

A REPORT OF THE  
**TAX EDUCATION**  
TASK FORCE  
October 2009



Chartered Accountants  
of Canada  
Comptables agréés  
du Canada



CONTINUING EDUCATION



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# Introduction

Following a daylong planning meeting of the CICA Tax Courses Committee (TCC) in October 2007, the Tax Education Task Force (TETF) was launched to complete a more in-depth study of the direction of tax education for the CA profession.

This first major report of the TETF covers the task force's recommendations with respect to the In-Depth program. Subsequent reports will focus on the Advanced Tax Courses, specialized training, continuing education, and a governance model for tax education in general and the TCC in particular.

## A "Preferred Future" for CICA Tax Education

A major outcome of the October 2007 session was a statement of a "preferred future" for tax education within a five-year time frame. The participants were asked, "project yourself ahead five years; you are feeling delighted with how tax education has progressed; tell me why – what are the characteristics of this future state that make it so positive?"

The discussion produced four main elements that embodied the "preferred future" for tax education.

1. we have a **Director – Tax Education** in place in the CICA;

2. we have a clear **competency map** for the tax community covering entry level through mature professionals that is supported by CA firms, both the largest firms and significant others;
3. we have a robust **delivery system** in place to build competencies, incorporating programs that cover the complete continuum of the tax career (entry level through senior practitioner), both core tax education and specialties, delivered through a variety of effective media (such as distance learning and web-based programs), by qualified individuals who are part of an extensive pipeline, to a clearly defined marketplace; and
4. we have an **assessment mechanism** in place that determines [1] the degree to which competencies are acquired, [2] the currency of the competency map, and [3] the effectiveness of training delivery.

These four elements provided one of the main backdrops for the task force's deliberations. Appendix 1 highlights other significant background and context for the task force's efforts.

*We believe it's particularly important to note at this point that the recommendations in this report will not be attainable without element #1 above: the appointment of a Director – Tax Education.*





## Core Recommendations

The seven recommendations that form the core of this first report are based on the “main messages” published in September 2009 under the title *Tax Education Task Force – Main Messages*. Much of that text is extracted from and woven into this report.

The major finding from all the research and discussion taken on by the TETF was that **while the In-Depth program is sound, it needs to be adjusted and extended**. We heard this message loud and clear from every audience we engaged in dialogue: large firm Tax Managing Partners and Learning and Development associates, mid-tier firms, small firms, lawyers, tax professionals in industry, and In-Depth program faculty. The major strength of the program is the fact that it successfully combines theory and on-the-job experience.

Following on from the In-Depth’s intent to bring the entry-level tax practitioner up to the level of a three-year experienced tax specialist, we believe the program needs to continue to focus first and foremost on core practitioners. The orientation of the In-Depth needs to be on preparing these core tax practitioners for practice, and providing awareness of specific sub-specialty knowledge in areas like transfer pricing, SR&ED, cross-border, and commodity tax.

In this light, we need to ensure that we have appropriate stated prerequisites for the In-Depth program, e.g., two university-level tax courses or equivalent, to make sure that all students admitted can cope with the material. This is in addition to the other eligibility criteria which should continue to be periodically evaluated by the TCC. It will be left to the employer to determine when it is appropriate for an otherwise qualified candidate who meets the In-Depth eligibility requirements to enter the In-Depth program.

At the same time, the program must be upgraded to respond to changes in the needs of students, the changing scale and complexity of the subject matter, and the availability of new technologies that can both enhance student learning and dramatically improve efficiency of delivery.

The Group Study program is clearly the In-Depth’s weak link. The In-Residence content is considered sound, although it needs to be reorganized between segments of delivery. Beyond that, there are gaps in content that need to be addressed, e.g., research, technical writing and communication, tax accounting, and an introduction to commodity tax. As well, the timetable needs to be extended to allow students to appropriately understand and absorb the material.

In terms of structure, the In-Depth and its modules need to reflect clear learning outcomes, with a special focus on the skills the participants will develop (research, writing, and communications), in addition to the content knowledge they will gain as they work towards becoming tax specialists with the appropriate core competencies.

Taking these general points to the specific, the TETF offers these seven recommendations, with the intent that the first running of the new program takes place in Fall 2010.

