Advanced Personal & Corporate Taxation [TX2] Examination Blueprint
2011/2012

Purpose

The *Advanced Personal & Corporate Taxation* [TX2] examination has been constructed using an examination blueprint. The blueprint, also referred to as the test specifications, outlines the content areas covered on the examination and the weighting allotted to each content area. This document also lists the topics, the level of competence for each topic, and the related learning objectives. In addition, information is provided on the proportion of each question type presented in the examination (that is, multiple choice, quantitative problems, and so on).

Use

Candidates should use the examination blueprint to prepare for the course examination. The blueprint may not include all the topics listed in the course materials; however, candidates are still responsible for acquiring a broad-based knowledge of all topics not listed in the blueprint since these topics will be tested in assignment and review questions. The topics not listed in the blueprint will also provide candidates with a greater depth of understanding of taxation concepts.

Examination Objectives

The objective of the 4-hour comprehensive examination is to test CGA candidates on the prerequisite knowledge that is required for advancement into PA1 and PA2, so as to ensure that the candidates have the broad-based knowledge in taxation needed to function properly in the Association's capstone courses.

Examination Guidelines for Questions

i) *Question Type*
The following are guidelines on the type of questions and their approximate weightings:

Question Item	Description	Percentage Weighting
Multiple-choice questions	Questions may take a conceptual approach or they may require technical or analytical skills to derive the correct solution.	20% – 30%
Short-answer and/or short case-type problems of both a qualitative and quantitative nature.	Questions may focus on technical or analytical aspects of the material. Short, integrative cases may be used to pull together related issues. For example, a problem may require candidates to outline alternatives, supporting their recommendations with numerical analysis.	70% – 80%

ii) *Question Content*
The following table is organized according to content area and provides information on topics, learning objectives, weighting, competencies and levels of competence. The competencies applicable to a particular module are identified independent of the learning objectives.

iii) *Weighting of Modules*

The weighting of each module indicates the weight given to new material or concepts introduced in the module. Concepts or rules studied in previous modules that are integrated in a module to provide a more complete picture or to illustrate planning opportunities or techniques are weighted in the previous module where they were discussed. For example, in Module 10 no weight is given to topic 10.4 “Case Studies” since all the concepts used to solve these cases were studied previously. Another example in Module 10 is topic 10.3 “Estate Freezes.” The concept of an estate freeze is new (for example, what are the objectives of an estate freeze, what is the expected final result, etc.). However the techniques to realize the estate freeze, namely a rollover under section 85 or a capital reorganization, are not new concepts.

Table 1. *Advanced Personal & Corporate Taxation* **[TX2] Examination Blueprint**

