CURRENT DEVELOPMENTS
PERSONAL FINANCIAL PLANNING
VERSION 109

The ***Current Developments in Personal Financial Planning*** is a series of continuing education course for Certified Financial Planners, Chartered Professional Accountants, life agents and other financial services professionals. We recommend 6 hours of continuing education credits for each offering of the Course. You should check to ensure that the Course meets the continuing education requirements of the organization for which you are acquiring continuing education credits.

Completion of the course requires reading certain chapters of the quarterly update to The Personal Financial Planner's Manual and correctly answering at least 60% of the 10 questions on a multiple-choice examination.

How to proceed

This course must be completed, and your answers submitted by June 30, 2023.

Read the following chapters and topics and make note of the amount of time that you spend reading the material. You can expect to spend at least 6 hours doing so.

Section 3 – Income Tax Compliance and Planning
Chapter 7 – Still More Taxation of Property Income
Chapter 13 – Federal Budget 2022

Note that:

- you should not look at the questions until you are ready to start answering them;
- this is an open-book examination, and you may refer to the course material;
- you do not require an invigilator, but must complete the examination without assistance from another person;
- you have only 30 minutes to answer the 10 questions;
- the minimum pass mark is 60%; and
- there are no rewrites.

Complete the examination of 10 questions within 30 minutes. Finally, complete the Response Form and email only the Response Form to Gobeil & Associates. Upon passing the examination, you will receive an email confirming your successful completion.

CURRENT DEVELOPMENTS
PERSONAL FINANCIAL PLANNING
VERSION 108

RESPONSE FORM

Your answers must be submitted by June 30, 2023.

Name: ______________________________ Date: ______________________________

E-mail: ______________________________

Question	Your Answer			
1.	A	B	C	D
2.	A	B	C	D
3.	A	B	C	D
4.	A	B	C	D
5.	A	B	C	D
6.	A	B	C	D
7.	A	B	C	D
8.	A	B	C	D
9.	A	B	C	D
10.	A	B	C	D

Examination agreement - I spent at least 6 hours reading the course material. I personally completed the examination in 30 minutes without assistance from another person. As permitted, I may have referred to the material.

Signature: ____

Scan only this page and email it to info@gobeil.ca

1. *Budget 2022 proposes to create the Tax-Free First Home Savings Account (FHSA), a new registered account to help individuals save for their first home.*

   Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

   What would you advise your clients?

   1. Your contributions to an FHSA would be deductible, income earned in an FHSA would not be subject to tax, and qualifying withdrawals from an FHSA to purchase a first home would be non-taxable.

   2. If you have made a non-taxable withdrawal to purchase a home, you would only be eligible to open another FHSA if you have not owned a home during the preceding 4 calendar years.

   3. To open an FHSA, you must not have lived in a home that you owned either: at any time in the year that the account is opened or during the preceding 6 calendar years.

   4. Amounts that you withdraw for purposes other than to make a qualifying first home purchase would be subject to tax.

   (A) 1 and 2

   (B) 1 and 3

   (C) 2 and 4

   (D) 3 and 4

2. *Budget 2022 proposes to create the Tax-Free First Home Savings Account (FHSA), a new registered account to help individuals save for their first home.*

Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

What would you advise your clients?

1. As a couple, your lifetime limit on contributions would be $40,000, subject to an annual contribution limit of $8,000.

2. Unused annual contribution room could be carried forward.

3. You would be permitted to hold more than one FHSA, but the total amount that you could contribute to all of your FHSAs could not exceed your annual and lifetime FHSA contribution limits.

4. Once you have made a non-taxable withdrawal to purchase a home, you would be required to close your FHSAs within a year from the first withdrawal.

(A) 1 and 2

(B) 1 and 3

(C) 2 and 4

(D) 3 and 4

3. *Budget 2022 proposes to create the Tax-Free First Home Savings Account (FHSA), a new registered account to help individuals save for their first home.*

Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

What would you advise your clients?

1. At any time before the year that you turn 71, either of you could transfer funds from an FHSA to a registered retirement savings plan (RRSP).

2. Transfers to your RRSP would reduce your RRSP contribution room. Withdrawals and transfers would replenish your FHSA contribution limits.

3. If you have not used the funds in your FHSA for a qualifying first home purchase within 10 years of first opening an FHSA, your FHSA would have to be closed.

4. You would be allowed to transfer funds from an RRSP to an FHSA on a tax-free basis, subject to the $40,000 lifetime and $8,000 annual contribution limits.

(A) 1 and 2

(B) 1 and 4

(C) 2 and 3

(D) 3 and 4

4. *Budget 2022 proposes to create the Tax-Free First Home Savings Account (FHSA), a new registered account to help individuals save for their first home.*

Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

What would you advise your clients?