The specific recommendations, explained in more detail below, are:

1. Restructure the In-Depth to reflect a competency-based approach delivered at an appropriate pace for optimum learning using today's learning technologies.
2. Restructure Group Study to contribute greater consistent value to the program.
3. Provide formal recognition of the student's successful completion of the program.
4. Provide better feedback on students' progress to their employers.
5. Attract and support more participants from the francophone marketplace.
6. Revise the approach to faculty selection and development.
7. Implement a more disciplined approach to material development.

## 1. Restructure the In-Depth to reflect a competency-based approach delivered at an appropriate pace for optimum learning using today's learning technologies

The essence of this first recommendation is depicted in the graphic flow of the In-Depth shown on the right.

This new flow reflects the needed adjustment in terms of increased content coverage and the pace at which that content is delivered.

In terms of content, the current Parts 1 and 2 would get restructured into Segments 1, 2 and 3, with some elements of the current Part 3 shifting either into In-Depth or to Specialized courses.

The new flow also reflects the importance of ensuring the participant's first exposure to the In-Depth program is more focused and directional, and sets the standard for excellence for the remainder of the program. This is to be accomplished with a three-day face-to-face interactive orientation session held in an urban setting. A primary learning outcome of the *Orientation & Research* session would be building the research and communication skills that the student will use and strengthen throughout the In-Depth program.

Group Study and other face-to-face events are to be reframed to focus more on *process* skills than *content*, to ensure the student knows how to *find* answers to tax questions as distinct from *knowing* the answers. In addition to the In-Residence lectures, *technical content* knowledge will be covered through

e-learning modules to be completed at the student's chosen pace prior to the face-to-face sessions in which that content will be referenced, whether Group Study or In-Residence. The underlying philosophy for e-learning is that it should complement, supplement, or replace current modules, and be fully integrated into the program.

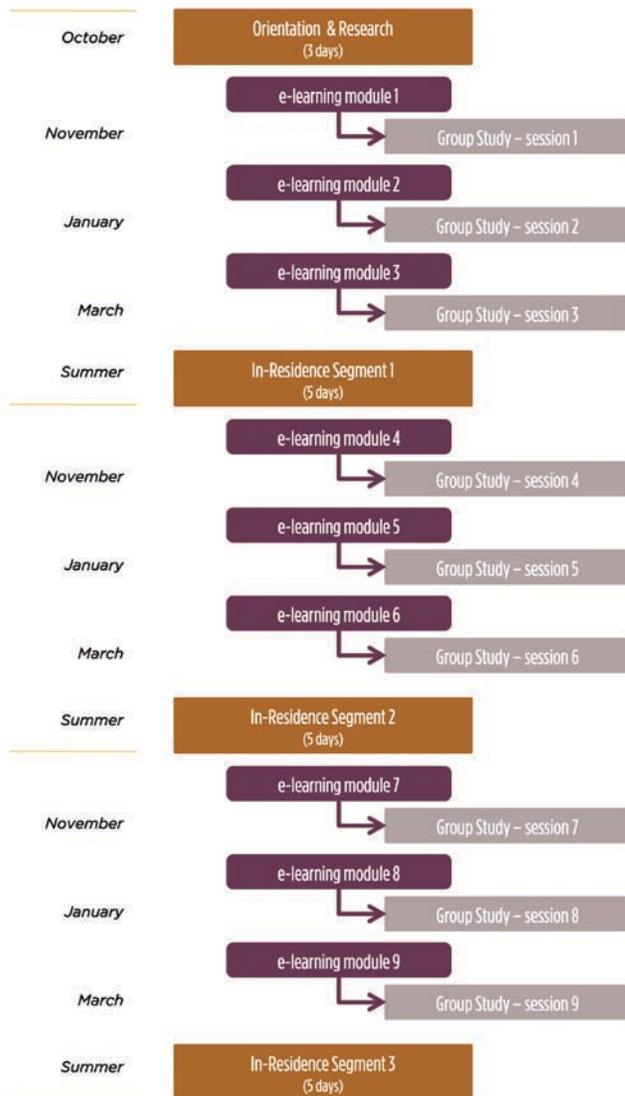
For the In-Residence sessions, the resort location is still preferable for In-Residence Segments 1, 2 and 3, as it allows the student to focus on the subject matter at hand without interference of day-to-day work concerns. As mentioned above, the *Orientation & Research* sessions will be held in urban centres.

Something already introduced at the In-Residence is "limited night classes." This has been positively acclaimed by students and faculty alike as a critical move to support the learning process by allowing students to start the day refreshed and ready to learn. There is the potential to remove night classes completely as has already been done in some courses.

