [($2,501 - $1,518) ÷ 2], a total of $983. When combined with the first two instalments, the total for the year would be $2,501 ($1,518 + $983).

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The best choice would be Alternative 2. While the total for the year under Alternative 3 is the same, the first two instalments are lower under Alternative 2, allowing for a small amount of tax deferral.

Part B

In Case Two and Case Three, the required instalments would be due on March 15, June 15, September 15, and December 15, 2016.

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Solution to Assignment Problem Two - 4

Case One

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $43,085 ($172,340 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $46,635 ($186,540 ÷ 4) based on the first preceding year.
   - One instalment of $38,410 ($153,640 ÷ 4) based on the second preceding year, followed by three instalments of $49,376.67 [($186,540 - $38,410) ÷ 3], a total of $186,540.

3. The best alternative in terms of minimum instalments would be four instalments of $43,085, for total payments of $172,340. The instalments are due on March 31, June 30, September 30, and December 31, 2016.

Case Two

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $43,085 ($172,340 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $40,855 ($163,420 ÷ 4) based on the first preceding year.
   - One instalment of $38,410 ($153,640 ÷ 4) based on the second preceding year, followed by three instalments of $41,670 [($163,420 - $38,410) ÷ 3], a total of $163,420.

3. The best alternative would be one payment of $38,410, followed by three payments of $41,670. While the total instalments are the same $163,420 in both the second and third alternatives, the third alternative is preferable because the first payment is lower. This provides a small amount of tax deferral.

   The instalments are due on March 31, June 30, September 30, and December 31, 2016.

Case Three

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $14,361.67 ($172,340 ÷ 12) based on the current year estimate.
   - Monthly instalments of $15,545 ($186,540 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $12,803.33 ($153,640 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $16,093.33 {[($186,540 - (2)($12,803.33)] ÷ 10}, a total of $186,540.03.

3. The best alternative in terms of minimum instalments would be 12 instalments of $14,361.67, resulting in a total of $172,340 of instalment payments.

   The instalments would be due on the last day of each month, beginning in January, 2016.

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Case Four

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $14,361.67 ($172,340 ÷ 12) based on the current year estimate.
   - Monthly instalments of $13,618.33 ($163,420 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $12,803.33 ($153,640 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $13,781.33 {[$163,420 - (2)($12,803.33)] ÷ 10}, a total of $163,420.

3. The best alternative would be two payments of $12,803.33, followed by ten payments of $13,781.33. While the total instalments are the same $163,420 in both the second and third alternatives, the third alternative is preferable because the first two payments are lower. This provides a small amount of tax deferral.

   The instalments would be due on the last day of each month, beginning in January, 2016.

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Solution to Assignment Problem Two - 5

Part A

For individuals, the taxation year is always the calendar year. Individuals without business income are required to file their tax returns no later than April 30 of the year following the relevant taxation year. For individuals with business income, and their spouse or common-law partner, the filing deadline is extended to June 15.

Part B

The general rules are the same for both deceased and living individuals. That is, the return must be filed no later than April 30 of the year following the year of death. If the deceased individual, or his spouse or common-law partner had business income, the due date is June 15 of the year following the year of death.

However, when death occurs between November 1 of a taxation year and the normal filing date for that year's return, representatives of the deceased can file the return on the later of the normal filing due date (April 30th or June 15th of the following year) and six months after the date of death.

Part C

As of 2016, both inter vivos and testamentary trusts must use the calendar year as their taxation year. As both types of trusts must file within 90 days of the end of their taxation year, the filing due date for a specific year's income tax returns will be March 31 (March 30 in leap years) of the following year.

Part D

Corporations can use a non-calendar fiscal year as their taxation year. The corporate T2 return must be filed within six months of the end of the taxation year.

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Solution to Assignment Problem Two - 6

The following additional information would be relevant in considering Mr. Simon's situation:

A. Determination of the date of the Notice of Reassessment. A notice of objection must be filed prior to the later of:

- 90 days from the date of the Notice of Reassessment; and
- one year from the due date for the return under reassessment.

In this case, the later date is clearly 90 days after the date of the Notice of Reassessment.

B. Determination of the date of the Notice of Assessment for the 2012 taxation year. A three year time limit applies from the date of the Notice of Assessment. As the Notice of Assessment for 2012 could have been sent in early April, 2013, this reassessment could be within the three year limit.

C. Determination of whether Mr. Simon has signed a waiver of the three year time limit or if he is guilty of fraud or misrepresentation. If the reassessment is not within the three year time limit, Mr. Simon would not usually be subject to reassessment. However, if Mr. Simon has signed a waiver of the three year time limit, or if fraud or misrepresentation is involved, he becomes subject to reassessment, regardless of the time period involved.

If the preceding determinations indicate that the reassessment is valid and you decide to accept Mr. Simon as a client, the following steps should be taken:

- You should have Mr. Simon file a Consent Form, T1013, with the CRA which authorizes you to represent him in his affairs with the CRA and/or authorize you to access his file through the online Represent a Client service.
- A notice of objection should be filed before the expiration of the 90 day time limit.
- You should begin discussions of the matter with the relevant assessor at the CRA.

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Solution to Assignment Problem Two - 7

Note To Instructor These Cases have been based on examples found in IC 01-1.

Case A

In view of the business that the taxpayer is in, there was nothing in the income statement that would have made the accountant question the validity of the information provided to him. Therefore, he could rely on the good faith reliance exception and would not be subject to the preparer penalty.

Case B

The prospectus prepared by the company contains a false statement (overstated fair market value of the software) that could be used for tax purposes. The company knew or would reasonably be expected to know, but for culpable conduct, that the fair market value of the software was a false statement. Since the company is engaged in an excluded activity, it cannot rely on the good faith reliance exception with respect to the valuation. The CRA would consider assessing the company with third-party civil penalties in the amount of $2,000,000 (i.e., the gross entitlements). The CRA would also consider assessing the appraiser with third-party civil penalties. The amount of the penalty would be his gross entitlements from the valuation activity, which is $75,000.

Case C

Although the tax return contains one or more false statements, the tax return preparer would be entitled to the good faith defense since he relied, in good faith, on information (the financial statements that were not obviously unreasonable) provided by another professional on behalf of the client. Therefore, he would not be subject to the preparer penalty.

The third-party penalties may be applied to the other accountant if he knew or would be expected to know, but for circumstances amounting to culpable conduct, that the financial statements contained false statements.

Case D

The accountant would not be subject to the penalties for participating or acquiescing in the understatement of a tax liability. The facts were highly suspect until the accountant asked questions to clear up the doubt in his mind that the client was not presenting him with implausible information. The response addressed the concern and was not inconsistent with the knowledge he possessed.

Case E

Since the tax return preparer e-filed the taxpayer's return without obtaining the charitable donation receipt, the CRA would consider assessing the tax return preparer with the preparer penalty. Given that the size of the donation is so disproportionate to the taxpayer's apparent resources as to defy credibility, to proceed unquestioningly in this situation would show wilful blindness and thus an indifference as to whether the ITA is complied with.

Case F

The issue here is whether the accountant is expected to know that GST is not payable on wages, interest expense, and zero-rated purchases. It is clear that the accountant should have known that no GST could be claimed on these items. Given this, in filing a claim that includes a GST refund on the preceding items, the accountant made a false statement, either knowingly, or in circumstances amounting to culpable conduct. Consequently, the CRA would consider assessing the accountant with the third-party civil penalty, specifically, the preparer penalty.

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Chapter 2 Self Study Problems

Self Study Problem Two - 1

(Individual Tax Instalments)

The following information relates to Ms. Shannon Birch for tax years ending December 31:

	Federal And Provincial Income Taxes Payable	Income Taxes Withheld By Employer
2014	$23,000	$21,500
2015	$27,000	$15,000
2016 (Estimated)	$21,200	$18,000

Required:

A. Indicate whether Ms. Birch has an obligation to make instalment payments during the 2016 taxation year. Explain your conclusion.

B. If Ms. Birch is required to make instalment payments, indicate the minimum amounts that should be paid and the dates on which the amounts are payable. Your answer should include the calculations for all the alternatives that are available to Ms. Birch, as well as an indication as to which alternative is preferable.

C. Ms. Birch would like your advice as to whether or not she should make the recommended instalment payments. Explain your conclusion.

SOLUTION available in printed and online Study Guide.

Self Study Problem Two - 2

(Corporate Tax Instalments And Balance Due Date)

Amalmor Inc. is a publicly traded company. For its fiscal year ending December 31, 2014, the Company had Taxable Income of $250,000 and paid taxes of $62,500. In 2015, the corresponding figures were $320,000 and $80,000. It is estimated that for the current year ending December 31, 2016, the Company will have Taxable Income of $380,000 and taxes payable of $95,000.

Required: Show all required calculations.

A. Determine the amount of the minimum instalments that must be made by Amalmor Inc. during 2016 and when they would be due. Your answer should include the calculations for all the alternatives that are available to Amalmor Inc., as well as an indication as to which alternative is preferable.

B. How would your answer to Part A differ if Amalmor Inc. was a small CCPC?

C. Indicate when any final payment of tax is due in both Part A and B.

SOLUTION available in printed and online Study Guide.

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Self Study Problem Two - 3

(Individual And Corporate Tax Instalments)

For the three years ending December 31, 2016, the taxpayer's combined federal and provincial taxes payable were as follows:

Year Ending December 31	Taxes Payable
2014	$23,540
2015	11,466
2016 (Estimated)	25,718

Case One The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $18,234 in 2014, $7,850 in 2015, and $27,346 in 2016.

Case Two The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $21,720 in 2014, $6,250 in 2015, and $21,833 in 2016.

Case Three The taxpayer is a small CCPC with a taxation year that ends on December 31.

Case Four The taxpayer is a publicly traded corporation with a taxation year that ends on December 31. Assume that its combined federal and provincial taxes payable for the year ending December 31, 2015 were $32,560, instead of the $11,466 given in the problem.

Required: For each of the preceding independent Cases determine:

- Whether instalments are required for the 2016 taxation year (you should indicate the requirement to make instalments, even if one of the methods results in instalments of nil). Explain your conclusion. Show all calculations, even in cases where the answer to this question is obvious.
- If instalments are required, indicate the best alternative for calculating the instalments, as well as the amount of the instalments under that alternative.
- If instalment payments must be made, indicate the dates on which the payments will be due.

SOLUTION available in printed and online Study Guide.

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Self Study Problem Two - 4

(Individual And Corporate Tax Instalments)

For each of the following independent Cases, the taxpayer's combined federal and provincial taxes payable amounted to $18,000 for the year ending December 31, 2014, while for the year ending December 31, 2015, the amount payable was $14,400. At the beginning of 2016, it is estimated that federal and provincial taxes payable for the year ending December 31, 2016 will be $13,500. The actual federal and provincial taxes payable for 2016, calculated in March, 2017, is $16,000.

A. The taxpayer is an individual whose only income is rental income.

B. The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $7,000 in 2014, $15,000 in 2015, and $9,000 in 2016.

C. The taxpayer is a small CCPC with a December 31 year end.

D. The taxpayer is a publicly traded corporation with a December 31 year end. Assume that its combined federal and provincial taxes payable for the year ending December 31, 2016 are estimated to be $16,000, instead of the $13,500 given in the problem.

Required: For each of the Cases, state whether instalments are required for the 2016 taxation year, even if one of the methods results in required instalments of nil. Explain your conclusion. If instalments are required, indicate:

- the best alternative for calculating the instalments,
- the amount of the instalments under that alternative showing all calculations, even if the optimum solution is obvious,
- the dates on which the payments will be due, and
- any consequences of the 2016 estimated taxes being lower than the actual taxes payable.

SOLUTION available in printed and online Study Guide.

Self Study Problem Two - 5

(Canadian Taxable Entities)

List the three types of entities that are subject to federal income taxation in Canada and, for each, state:

- how their taxation year is established;
- the filing deadlines for their respective income tax returns;
- how frequently income tax instalments must be made; and
- the dates on which the instalment payments must be made.

SOLUTION available in printed and online Study Guide.

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Self Study Problem Two - 6

(Assessment Disputes)

Mr. Norman Coffee has been one of your major clients for years. He is extremely wealthy and has paid his very sizable tax payable (and your fees) for decades without complaint.

On August 15th of the current year, Mr. Coffee receives a Notice of Reassessment indicating that he owes $5,000 of additional taxes, plus interest, for the preceding taxation year. Since you filed the tax return in dispute, Mr. Coffee expects you to deal with the matter quickly.

Required: Indicate the procedures that may be used in dealing with this dispute between the CRA and Mr. Coffee.

SOLUTION available in printed and online Study Guide.

Self Study Problem Two - 7

(Tax Preparer's Penalty)

For each of the following independent cases, indicate whether you believe a penalty would be assessed against the tax return preparer under ITA 163.2. Explain your conclusion.

A. Joan Bridge, a recently qualified CPA, has several clients that have been reassessed with respect to deductions related to their investment in the Large Partners tax shelter. In each case, the CRA has denied loss deductions, claiming that they are based on an overvaluation of the organization's assets. One of these clients has taken the case to the Tax Court of Canada which confirmed the CRA's reassessment. No further appeal was undertaken. Joan has a new client who also has an interest in this same Large Partners tax shelter. Joan prepares this new client's return claiming the same deductions that were disallowed for her other clients.

B. Jack Hodge, a CPA, is paid to EFILE the tax return of Barbra Hicks, a very close friend of his mother. Barbra provides him with a T4 slip indicating that she has $31,000 in employment income. She also indicates that she made a $22,000 contribution to a registered charity, but forgot to bring the receipt to the meeting with Jack. In actual fact, she did not make the donation. Jack files the tax return without questioning her claim after his mother assures him that Barbra is completely trustworthy.

C. Marian Flexor, a CPA, is asked by Jason March to prepare and file his tax return. Jason provides a financial statement for his business activities which shows a significant profit. Included in the statement provided to Marian is a large amount of travel costs, all of which are supported by receipts. After the return is filed, the CRA audits Jason's business activities and finds that more than one-half of the travel costs were personal, rather than business related.

SOLUTION available in printed and online Study Guide.

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Chapter 2 Supplementary Self Study (SSS) Problems

The solutions to these Chapter 2 SSS Problems can be found following the SSS Problems for this Chapter.

SSS Problem Two - 1

(Individual Tax Instalments)

In January, 2016, you are asked to provide tax advice to Ms. Leslie Garond. She has provided you with the following information about her combined federal and provincial taxes payable and the income taxes withheld by her employer for the 2014 and 2015 taxation years:

Year	Taxes Payable	Taxes Withheld
2014	$22,000	$9,500
2015	18,000	9,700

For 2016, she estimates that her combined federal and provincial taxes payable will be $14,000 and that her employer will withhold a total of $9,850 in income taxes.

She has asked you whether it will be necessary for her to pay instalments in 2016 and, if so, what the minimum amounts that should be paid are, and when they are due.

Required: Provide the information requested by Ms. Garond. Show all required calculations.

SSS Problem Two - 2

(Individual Tax Instalments)

In January, 2016, you are asked to provide tax advice to Mr. Lester Gore. For the three years 2014, 2015, and 2016, he provides the following information on his combined federal and provincial taxes payable, along with information on withholdings by his employer:

Year	Taxes Payable	Taxes Withheld
2014	$15,000	$11,500
2015	10,800	11,750
2016 (Estimated)	17,000	13,000

He has asked you whether it will be necessary for him to pay instalments in 2016 and, if so, what is the minimum he has to pay and when.

Required: Provide the information requested by Mr. Gore. Your answer should include a conclusion on whether or not instalments are required, even if the amount of the instalments is nil. Also indicate the due dates, even if no instalments are required. Show all required calculations.