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
1. Benefits to shareholders					**14 – 18**
	1.1 Benefits conferred on a shareholder	▪ Evaluate, explain, and provide recommendations on the tax consequences of benefits to shareholders.	Level 1	▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PK:TX:09:** Designs and advises on international tax planning ▪ **PR:PS:02:** Collects, selects, verifies, and evaluates information relevant to the problem ▪ **PK:FN:02:** Advises on the capital structure of the organization to maximize the organization's value ▪ **PR:ET:01:** Applies professional ethical standards ▪ **PR:ET:02:** Exercises integrity and a high level of professional judgment ▪ **PR:ET:04:** Protects the public interest ▪ **PR:PS:04:** Generates and evaluates alternative solutions ▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework ▪ **PK:BE:06:** Identifies and analyzes enterprise risk factors ▪ **PK:BE:08:** Implements and advises on measures to mitigate risk ▪ **PR:CM:02:** Prepares information in formats appropriate for specific purposes ▪ **PR:CM:03:** Communicates information in a timely, clear, and concise manner ▪ **PR:CM:04:** Projects a professional image in communications ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on organization ▪ **PR:PD:01:** Engages in continuing professional development to maintain and enhance professional knowledge and skills ▪ **PR:SE:03:** Applies professional scepticism ▪ **PR:SF:01:** Anticipates and meets the needs and expectations of internal and external stakeholders	
	1.2 Loans to shareholders	▪ Evaluate, explain, and provide recommendations on the tax consequences of loans to shareholders or to persons not dealing with shareholders at arm' length.	Level 1		
	1.3 Non-resident shareholders	▪ Distinguish between the tax treatment of resident and non-resident shareholders receiving benefits or loans.	Level 1		
	1.4 Paid-up capital	▪ Determine the paid-up capital of a share and distinguish it from the adjusted cost base.	Level 1		
	1.5 Deemed dividends	▪ Compute the deemed dividend and determine the other tax consequences that may arise on a number of transactions affecting a corporation's share capital and make recommendations on the structure of the capital stock of a corporation.	Level 1		
	1.6 Ethics and tax planning	▪ Suggest alternatives and provide ethical recommendations when ethical problems are identified, and be aware of responsibilities in tax planning according to the *Code of Ethical Principles and Rules of Conduct*.	Level 1		
	1.7 Writing a tax opinion	▪ Write a tax opinion that meets the client's needs while reducing the risks of a professional liability lawsuit.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
2. Transfer of property to a taxable Canadian corporation					**12 – 16**
	2.1 Objectives of using section 85	▪ Explain the general purposes of using the provisions of section 85.	Level 1	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:03**: Ensures compliance with all taxation reporting and filing requirements ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PR:CM:02:** Prepares information in formats appropriate for specific purposes ▪ **PR:ET:02:** Exercises integrity and a high level of professional judgment ▪ **PR:PS:02:** Collects, selects, verifies, and evaluates information relevant to the problem	
	2.2 Conditions	▪ Determine the proceeds of disposition (agreed amount) in a rollover and the resulting tax consequences regarding the upper and lower limits within which the agreed amount must fall.	Level 1		
	2.3 Rule for the benefit conferred on related shareholders	▪ Determine the tax consequences when a transfer of property benefits related shareholders.	Level 2		
	2.4 Transfer of property to an affiliated corporation	▪ Determine the tax consequences of the disposition of a property to an affiliated person.	Level 1		
	2.5 Adjustments to paid-up capital	▪ Determine the circumstances in which PUC reductions or increases may occur, and calculate the reduction or increase.	Level 1		
	2.6 Election forms	▪ Determine the tax elements and other elements required in order to adequately complete the rollover form and identify the final date for filing the form to avoid penalties for the parties involved (clients or employers).	Level 1		
	2.7 Example of a transfer of property	▪ Complete a section 85 rollover and determine the tax consequences.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
3. Corporate reorganizations (Part 1)					**8 – 12**
	3.1 Non-arm's length sale of shares	▪ Determine the tax consequences of the transfer of shares of a corporation resident in Canada to a corporation not dealing at arm's length with the vendor, and make recommendations for avoiding or reducing the tax consequences of such transfers of shares.	Levels 1 & 2	▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PK:FN:02:** Advises on the capital structure of the organization to maximize the organization's value ▪ **PK:FN:10:** Evaluates and advises on capital investments, mergers and acquisitions, or sale of a business ▪ **PR:PS:04:** Collects, selects, verifies, and evaluates information relevant to the defined problem ▪ **PR:CM:02:** Prepares information in formats appropriate for specific purposes ▪ **PR:CM:03:** Communicates information in a timely, clear, and concise manner ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on organization ▪ **PR:SF:01:** Anticipates and meets the needs and expectations of internal and external stakeholders	
	3.2 Reorganization of capital	▪ Evaluate the tax consequences of a reorganization of the capital of a corporation, and use a reorganization of capital as a tool for tax planning.	Level 1		
	3.3 Property convertible to shares of a corporation	▪ Evaluate the consequences of a conversion of property to shares of a corporation, explain the usefulness of convertible property in tax planning, and determine which provision — section 85, 86, or 51 — applies or should apply, depending on the desired objective, in an exchange of shares of a corporation for other shares of the same corporation; justify your choice.	Level 1		
	3.4 Share-for-share exchange	▪ Determine the tax consequences where shares of a corporation are exchanged for shares of another corporation, and determine whether it is preferable to use section 85 instead of section 85.1.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
4. Corporate reorganizations (Part 2)					**7 – 11**
	4.1 Amalgamation	▪ Evaluate the tax consequences resulting from the amalgamation of two or more taxable Canadian corporations, both for the corporations and for the shareholders, and identify situations where an amalgamation may be beneficial.	Level 1	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PK:FN:02:** Advises on the capital structure of the organization to maximize the organization's value ▪ **PK:FN:10:** Evaluates and advises on capital investments, mergers and acquisitions, or sale of a business	
	4.2 Winding up a subsidiary owned 90% or more	▪ Determine the tax consequences of winding up a subsidiary owned 90% or more and explain the advantages of the subsection 88(1) provisions in corporate reorganizations.	Level 1		
	4.3 Winding up a Canadian corporation	▪ Evaluate the tax consequences, for both the corporation and its shareholders, of winding up a Canadian corporation, other than a subsidiary owned 90% or more.	Level 1		
	4.4 Deemed proceeds or capital gain under subsection 55(2)	▪ Determine when the payment of an inter-corporate dividend is subject to the anti-avoidance rule in subsection 55(2) and identify the consequences of the application of that rule.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
5. Various tax considerations					**6 – 10**
	5.1 Incorporated or unincorporated business 5.2 Capital gains deduction 5.3 Debt forgiveness and seizure of property 5.4 Anti-avoidance rules	▪ Determine whether an individual should incorporate his business and apply the rules regarding the payment of a bonus. ▪ Plan the disposition of shares, farm property, and fishing property to maximize the CGD. ▪ Determine the tax consequences for the debtor and creditor when there is a seizure of property or debt forgiveness. ▪ Evaluate whether a transaction may be subject to the general anti-avoidance rule, and respond professionally to the situation.	Level 1 Levels 1 & 2 Levels 1 & 2 Levels 1 & 2	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:03**: Ensures compliance with all taxation reporting and filing requirements ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework ▪ **PR:ET:02:** Exercises consistently high level of professional judgment ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on organization ▪ **PR:ET:05:** Plans and exercises due diligence	