We will also further consider the feasibility of offering some content on an elective basis, e.g., having In-Residence Segment 3 include a couple of days of elective topics (selected in consultation with the student's employer), while ensuring that we satisfy the requirement that all students adequately cover the core material.

The specifics of this foundational recommendation, then, are:

- Structure the In-Depth program to be delivered over **three years** to ensure the required content is adequately covered.
- Extend content coverage from **32 to 45 modules** delivered in three 5-day In-Residence segments.
- Begin the In-Depth program with a **3-day Orientation & Research** session.
- Focus the In-Depth program – particularly the Orientation and Group Study – on the students' development of **research and communication skills** as well as technical tax knowledge.



- Restructure the **Group Study** to focus on research and communication skills and use online self-paced instruction for technical content.
- Cover mandatory **core knowledge** throughout all segments.
- Consider the potential to introduce some **specialty electives**<sup>1</sup> in later segments.
- Incorporate **additional topics** in both core and elective sessions in order to address existing gaps in content.
- Employ a **program design** approach that allows for pulling cohesive blocks together to create standalone programs.
- Include modules on **writing skills** in the *Orientation & Research* session<sup>2</sup>.

## 2. Restructure Group Study to contribute greater consistent value to the program

Taking into account the feedback from the focus groups and the research and discussion activities of the task force members, the major conclusion reached by the TETF was that the primary focus of Group Study needs to be on the *process* rather than the *solutions*. This notion will be supported through [1] the *Orientation & Research* session, [2] the design of e-learning modules for transferring technical content knowledge, and [3] the redesign of the Group Study sessions to emphasize dialogue around the content and the cases as distinct from focusing on solutions.

The graphical comparison of the current approach and the suggested model going forward (see next page) illustrates the superior value of the proposed approach.

With this redesign, students will arrive at their first Group Study session, understanding the structure and flow of the entire In-Depth program, having a solid understanding of how to do research, and having acquired the requisite technical knowledge to participate actively. As such, we believe students will be much better prepared and learn much more through the Group Study component of the In-Depth program. Further, the redesign will place more challenge and rigour in the Group Study sessions.

Reflecting the above conclusions, the specific recommendations for Group Study are:

- Restructure the Group Study sessions to focus on **process skills**, e.g., research methods and writing skills, than content, to ensure the student knows how to *find* answers to tax questions as distinct from *knowing* the answers.
- Reduce the number of Group Study sessions from six to **three** prior to each In-Residence segment, with Group Study sessions being held once every six to eight weeks.
- Design and develop e-learning modules to provide the student with **technical content** knowledge, e.g., overview, framework, structure, and application of the legislation, to be completed at the student's chosen pace prior to the face-to-face Group Study sessions in which that content will be referenced – the underlying philosophy for e-learning is that it should complement, supplement, or replace current modules, and be fully integrated into the program.
- Build **assessment points**, e.g., a series of “challenge questions,” into the e-learning modules to provide feedback to students with respect to their progress in absorbing and understanding the material.

<sup>1</sup> Note that electives are to be signed off by the employer.

<sup>2</sup> One alternative is to make *writing* an optional course, e.g., a one-day seminar prior to the *Orientation & Research* session.



- Design the **cases** to migrate the student to handling greater complexity over time. There should be fewer really good cases through which the student gets to practice increasingly complex research to learn how to do it both effectively and efficiently.

### 3. Provide formal recognition of the student's successful completion of the program

Many students want a certificate or diploma as a sign of their accomplishment, and at the same time, have little appetite for sitting examinations especially when so many of them have just completed the demands

of the UFE exams. And the firms and the CICA have little interest in formal accreditation or testing.

While no *major* testing is contemplated, as noted above the new model *will* feature self-assessment checks integrated into the e-learning modules which will add rigour to the learning and give students and their firms a clear indication that they are progressing. We also expect that there will be some more rigorous assignments as part of the Group Study process, and consideration of some form of final individual or group project at the conclusion of the In-Depth.

In consideration of the above, we make the following recommendation:

- Provide students with a tangible **certificate** recognizing their successful completion of the In-Depth program.

## 4. Provide better feedback on students' progress to their employers

We have heard categorically that the firms want more feedback on how their students are progressing. And many students want some built-in assessment to help them appreciate their own progress.

While the firms are not interested in full accreditation – which would necessitate formal testing and examinations, they *do* want to be assured that there is sufficient rigour in the program including constructive feedback on their students to ensure that they are appropriately progressing.

