

## **Comments on Candidate Performance on Taxation (July 2018)**

Overall, most candidates appear to have understood the situations presented in the cases. The majority of candidates were able to sufficiently address, analyze and discuss the directed requirements of the cases. However, in some cases, it appears that candidates may have focused more heavily on certain quantitative aspects of their response, therefore resulting in more superficial responses in some areas.

While most candidates appropriately demonstrated their technical knowledge when addressing the required elements of the case, some candidates appeared to struggle with the technical knowledge required to provide a complete and accurate analysis. Specifically, certain candidates were unable to explain how dividends are taxed within a corporation, for example, by incorrectly applying gross-up and dividend tax credits. In addition, in another instance, many candidates failed to properly interpret case facts to identify the presence of a superficial loss. Certain candidates also provided incorrect responses when analyzing the tax implications of withdrawing funds from different types of investment accounts.

### **Comments on Skills**

**Assess the Situation:** While most candidates identified and/or attempted to address all of the required elements of the cases it appears that certain candidates would have benefited from spending additional time planning their responses to ensure an appropriate balance between their quantitative and qualitative analysis and to avoid providing unrelated discussions which added no value to their response.

**Analyze Major Issue(s):** Candidates varied widely in their analysis of the issues. Most candidates provided a rich analysis of the issues. However, some candidates provided a very superficial analysis that would not be useful for their client. In other instances, candidates repeated case facts without discussing why certain elements of the case were important to consider. This resulted in generic responses which, for example, would have been of limited value to their client.

**Conclude and Advise:** In many instances, the cases specifically requesting a recommended course of action. The majority of candidates provided appropriate conclusions or recommendation to the specific requests of the case which aligned with the analysis in their response.

**Communicate:** Nearly all candidates adequately communicated within their response. Language used was appropriate and quantitative information was well presented.

**CPA Mindset:** The majority of candidates provided professional responses catered to their client by properly applying case facts in order to add depth to their response, all the while ensuring to maintain professional and ethical standards.