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
6. Purchase or sale of a business					**7 – 11**
	6.1 Purchase or sale of shares	▪ Plan the purchase or sale of shares and identify situations in which a loss on the sale of shares may be reduced.	Levels 1 & 2	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:06:** Analyzes and advises on tax planning issues	
	6.2 Purchase or sale of property	▪ Plan the purchase or sale of assets so as to take advantage of all relevant tax benefits.	Level 1	▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PR:ET:01:** Applies professional ethical standards	
	6.3 Assets or shares	▪ Plan the purchase or sale of a business determining if, in a particular case, the purchase or sale of shares is preferable to the purchase or sale of assets.	Level 1	▪ **PR:ET:02:** Exercises integrity and a high level of professional judgment ▪ **PR:ET:03:** Maintains objectivity and independence in appearance and fact	
	6.4 Acquisition of control	▪ Apply the specific provisions of the ITA where there is an acquisition of control.	Levels 1 & 2	▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework ▪ **PR:SF:02**: Acts in the best interests of the shareholders ▪ **PR:IA:03:** Evaluates implications and assesses the appropriateness of solutions beyond the immediate or short term ▪ **PK:FN:10:** Evaluates and advises on capital investments, mergers and acquisitions, or sale of a business	

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
7. Partnerships					**6 – 10**
	7.1 Definition	▪ Assess whether a group of persons in a given situation constitutes a partnership.	Level 2	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:03**: Ensures compliance with all taxation reporting and filing requirements ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on the organization ▪ **PR:IA:03:** Evaluates implications and assesses the appropriateness of solutions beyond the immediate or short term ▪ **PK:FA:05:** Interprets and advises on the organization's reporting obligations	
	7.2 Computation of income	▪ Compute the income or loss of a partnership and the share of the partnership's income or loss to be allocated to each partner.	Levels 1 & 2		
	7.3 Computation of the ACB of a partnership interest	▪ Determine the ACB of a partnership interest and the capital gain or loss realized by a member of a partnership on the disposition of his partnership interest.	Level 1		
	7.4 Transfer of property to the partnership and admission of a new partner	▪ Plan the formation of a partnership while minimizing tax consequences if there is a transfer of assets and identify the different methods for admitting a new partner.	Level 1		
	7.5 Withdrawal of a partner	▪ Determine the tax consequences on the withdrawal or death of a partner.	Levels 1 & 2		
	7.6 Dissolution of a partnership	▪ Dissolve a partnership using the most advantageous tax provisions.	Level 1		
	7.7 Limited partnership	▪ Describe the tax differences between a limited partnership and a general partnership.	Level 2		
	7.8 Transfer of property by a partnership to a corporation	▪ Transfer property from a partnership to a corporation.	Level 1		
	7.9 Information return	▪ Determine which partnerships must file required information forms.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
8. Death of a taxpayer					**8 – 12**
	8.1 Income in the year of death	▪ Compute the income of a person in the year of death, taking into account the appropriate tax elections, and make recommendations for reducing the tax consequences on death.	Levels 1 & 2	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:03**: Ensures compliance with all taxation reporting and filing requirements ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PR:ET:02:** Exercises integrity and a high level of professional judgment ▪ **PR:ET:05:** Plans and exercises due diligence ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on the organization ▪ **PR:IA:03:** Evaluates implications and assesses the appropriateness of solutions beyond the immediate or short term ▪ **PR:SE:01:** Acts within the scope of professional competence ▪ **PR:SF**:**02**: Acts in the best interests of the shareholders ▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework	
	8.2 Deemed disposition of property on death	▪ Determine the tax consequences arising on the death of a taxpayer from the deemed disposition of property, taking into account the appropriate tax elections, and make recommendations for reducing the tax consequences on death.	Levels 1 & 2		