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SSS Problem Two - 3

(Individual And Corporate Tax Instalments)

For the year ending December 31, 2014, the taxpayer's combined federal and provincial taxes payable amounted to $93,000, while for the year ending December 31, 2015, the amount payable was $108,000. It is estimated that federal and provincial taxes payable for the year ending December 31, 2016 will be $82,500.

Case A The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $86,700 in 2014, $109,500 in 2015, and $79,200 in 2016.

Case B The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $91,500 in 2014, $98,700 in 2015, and $78,300 in 2016.

Case C The taxpayer is a small CCPC with a December 31 year end.

Case D The taxpayer is a publicly traded corporation with a December 31 year end. Assume that its combined federal and provincial taxes payable for the year ending December 31, 2014 are estimated to be $78,100, instead of the $93,000 given in the problem.

Required: For each of the preceding independent Cases, provide the following information:

1. Indicate whether instalments are required during the year ending December 31, 2016, including a brief explanation of your conclusion. This explanation should be provided even if the amount of the required instalments is nil.
2. Calculate the amount of instalments that would be required under each of the acceptable methods available.
3. Indicate which of the acceptable methods would best serve to minimize instalment payments during 2016. If instalments must be paid, indicate the date on which they are due.

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SSS Problem Two - 4

(Instalments, Interest And Penalties For Corporations)

The fiscal year of the Sloan Company, a public company, ends on October 31. During the year ending October 31, 2014, its federal taxes payable amounted to $168,000, while for the year ending October 31, 2015, the federal taxes payable were $153,000. It is estimated that federal taxes payable for the year ending October 31, 2016 will be $144,000.

Required:

A. Calculate the instalment payments that are required for the year ending October 31, 2016 under each of the alternative methods available. Indicate which of the alternatives would be preferable.

B. If the Company did not make any instalment payments towards its 2016 taxes payable, and did not file its corporate tax return or pay its taxes payable on time, indicate how the interest and penalty amounts assessed against it would be determined (a detailed calculation is not required).

SSS Problem Two - 5

(Tax Preparer's Penalty)

For each of the following independent cases, indicate whether you believe a penalty would be assessed against the tax return preparer under ITA 163.2. Explain your conclusion.

A. Accountant X is asked by Client A to prepare a tax return including a business financial statement to be used in the return. In response to a request by Accountant X for business related documents, Client A supplies information to Accountant X, which includes a travel expense receipt. Accountant X relies on this information provided by Client A and prepares the business statement that is filed with the return. The CRA conducts a compliance audit and determines that Client A's travel expense was a non-deductible personal expense.

B. Accountant X has several clients that have been reassessed in respect of a tax shelter. Accountant X knows that the CRA is challenging the tax effects claimed in respect of the tax shelter on the basis that the shelter is not a business, is based on a significant overvaluation of the related property and is technically deficient in its structure. The Tax Court of Canada, in a test case (general procedures), denies deductions claimed in respect of the tax shelter in a previous year by Client B (a client of Accountant X). Client B's appeal is dismissed. The case is not appealed and Accountant X is aware of the Court's decision. Accountant X prepares and files a tax return on behalf of Client C that includes a claim in respect of the same tax shelter that the Tax Court denied deductions for.

C. Taxpayer Z approaches Tax-preparer X to prepare and EFILE Z's tax return. Taxpayer Z provides X with a T4 slip indicating that Z has $32,000 of employment income. Taxpayer Z advises X that he made a charitable donation of $24,000 but forgot the receipt at home. Z asks that X prepare and EFILE the tax return. In fact, Z never donated anything to a charity. X prepares Z's tax return without obtaining the receipt.

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Chapter 2 Supplementary Self Study (SSS) Solutions

SSS Solution Two - 1

Need For Instalments

Instalments are required when an individual's "net tax owing" exceeds $3,000 in the current year and in either of the two preceding years. In somewhat simplified terms, "net tax owing" is defined as the combined federal and provincial taxes payable, less amounts withheld under ITA 153. Ms. Garond's net tax owing figures are as follows:

2014 = $12,500 ($22,000 - $9,500)
2015 = $ 8,300 ($18,000 - $9,700)
2016 = $ 4,150 ($14,000 - $9,850) Estimate

As Ms. Garond's net tax owing in all three of the years 2014 through 2016 exceeds $3,000, she is required to make instalment payments.

Amounts

The amount of the instalments could be based on the net tax owing for 2015 or 2016. Alternatively, the first two 2016 instalments could be based on the net tax owing for 2014, with the final two quarterly instalments based on the 2015 net tax owing. Given that the lowest net tax owing figure is 2016's $4,150 ($14,000 - $9,850), use of this figure will give the lowest instalment payments.

The quarterly payments would be $1,037.50 and are due on March 15, June 15, September 15, and December 15.

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SSS Solution Two - 2

Need For Instalments

Instalments are required when an individual's "net tax owing" exceeds $3,000 in the current year and in either of the two preceding years. In somewhat simplified terms, "net tax owing" is defined as the combined federal and provincial taxes payable, less amounts withheld. Mr. Gore's estimated net tax owing for the three years under consideration is as follows:

2014 = $3,500 ($15,000 - $11,500)
2015 = Nil ($10,800 - $11,750)
2016 = $4,000 ($17,000 - $13,000) Estimate

As Mr. Gore's net tax owing in 2016 (the current year) and his net tax owing in 2014 (one of the two preceding years) is greater than $3,000, he is required to make instalment payments.

Amounts

Note that the problem does not require the calculation of instalments under the three alternative methods, only the minimum instalments required.

The amount of the instalments could be based on the net tax owing for 2015 or 2016. In addition, the first two instalments could be based on the net tax owing for 2014, with the last two instalments based on the net tax owing for 2015, less the amounts paid in the first two instalments.

However, since net tax owing for 2015 is nil, the best solution for Mr. Gore is to use that year. This means that, even though Mr. Gore meets the requirements for making instalment payments, the minimum amount of the required instalments would be nil.

Due Dates

If Mr. Gore did have to pay instalments, the due dates would have been March 15, June 15, September 15 and December 15.

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SSS Solution Two - 3

Case A

1. The individual's net tax owing for the relevant three years is as follows:

   2014 $6,300 ($93,000 - $86,700)
   2015 Nil (Withholdings Exceed Tax Payable)
   2016 $3,300 ($82,500 - $79,200)

   As the net tax owing exceeds $3,000 in the current year and one of the two preceding years, instalments are required.

2. The three alternatives would be:

   - Quarterly instalments of $825 ($3,300 ÷ 4) based on the current year estimate.
   - Quarterly instalments of Nil based on the first preceding year.
   - Two quarterly instalments of $1,575 ($6,300 ÷ 4) based on the second preceding year. No further instalments will be required.

3. The best alternative would be quarterly instalments of nil, based on the first preceding year. There was no net tax owing for that year.

Case B

1. The individual's net tax owing for the relevant three years is as follows:

   2014 $1,500 ($93,000 - $91,500)
   2015 $9,300 ($108,000 - $98,700)
   2016 $4,200 ($82,500 - $78,300)

   As the net tax owing exceeds $3,000 in the current year and one of the two preceding years, instalments are required.

2. The three alternatives would be:

   - Quarterly instalments of $1,050 ($4,200 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $2,325 ($9,300 ÷ 4) based on the first preceding year.
   - Two quarterly instalments of $375 ($1,500 ÷ 4) based on the second preceding year, followed by two instalments of $4,275 {[$9,300 - (2)($375)] ÷ 2}.

3. The best alternative would be quarterly instalments of $1,050, for a total of $4,200. This is much lower than the total of $9,300 required under the other two alternatives.

   The instalments are due on March 15, June, 15, September 15, and December 15.

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Case C

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, quarterly instalments can be used.
2. The three acceptable alternatives would be as follows:
   - Quarterly instalments of $20,625 ($82,500 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $27,000 ($108,000 ÷ 4) based on the first preceding year.
   - One quarterly instalment of $23,250 ($93,000 ÷ 4) based on the second preceding year, followed by three instalments of $28,250 [($108,000 - $23,250) ÷ 3], a total of $108,000.
3. The best alternative would be quarterly instalments of $20,625 based on the current year Tax Payable estimate. The total would be $82,500, significantly less than the $108,000 total under the other two methods.

   The instalments are due on March 31, June 30, September 30, and December 31.

Case D

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.
2. The three acceptable alternatives would be as follows:
   - Monthly instalments of $6,875 ($82,500 ÷ 12 based on the current year estimate.
   - Monthly instalments of $9,000 ($108,000 ÷ 12) based on the first preceding year.
   - Two monthly instalment of $6,508.33 ($78,100 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $9,498.33 {[$108,000 - (2)($6,508.33) ÷ 10]}, a total of $108,000.
3. The best alternative would be monthly instalments of $6,875, based on the current year Tax Payable estimate. The total would be $82,500, significantly less than the $108,000 total under the other two methods.

   The instalments would be due on the last day of each month, beginning in January.

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SSS Solution Two - 4

Part A

Under ITA 157(1), the Sloan Company would have three alternatives with respect to the calculation of its instalment payments. The alternatives and the relevant calculations are as follows:

Current Year Base The instalment payments could be 1/12th of the estimated taxes payable for the current year. In this case the resulting instalments would be $12,000 per month ($144,000 ÷ 12).

Preceding Year Base The instalment payments could be 1/12th of the taxes payable in the immediately preceding taxation year. The resulting instalments would be $12,750 ($153,000 ÷ 12).

Preceding And Second Preceding Years The third alternative would be to base the first two instalments on 1/12th of the taxes payable in the second preceding year and the remaining 10 instalments on 1/10th of the taxes payable in the preceding year less the total amount paid in the first two instalments.

In this case, the first two instalments would be $14,000 ($168,000 ÷ 12) and the remaining 10 instalments would be $12,500 [($153,000 - $28,000) ÷ 10]. The total instalments under this approach would be $153,000.

As the Company has been experiencing a decline in its taxes payable over this three year period, the payments based on the current year's estimated taxes payable would be the most favorable in terms of minimizing cash outflows.

Part B

If the Company failed to make instalment payments towards the 2016 taxes payable, it would be liable for interest from the date each instalment should have been paid to the balance due date, December 31, 2016.

Assuming the actual 2016 taxes payable are $144,000, it would be the least of the amounts described in ITA 157(1), and interest would be calculated based on this instalment alternative. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular rate plus 4 percentage points.

There is a penalty on large amounts of late or deficient instalments. This penalty is specified in ITA 163.1 and is equal to 50 percent of the amount by which the interest owing on the late or deficient instalments exceeds the greater of $1,000 and 25 percent of the interest that would be owing if no instalments were made. While detailed calculations are not required, we would note that this penalty would be applicable in this case.

Interest on the entire balance of $144,000 of taxes payable would be charged beginning on the balance due date, December 31, 2016. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular rate plus 4 percentage points.

There is also a penalty for late filing. If no return is filed by the filing date, the penalty amounts to 5 percent of the tax that was unpaid at the filing date, plus 1 percent per complete month of the unpaid tax for a maximum period of 12 months. This penalty is in addition to any interest charged due to late payment of instalments or balance due. In addition, interest would also be charged on any penalties until such time as the return is filed or the instalments (balance due) paid.

The late file penalty could be doubled to 10 percent, plus 2 percent per month for a maximum of 20 months for a second offence within a three year period.

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SSS Solution Two - 5

Part A

Accountant X is not liable for participating in an understatement of Client A's taxes payable because Accountant X did not know the expense receipt was personal in nature, and would not be reasonably expected to know, but for circumstances amounting to culpable conduct, that this was the case. This is because X relied in good faith on the information provided by A.

Part B

Based on these facts, Accountant X would be liable for a third party penalty. However, if Accountant X had determined that there was a reasonable basis upon which the Tax Court decision could be overturned by a higher court, the penalty would not apply.

Part C

Based on these facts, if X were to prepare and EFILE Z's return without obtaining the charitable donation receipt, X would be liable for a third party penalty. Given that the size of the donation is so disproportionate to Z's apparent income as to defy credibility, to EFILE the return without verifying the amount of the receipt would show an indifference as to whether the *Act* is complied with or would show a wilful, reckless, or wanton disregard of the law.

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Practice Exam

Chapter 2 (Procedures And Administration)

Instructions To Students

Create An Examination Environment

Your text, the accompanying Study Guide and the Companion Website provide you with a large number of Exercises, Self Study Problems and Supplementary Self Study Problems for which solutions are provided. These problems are designed to assist you with understanding the content of each Chapter. In contrast, the goal of this Practice Examination is to allow you to evaluate your ability to write the examinations in your tax course.

To get the maximum benefit from this Practice Examination, you should write it under examination conditions. It is designed as a 90 minute examination and should be written within that time constraint. You should choose a location where you will not be distracted and set aside 90 minutes of time during which you will not be interrupted.

Materials To Be Used During the Examination

The materials that you use while writing this Practice Examination should be consistent with the materials that will be available during the examinations that you will be writing in your tax course. These vary from course to course depending on the instructor and can include the following possibilities:

- you may be provided with the list of "Rates and Other Data" that is found in the front of your *Canadian Tax Principles* textbook and on the Companion Website,
- you may be allowed to bring into the examination room:
  - a copy of the *Income Tax Act*, or
  - a "cheat sheet" with various notes, or
  - your *Canadian Tax Principles* textbook.

You should determine exactly what materials are allowed in your situation, either from your course outline or from your instructor. You should then write this Practice Examination using only the materials permitted for your examination.

Types Of Questions

Different instructors use alternative types of questions on their examinations. This examination includes essay questions, true or false questions, and multiple choice questions. However, the majority of the marks on this examination are allocated to problems that are similar to the Exercises , Self Study Problems and Supplementary Self Study Problems that are available through your *Canadian Tax Principles* text.

This content may not be consistent with the types of questions used by the instructor in the course you are taking (e.g., an instructor might choose to have an examination that contains only multiple choice questions, or only one comprehensive question). You should take this into consideration when you are evaluating your results on this examination.

How To Use The Marking Guides

For each question on this Practice Examination, we have provided information on how we would allocate the total marks. In some cases, this allocation is very straightforward. For

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example, if a 12 mark question consists of 6 multiple choice questions, 2 marks will be allocated to each correct answer.

However, in other situations the allocation process is more complex. Consider, for example, an employment income calculation that has 11 separate components (i.e., salary, RPP contributions and so forth). If 15 grading marks were assigned to this problem, the marking guide could assign 1.36 marks (15 marks divided by 11 components) to each line or, alternatively, award more than one mark to some components. Both of these approaches can be awkward.

To resolve this problem, the marking guides that we provide in these more complex situations will be based on "grading points". In the preceding example, 11 grading points would be assigned to this question — one for each component in the calculation. These "grading points" would then be converted into the relevant mark. Continuing the example, if you had 8 of 11 components in the calculation correct, this result would be converted to a mark as follows:

$$[(8 \div 11)(15\%)] = 10.9\%$$

In the solution that we have provided for this Practice Examination, these grading points have been identified with highlighting the appropriate number or word(s).

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Practice Examination

Examination Content

The content of this examination, along with the marks and times for each question, are found in the following table.

Question	Type Of Question Or Subject	Marks	Time In Minutes
1	Essay Questions	20	18.0
2 - 7	True Or False	9	8.1
8 - 14	Multiple Choice	21	18.9
15	Instalments (Individual And Corporate)	50	45.0
Total		100	90.0

Question 1 (20 Marks)

Provide answers to each of the following questions.

A. Under what circumstances must an individual file an income tax return? If an individual is required to file an income tax return, by what date must it be filed?