Specific recommendations in this area are:

- Engage a cross-section of the learning and development associates of the firms to establish what form that **assessment and feedback** should take.
- Encourage the firms to take on the responsibility of **dealing with feedback** that indicates the student is not meeting expectations in specific areas.
- Establish clear guidelines for the Group Study Leaders and Tutors to provide **useful feedback** on the students, based on the stated learning outcomes of the sessions.

## 5. Attract and support more participants from the francophone marketplace

While the MTax is highly popular in Québec – especially related to the attractive cost of the program (see Appendices 4 and 5) – we were told that there is very strong support for the In-Depth amongst the representatives of the large firms. The challenge is the

language. However, we were also told that the program does not need to be fully **developed** in French despite the fact that the Québec-based MTax programs are conducted entirely in French.

The recommendation of the task force regarding the francophone marketplace and better engagement into the program is to determine the feasibility of any or all of the following:

- Provide **simultaneous translation** for English lectures.
- Continue **French-language tutorials** for francophones using the English language-based solutions that are currently used in the In-Residence sessions.
- Over time and in consultation with the largest firms in Québec, determine what further French **translation of program material** is required, including lecture slides and notes, solutions, and e-learning modules.
- Develop French language **marketing material** for the francophone market<sup>3</sup>.

## 6. Revise the approach to faculty selection and development

The time has come to extend the candidates for faculty beyond the largest firms. While students note that faculty from these largest firms are strong “draws,” they also note that we should be attracting “the best” tax resources to deliver the program.

A number of countervailing pressures were identified in the deliberations of the task force. On the one hand, while recognition must be given to the fact that larger firms and organizations

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<sup>3</sup> Currently, promotional materials for the In-Depth are available only in English, so the program is not marketed directly to the French-speaking audience; by contrast, the MTax is well-marketed to French-speaking constituents.

will have more extensive resources to support the program, it is increasingly difficult to get faculty from the large firms. On the other hand, relying on smaller organizations that lack back-up resources presents risk where that organization will be doing extensive work. Finding a proper balance amongst these challenges will be vital.

We therefore conclude that we need to review and update criteria for faculty, expand the scope of solicitation, and make the selection process transparent. At the same time, we want to continue to maintain and leverage the contribution of the largest accounting firms.

Recommendations for faculty selection are:

- Engage the new Director – Tax Education to update the **guidelines for faculty selection, training, and evaluation** in consultation with the Coordinators and the TCC.
- Provide more **formal training** for Group Study Leaders and Tutors to ensure they are providing high quality and consistent leadership and facilitation for the students.

## 7. Implement a more disciplined approach to material development

The practice for material development and updates will continue to be reviewed. Rather than setting fixed fees per module for ongoing updates without a detailed review of the specific work needed to develop and maintain it, the suggestion is to expand the needs-based approach that was successfully undertaken this year in the Specialized courses.

In this approach, the Course Coordinator for each part of In-Depth or each Specialized tax course takes a more

active role in evaluating the course in terms of its strengths and weaknesses and making recommendations for improvement. Those who have been assigned a module get a standard fee for *routine maintenance* – such as date changes, tax rate changes, administrative announcements or other minor adjustments – and *presenting the material* for that module. The Course Coordinator then works with Lecturers for the particular course to identify and set priorities on more major development or upgrade work needed. The Coordinator follows through with the CICA to set specific development/upgrade fees for each module. This can be done by establishing specific budgets for specific work, or agreeing on how to allocate a pre-set “improvements” budget to each module. Ideally, this is done in the October time frame to allow for proper consideration and preparation for the following year’s development work and also to provide a timely feed into the CICA annual budget.

This approach will foster fairness and increased accountability in terms of material development, and will enhance the CICA’s ability to control costs and allocate resources effectively.

From an overall perspective, the Director – Tax Education, with input from the TCC, will set and allocate development budgets among the tax courses as a whole.

Thus, the express recommendation for this area is:

- Design and implement a **needs-based approach** to material development that reflects the specific work to be done in response to identified education needs.



# Implications for development and delivery costs

Based on the consideration of the elements presented above in the core recommendations, there will be upfront costs associated with redesign and redevelopment over the next few years. However, these development costs – associated primarily with the e-learning modules and the new *Orientation & Research* session – will be somewhat offset by the reduced costs of Group Study faculty given that we will be conducting nine rather than twelve sessions across the In-Depth program.