1. The Home Buyers' Plan (HBP) would allow you to withdraw up to $35,000 from an RRSP to purchase a home without having to pay tax on the withdrawal.

2. You could transfer funds from an RRSP to an FHSA on a tax-free basis, subject to the lifetime and annual contribution limits.

3. You will be permitted to make both an FHSA withdrawal and an HBP withdrawal in respect of the same qualifying home purchase.

4. An FHSA contribution would allow you to avoid income tax on up to $40,000 of earned or other income; while the Home Buyers' Plan (HBP) allows you to avoid income tax on up to $35,000 of earned or other income.

(A) 1 and 2

(B) 1 and 4

(C) 2 and 3

(D) 3 and 4

5. *Budget 2022 proposes to introduce a new **Multigenerational Home Renovation Tax Credit**.*

Your clients, Alexa and Google Arch, are over 70 years of age and currently renting an apartment in Halifax. Their son has suggested that they consider moving in with him and his wife. Their home has a large unfinished basement that could be converted into an "in-law" suite. They have had 3 quotes from renovators that range from $68,000 to $102,000. They have asked you about opportunities to take advantage of the Multigenerational Home Renovation Tax Credit. They have quite a few questions.

What would you advise your clients?

1. A qualifying renovation would be one that creates any new dwelling unit for a senior or a person with a disability.

2. The Tax Credit may only be claimed by an individual who ordinarily resides in the eligible dwelling.

3. The maximum value of the Tax Credit for any eligible dwelling is $7,500.

4. The costs of financing of a renovation would not be eligible for the Tax Credit.

(A) 1 and 2

(B) 1 and 4

(C) 2 and 3

(D) 3 and 4

6. *Budget 2022 proposes to introduce a new **Residential Property Flipping Rule.***

Your clients, Alvin and Theodor Munk, have been flipping properties for the last decade. They purchase a rundown house, move into it as their residence, and renovate it in their spare time. They have purchased and sold 6 homes over the last 10 years. They are very concerned about the proposed new Residential Property Flipping Rule. They have asked you about the consequences of this new rule for their flipping activities. They have quite a few questions. Assume that none of the life events that would exempt the new deeming rule would not apply to their activity.

What would you advise your clients?

1. Profits from dispositions of residential property owned for less than 12 months would be deemed to be business income.
2. Profits from dispositions of residential property owned for less than 12 months could be eligible for the 50% capital gains inclusion rate.
3. Profits from dispositions of residential property owned for less than 12 months could be eligible for the Principal Residence Exemption.
4. For profits from dispositions of residential property owned for more than 12 months, it would remain a question of fact whether profits are business income.

(A) 1 and 2

(B) 1 and 4

(C) 2 and 3

(D) 3 and 4

7. This year, Hillary registered a new business and purchased a pizza franchise for an indefinite period for $80,000. She incurred legal costs of $14,000 during the purchase. This is her only eligible capital property.

   At the end of her business's first fiscal year, what amount of capital cost allowance can she deduct?

   (A) $2,000

   (B) $2,350

   (C) $4,000

   (D) $4,700

8. Allan just disposed of a customer list that was an eligible capital property for proceeds of $115,000. He incurred costs of $6,000 during the disposition. He had purchased the customer list for $83,000. This was his only Class 14.1 asset. At the end of last year, his undepreciated capital cost (UCC) was $72,300.

   What amount of taxable income does Allan have to report?

   (A) $21,700

   (B) $22,700

   (C) $23,700

   (D) $24,700

9. At the end of last year of last year, Marian owned shares in a non-resident corporation with a cost of $185,000 CDN, a bank account in the United States holding $28,000 CDN, a vacation property in Florida with a cost of $145,000 CDN and a sole proprietorship in Buffalo, New York, with inventory costing $135,000 CDN.

   What is the cost amount of her foreign properties that Marian must report on Form T1135, the Foreign Income Verification Statement?

   (A) $185,000

(B) $213,000

(C) $348,000

(D) $493,000

10. Which of the following taxpayers can deduct the interest expenses on his or her income tax return?

    1. Melanie, who borrowed $4,000 to contribute to an RESP for her two children

    2. Michelle, who borrowed $10,000 to purchase an aggressive equity mutual fund

    3. Jordan, who borrowed $50,000 to start up his own business

    4. Christopher, who took out a home equity loan of $100,000 to purchase a property for personal vacations

    (A) 1 and 2

    (B) 1 and 4

    (C) 2 and 3

    (D) 3 and 4