B. Jane Dallas filed her 2015 tax return on the April 30, 2016 due date. She received her Notice of Assessment on July 15, 2016. The Notice did not indicate any problems with her return. On January 13, 2017, she receives a Notice of Reassessment, indicating that deductions of $15,000 were being disallowed and that she owed an additional $5,900 in taxes. The reassessment was dated January 10, 2017. Jane does not agree with the reassessment and has asked your advice on how to deal with the situation. Outline the procedures that can be taken by Jane to appeal this assessment.

Questions 2 Through 7 (9 Marks)

2. An individual is required to make deductible spouse support payments on an annual basis. This individual can request that his employer reduce the amount withheld for income taxes.

True or False?

3. An individual, whose only income is from an unincorporated business, dies on December 29, 2016. This individual's 2016 tax return must be filed by June 15, 2017.

True or False?

4. An individual whose filing date is April 30, does not file his tax return until June 27. He has not previously missed a filing date. His penalty for late filing would be equal to 6 percent of the tax owing on the filing date.

True or False?

5. Without regard to the date on which their tax return must be filed, all corporations must pay any balance owing within three months of their year end.

True or False?

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6. For individuals, trusts, and Canadian controlled private corporations, reassessment can occur for up to three years from the date of the mailing of the original assessment.

True or False?

7. The rate used to charge interest on insufficient instalments for individuals is 4 percent higher than the rate used to calculate interest paid to individuals on refunds.

True or False?

Questions 8 Through 14 (21 Marks)

8. Mr. Levin dies on December 5, 2016. While he was an employee of a publicly traded Canadian company, he owned an unincorporated business which was managed by his common-law partner. What is the latest date for filing his 2016 income tax return?

   A. April 30, 2017.
   B. June 5, 2017.
   C. June 15, 2017.
   D. June 30, 2017.

9. With respect to the filing of an individual income tax return, which of the following statements is **NOT** correct?

   A. An individual is required to file an income tax return if their only source of income is business income, even if no tax is payable.
   B. An individual is required to file a tax return if he has an outstanding balance under the home buyers plan.
   C. If an individual has disposed of a capital property during the year, they are required to file an income tax return, even if no tax is payable.
   D. An individual is required to file an income tax return if they owe taxes for the year.

10. Joan Bass, an individual whose only income resulted from pensions, did not pay her net tax owing for 2016 until she actually filed her return on September 10, 2017. Her net tax owing on her balance-due day was $5,600. This is the first time she has late filed her return. How much of a late filing penalty will Joan incur?

    A. Nil.
    B. $280.
    C. $504.
    D. $560.

11. Cheung Trading Inc., a CCPC, has a year end of September 30. For its 2016 taxation year, its income tax return is due on:

    A. November 30, 2016.
    B. December 31, 2016.
    C. April 30, 2017.
    D. March 31, 2017.
    E. None of the above.

12. Brandon Ltd. is a Canadian public corporation with an August 31 year end. For the 2016 taxation year, the Company's taxes must be paid by:

    A. October 31, 2016.
    B. February 28, 2017.
    C. December 31, 2016.
    D. November 30, 2016.

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13. Martin Houde is retired and recently divorced. He filed his 2016 tax return on February 3, 2017. He received a portion of the tax refund claimed and an Notice of Assessment, dated May 12, 2017, which set out the difference between the amount claimed and the amount of the refund. As Martin disagrees with the Notice of Assessment, he wishes to file a notice of objection. By which of the following dates must he file his notice of objection?

    A. February 3, 2018.
    B. May 12, 2018.
    C. April 30, 2018.
    D. August 10, 2017.
    E. June 15, 2018.

14. Of the following statements related to appeals, which one is **NOT** correct?

    A. If an appeal to the Tax Court Of Canada is not successful, the taxpayer has the right to appeal to the Federal Court Of Appeal.
    B. Under the informal procedure, a taxpayer can represent himself in the Tax Court Of Canada.
    C. The Minister is responsible for the taxpayer's costs if the Minister appeals in a case where the amount of Tax Payable is less than $25,000.
    D. Under the informal procedure, the taxpayer cannot be required to pay court costs in the Tax Court Of Canada.

Question 15 (50 Marks)

For the three years ending December 31, 2016, the taxpayer's combined federal and provincial taxes payable were as follows:

Year Ending December 31	Taxes Payable
2014	$56,742
2015	22,785
2016 (Estimated)	64,457

Case One The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $51,060 in 2014, $16,165 in 2015, and $60,472 in 2016.

Case Two The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $53,426 in 2014, $23,486 in 2015, and $59,426 in 2016.

Case Three The taxpayer is an individual whose employer withholds combined federal and provincial taxes of $57,101 in 2014, $19,483 in 2015, and $58,048 in 2016.

Case Four The taxpayer is a corporation with a December 31 year end. It does not qualify as a small CCPC.

Case Five The taxpayer is a small CCPC with a taxation year that ends on December 31. Assume that its combined federal and provincial taxes payable for the year ending December 31, 2015 were $71,560, instead of the $22,785 given in the problem.

Required: For each of the preceding independent Cases, provide the following information:

1. Indicate whether instalments are required during 2016. Explain your conclusion.
2. Calculate the amount of instalments that would be required under each of the acceptable methods available.
3. Indicate which of the available methods would best serve to minimize instalment payments during 2016 and indicate the date on which they are due.

END OF EXAMINATION

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Practice Exam Solution

Chapter 2 (Procedures And Administration)

Examination Summary

The marks you have received on each question can be added in the final column.

Question	Type Of Question Or Subject	Total Marks	Your Mark
1	Essay Questions	20	
2 - 7	True Or False	9	
8 - 14	Multiple Choice	21	
15	Instalments	50	
Total		100	

Solution 1 (20 Marks)

Part A

As listed in the text, an individual must file a tax return if, in the year, the individual:

- has Tax Payable;
- is requested by the CRA to file a tax return;
- has disposed of a capital property,
- has realized a taxable capital gain;
- and his spouse or common-law partner have elected to split pension income;
- has to contribute to the Canada Pension Plan; or
- has to pay Employment Insurance premiums.

Points to a maxiumum of **11**

For living individuals, the normal filing date is April 30th of the following calendar year.

However, if the individual or his spouse or common-law partner have business income, the date is extended to June 15th of the following calendar year.

For individuals who die prior to their normal filing date, the required date is the later of:

- the normal filing date and
- six months after the date of death.

NOTE There are other situations that could be listed that would require a return to be filed.

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Part B

The procedures can be outlined as follows:

- The first step would be to contact the CRA to discuss the changes contained in the reassessment.
- If informal discussions do not resolve the issue, the next step would be a notice of objection. This must be filed the later of:
  - one year after the due date for the return (April 30, 2017) or
  - 90 days after the January 10th date of the Notice of Reassessment. This would be April 10, 2017).
- If there is an adverse decision on the notice of objection, Jane can appeal to the Tax Court Of Canada. This has to be done within 90 days of receiving the decision on the notice of objection. She can use the informal procedure or the general procedure.
- Provided she has used the general procedure, a further appeal can be made to the Federal Court Of Appeal. This must be done within 30 days of receiving the Tax Court Of Canada decision.

11

Your Mark = [(# of grading points ÷ 22)(20%)] = ___%

Solutions 2 Through 7 (9 Marks)

2. True. As the payments are documented and recurring, amounts withheld by the employer can be reduced.
3. False. This individual has until 6 months after the date of death which would be June 29, 2017.
4. True. The penalty would be 5 percent, plus 1 percent for the month of May. Only complete months count in determining this penalty.
5. False. Only Canadian controlled private corporations that claim the small business deduction have 3 months. Other corporations only have 2 months.
6. True.
7. False. The rate is 2 percent higher.

1 grading point for each correct answer. Total 6
Your Mark = [(# of grading points ÷ 6)(9%)] = ___%

Solutions 8 Through 14 (21 Marks)

8. C. June 15, 2017.
9. A. An individual is required to file an income tax return if their only source of income is business income, even if no tax is payable.
10. C. $504 [($5,600)(5% + 4%)].
11. D. The return would be due on March 31, 2017, six months after the taxation year end.

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12. A. October 31, 2016, two months after the year end.

13. C. The notice of objection must be filed the later of one year after the due day for the return (April 30, 2017), and 90 days after the date of the Notice of Assessment (August 10, 2017).

14. A. If the informal procedure has been used in the Tax Court Of Canada, no further appeal is allowed.

1 grading point for each correct answer. Total 7
Your Mark = [(# of grading points ÷ 7)(21%)] = ___%

Solution 15 (50 Marks)

Case One

1. The net tax owing for the years 2014 through 2016 would be calculated as follows:

2014 $**5,682** ($56,742 - $51,060)
2015 $**6,620** ($22,785 - $16,165)
2016 $**3,985** ($64,457 - $60,472)

31

As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

2. The three acceptable alternatives would be as follows:

- Quarterly instalments of $996.25 ($3,985 ÷ 4) based on the current year estimate.
- Quarterly instalments of $1,655.00 ($6,620 ÷ 4) based on the first preceding year.
- Two quarterly instalments of $1,420.50 ($5,682 ÷ 4), followed by two quarterly instalments of $1,889.50 {[$6,620 - (2)($1,420.50)] ÷ 2]}, for a total of $6,620.

3. The best alternative would be quarterly instalments of $996.25 based on the current year estimate.

   The instalments would be due on March 15, June 15, September 15, and December 15, 2016.

Case Two

1. The net tax owing for the years 2014 through 2016 would be calculated as follows:

2014 $**3,316** ($56,742 - $53,426)
2015 **Nil** ($22,785 - $23,486)
2016 $**5,031** ($64,457 - $59,426)

11

As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

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2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $1,257.75 ($5,031 ÷ 4), based on the current year estimate.
   - Quarterly instalments of Nil.
   - Two quarterly instalments of $829.00 ($3,316 ÷ 4) based on the second preceding year. No further instalments would be required as the net tax owing in the preceding year is nil.

3. As the net tax owing for 2015 was nil, using this year as the instalment base would be the best alternative.

   The instalments would be due on March 15, June 15, September 15, and December 15, 2016, if instalments were paid.

15

Case Three

1. The net tax owing for the years 2014 through 2016 would be calculated as follows:

   2014 **Nil** ($56,742 - $57,101)
   2015 $**3,302** ($22,785 - $19,483)
   2016 $**6,409** ($64,457 - $58,048)

As the net tax owing for the current year and one of the two preceding years exceeds $3,000, instalment payments are required.

29

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $1,602.25 ($6,409 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $825.50 ($3,302 ÷ 4) based on the first preceding year.
   - As there was no net tax owing in 2014, the first two quarterly instalments would be nil, followed by two quarterly instalments of $1,651 [($3,302 - Nil) ÷ 2].

3. The best alternative would be the one used by the CRA in its quarterly Instalment Reminders as it provides some tax deferral. No instalments would be required on March 15 or June 15. The two instalments of $1,651 would be required on September 15 and December 15, 2016.

Case Four

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $5,371.42 ($64,457 ÷ 12) based on the current year estimate.
   - Monthly instalments of $1,898.75 ($22,785 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $4,728.50 ($56,742 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $1,332.80 {[($22,785 - (2)($4,728.50)] ÷ 10}, a total of $22,785.

3. The best alternative would be monthly instalments of $1,898.75, a total of $22,785.

   The instalments would be due on the last day of each month, beginning in January, 2016.

23

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Case Five

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation qualifies as a small CCPC, the instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $16,114.25 ($64,457 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $17,890.00 ($71,560 ÷ 4) based on the preceding year.
   - One quarterly instalment of $14,185.50 ($56,742 ÷ 4), followed by three quarterly instalments of $19,124.83 [($71,560 - $14,185.50) ÷ 3], a total of $71,560.

3. The best alternative would be four quarterly instalments of $16,114.25, for a total of $64,457.

   The instalments are due on March 31, June 30, September 30, and December 31, 2016.

23

Summary Of Maximum Grading Points Available

Case 1 = 31
Case 2 = 26 (11 + 15)
Case 3 = 29
Case 4 = 23
Case 5 = 23

Total = 132

Your Mark = [(# of grading points ÷ 132)(50%)] = ___%

CHAPTER TWO SOLUTIONS

Solution to Assignment Problem Two - 1

Need For Instalments

Instalments are required when an individual's "net tax owing" exceeds $3,000 in the current year and in either of the two preceding years. In somewhat simplified terms, "net tax owing" is defined as the combined federal and provincial taxes payable, less amounts withheld under ITA 153. Mr. Boardman's net tax owing figures are as follows:

2014 = $750 ($62,350 - $61,600)
2015 = $16,020 ($29,760 - $13,740)
2016 = $4,980 ($52,370 - $47,390) Estimated

As Mr. Boardman's net tax owing in 2016 (the current year) and his net tax owing in 2015 (one of the two preceding years) is greater than $3,000, he is required to make instalment payments.

Amounts

If Mr. Boardman bases the first two quarterly payments on the 2014 net tax owing, they would only be $187.50 each ($750 ÷ 4). However, the payments for the last two quarters would be $7,822.50 each {[$16,020 - (2)($187.50)] ÷ 2}, resulting in total instalment payments of $16,020.

A preferable alternative would be to base the payments on the estimated net tax owing for 2016. These payments would be $1,245 each ($4,980 ÷ 4), for a total of $4,980.

Payment Dates

The quarterly payments would be due on March 15, June 15, September 15, and December 15 of 2016.

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Solution to Assignment Problem Two - 2

Part A

Under ITA 157(1), Ledux Inc. would have three alternatives with respect to the calculation of its instalment payments. The alternatives and the relevant calculations are as follows:

Current Year Base The instalment payments could be 1/12th of the estimated Tax Payable for the current year. In this case the resulting instalments would be $16,945.42 per month ($203,345 ÷ 12).

Preceding Year Base The instalment payments could be 1/12th of the Tax Payable in the immediately preceding taxation year. The resulting instalments would be $17,963.92 ($215,567 ÷ 12).

Preceding And Second Preceding Years The third alternative would be to base the first two instalments on 1/12th of the Tax Payable in the second preceding year and the remaining instalments on 1/10th of the Tax Payable in the preceding year, less the total amount paid in the first two instalments.

In this case, the first two instalments would be $16,118.33 ($193,420 ÷ 12) each, a total of $32,236.66. The remaining 10 instalments would be $18,333.03 [($215,567 - $32,236.66) ÷ 10] each. The total instalments under this approach would be $215,567.

While the third approach would provide the lowest payments for the first two instalments, the payments would total $215,567. As this is larger than the $203,345 total when the instalments are based on the current year's estimated Tax Payable, the use of the current year's Tax Payable approach would be the best alternative.

Part B

If the Company failed to make instalment payments towards the 2016 taxes payable, it would be liable for interest from the date each instalment should have been paid to the balance due date, March 31, 2016.

Assuming the actual 2016 taxes payable are $203,345, it would be the least of the amounts described in ITA 157(1), and interest would be calculated based on the current year instalment alternative. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is a penalty on large amounts of late or deficient instalments. This penalty is specified in ITA 163.1 and is equal to 50 percent of the amount by which the interest owing on the late or deficient instalments exceeds the greater of $1,000 and 25 percent of the interest that would be owing if no instalments were made. While detailed calculations are not required, we would note that this penalty would clearly be applicable in this case.

Interest on the entire balance of $203,345 of taxes payable would be charged beginning on the balance due date, March 31, 2016, two months after the end of the 2016 taxation year. The rate charged would be the one prescribed in ITR 4301 for amounts owed to the Minister, the regular base rate plus 4 percentage points.

There is also a penalty for late filing. If no return is filed by the filing due date of July 31, 2016, the penalty amounts to 5 percent of the tax that was unpaid at the filing date, plus 1 percent per complete month of the unpaid tax for a maximum period of 12 months. This penalty is in addition to any interest charged due to late payment of instalments or balance due. In addition, interest would also be charged on any penalties until such time as the return is filed or the instalments (balance due) paid.