## Estimated tuition costs

A preliminary estimate of the costs associated with the proposed format for the In-Depth indicates that the fees for the program will rise from the current \$11,000 to just over \$14,000, which would be incurred over a period of three years. For those students who would normally choose *not* to attend Part 3, the increase is more substantial, i.e., rising from the current \$9,000 to the \$14,000 figure.

Along with this increase comes value that we believe well exceeds the increment – *more content, better pacing, better trained faculty, more effective delivery mechanisms, and greater rigour.*

## Increased investment required for coordination

It is widely recognized that there is a need for greater coordination across all the courses. Much of this work is currently done by the Coordinators of Parts 1 to 3 and Advanced Tax Courses. The expected additional demands of the new environment will require even more connectivity throughout all elements of the program to deal effectively with flow and pace of material. The current thinking is that the new Director – Tax Education – someone more aligned with the content as distinct from the administration of the program – will be best positioned to perform the curriculum coordination across the modules, with the TCC acting as an oversight and advisory committee. This individual takes on the responsibility of allocating both material and resources throughout the courses.

Including this Director – Tax Education role, the nature and magnitude of resourcing and staffing required to support the new framework has yet to be determined. This will include a review of the current development funding model to determine what can be redirected to these efforts.



## Next Steps and Implementation

The members of the TETF believe that the recommendations contained in this report can, and should be implemented beginning with the 2010/2011 tax training cycle.

We believe that there is sufficient time between the adoption of the recommendations in this report and September 2010 to develop, market and launch Phase I of the new In-Depth Tax Course, which includes:

- a new Orientation and Research session anticipated to be three days in length;
- a revised Group Study I which will include three e-learning modules and three complementary sets of case studies for traditional Group Study sessions; and
- the necessary level of French translation relating to the above two pieces of the development.

Supporting the proposal to move confidently to a launch in Fall 2010, there are a number of factors that may generate a “wait-and-see” attitude among buyers if the implementation date is postponed to 2011, e.g., widespread knowledge of the TETF and the In-Depth Tax Course re-engineering project as a result of focus group discussions across

the country and across constituencies, as well as reports and updates to the TCC, Learning Partners and Associates of the large accounting firms, senior CICA Management, PICA/Ordre CPD Directors’ Group, and the CICA Tax Policy Committee.

An essential component of implementation is the hiring of a Director – Tax Education at the CICA by January 31, 2010 at the latest. We understand that the CICA fiscal year begins April 1<sup>st</sup> and that this hiring will need to be considered as an exception in the current fiscal year. However, without the approval and hiring of a Director – Tax Education, the recommendations of this report will not be attainable.

The implementation schedule below is based on the following assumptions:

1. hiring of a Director – Tax Education in the current fiscal year;
2. approval of additional staff to provide an appropriate level of support for the Director – Tax Education; and
3. approval of sufficient development and operating funding for the new In-Depth Tax Course.

The following table provides a high level time line for a Fall 2010 implementation.

