

Comments on Candidate Performance on the Taxation Elective (September 2018)

Overall, most candidates appear to have properly interpreted their role and understood the situations presented in the cases. Most candidates were able to identify the required elements despite the cases not always explicitly directing them to do so.

Most candidates provided reasonable and sufficient analysis to support discussions in their response by applying technical knowledge to case facts. Some candidates, however, appeared to have lacked some of the technical knowledge needed to provide complete and accurate responses to all required elements in the case. For example, many candidates failed to identify a situation giving rise to a superficial loss, or to fully describe the differences between a salary or dividend remuneration strategy.

Candidates did not always apply an appropriate balance between their quantitative and qualitative analysis. It appears that certain candidates may have dedicated the majority of their time to quantitative exhibits which may have prevented them from providing in-depth discussions for other key elements of the case. In addition, candidates are encouraged to make use of information provided in the “CPA Elective Reference Schedule” for purposes of preparing their quantitative analysis and for ensuring that calculations are reasonable and that relevant tax rates and amounts are being applied.

Finally, while candidates generally performed well on the case portion of the exam, many candidates appeared to have struggled with some of the technical knowledge required to correctly respond to the Objective-Format questions of the exam.

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.

Analyze Major Issue(s): Candidates varied widely in their analysis of the issues. While most candidates provided a rich analysis of the issues, 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.



Conclude and Advise: Most candidates presented reasonable, convincing, supported conclusions and/or recommendations.

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.