The late file penalty could be doubled to 10 percent, plus 2 percent per month for a maximum of 20 months for a second offence within a three year period.

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Solution to Assignment Problem Two - 3

Part A - Case 1

Barry's net tax owing in each of the three years is as follows:

2014 = $2,456 ($14,256 - $11,800)
2015 = $1,626 ($15,776 - $14,150)
2016 = $4,083 ($16,483 - $12,400) Estimated

While the net tax owning in the current year is expected to exceed $3,000, it did not exceed $3,000 in either of the two previous years. The payment of instalments is not required.

Part A - Case 2

Barry's net tax owing in each of the three years is as follows:

2014 = Nil ($14,256 - $14,920) Note that a negative number is not used here.
2015 = $4,376 ($15,776 - $11,400)
2016 = $3,257 ($16,483 - $13,226) Estimated

As his net tax owing is expected to exceed $3,000 in 2016 and was more than $3,000 in 2015, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $814.25 ($3,257 ÷ 4), for a total amount of $3,257.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $1,094 ($4,376 ÷ 4), for a total amount of $4,376.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being nil. The remaining two instalments would be $2,188 ($4,376 ÷ 2), a total of $4,376.

The best choice would be Alternative 1. While the first two instalments are lower under Alternative 3, the total for the year under Alternative 3 is $1,119 ($4,376 - $3,257) higher.

Part A - Case 3

Barry's net tax owing in each of the three years is as follows:

2014 = $3,036 ($14,256 - $11,220)
2015 = $2,501 ($15,776 - $13,275)
2016 = $3,610 ($16,483 - $12,873) Estimated

As his net tax owing is expected to exceed $3,000 in 2016 and was more than $3,000 in 2014, the payment of instalments is required.

Instalments under the three acceptable alternatives would be as follows:

Alternative 1 Using the estimated net tax owing for the current year would result in quarterly instalments of $902.50 ($3,610 ÷ 4), for a total amount of $3,610.

Alternative 2 Using the net tax owing for the previous year would result in quarterly instalments of $625.25 ($2,501 ÷ 4), for a total amount of $2,501.

Alternative 3 Using the net tax owing for the second previous year would result in the first two instalments being $759 ($3,036 ÷ 4) each, a total of $1,518. The remaining two instalments would be $491.5 [($2,501 - $1,518) ÷ 2], a total of $983. When combined with the first two instalments, the total for the year would be $2,501 ($1,518 + $983).

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The best choice would be Alternative 2. While the total for the year under Alternative 3 is the same, the first two instalments are lower under Alternative 2, allowing for a small amount of tax deferral.

Part B

In Case Two and Case Three, the required instalments would be due on March 15, June 15, September 15, and December 15, 2016.

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Solution to Assignment Problem Two - 4

Case One

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $43,085 ($172,340 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $46,635 ($186,540 ÷ 4) based on the first preceding year.
   - One instalment of $38,410 ($153,640 ÷ 4) based on the second preceding year, followed by three instalments of $49,376.67 [($186,540 - $38,410) ÷ 3], a total of $186,540.

3. The best alternative in terms of minimum instalments would be four instalments of $43,085, for total payments of $172,340. The instalments are due on March 31, June 30, September 30, and December 31, 2016.

Case Two

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is a small CCPC, instalments will be quarterly.

2. The three acceptable alternatives would be as follows:

   - Quarterly instalments of $43,085 ($172,340 ÷ 4) based on the current year estimate.
   - Quarterly instalments of $40,855 ($163,420 ÷ 4) based on the first preceding year.
   - One instalment of $38,410 ($153,640 ÷ 4) based on the second preceding year, followed by three instalments of $41,670 [($163,420 - $38,410) ÷ 3], a total of $163,420.

3. The best alternative would be one payment of $38,410, followed by three payments of $41,670. While the total instalments are the same $163,420 in both the second and third alternatives, the third alternative is preferable because the first payment is lower. This provides a small amount of tax deferral.

   The instalments are due on March 31, June 30, September 30, and December 31, 2016.

Case Three

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $14,361.67 ($172,340 ÷ 12) based on the current year estimate.
   - Monthly instalments of $15,545 ($186,540 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $12,803.33 ($153,640 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $16,093.33 {[($186,540 - (2)($12,803.33)] ÷ 10}, a total of $186,540.03.

3. The best alternative in terms of minimum instalments would be 12 instalments of $14,361.67, resulting in a total of $172,340 of instalment payments.

   The instalments would be due on the last day of each month, beginning in January, 2016.

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Case Four

1. As the corporation's tax payable for both the current and the preceding year exceeds $3,000, instalments are required. As the corporation is not a small CCPC, monthly instalments are required.

2. The three acceptable alternatives would be as follows:

   - Monthly instalments of $14,361.67 ($172,340 ÷ 12) based on the current year estimate.
   - Monthly instalments of $13,618.33 ($163,420 ÷ 12) based on the first preceding year.
   - Two monthly instalments of $12,803.33 ($153,640 ÷ 12) based on the second preceding year, followed by 10 monthly instalments of $13,781.33 {[$163,420 - (2)($12,803.33)] ÷ 10}, a total of $163,420.

3. The best alternative would be two payments of $12,803.33, followed by ten payments of $13,781.33. While the total instalments are the same $163,420 in both the second and third alternatives, the third alternative is preferable because the first two payments are lower. This provides a small amount of tax deferral.

   The instalments would be due on the last day of each month, beginning in January, 2016.

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Solution to Assignment Problem Two - 5

Part A

For individuals, the taxation year is always the calendar year. Individuals without business income are required to file their tax returns no later than April 30 of the year following the relevant taxation year. For individuals with business income, and their spouse or common-law partner, the filing deadline is extended to June 15.

Part B

The general rules are the same for both deceased and living individuals. That is, the return must be filed no later than April 30 of the year following the year of death. If the deceased individual, or his spouse or common-law partner had business income, the due date is June 15 of the year following the year of death.

However, when death occurs between November 1 of a taxation year and the normal filing date for that year's return, representatives of the deceased can file the return on the later of the normal filing due date (April 30th or June 15th of the following year) and six months after the date of death.

Part C

As of 2016, both inter vivos and testamentary trusts must use the calendar year as their taxation year. As both types of trusts must file within 90 days of the end of their taxation year, the filing due date for a specific year's income tax returns will be March 31 (March 30 in leap years) of the following year.

Part D

Corporations can use a non-calendar fiscal year as their taxation year. The corporate T2 return must be filed within six months of the end of the taxation year.

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Solution to Assignment Problem Two - 6

The following additional information would be relevant in considering Mr. Simon's situation:

A. Determination of the date of the Notice of Reassessment. A notice of objection must be filed prior to the later of:

- 90 days from the date of the Notice of Reassessment; and
- one year from the due date for the return under reassessment.

In this case, the later date is clearly 90 days after the date of the Notice of Reassessment.

B. Determination of the date of the Notice of Assessment for the 2012 taxation year. A three year time limit applies from the date of the Notice of Assessment. As the Notice of Assessment for 2012 could have been sent in early April, 2013, this reassessment could be within the three year limit.

C. Determination of whether Mr. Simon has signed a waiver of the three year time limit or if he is guilty of fraud or misrepresentation. If the reassessment is not within the three year time limit, Mr. Simon would not usually be subject to reassessment. However, if Mr. Simon has signed a waiver of the three year time limit, or if fraud or misrepresentation is involved, he becomes subject to reassessment, regardless of the time period involved.

If the preceding determinations indicate that the reassessment is valid and you decide to accept Mr. Simon as a client, the following steps should be taken:

- You should have Mr. Simon file a Consent Form, T1013, with the CRA which authorizes you to represent him in his affairs with the CRA and/or authorize you to access his file through the online Represent a Client service.
- A notice of objection should be filed before the expiration of the 90 day time limit.
- You should begin discussions of the matter with the relevant assessor at the CRA.

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Solution to Assignment Problem Two - 7

Note To Instructor These Cases have been based on examples found in IC 01-1.

Case A

In view of the business that the taxpayer is in, there was nothing in the income statement that would have made the accountant question the validity of the information provided to him. Therefore, he could rely on the good faith reliance exception and would not be subject to the preparer penalty.

Case B

The prospectus prepared by the company contains a false statement (overstated fair market value of the software) that could be used for tax purposes. The company knew or would reasonably be expected to know, but for culpable conduct, that the fair market value of the software was a false statement. Since the company is engaged in an excluded activity, it cannot rely on the good faith reliance exception with respect to the valuation. The CRA would consider assessing the company with third-party civil penalties in the amount of $2,000,000 (i.e., the gross entitlements). The CRA would also consider assessing the appraiser with third-party civil penalties. The amount of the penalty would be his gross entitlements from the valuation activity, which is $75,000.

Case C

Although the tax return contains one or more false statements, the tax return preparer would be entitled to the good faith defense since he relied, in good faith, on information (the financial statements that were not obviously unreasonable) provided by another professional on behalf of the client. Therefore, he would not be subject to the preparer penalty.

The third-party penalties may be applied to the other accountant if he knew or would be expected to know, but for circumstances amounting to culpable conduct, that the financial statements contained false statements.

Case D

The accountant would not be subject to the penalties for participating or acquiescing in the understatement of a tax liability. The facts were highly suspect until the accountant asked questions to clear up the doubt in his mind that the client was not presenting him with implausible information. The response addressed the concern and was not inconsistent with the knowledge he possessed.

Case E

Since the tax return preparer e-filed the taxpayer's return without obtaining the charitable donation receipt, the CRA would consider assessing the tax return preparer with the preparer penalty. Given that the size of the donation is so disproportionate to the taxpayer's apparent resources as to defy credibility, to proceed unquestioningly in this situation would show wilful blindness and thus an indifference as to whether the ITA is complied with.

Case F

The issue here is whether the accountant is expected to know that GST is not payable on wages, interest expense, and zero-rated purchases. It is clear that the accountant should have known that no GST could be claimed on these items. Given this, in filing a claim that includes a GST refund on the preceding items, the accountant made a false statement, either knowingly, or in circumstances amounting to culpable conduct. Consequently, the CRA would consider assessing the accountant with the third-party civil penalty, specifically, the preparer penalty.

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Summary

2015 Tax Summary (Federal)

		Buddy-Chapter 4 Problem
Total income		
Employment *	101	16,500
Old Age Security	113	
CPP/QPP benefits	114	
Other pensions	115	
Split-pension amount	116	
Universal Child Care Benefit	117	
Employment Insurance	119	
Taxable dividends	120	
Interest	121	
Limited partnership	122	
RDSP	125	
Rental	126	
Taxable capital gains	127	
Support payments	128	
RRSP	129	
Other	130	
Self-employment *	135	
Workers' compensation and social assistance	147	
Total income	150	16,500

Net income		
RPP	207	
RRSP *	208	
Split-Pension Deduction	210	
Union and professional dues	212	
UCCB repayment	213	
Child care expenses	214	
Disability supports deduction	215	
Business investment loss	217	
Moving expenses	219	
Support payments	220	
Carrying charges and interest	221	
CPP/QPP/PIPP *	222	
Exploration and development	224	
Employment expenses	229	
Social benefits repayment	235	
Other deductions *	231	
Net income	236	16,500

Taxable income		
Canadian Forces personnel	244	
Home relocation loan	248	
Security options deductions	249	
Other payments deduction	250	
Losses of other years *	251	
Capital gains deduction	254	
Northern residents	255	
Additional deductions	256	
Taxable income	260	16,500

2016 Estimated	Buddy-Chapter 4 Problem
GST/HST credit	1,259 00
Provincial tax credit	404 00
Child Tax Benefit	
RRSP contribution limit	2,970 00

* More than one line is considered

		Buddy-Chapter 4 Problem
Non-refundable tax credits		
Basic personal amount	300	11,327
Age amount	301	7,033
Spouse / eligible dependant *	303	3,647
Family caregiver amount	367	
Infirm/caregiver *	306	11,309
CPP/QPP/PPIP/EI *	308	310
Volunteer firefighters' amount*	362	
Canada employment amount	363	1,146
Public transit passes amount	364	
Children's arts amount	370	
Home buyers' amount *	369	
Adoption expenses	313	
Pension income amount	314	
Disability amount	316	
Transfers *	318	7,899
Interest on student loans	319	
Tuition / education	323	
Medical expenses	332	3,430
Subtotal	335	46,101
Credit at 15%	338	6,915
Donations and gifts	349	
Non-refundable tax credits	350	6,915

Total payable		
Federal tax	404	2,475
Non-refundable tax credits	350	6,915
Family tax cut	423	
Dividend tax credit	425	
Min. tax carry-over/other *	426	
Basic federal tax	429	
Non resident surtax		
Foreign tax credits / other	405	
Federal tax	406	
Political/inv. tax credit/other *	410	
Labour-sponsored tax credit	414	
Alternative minimum tax	417	
WITB Prepayment (RC210)	415	
Special Taxes	418	
Net federal tax	420	
CPP contributions payable	421	
EI self-employment	430	
Social benefits repayment	422	
Provincial/territorial tax	428	
Total payable	435	

Total credits		
Income tax deducted *	437	500
QC or YT abatement *	440	
CPP/EI overpayment *	448	
Medical expense supplement	452	858
WITB (Schedule 6)	453	1,947
Other credits *	454	
GST/HST rebate	457	
Children's fitness amount	459	
Instalments	476	4,000
Provincial tax credits	479	150
Total credits	482	7,455
Balance owing (refund)		(7,455)
Combined balance (refund)		(7,455)

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Canada Revenue Agency | Agence du revenu du Canada

T1 GENERAL 2015

Income Tax and Benefit Return

Complete all the sections that apply to you. For more information, see the guide.

BC 7

Identification

First name and initial
Buddy-Chapter 4 Problem

Last name
Musician

Care of

Mailing address: Apt No – Street No Street name
111 WWW Street

PO Box | RR

City: Vancouver | Prov./Terr.: BC | Postal Code: V4H 3W4

Email address

I understand that by providing an email address, I am **registering** for online mail. I **have read** and I **accept the terms and conditions** on page 15 of the guide.

Enter an email address:

Information about your residence

Enter your province or territory of residence on **December 31, 2015**: British Columbia

If your province or territory of residence changed in 2015, enter the date of your move.

Is your home address the same as your mailing address ? ☐ Yes ☐ No

Enter the province or territory where you **currently** reside if it is not the same as your mailing address above:

If you were self-employed in 2015, enter the province or territory of self-employment:

If you **became** or **ceased** to be a **resident of Canada** for income tax purposes **in 2015**, enter the date of:

Month/Day
entry _____ or **departure** _____ Month/Day

Information about you

Enter your social insurance number (SIN): 527 000 061

Year/Month/Day
Enter your date of birth: 1948-08-28

Your language of correspondence: English ☐ Français ☐
Votre langue de correspondance : X

Is this return for a deceased person?

If this **return** is for a **deceased person**, enter the date of death: Year/Month/Day

Your marital status on December 31, 2015

(see the "Marital status" section in the guide for details)

1 [X] Married 2 [ ] Living common-law 3 [ ] Widowed
4 [ ] Divorced 5 [ ] Separated 6 [ ] Single

Information about your spouse or common-law partner (if you ticked box 1 or 2 above)

Enter his or her SIN: 527 000 129

Enter his or her first name: Natasha

Enter his or her net income for 2015 to claim certain credits: 7,680.00

Enter the amount of UCCB included on line 117 of his or her return: 7,680.00

Enter the amount of UCCB repayment included on line 213 of his or her return

Tick this box if he or she was self-employed in 2015: 1 ☐

Do not use this area								

Do not use this area	172			171				

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Residency information for tax administration agreements

For more information, see Information Sheet T1-BC10(E), *Residency information for tax administration agreements* included in this package.