	8.3 Deferred income plans	▪ Explain and apply the rules concerning the taxation of deferred income plans on death, taking into account the appropriate tax elections, and make recommendations for reducing the tax consequences on death.	Level 1		
	8.4 Death benefit	▪ Explain and apply the rules concerning death benefits paid by an employer.	Level 1		
	8.5 Deductions, tax credits, and alternative minimum tax	▪ Apply the special rules concerning net capital losses, medical expenses, gifts, and alternative minimum tax applicable in the year of death.	Level 2		
	8.6 Filing of income tax and benefit returns and payment of income tax	▪ Determine the date for filing income tax returns of a deceased taxpayer and describe the importance of the executor obtaining a clearance certificate.	Level 1		
	8.7 Capital losses realized by the estate	▪ Apply the rules for using losses incurred by the estate to reduce the tax of the deceased taxpayer.	Level 1		
	8.8 Death of the shareholder of a private corporation	▪ Determine the tax problems related to holding shares in a private corporation on death and subsequently for the estate or heirs.	Level 1		
	8.9 Planning	▪ Perform simple testamentary or post-mortem planning.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
	8.10 A number of competencies required	▪ Identify and discuss the various competencies required of a CGA in completing a tax engagement, whether for compliance or planning purposes.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
9. Trusts					**7 – 11**
	9.1 Trusts — General	▪ Distinguish between the different types of trusts for tax purposes.	Levels 1 & 2	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:02:** Determines and advises on taxpayer's tax liability ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:07:** Designs and advises on trusts and estates ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PR:IA:03:** Evaluates implications and assesses the appropriateness of solutions beyond the immediate or short term ▪ **PK:BE:04:** Advises on business decisions in the context of the legal framework ▪ **PR:ET:01:** Applies professional ethical standards ▪ **PR:ET:04:** Protects the public interest	
	9.2 Creation of a trust	▪ Determine the tax consequences of transferring property to a trust.	Levels 1 & 2		
	9.3 Taxation of a trust resident in Canada	▪ Determine the taxable income and income tax payable for a personal (testamentary or *inter vivos*) trust.	Level 1		
	9.4 Taxation of beneficiaries	▪ Determine the beneficiaries' income from a trust.	Level 1		
	9.5 Deemed disposition of trust property after 21 years	▪ Determine the tax consequences for a trust that has existed for 21 years or more.	Level 1		
	9.6 Income interest of a trust	▪ Determine the tax consequences on the disposition or settlement of an interest in the income of a trust.	Level 1		
	9.7 Capital interest and liquidation of a trust	▪ Determine the tax consequences of the disposition or settlement of an interest in the capital of a trust.	Level 1		
	9.8 Use of a trust	▪ Identify when it is appropriate to advise a trust as a tax planning tool and discuss various practical aspects.	Level 1		

Content Area	Topics	Learning Objectives	Levels of Competence	Module Competencies	Weighting (%)
10. Transfers of property among family members					**4 – 8**
	10.1 Gifts and non-arm's length transactions	▪ Determine the tax consequences of transfers of property, among persons dealing at arm's length or not, for inadequate consideration.	Level 1	▪ **PK:TX:01:** Determines and advises on taxpayer's regulatory requirements and exposure ▪ **PK:TX:06:** Analyzes and advises on tax planning issues ▪ **PK:TX:08:** Evaluates and advises on tax implications of alternative business decisions ▪ **PR:IA:01:** Aggregates information from a variety of sources and perspectives to assess the impact of issues on the organization ▪ **PR:IA:03:** Evaluates implications and assesses the appropriateness of solutions beyond the immediate or short term ▪ **PR:ET:01:** Applies professional ethical standards ▪ **PR:ET:03:** Maintains objectivity and independence in appearance and fact ▪ **PR:ET:04:** Protects the public interest ▪ **PR:PS:02:** Collects, selects, verifies, and evaluates information relevant to the defined problem ▪ **PR:PS:04:** Generates and evaluates alternative solutions	
	10.2 Attribution rules	▪ Identify situations where the attribution rules or the tax on split income may apply, and plan transfers or loans of property to avoid the attribution rules.	Levels 1 & 2		
	10.3 Estate freeze	▪ Plan an estate freeze and explain the usefulness of this mechanism.	Level 1		
	10.4 Case studies	▪ Apply different rules studied in *Advanced Personal & Corporate Taxation* to a specific case.	Level 1		