Did you reside in the **Nisga'a Lands** on December 31, 2015? Yes ☐ 1 No ☒ 2

If **yes**, are you a citizen of the **Nisga'a Nation**? Yes ☐ 1 No ☐ 2

Elections Canada (see the Elections Canada page in the tax guide for details or visit **www.elections.ca**)

A) Are you a Canadian citizen? Yes ☒ 1 No ☐ 2

Answer the following question **only if you are a Canadian citizen.**

B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors? Yes ☒ 1 No ☐ 2

Your authorization is valid until you file your next return. Your information will only be used for purposes permitted under the *Canada Elections Act*, which include sharing the information with provincial/territorial election agencies, members of Parliament, and registered political parties, as well as candidates at election time.

Please answer the following question

Did you own or hold specified foreign property where the total cost amount of all such property, at any time in 2015, was more than CAN$100,000?

See "Specified foreign property" in the guide for more information **266** Yes ☐ 1 No ☒ 2

If **yes**, complete and attach Form T1135 to your return.

If you had dealings with a non-resident trust or corporation in 2015, see the "Foreign income" section in the guide.

Byrd and Chens Canadian Tax Principles (Canadian) 1st edition Byrd Solutions Manual

The guide contains valuable information to help you complete your return.
When you come to a line on the return that applies to you, look up the line number in the guide for more information.

As a Canadian resident, you have to report your income from all sources both inside and outside Canada.

Total income

Employment income (box 14 on all T4 slips)			101	16,500 00
Commissions included on line 101 (box 42 on all T4 slips)	102			
Wage loss replacement contributions (see line 101 in the guide)	103			
Other employment income			104	
Old Age Security pension (box 18 on the T4A(OAS) slip)			113	
CPP or QPP benefits (box 20 on the T4A(P) slip)			114	
Disability benefits included on line 114 (box 16 on the T4A(P) slip)	152			
Other pensions and superannuation			115	
Elected split-pension amount (**attach** Form T1032)			116	
Universal Child Care Benefit (UCCB)			117	
UCCB amount designated to a dependant	185			
Employment Insurance and other benefits (box 14 on the T4E slip)			119	
Taxable amount of dividends (eligible **and** other than eligible) from taxable Canadian corporations (**attach** Schedule 4)			120	
Taxable amount of dividends other than eligible dividends, included on line 120, from taxable Canadian corporations	180			
Interest and other investment income (**attach** Schedule 4)			121	
Net partnership income: limited or non-active partners only			122	
Registered disability savings plan income			125	
Rental income Gross 160		Net	126	
Taxable capital gains (**attach** Schedule 3)			127	
Support payments received Total 156		Taxable amount	128	
RRSP income (from all T4RSP slips)			129	
Other income Specify:			130	
Self-employment income				
Business income Gross 162		Net	135	
Professional income Gross 164		Net	137	
Commission income Gross 166		Net	139	
Farming income Gross 168		Net	141	
Fishing income Gross 170		Net	143	
Workers' compensation benefits (box 10 on the T5007 slip)	144			
Social assistance payments	145			
Net federal supplements (box 21 on the T4A(OAS) slip)	146			
Add lines 144, 145, and 146 (see line 250 in the guide).			▶ 147	
Add lines 101, 104 to 143, and 147	This is your **total income.**		150	16,500 00

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Attach your Schedule 1 (federal tax) and Form 428 (provincial or territorial tax) here. Attach only the other documents (schedules, information slips, forms, or receipts) requested in the guide to support any claim or deduction. Keep all other supporting documents.

Net income

Enter your **total income** from line 150		150	16,500 00
Pension adjustment (box 52 on all T4 slips and box 034 on all T4A slips)	206		
Registered pension plan deduction (box 20 on all T4 slips and box 032 on all T4A slips)	207		
RRSP/pooled registered pension plan (PRPP) deduction (see Schedule 7 and **attach** receipts)	208		
PRPP **employer** contributions (amount from your PRPP contribution receipts)	205		
Deduction for elected split-pension amount (**attach** Form T1032)	210		
Annual union, professional, or like dues (box 44 on all T4 slips, and receipts)	212		
Universal Child Care Benefit repayment (box 12 on all RC62 slips)	213		
Child care expenses (**attach** Form T778)	214		
Disability supports deduction	215		
Business investment loss Gross 228 Allowable deduction	217		
Moving expenses	219		
Support payments made Total 230 Allowable deduction	220		
Carrying charges and interest expenses (**attach** Schedule 4)	221		
Deduction for CPP or QPP contributions on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)	222		
Exploration and development expenses (**attach** Form T1229)	224		
Other employment expenses	229		
Clergy residence deduction	231		
Other deductions Specify:	232		
Add lines 207, 208, 210 to 224, 229, 231, and 232.	233		
Line 150 minus line 233 (if negative, enter "0"). This is your **net income before adjustments.**		234	16,500 00
Social benefits repayment (if you reported income on line 113, 119, or 146, see line 235 in the guide) Use the federal worksheet to calculate your repayment.	235		
Line 234 minus line 235 (if negative, enter "0"). If you have a spouse or common-law partner, see Line 236 in the guide. This is your **net income.**		236	16,500 00

Taxable income

Canadian Forces personnel and police deduction (box 43 on all T4 slips)	244		
Employee home relocation loan deduction (box 37 on all T4 slips)	248		
Security options deductions	249		
Other payments deduction (if you reported income on line 147, see line 250 in the guide)	250		
Limited partnership losses of other years	251		
Non-capital losses of other years	252		
Net capital losses of other years	253		
Capital gains deduction	254		
Northern residents deductions (**attach** Form T2222)	255		
Additional deductions Specify:	256		
Add lines 244 to 256.	257		
Line 236 minus line 257 (if negative, enter "0") This is your **taxable income.**		260	16,500 00

Use your taxable income to calculate your federal tax on Schedule 1 and your provincial or territorial tax on Form 428.

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T1-2015 Federal Tax Schedule 1

Complete this schedule and **attach** a copy to your return.
For more information, see the related line in the guide.

Step 1 - Federal non-refundable tax credits

Basic personal amount	**claim $11,327**	300	11,327 00		1
Age amount (if you were born in 1950 or earlier) (use federal worksheet)	(**maximum $7,033**)	301	7,033 00		2
Spouse or common-law partner amount (**attach** Schedule 5)	=	303	3,647 00		3
Amount for an eligible dependant (**attach** schedule 5)	=	305			4
Family caregiver amount for children under 18 years of age Number of children born for whom you **are claiming** the family caregiver amount 352 x $ 2,093 =		367			5
Amount for infirm dependants age 18 or older (**attach** Schedule 5)		306			6
CPP or QPP contributions: through employment from box 16 and box 17 of all T4 slips (**attach** Schedule 8 or Form RC381, whichever applies)		308		•	7
on self-employment and other earnings (**attach** Schedule 8 or Form RC381, whichever applies)		310		•	8
Employment Insurance premiums: through employment from box 18 and box 55 of all T4 slips	(**maximum $930.60**)	312	310 20	•	9
on self-employment and other eligible earnings (**attach** Schedule 13)		317		•	10
Volunteer firefighters' amount		362			11
Search and rescue volunteers' amount		395			12
Canada employment amount (If you reported employment income on line 101 or line 104, see line 363 in the guide.)	(**maximum $1,146**)	363	1,146 00		13
Public transit amount		364			14
Children's arts amount		370			15
Home buyers' amount		369			16
Adoption expenses		313			17
Pension income amount (use the federal worksheet)	(**maximum $2,000**)	314			18
Caregiver amount (**attach** Schedule 5)		315	11,309 00		19
Disability amount (for self) (Claim **$7,899**, or if you were under age 18, use the federal worksheet)		316			20
Disability amount transferred from a dependant (use the federal worksheet)		318	7,899 00		21
Interest paid on your student loans		319			22
Your tuition, education, and textbook amounts (**attach** Schedule 11)		323			23
Tuition, education, and textbook amounts transferred from a child		324			24
Amounts transferred from your spouse or common-law partner (**attach** Schedule 2)		326			25

Medical expenses for **self, spouse or common-law partner, and your dependent children born in 1998 or later**	330	2,800 00	26		
Enter $2,208 or 3% of line 236, whichever is **less**.		495 00	27		
Line 26 minus line 27 (if negative, enter "0")		2,305 00	28		
Allowable amount of medical expenses for **other dependants** (do the calculation at line 331 in the guide)	331	1,125 00	29		
Add lines 28 and 29.		3,430 00 ▶		332	3,430 00	30
Add lines 1 to 25, and line 30.				335	46,101 20	31
Federal non-refundable tax credit rate					15 %	32
Multiply line 31 by line 32.				338	6,915 18	33
Donations and gifts (**attach** Schedule 9)				349		34
Add lines 33 and 34. Enter this amount on line 47. **Total federal non-refundable tax credits**				350	6,915 18	35

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Step 2 - Federal tax on taxable income

Enter your **taxable income** from line 260 of your return.				16,500 00	36
Complete the appropriate column depending on the amount on line 36.	Line 36 is **$44,701** or less	Line 36 is more than **$44,701** but not more than **$89,401**	Line 36 is more than **$89,401** but not more than **$138,586**	Line 36 is more than **$138,586**	
Enter the amount from line 36.	16,500 00				37
		44,701 00	89,401 00	138,586 00	38
Line 37 minus line 38 (cannot be negative)	16,500 00				39
	x 15 %	x 22 %	x 26 %	x 29 %	40
Multiply line 39 by line 40.	2,475 00				41
	0 00	6,705 00	16,539 00	29,327 00	42
Add lines 41 and 42.	2,475 00				43

Step 3 - Net federal tax

Enter the amount from line 43		2,475 00	44	
Federal tax on split income (from line 5 of Form T1206)	**424**		• 45	
Add lines 44 and 45.	404	2,475 00	▸	2,475 00 46
Enter your total federal non-refundable tax credits from line 35 on the previous page.	350	6,915 18	47	
Family tax cut (**attach** Schedule 1-A)	**423**		• 48	
Federal dividend tax credit	**425**		• 49	
Overseas employment tax credit (**attach** Form T626)	426		50	
Minimum tax carryover (**attach** Form T691)	**427**		• 51	
Add lines 47 to 51.		6,915 18	▸	6,915 18 52
Line 46 minus line 52 (if negative, enter "0")	**Basic federal tax**	429		53
Federal foreign tax credit (**attach** Form T2209)		405		54
Line 53 minus line 54 (if negative, enter "0")	**Federal tax**	406		0 00 55
Total federal political contributions (**attach** receipts) **409**		**56**		
Federal political contribution tax credit (use the federal worksheet) **(maximum $650)**	**410**		• 57	
Investment tax credit (**attach** Form T2038(IND))	**412**		• 58	
Labour-sponsored funds tax credit Net cost **413** Allowable credit	**414**		• 59	
Add lines 57, 58 and 59.	416		▸	60
Federal logging tax credit				
Line 55 minus line 60 (if negative, enter "0") If you have an amount on line 45 above, see Form T1206		417		61
Working income tax benefit advance payments received (box 10 on the RC210 slip)		**415**		• 62
Special taxes (see line 418 in the guide)		418		63
Add lines 61, 62, and 63. Enter this amount on line 420 of your return.	**Net federal tax**	420		0 00 64

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T1-2015 Amounts for Spouse or Common-Law Partner and Dependants Schedule 5

See the guide to find out if you can claim an amount on line 303, 305, 306, or 315 of Schedule 1. For each dependant claimed, provide the details requested below. **Attach a copy of this schedule to your return**.

Line 303 - Spouse or common-law partner amount

Did your marital status change to other than married or common-law in 2015?

If **yes**, tick this box **5522** ☐ and enter the date of the change. ▶ Month/Day _____

Base amount			11,327 00	1
If you are entitled to the **family caregiver amount**, enter $2,093 (see page 35 in the guide).	**5109**	+		2
Add lines 1 and 2.		=	11,327 00	3
Spouse's or common-law partner's net income from page 1 of your return		-	7,680 00	4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 303 of your Schedule 1.		=	3,647 00	5

Line 305 - Amount for an eligible dependant

Did your marital status change to married or common-law in 2015?

If **yes**, tick this box **5529** ☐ and enter the date of the change. ▶ Month/Day _____

Provide the requested information and complete the following calculation for this dependant.

First and last name:	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:		N/A	Yes [X] No [ ]

Base amount			11,327 00	1
If you are entitled to the **family caregiver amount**, enter $2,093 (see page 35 in the guide and read the note below).	**5110**	+		2
Add lines 1 and 2.		=	11,327 00	3
Dependant's net income (line 236 of his or her return)	**5106**	-		4
Line 3 minus line 4 (if negative, enter "0"). Enter this amount on line 305 of your Schedule 1.		=		5

Note: if you are entitled to the **family caregiver amount** for this dependant and he or she is a child under 18 years of age, you **must** claim the family caregiver amount on line 367, and **not** on this line.

Line 306 – Amount for an infirm dependant aged 18 or older

Provide the requested information and complete the following calculation for each dependant.

First and last name:	Year of birth	Relationship to you
Address:		N/A

Base amount				1
Infirm dependant's net income (line 236 of his or her return)		-		2
Allowable amount for this dependant: line 1 minus line 2 (if negative, enter "0") **(maximum $6,700)**		=		3

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Amounts for Spouse or Common-Law Partner and Dependants

Line 315 – Caregiver amount

Provide the requested information and complete the following calculation for each dependant.

First and last name:	Eunice Musician	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:	111 WWW Street, Vancouver BC V4H3W4	1928	Mother	Yes [X] No [ ]

Base amount		20,343 00	1
If you are entitled to the **family caregiver amount**, enter $2,093 (see page 35 in the guide and complete box 5112 below).	+	2,093 00	2
Add lines 1 and 2.	=	22,436 00	3
Dependant's net income (line 236 of his or her return)	-	9,500 00	4
Line 3 minus line 4 (if negative, enter "0"). If you are entitled to the **family caregiver amount** on line 2, **the maximum amount is $6,701**. If not, the **maximum is $4,608**.	=	6,701 00	5
If you claimed this dependant on line 305 of Schedule 1, enter the amount you claimed.	-		6
Allowable amount for this dependant: line 5 minus line 6 (if negative, enter "0").	=	6,701 00	7

First and last name:	Earl Musician	Year of birth	Relationship to you	Is this dependant physically or mentally infirm?
Address:	111 WWW Street, Vancouver BC V4H3W4	1926	Father	Yes [ ] No [X]

Base amount		20,343 00	1
If you are entitled to the **family caregiver amount**, enter $2,093 (see page 35 in the guide and complete box 5112 below).	+		2
Add lines 1 and 2.	=	20,343 00	3
Dependant's net income (line 236 of his or her return)	-	7,500 00	4
Line 3 minus line 4 (if negative, enter "0")If you are entitled to the **family caregiver amount** on line 2, **the maximum amount is $6,701**. If not, the **maximum is $4,608**.	=	4,608 00	5
If you claimed this dependant on line 305 of Schedule 1, enter the amount you claimed.	-		6
Allowable amount for this dependant: line 5 minus line 6 (if negative, enter "0").	=	4,608 00	7

Enter, on line 315 of your Schedule 1, the **total** amount you are claiming for all dependants.

Enter the **total** number of dependants for whom you entered $2,093 on line 2 for this calculation.	**5112**	1

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T1-2015 Working Income Tax Benefit Schedule 6

For more information, see line 453 in the guide. Complete this schedule and **attach** a copy to your return to claim the working income tax benefit (WITB) if you meet **all** of the following conditions in 2015:

- you were a resident of Canada throughout the year;
- you earned income from employment or business; and
- at the end of the year, you were 19 years of age or older or you resided with your spouse or common-law partner or your child.

The WITB is calculated based on the working income (calculated in Part A below) **and** your adjusted family net income (calculated in Part B below). You can claim the **basic** WITB (Step 2) if the working income (amount on line 8 below) is more than $4,750. If you are eligible for the WITB **disability supplement** (Step 3), your working income (amount on line 7 below) must be more than $2,295. **Also**, if your adjusted family net income is less than the amount specified in the **chart on the next page**, you need to complete this form to find out if you are entitled to the WITB. If your adjusted family net income is more than the amount specified in the chart on the next page, you are not entitled to the WITB.

You cannot claim the WITB if in 2015:

- you were enrolled as a full-time student at a designated educational institution for more than 13 weeks in the year, unless you had an eligible dependant at the end of the year; or
- you were confined to a prison or similar institution for a period of at least 90 days during the year.

Notes: If you were married or living in a common-law relationship but did not have an eligible spouse or an eligible dependant, complete this schedule using the instructions as if you had neither an eligible spouse nor an eligible dependant.

If you are completing a final return for a deceased person who met the above conditions, you can claim the WITB for that person if the date of death was after June 30, 2015.

Step 1 - Calculating your working income and adjusted family net income

Do you have an eligible dependant?	**381**	Yes [X] 1	No [ ] 2
Do you have an eligible spouse?	**382**	Yes [X] 1	No [ ] 2

Part A - Working income

Complete columns 1 and 2 if you had an eligible spouse on December 31, 2015. Otherwise, complete column 1 only.

	Column 1 You		Column 2 Your eligible spouse	
Employment income and other employment income reported on line 101 and line 104 of the return	16,500 00	3		3
Taxable part of scholarship income reported on line 130	**383**	4	**384**	4
Total self-employment income reported on lines 135, 137, 139, 141, and 143 of the return (**excluding** losses and income from a communal organization)		5		5
Tax-exempt part of working income earned on a reserve or an allowance received as an emergency volunteer	**385**	6	**386**	6
Add lines 3 to 6. Enter the amount even if the result is "0".	16,500 00	7	**387**	7

Add the amounts from line 7 in columns 1 and 2. **Working income** 16,500 00 **8**

Part B - Adjusted family net income

Net income amount from line 236 of the return	16,500 00	9	7,680 00	9
Tax-exempt part of all income earned or received on a reserve less the deductions related to that income, or an allowance received as an emergency volunteer	**388**	10	**389**	10
Total of universal child care benefit (UCCB) repayment (line 213 of the return) and registered disability savings plan (RDSP) income repayment (included on line 232 of the return)		11		11
Add lines 9,10, and 11.	16,500 00	12	7,680 00	12
Total of UCCB (line 117 of the return) and RDSP income (line 125 of the return)		13	7,680 00	13
Line 12 minus line 13 (if negative, enter "0")	16,500 00	14	**390**	14

Add the amounts from line 14 in columns 1 and 2. **Adjusted family net income** 16,500 00 **15**

Are you claiming the basic WITB?	**391**	Yes [X] 1	No [ ] 2	If yes, complete Step 2 on the next page.
Are you claiming the WITB disability supplement for yourself?	**392**	Yes [ ] 1	No [X] 2	If yes, complete Step 3 on the next page.
Does your eligible spouse qualify for the disability amount for himself or herself?	**394**	Yes [ ] 1	No [X] 2	If yes, he or she must complete steps 1 and 3 on a separate Schedule 6.

Byrd and Chens Canadian Tax Principles (Canadian) 1st edition Byrd Solutions Manual

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Step 2 - Calculating your basic WITB

If you had an eligible spouse, **only one of you** can claim the basic WITB. However, the individual who received the WITB advance payments for 2015 is the individual who **must** claim the basic WITB for the year. If you had an eligible dependant, **only one individual** can claim the basic WITB for that same eligible dependant.

Amount from line 8 in Step 1	16,500 00	16		
Base amount	4,750 00	17		
Line 16 minus line 17 (if negative, enter "0")	11,750 00	18		
Rate	20.40 %	19		
Multiply line 18 by line 19.	2,397 00	20		
If you had neither an eligible spouse nor an eligible dependant, enter $1,227. If you had an eligible spouse or an eligible dependant, enter $1,947.	1,947 00	21		
Amount from line 20 or line 21, whichever is **less**	1,947 00	▶	1,947 00	22
Amount from line 15 in Step 1	16,500 00	23		
Base amount: If you had neither an eligible spouse nor an eligible dependant, enter $12,622. If you had an eligible spouse or an eligible dependant, enter $17,013.	17,013 00	24		
Line 23 minus line 24 (if negative, enter "0")		25		
Rate	16.50 %	26		
Multiply line 25 by line 26.		▶		27
Line 22 minus line 27 (if negative, enter "0")			1,947 00	28

Enter the amount from line 28 on line 453 of your return **unless you complete Step 3.**

Step 3 - Calculating your WITB disability supplement

If you qualify for the disability amount for yourself, complete Step 3 to calculate your supplement. However, if you had an eligible spouse and **both** of you qualify for the disability amount, your spouse must complete steps 1 and 3 on a separate Schedule 6 to calculate his or her supplement and enter the amount on line 453 of his or her return.

Enter the amount from line 7 in column 1 of Step 1.		29		
Base amount	2,295 00	30		
Line 29 minus line 30 (if negative, enter "0")		31		
Rate	21.00 %	32		
Multiply line 31 by line 32.		33		
Amount from line 33 or $565, whichever is **less**		▶		34
Amount from line 15 in Step 1		35		
Base amount: If you had neither an eligible spouse nor an eligible dependant, enter $20,048. If you had an eligible spouse or an eligible dependant, enter $28,795.	28,795 00	36		
Line 35 minus line 36 (if negative, enter "0")		37		
Rate: If you had an eligible spouse and he or she also qualifies for the disability amount, enter 8.5%. Otherwise, enter 17%.	17.00 %	38		
Multiply line 37 by line 38.		▶		39
Line 34 minus line 39 (if negative, enter "0")				40
If you completed Step 2, enter the amount from line 28. Otherwise, enter "0".			1,947 00	41
Add lines 40 and 41.				
Enter this amount on line 453 of your return.			1,947 00	42

Adjusted family net income levels

	You had neither an eligible spouse nor an eligible dependant	You had an eligible spouse or an eligible dependant
Basic WITB Adjusted family net income (line 15 in Step 1)	less than $20,059	less than $28,813
WITB disability supplement (you qualify for the disability amount) Adjusted family net income (line 15 in Step 1)	less than $23,372	less than $32,119
WITB disability supplement (you had an eligible spouse and **both** of you qualify for the disability amount) Adjusted family net income (line 15 in Step 1)	▶	less than $35,443

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Charitable donations

Charitable donations details

Name of organization	Amount paid
Planned Parenthood Of Canada	3,000 00
Reported on slips Claim: Own slips	
Total current year donations	3,000 00

Donations to U.S. organizations

Name of organization	Amount paid
Total current year donations	<NIL>

Other gifts

Donations made to government entities	
Donations made to prescribed universities outside Canada.	
Donations made to the United Nations, its agencies, and certain charitable organizations outside Canada.	
Donations made to a registered museum or cultural organization.	

Charitable donations summary

		U.S.	Canadian	Total
Total current year donations			3,000 00	
Other gifts				
Unclaimed donations from 2011 - 2014				
Unclaimed donations from 2010		+	+	
Total charitable donations	A	=	= 3,000 00	3,000 00
Net income	B		16,500 00	
75% of line B	C	=	= 12,375 00	
Gifts of depreciable property	D			
Taxable capital gains minus capital gains deduction on gifts of capital property	E	+	+	
Add lines D and E	F	=	=	
25% of line F	G	+	+	
Add lines C and G	H	=	= 12,375 00	
Allowable U.S. donations	I		-	
Total donations limit	J	=	= 12,375 00	12,375 00
Allowable charitable donations (least of lines A, J or amount required to reduce federal tax to zero)				
Charitable donations available for carryforward			3,000 00	3,000 00

Charitable donation carryforward - Canadian

Year	Beginning balance	Claimed in 2015	Ending balance
2010			
2011			
2012			
2013			
2014			
2015			3,000 00
Totals			3,000 00

Cultural and ecological gifts (pre-February 11, 2014) carryforward

Year	Beginning balance	Claimed in 2015	Ending balance
2010			
2011			
2012			
2013			
2014			
2015			
Totals			

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Charitable donations

Ecological gifts (post-February 10, 2014) carryforward

Year	Beginning balance		Claimed in 2015		Ending balance	
2005						
2006						
2007						
2008						
2009						
2010						
2011						
2012						
2013						
2014						
2015						
Totals						

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BRITISH COLUMBIA

Provincial Worksheet

2015
T1 General

Use this worksheet to do some of the calculations you may need to complete Form BC428, *British Columbia Tax.*
You can find more information about completing these calculations in the forms book.

Keep this worksheet for your records. **Do not attach it to the return you send us.**

Line 5808 – Age amount

Maximum amount			4,457 00	1
Your net income from line 236 of your return	16,500 00	2		
Base amount	33,174 00	3		
Line 2 minus line 3 (if negative, enter "0")		4		
Applicable rate	15 00 %	5		
Multiply line 4 by line 5.		▶		6
Line 1 minus line 6 (if negative, enter "0"). Enter this amount on line 5808 of Form BC428.			4,457 00	7

Line 5820 – Amount for infirm dependants age 18 or older

Base amount		11,275 00	1
Dependant's net income (line 236 of his or her return)			2
Line 1 minus line 2 **(maximum $4,348)**			3
If you claimed this dependant on line 5816, enter the amount claimed.			4
Allowable amount for this dependant: Line 3 minus line 4 (if negative, enter "0")			5

Complete this calculation for each dependant.
Enter, on line 5820 of Form BC428, the total amount claimed for **all** dependants.

	Date of birth	Relationship to you	Net income in 2015	Nature of infirmity	Amount of claim
Last Name First Name		N/A			
				Total amount for all dependants.	

Line 5833 – Adoption expenses

Total adoption expenses (maximum : **$15,255** per child)			1
Amount claimed by the other adoptive parent,	%		2
Subtract line 2 from line 1.			
Carry the result to line 5833 of Form BC428			3

Line 5840 – Caregiver amount

Base amount		19,066 00	1
Dependant's net income (line 236 of his or her return)		9,500 00	2
Line 1 minus line 2 (if negative, enter "0") **(maximum $4,349)**		4,349 00	3
If you claimed this dependant on line 5816, enter the amount claimed.			4
Allowable amount for this dependant: Line 3 minus line 4 (if negative, enter "0")		4,349 00	5

Complete this calculation for each dependant.
Enter, on line 5840 of Form BC428, the total amount claimed for **all** dependants.

	Date of birth	Relationship to you	Net income in 2015	Nature of infirmity (if it applies)	Amount of claim
Last Name Musician First Name Eunice	1928-04-10	Mother	9,500.00	blind	4,349 00
Last Name Musician First Name Earl	1926-11-16	Father	7,500.00		4,349 00
				Total amount for all dependants.	8,698 00

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Line 5843 - Education coaching amount

Do you wish to claim this credit?	☐ Yes	☒ No
Education coaching amount		

Line 5844 – Disability amount (for self)

(**supplement** calculation if you were **under 18 years of age** on December 31, 2015)

Maximum supplement			1
Total child care and attendant care expenses for you, claimed by you or by another person		2	
Base amount	2,525 00	3	
Line 2 minus line 3 (if negative, enter "0")		▶	4
Line 1 minus line 4 (if negative, enter "0")			5

Enter, on line 5844 of Form BC428,$7,454 **plus** the amount on line 5 (maximum claim $11,803), **unless** you are completing this chart to calculate the amount at line 5848.

Line 5848 and 5860 – Transfer from dependants

Disability amount transferred from a dependant

SIN			Disability amount	A	7,454.00
First name	Eunice		Taxable income		9,500.00
Last name	Musician		Basic personal amount		9,938.00
Birthdate	1928-04-10		Age amount		4,457.00
Maximum available for transfer (A-B)	7,454.00		Other amounts - lines 5812 to 5840		
Disability transfer	7,454.00		Adjusted taxable income	B	0.00

Tuition and education transfer from dependant

SIN	527 000 285		Tuition and education amount	A	3,800.00
First name	Richard		Taxable income		2,800.00
Last name	Musician		Basic personal amount		9,938.00
Birthdate	1998-03-15		Age amount		
Maximum available for transfer (A-B)	3,800.00		Other amounts - lines 5812 to 5848		
Tuition and education transfer	0.00		Unused tuition and education from 2014		
			Adjusted taxable income	B	0.00
SIN			Tuition and education amount	A	5,000.00
First name	Sarah		Taxable income		0.00
Last name	Musician		Basic personal amount		9,938.00
Birthdate	1995-09-02		Age amount		
Maximum available for transfer (A-B)	5,000.00		Other amounts - lines 5812 to 5848		
Tuition and education transfer	0.00		Unused tuition and education from 2014		
			Adjusted taxable income	B	0.00

Line 5872 – Allowable amount of medical expenses for other dependants

Name of dependant	A Amount of medical expenses	B Net income	C The lesser of $2,066 or 3% of net income	D Col. A minus col. C
Earl Musician	1,050.00	7,500.00	225.00	825.00
Sarah Musician	300.00			300.00
			Total	1,125.00

Enter, on line 5872 of Form BC428, the total amount claimed for **all** other dependants.

Line 6152 - British Columbia dividend tax credit

Calculate the amount to enter on line 6152 of Form BC428 by completing **one** of the **two** following calculations:

- If you have an amount on line 120 but **no amount** on line 180 of your return, complete the following:

Line 120 of your return		x	10.00 % =	
Enter this amount on line 6152 of Form BC428				

- If you have amounts on line 180 **and** 120 of your return, complete the following:

Line 120 of your return		1			
Line 180 of your return		2 x	2.59 % =		3
Line 1 minus line 2 (if negative, enter "0")		4 x	10.00 % =		5
Add lines 3 and 5. Enter this amount on line 6152 of Form BC428					6

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Line 48 – British Columbia overseas employment tax credit

Calculate your British Columbia overseas employment tax credit by completing the following calculation, and enter the amount from line 1 on line 48 of Form BC428.

British Columbia tax before the overseas employment tax credit *			Federal overseas employment tax credit***			
Federal tax before the overseas employment tax credit **		X		=		1

* Amount from line 43 of Form BC428, less the total of the amounts from lines 46 and 47 of that form
** Amount from line 43 of federal Schedule 1, less the total of the amounts from lines 350 and 425 of that schedule
*** Amount from line 426 of federal Schedule 1

Line 68 – British Columbia political contribution tax credit

If your total political contributions (line 67 from Form BC428) were **more than $1,150**, enter $500 on line 68 of Form BC428.

Otherwise, complete the appropriate column depending on the amount on line 67.

	If line 67 is **$100** or less	If line 67 is more than **$100** but not more than **$550**	If line 67 is more than **$550**	
Enter your total contributions.				1
		100 00	550 00	2
Line 1 minus line 2 (cannot be negative)				3
	75.00 %	50.00 %	33.33 %	4
Multiply line 3 by line 4.				5
		75 00	300 00	6
Add lines 5 and 6. Enter the result on line 68 of Form BC428.				7

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Protected B when completed

BRITISH COLUMBIA

British Columbia Tax

BC428
T1 General - 2015

Complete this form and **attach a copy** to your return. For more information, see the related line in the forms book.

Step 1 – British Columbia non-refundable tax credits

		For internal use only	5609			
Basic personal amount		**claim $9,938**	5804	9,938 00		1
Age amount (if born in 1950 or earlier) (use the *Provincial Worksheet*)		**(maximum $4,457)**	5808	4,457 00		2
Spouse or common-law partner amount						
Base amount	9,360 00					
Minus: his or her net income from page 1 of your return	7,680 00					
Result: (if negative, enter "0")	1,680 00	**(maximum $8,509)** ▶	5812	1,680 00		3
Amount for an eligible dependant						
Base amount	9,360 00					
Minus: his or her net income from line 236 of his or her return						
Result: (if negative, enter "0")		**(maximum $8,509)** ▶	5816			4
Amount for infirm dependants age 18 or older (use the *Provincial Worksheet*)			5820			5
CPP or QPP contributions: (amount from line 308 of your federal Schedule 1)			5824		•	6
(amount from line 310 of your federal Schedule 1)			5828		•	7
Employment Insurance premiums: (amount from line 312 of your federal Schedule 1)			5832	310 20	•	8
(amount from line 317 of your federal Schedule 1)			5829		•	9
Adoption expenses (amount from line 313 of your federal Schedule 1)			5833			10
Children's fitness amount			5838			11
Children's fitness equipment amount (50% of amount from line 5838)			5842			12
Children's arts amount			5841			13
Education coaching amount		**(maximum $500)**	5843			14
Pension income amount		**(maximum $1,000)**	5836			15
Caregiver amount (use the *Provincial Worksheet*))			5840	8,698 00		16
Disability amount (for self) (Claim **$7,454** or, if you were under 18 years of age, use the *Provincial Worksheet*)			5844			17
Disability amount transferred from a dependant (use the *Provincial Worksheet*)			5848	7,454 00		18
Interest paid on your student loans (amount from line 319 of your federal Schedule 1)			5852			19
Your tuition and education amounts [use and **attach** Schedule BC(S11)]			5856			20
Tuition and education amounts transferred from a child			5860			21
Amounts transferred from your spouse or common-law partner [**attach** Schedule BC(S2)]			5864			22
Medical expenses:						
Amount from line 330 of your federal Schedule 1	5868	2,800 00				23
Enter $2,066 or 3% of net income from line 236 of your return, whichever is **less**.		495 00				24
Line 23 minus line 24 (if negative, enter "0")		2,305 00				25
Allowable amount of medical expenses for other dependants (use the *Provincial Worksheet*)	5872	1,125 00				26
Add lines 25 and 26.	5876	3,430 00	▶	3,430 00		27
Add lines 1 through 22, and line 27.			5880	35,967 20	▶	35,967 20 28
British Columbia non-refundable tax credit rate					x	5.06 % 29
Multiply line 28 by line 29.				5884		1,819 94 30
Donations and gifts:						
Amount from line 345 of your federal Schedule 9		x 5.06 % =				31
Amount from line 347 of your federal Schedule 9		x 14.70 % =				32
Add lines 31 and 32.			5896		▶	0 00 33
Add lines 30 and 33. Enter this amount on line 46.		**British Columbia non-refundable tax credits**		6150		1,819 94 34

Go to Step 2

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Step 2 - British Columbia tax on taxable income

Enter your **taxable income** from line 260 of your return.						16,500 00	35
Complete the appropriate column depending on the amount on line 35.	Line 35 is **$37,869** or less	Line 35 is more than **$37,869**, but not more than **$75,740**	Line 35 is more than **$75,740**, but not more than **$86,958**	Line 35 is more than **$86,958**, but not more than **$105,592**	Line 35 is more than **$105,592**, but not more than **$151,050**	Line 35 is more than **$151,050**	
Enter the amount from line 35 in the applicable column.	16,500 00						36
Line 36 minus line 37	0 00	37,869 00	75,740 00	86,958 00	105,592 00	151,050 00	37
(cannot be negative)	16,500 00						38
	x 5.06 %	x 7.70 %	x 10.50 %	x 12.29 %	x 14.70 %	x 16.80 %	39
Multiply line 38 by line 39.	834 90						40
	0 00	1,916 00	4,832 00	6,010 00	8,300 00	14,982 00	41
Add lines 40 and 41. **British Columbia tax on taxable income**	834 90						42

Step 3 – British Columbia tax

Enter your British Columbia tax on taxable income from line 42.			834 90	43
Enter your British Columbia tax on split income from Form T1206.	6151			• 44
Add lines 43 and 44.			834 90	45
Enter your British Columbia non-refundable tax credits from line 34.		1,819 94		46
British Columbia dividend tax credit: Credit calculated for line 6152 on the *Provincial Worksheet*	6152			• 47
British Columbia overseas employment tax credit: Amount calculated for line 48 on the *Provincial Worksheet* =	6153			• 48
British Columbia minimum tax carry-over: Amount from line 427 of federal Schedule 1 x 33.70 % =	6154			• 49
Add lines 46 through 49.		1,819 94	1,819 94	50
Line 45 minus line 50 (if negative, enter "0")				51
British Columbia additional tax for minimum tax purposes Amount from line 117 on Form T691 x 33.70 % =				52
Add lines 51 and 52.				53
Enter the provincial foreign tax credit from Form T2036				54
Line 53 minus line 54 (if negative, enter "0")				55

BC tax reduction

If your net income (line 236 of your return) is **less than $31,342**, complete the following calculation. Otherwise, enter "0" on line 62 and continue on line 63.

Basic reduction	Claim $432		432 00	56
Enter your net income from line 236 of your return.	16,500 00	57		
Base amount	19,000 00	58		
Line 57 minus line 58 (if negative, enter "0")		59		
Applicable rate	3.50 %	60		
Multiply line 59 by line 60.				61
Line 56 minus line 61 (if negative, enter "0")			432 00	62
Line 55 minus line 62 (if negative, enter "0")				63
Logging tax credit from Form FIN 542S or Form FIN 542P				64
Line 63 minus line 64 (if negative, enter "0")				65

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Step 3 – British Columbia tax (continued)

Enter the amount from line 65 on the previous page.			66

British Columbia political contribution tax credit

Enter British Columbia political contributions made in 2015.	6040	67	
Credit calculated for line 68 on the *Provincial Worksheet* **(maximum $500)**			68
Line 66 minus line 68 (if negative, enter "0")			69

British Columbia employee investment tax credits

Enter your employee share ownership plan tax credit from Certificate **ESOP 20**.	6045	• 70	
Enter your employee venture capital tax credit from Certificate **EVCC 30**.	6047	• 71	
Add lines 70 and 71. (**maximum $2,000**)		▶	72
Line 69 minus line 71 (if negative, enter "0")			73

British Columbia mining flow-through share tax credit

Enter the tax credit amount calculated on Form T1231.	6881		• 74
Line 73 minus line 74 (if negative, enter "0"). Enter this amount on line 428 of your return. **British Columbia tax**			0 00 75

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BRITISH COLUMBIA

British Columbia Credits

BC479
T1 General - 2015

Complete the calculations that apply to you and **attach a copy** to your return. For more information, see the related line in the forms book.

Sales tax credit (for low-income families and individuals)

If you had a spouse or common-law partner on December 31, 2015, **only one of you** can claim this credit for both of you.

Income for the sales tax credit

	Column 1 You		Column 2 Your spouse or common-law partner	
Enter the net income from line 236 of the return	16,500 00	1	7,680 00	1
Total of universal child care benefit (UCCB) repayment (line 213 of the return) and the registered disability savings plan (RDSP) income repayment (included in line 232)		2		2
Add lines 1 and 2	16,500 00	3	7,680 00	3
Total of the UCCB income (line 117 of the return) and the RDSP income (line 125 of the return)		4	7,680 00	4
Line 3 minus line 4 (if negative, enter "0")	16,500 00	5		5
Add the amounts from line 5 in column 1 and column 2 (if applicable)	**Adjusted net family income**		16,500 00	6
If you had a spouse or common-law partner on December 31, 2015, enter $18,000. Otherwise, enter $15,000.			18,000 00	7
Line 6 minus line 7 (if negative, enter "0")	**Income for the sales tax credit**			8

Basic sales tax credit	**claim $75** 6033	75 00	9
Additional credit for your spouse or common-law partner	**claim $75** 6035	75 00	10
Add lines 9 and 10		150 00	11
Amount from line 8 x 2% =			12
Line 11 minus line 12 (if negative, enter "0")	**Sales tax credit**	150 00	13

British Columbia seniors' home renovation tax credit

If, on December 31, 2015, you and your spouse or common-law partner occupied separate principal residences for medical reasons, claim the seniors' home renovation tax credit individually and tick **box 6089**. 6089

Enter your home renovation expenses from line 5 of your Schedule BC(S12). **(maximum $10,000)** 6048 x 10 % = 14

British Columbia venture capital tax credit

Enter your venture capital tax credit from Certificate **SBVC10** for shares acquired in 2015.	6049	• 15	
Enter your venture capital tax credit from Certificate **SBVC10** for shares purchased during the first 60 days of 2016 that you **elect** to claim in 2015.	6050 +	• 16	
Enter your unused venture capital tax credit from previous years shown on your most recent notice of assessment or notice of reassessment.	+	17	
Add lines 15, 16, and 17. **(maximum $60,000)**	=	▶ +	18

British Columbia mining exploration tax credit

Enter your mining exploration tax credit from Form T88.	6051 +	• 19	
Enter your mining exploration tax credit allocated from a partnership from Form T88.	6053	20	
Add lines 13, 14, 18 and 19.		= 150.00	21

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Enter the amount from line 21 on the previous page.			= 150.00	22

British Columbia training tax credit

Enter your training tax credit for individuals from Form T1014.	6055			23
Enter the amount from line 4 of Form T1014-1, *British Columbia Training Tax Credit (Employers).*	6056	+	•	24
Enter the amount from line 4 of Form T1014-2, *British Columbia Shipbuilding and Ship Repair Industry Tax Credit (Employers).*	6063	+	•	25
Add lines 23, 24, and 25.		=	+	26
Add lines 22 and 26. Enter the result on line 479 of your return.	**British Columbia credits**		= 150 00	27

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Medical expenses

Medical expenses - line 330

Period covered by claim: from 2015-01-01 to 2015-12-31

Payment date	Name of patient	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2015-12-02	Buddy-Chapter 4 Problem M	Canada Wide Dental Clinic	Dental services	No	1,200 00	1,200 00
2015-12-02	Natasha Musician	Canada Wide Dental Clinic	Dental services	No	700 00	700 00
2015-12-02	Linda Musician	Canada Wide Dental Clinic	Dental services	No	100 00	100 00
2015-12-02	Richard Musician	Canada Wide Dental Clinic	Dental services	No	800 00	800 00
				No		
					Medical expenses subtotal	2,800 00

Are you claiming medical expenses? Yes

	Taxpayer	Spouse	
Premiums paid to private health service plans			
Employee/Recipient-paid premiums for private health services plan			
Québec prescription Drug Insurance Plan - 2014			
Nova Scotia Seniors' Pharmacare Program			
Total medical expenses - line 330			2,800 00

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Medical expenses

Allowable amount of medical expenses for other dependants - line 331

Name of other dependant	Earl Musician			Net income	7,500 00
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2015-12-02	Canada Wide Dental Clinic	Dental fees	No	1,050 00	1,050 00
			No		
				Total medical expenses	1,050 00

Are you claiming medical expenses for this dependant? Yes

Minus: 3% of line 236 of Earl Musician's return (maximum $2,208)	225 00
Allowable amount of medical expenses	825 00

Name of other dependant	Sarah Musician			Net income	
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
2015-12-02	Canada Wide Dental Clinic	Dental fees	No	300 00	300 00
			No		
				Total medical expenses	300 00

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of Sarah Musician's return (maximum $2,208)	
Allowable amount of medical expenses	300 00

Name of other dependant				Net income	
Payment date	Payment made to	Description of expense	* Subject to limitation?	Amount	Claim
			No		
				Total medical expenses	

Are you claiming medical expenses for this dependant? Yes

Minus : 3% of line 236 of 's return (maximum $2,208)	
Allowable amount of medical expenses	

Medical expense summary

Medical expenses	330	2,800 00
Minus : 3% of line 236 of your return (maximum $2,208)		495 00
Subtotal		2,305 00
Plus medical expenses for other dependants	331	1,125 00
Allowable amount of medical expenses	332	3,430 00
Total medical expenses		3,430 00

* Limitation:
(1) Yes - Attendant care/Nursing Home (not claiming disability);
(2) Yes - Attendant care/Nursing Home (and claiming disability);
(3) Yes - Van adapted for transportation of patient requiring use of a wheelchair;
(4) Yes- Moving expenses for a patient's move to a more accessible dwelling

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Other credits

Age amount - line 301

Maximum claim		7,033 00	1
Your net income from line 236 of your return	16,500 00	2	
Base amount	35,466 00	3	
Line 2 minus line 3 (if negative, enter "0")		4	
Multiply line 4 by 15%			5
Line 1 minus line 5 (if negative, enter "0"). Enter this amount on line 301 of Schedule 1.		7,033 00	6

Volunteer firefighters' amount – line 362

Do you wish to claim this credit?	☐ Yes	☒ No
Volunteer firefighters' amount		

Public transit passes amount - line 364

Amounts for public transit passes from your T4 slips		1
Amounts for public transit passes from your spouse or common law partner's T4 slips		2
Amounts for public transit passes not included on your or your spouse or common-law partner's T4		3
Amounts for public transit passes from your dependant children (under age 19)		4
Total of lines 1, 2, 3 and 4		5
Amount claimed by your spouse or common-law partner _____ %		6
Enter this amount on line 364 of Schedule 1		7

Home buyers' amount - line 369

Do you qualify for the home buyers' amount?	☐ Yes	☒ No
Home buyers' credit		
Amount claimed by another individual		
Home buyers' amount		

Search and rescue volunteers' amount – line 395

Do you wish to claim this credit?	☐ Yes	☒ No
Search and rescue volunteers' amount		

Total income tax deducted - line 437

T4 slips	500 00
T4A slips	
T4A (OAS) slip	
T4A (P) slip	
T4A (RCA) slip	
T4E slip	
T4RIF slips	
T4RSP slips	
T5013 slips	
T1032 line P - Pension Transferee	
Québec tax deducted (if not filing Québec return)	
Subtotal	500 00
Less: T1032 line P - Pensioner	
Total	500 00

Refundable medical expense supplement - line 452

Your net income from line 236 of your return	16,500 00	1	
Net income of your spouse or common-law partner from page 1 of your return	7,680 00	2	
Add lines 1 and 2.	24,180 00 ▶		24,180 00 3
Universal Child Care Benefit (UCCB) (line 117 of your return) or the benefit of your spouse or common-law partner from page 1 of your return	7,680 00	4	
Registered disability savings plan (RDSP) income (line 125 of your and your spouse's or common-law partner's return)		5	
Add lines 4 and 5.	7,680 00 ▶		7,680 00 6
Line 3 minus line 6			16,500 00 7

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Universal Child Care Benefit repayment (line 213 of your return) plus the UCCB repayment of your spouse or common-law partner from page 1 of your return		8		
RDSP income repayment (included in the amount of line 232 of your and your spouse's or common-law partner's return)		9		
Add lines 8 and 9.				10
Adjusted family net income: add lines 7 and 10.			16,500 00	11
Base amount			25,939 00	12
Line 11 minus line 12 (if negative, enter "0")				13
Enter the lesser of : - **$1,172** - 3,430 00 x 25% = 857 50 (25 % of the total of line 215 of your return and line 332 of Schedule 1)			857 50	14
Multiply the amount on **line 13** by 5%.				15
Line 14 minus line 15 (if negative, enter "0"). Enter this amount on line 452 of your return.			857 50	16

Tax paid by instalments - line 476

Payment date	Description	Amount
2015-03-15	Instalment	1,000 00
2015-06-15	Instalment	1,000 00
2015-09-15	Instalment	1,000 00
2015-12-15	Instalment	1,000 00
	Total tax paid by instalments	4,000 00

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Dependant information

	Dependant #1	Dependant #2	Dependant #3
Social Insurance Number			
First name	Linda	Larry	Donna
Last name	Musician	Musician	Musician
Relationship	Daughter	Son	Daughter
Birthdate	2010-04-01	2011-04-01	2012-04-01
Net income			
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2015?	Yes	Yes	Yes
Street address	111 WWW Street	111 WWW Street	111 WWW Street
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	Vancouver
Province	BC	BC	BC
Postal code	V4H 3W4	V4H 3W4	V4H 3W4
Province of residence on 2015/12/31	British Columbia	British Columbia	British Columbia
Disability/infirmity			
Qualify for disability amount?	No	No	No
Mentally or physically infirm?	No	No	No
If yes, state nature of infirmity			
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses ($1,000)			
Percentage claim	100.00	100.00	100.00
Children's arts amount			
Eligible children's art expenses ($500)			
Percentage claim	100.00	100.00	100.00
Transfers from dependants			
Tuition fees (T2202 and TL11)			
Education - # months part time			
Education - # months full time			
Unused tuition/education from 2014			
Net income			
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2014			
Non-refundable amounts (lines 5812 to 5845)			

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	Dependant #4	Dependant #5	Dependant #6
Social Insurance Number		527 000 285	
First name	Donald	Richard	Sarah
Last name	Musician	Musician	Musician
Relationship	Son	Son	Daughter
Birthdate	2013-04-01	1998-03-15	1995-09-02
Net income		2,800.00	
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2015?	Yes	Yes	Yes
Street address	111 WWW Street	111 WWW Street	111 WWW Street
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	Vancouver
Province	BC	BC	BC
Postal code	V4H 3W4	V4H 3W4	V4H 3W4
Province of residence on 2015/12/31	British Columbia	British Columbia	British Columbia
Disability/infirmity			
Qualify for disability amount?	No	No	No
Mentally or physically infirm?	No	No	No
If yes, state nature of infirmity			
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?			
Claim on Schedule 5			
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses ($1,000)			
Percentage claim	100.00		
Children's arts amount			
Eligible children's art expenses ($500)			
Percentage claim	100.00		
Transfers from dependants			
Tuition fees (T2202 and TL11)		3,000.00	9,600.00
Education - # months part time			
Education - # months full time		4	12
Unused tuition/education from 2014			
Net income		2,800.00	
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2014			
Non-refundable amounts (lines 5812 to 5845)			

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	Dependant #7	Dependant #8	Dependant #9
Social Insurance Number			
First name	Eunice	Earl	
Last name	Musician	Musician	
Relationship	Mother	Father	N/A
Birthdate	1928-04-10	1926-11-16	
Net income	9,500.00	7,500.00	
Claim as eligible dependant?	No	No	No
Dependant claiming GST credit?	No	No	No
Dependant claiming PST credit (ON, MB)?	No	No	No
Did dependant live with you in 2015?	Yes	Yes	No
Street address	111 WWW Street	111 WWW Street	
P.O. Box, R.R.			
Apt No.			
City	Vancouver	Vancouver	
Province	BC	BC	
Postal code	V4H 3W4	V4H 3W4	
Province of residence on 2015/12/31	British Columbia	British Columbia	NA
Disability/infirmity			
Qualify for disability amount?	Yes	No	No
Mentally or physically infirm?	Yes	No	No
If yes, state nature of infirmity	blind		
% Claim on Schedule 5?			
Claim on Schedule 5			
Caregiver			
% Claim on Schedule 5?	100.0	100.0	
Claim on Schedule 5	6,701.00	4,608.00	
Disability supplement (under age 18)			
Maximum supplement **A**			
Child / attendant care expenses claimed for dependant by anyone			
Base amount			
Supplement reduction **B**			
Disability supplement (A-B)			
Children's fitness amount			
Eligible fitness expenses ($1,000)			
Percentage claim			
Children's arts amount			
Eligible children's art expenses ($500)			
Percentage claim			
Transfers from dependants			
Tuition fees (T2202 and TL11)			
Education - # months part time			
Education - # months full time			
Unused tuition/education from 2014			
Net income	9,500.00	7,500.00	
Deductions from net income			
Non-refundable amounts (lines 3 to 15 of Schedule 1)			
Provincial transfers from dependants			
Unused tuition/education from 2014			
Non-refundable amounts (lines 5812 to 5845)			

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Child care expense details

(Please use the drop down list to select the first name of an eligible child)

Child first name	Organization or name	SIN	# weeks*	Amount	Claim
			Total		

*Enter the # of weeks spent at boarding school, overnight sports school or overnight camp.

Transfer from dependants

Disability transfer from dependant

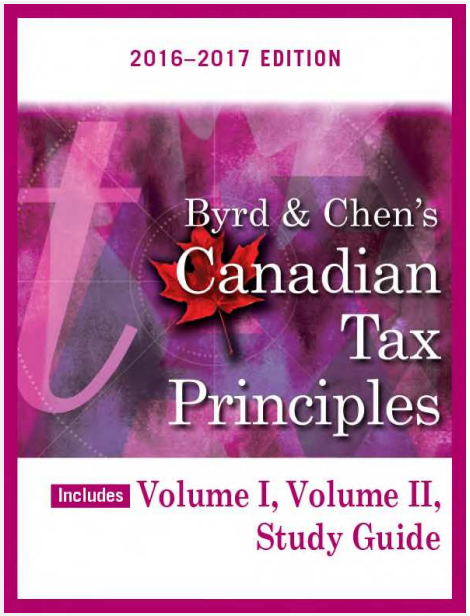
SIN			Disability amount	A	7,899.00
First name	Eunice		Taxable income		9,500.00
Last name	Musician		Basic personal amount		11,327.00
Birthdate		1928-04-10	Age amount		7,033.00
Maximum available for transfer (A-B)		7,899.00	Other amounts - lines 3 to 19 of Schedule 1		
Disability transfer		7,899.00	Adjusted taxable income	B	0.00

Tuition and education transfer from dependant (post-secondary)

SIN		527 000 285	Tuition and education amount	A	4,860.00
First name	Richard		Taxable income		2,800.00
Last name	Musician		Basic personal amount		11,327.00
Birthdate		1998-03-15	Age amount		
Maximum available for transfer (A-B)		4,860.00	Other amounts - lines 3 to 21 of Schedule 1		
Tuition and education transfer		0.00	Unused tuition and education from 2014		
			Adjusted taxable income	B	0.00

SIN			Tuition and education amount	A	5,000.00
First name	Sarah		Taxable income		0.00
Last name	Musician		Basic personal amount		11,327.00
Birthdate		1995-09-02	Age amount		
Maximum available for transfer (A-B)		5,000.00	Other amounts - lines 3 to 21 of Schedule 1		
Tuition and education transfer		0.00	Unused tuition and education from 2014		
			Adjusted taxable income	B	0.00

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Chapter 2

PROCEDURES AND ADMINISTRATION

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Returns And Payments Individuals (T1)

- **Filing The T1**
  - When Required
    - Taxes Payable
    - CRA Request To File
    - Capital Gain
    - Disposition Of Capital Property
    - Pension Income Split
    - CPP or EI amounts payable

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Filing

Total

- 28.6 Million in 2015

Electronic – NetFile and EFile

- 23.3 Million in 2015

PAPER

- 5.3 Million in 2015

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Returns And Payments Individuals (T1)

- **Filing Date**
  - April 30 Of Following Year
  - June 15 Of Following Year (Business Income)
  - 6 Months After Date Of Death (After October, Before May)

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Instalments Individuals

- **Timing:**
  - March 15
  - June 15
  - September 15
  - December 15

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Instalments Individuals

- **When Required – ITA 156.1(2)**
  - **Net Tax Owing**
    (Federal + Provincial – Withheld)
  - **Instalment Threshold ($3,000)**
  - **Instalments required when:**
    - Net tax owing > $3,000
      - In 2016; and
      - In either 2015 or 2014

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Instalments Individuals

- **Instalment Amounts**
  - **(Estimate For Current Year) ÷ 4**
  - **(Actual For Preceding Year) ÷ 4**
  - **Combination:**
    - 1 & 2 – (Actual For 2nd Preceding Year) ÷ 4
    - 3 & 4 – (Actual For Preceding Year – Payments 1 & 2) ÷ 2
    - CRA's instalment reminder based on this approach

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Instalments Individuals

- **Example: Net Tax Owing:**
  - 2014 = $2,000
  - 2015 = $4,000
  - 2016 (Estimated) = $8,000
- **Instalments Are Required (>$3,000 in 2016 and 2015)**

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Instalments Individuals

- **Current Year = $2,000 ($8,000 ÷ 4)**
- **Preceding Year = $1,000 ($4,000 ÷ 4)**
- **CRA Instalment Reminder**
  - 1 and 2 = $500 ($2,000 ÷ 4)
  - 3 and 4 = $1,500 [($4,000 - $1,000) ÷ 2]
- **The instalment reminder approach is best**
  - Same total as preceding year
  - Some deferral of payment

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Late Instalments

- **Interest**
  - Prescribed rate
  - Amounts due from government (+ 2%)
    - As of 2010 – N/A to corporations
  - Amounts owing to government (+ 4%)
- **Penalties**
  - Only on very large amounts
  - ITA 163.1

Should you pay instalments?

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Late Filing

- **Penalty**
  - 1st Offence: 5% + 1% Per Month
  - 2nd Offence: 10% + 2% Per Month
- **Interest**
  - Prescribed Rate + 4%
  - Only On Tax Payable

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Returns And Payments Corporations (T2)

- **When T2 required**
  - Always
- **Filing options**
  - If gross revenues > $1 million – must file electronically
  - Can use functional currency
- **Filing dates**
  - 6 Months fiscal after year end

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Instalments

Example: Public corporation with:

- 2014 Taxes Payable of $60,000,
- 2015 Taxes Payable of $90,000, and
- estimated 2016 Taxes Payable of $120,000.

1.	$120,000/12	$10,000/Month
2.	$90,000/12	$7,500/Month
3.	1 & 2: $60,000/12	$5,000/Month
	3 - 12: ($90,000 - $10,000)/10	$8,000/Month

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Quarterly For Small CCPCs

- **Small CCPC**
  - Taxable income does not exceed $500,000 during current or previous year.
  - Taxable capital employed in Canada does not exceed $10 million during current or previous year
  - Some amount of SBD in current and previous year
  - Perfect compliance in last 12 months

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Quarterly Alternatives

- **Current year ÷ 4**
- **Previous year ÷ 4**
- **Combination**
  - 1st based on 2nd previous year ÷ 4
  - 2nd, 3rd, and 4th based on previous year, less 1st instalment ÷ 3

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Corporate Interest And Penalties

- **In general:**
  Same as for individuals except no +2% for amounts owed to corporation.

- Further penalty for large corporations

Should the Corporation Pay?

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Returns And Payments
Trusts (T3)

- **Filing**
  - 90 Days After December 31 Year End
- **Instalments**
  - Testamentary
  - Inter Vivos

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Due Dates For Balance Owing

- **Individuals**
  - April 30 of following year – no extension for business income
  - Deceased individuals: due date for return with no extension for business income
- **Corporations**
  - 2 months after year end
  - 3 months for some CCPCs

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Interest On Refunds

- **Individuals**
  - Later of 30 days after return is filed and the balance due date (April 30)
- **Corporations**
  - Later of 120 days after corporation year end and 30 days after return is filed

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Other Considerations

- **Information Returns**
  - T3 – Trust Income Allocation
  - T4 – Employment Income
  - T5 – Investment Income
  - T4RSP – RRSP Contributions

- **Books And Records**
  - General Rule: 6 years

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Assessment And Reassessment

- **Initial Assessment**
  - Individuals
  - Corporations

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Assessment And Reassessment

- **Reassessment**
  - **Normal Period**
    - 3 Years (individuals, trusts, and CCPCs)
    - 4 Years – Other corporations
  - **Outside normal if:**
    - Fraud
    - Taxpayer signs a waiver
    - Individual or testamentary trust requests a reduction in taxes.
    - If a balance outside of normal period is involved
    - 6 Year Extended

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Settling Disputes

- **T1-Adj**
- **Notice Of Objection**
  - 90 Days From Mailing Of Assessment
  - 1 Year From Due Date Of Return (Individuals And Testamentary Trusts)

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Settling Disputes

- **Tax Court Of Canada**
  - **Informal Procedure (Tax < $25,000, Loss < $50,000)**
    - No Lawyers
    - No Appeal
    - No Precedents
  - **General Procedure**
- **Federal Court of Appeals**
- **Supreme Court of Canada**

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Evasion

- Deliberately ignoring a specific part of the law (e.g., not reporting taxable receipts)

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Avoidance And Tax Planning

- No breaking of the law
- Planning observes “spirit of the law”
- Avoidance is not in keeping with the “spirit of the law”
  - GAAR

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GAAR

- **The Background**
  - Business Purpose Test
  - ITA 245(2) to 245(5)

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GAAR

- **Meaning Of GAAR**
  - that, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit; or
  - that is part of a series of transactions, which series, but for this section, would result, directly or indirectly, in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit

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Penalties

- **Taxpayer Property**
  - Entering
  - Seizure – Books And Records

- **Collection Procedures**
  - Informal
  - Garnishment
  - Seizure – Taxpayer Property

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Penalties

- **Examples**
  - Failure to report income (10% of unreported amount)
  - False Statements/Omissions (50% of tax)
  - Evasion (50% to 200% of tax)

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Penalties

- **Tax Preparers And Promoters**
- **Applicability**
  - **Culpable Conduct**
    - Intentional
    - Indifference To Compliance With Act
    - Willful Disregard Of Law
  - **Excluded Activity**
    - Promoting Avoidance Arrangements
    - Accepting Consideration For Such Arrangements

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Penalties

- **Tax Preparers And Promoters**
- **Penalty – Greater Of**
  - $1,000
  - Advisor's gross entitlements

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Taxpayer Relief Provisions
IC – 07-1

- **Part I – Introduction**
- **Part II – Cancellation/Waiver – Penalties and Interest**
  - Extraordinary circumstances
  - Actions of the CRA
  - Financial hardship

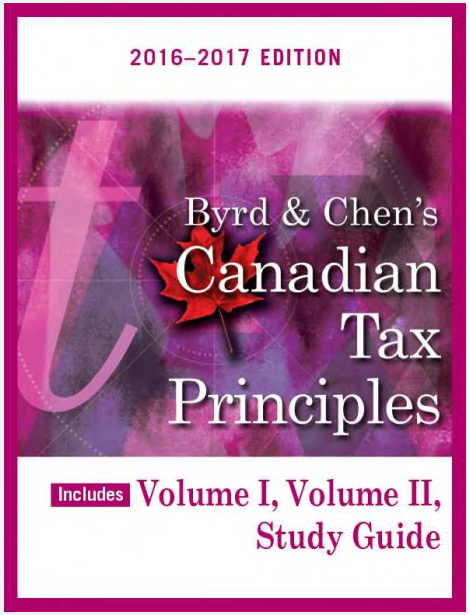
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Taxpayer Relief Provisions

- **Part III – Late, amended, or revoked elections**
- **Part IV – Refunds Beyond 3 Year Period**
  - Beyond Normal 3 Year Period
  - No Permissive Deductions (CCA)
- **Part V – Procedures when relief is granted**

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THE END

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