DATE	IMPLEMENTATION STEP/PROCESS
Nov 2/09	TCC Meeting <ul style="list-style-type: none"> <li>• Endorsement of TETF Report on behalf of firms represented at the table</li> <li>• Agreement on direction for ITP/P3/Advanced Courses for 2010/2011 fiscal year</li> </ul>
Nov 7/09	Preliminary Operating Budget is input into the process by CICA Continuing Education <ul style="list-style-type: none"> <li>• To reflect launch of new In-Depth Tax Course for students entering Group Study 1 in Fall/10</li> <li>• To reflect current P2 format for students currently enrolled in Part 1 of the In-Depth Tax Course</li> <li>• To reflect ITP, P3, Advanced Courses presentation schedule as agreed to at Nov 2 TCC meeting</li> </ul>
Late Nov/09 or Early Dec/09	Current Coordinators Meeting <ul style="list-style-type: none"> <li>• In-Depth Tax Course (1 &amp; 2) and Part 3 coordinators, Chair TCC, Academic Advisor TCC</li> <li>• Review and approve competency map</li> <li>• Agree on preliminary allocation of content to Segments 1, 2, 3 of new In-Depth Tax Course</li> <li>• Agree on preliminary allocation of content to new Group Study Segments including e-learning modules</li> <li>• Agree on draft course outline for Orientation &amp; Research session</li> </ul> Recruiting Begins for Director-Tax Education RFPs Prepared and Distributed for: <ul style="list-style-type: none"> <li>• Development and delivery of Orientation &amp; Research session</li> <li>• Development and delivery of e-Learning Modules for Group Study 1</li> <li>• Development of new Case Studies for Group Study 1</li> </ul>
Jan 1/10 to Jan 15/10	Formal Approval of Tax Courses portion of CICA Continuing Education Budget <ul style="list-style-type: none"> <li>• CICA internal budget deliberations</li> <li>• TCC</li> </ul>
Jan 15/10 to Jan 31/10	RFP Responses due to CICA Selection of Developers/Deliverers <ul style="list-style-type: none"> <li>• Orientation &amp; Research session</li> <li>• E-Learning Modules for Group Study 1</li> <li>• New Group Study 1 case studies</li> </ul>
Jan 31/10	Director – Tax Education Hired <ul style="list-style-type: none"> <li>• Contract to April 1/10 if necessary, then salaried</li> </ul>
Feb 1/10 to Sept 1/10	Continue appropriate development and delivery of existing course Business Development plan and implementation for new course Development of new GS 1 <ul style="list-style-type: none"> <li>• E-Learning modules</li> <li>• Case Studies for traditional sessions</li> </ul> Development of Orientation & Research session Development, purchase, or rental of Infrastructure <ul style="list-style-type: none"> <li>• To host and deliver new program</li> </ul>
Sept/10	Launch new In-Depth Tax Course Continue existing In-Depth Tax Course <ul style="list-style-type: none"> <li>• For those in the current program, who are scheduled to participate in GS 2 and Part 2</li> </ul>



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## APPENDIX 1

### Background and Context

The CICA Tax Courses Committee (TCC) met in October 2007 to set the direction for the Committee for the next three years. One of the main recommendations to come out of the discussions was to launch a Tax Education Task Force (TETF) to complete a more in-depth study of the direction of tax education for the CA profession.

#### TETF Mandate

Under the mandate established at the outset, the TETF has been and still is driving towards an environment in which there is:

1. **comprehensive coverage of relevant content** – everything from entry level to retirement – ensuring that our programs reflect what it takes to achieve tax practitioner core competency, structured in such a way that we can respond quickly to changes in tax law, the environment, etc., while preserving the core knowledge with stable and routinely-updated material;
2. **use of technology and new delivery mechanisms** – using a variety of vehicles and mechanisms to deliver the programs even more effectively, taking full advantage of whatever innovation and technology is available, split and paced appropriately to allow the material to be properly covered and absorbed;
3. **response to the needs of the audience** – having built significant flexibility into how the student takes the program in terms of timing, sequence, and the content delivery vehicles we use;
4. **coordination and collaboration across the “system”** – integrating the programs offered by CICA, the PICAs and the Ordre (Provincial Institutes), through coordinated sharing across the institutes with an effort to avoid duplication, and supported by dialogue with constituents – the largest firms, mid-tier firms, smaller firms, sole practitioners, and industry representatives; and
5. **marketplace recognition of quality** – CICA Tax Courses are treated by the marketplace as a form of college or faculty, viewed as a continuum of courses, primarily devoted to the tax professional, possessing a high correlation with what a university program would provide, and aligned with practical experience; the delivery mechanisms we use reflect the current understanding of effective adult education.

A primary initiative of the TETF has been the dialogue created by conducting sixteen focus group sessions with key stakeholders<sup>1</sup> to gain their views on tax education in Canada – all the way from lifelong learning concepts down to the specifics of the In-Depth program, the largest component of CICA Tax Courses. The pervasive theme running through the comments of *all* the focus groups was the strong overall support for the In-Depth program, along with the message that clearly some things need to be done to make the program work better – especially with respect to Group Study. While many of the messages were unique to each group, much of what we heard was consistent across all the participants.

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1 The focus group sessions elicited the contributions of tax practitioners across Canada (Vancouver, Calgary, Toronto, Ottawa, Montréal, and Halifax), representing the large firms (tax managing partners or their designates, and the learning and development partners or their designates), mid-tier and small firms, industry, Canada Revenue Agency, In-Depth and Advanced Tax Courses faculty (Coordinators, Lecturers, Tutors and Group Study Leaders), and CICA staff.

The other major application of energy has been on six full-day face-to-face strategy development sessions of the TETF members to take the learnings and shape them into conclusions and useful recommendations.

At the TETF's meetings in July and August 2009, the group drew conclusions from all that has been learned – from the focus groups, from presentations by experts on topics such as competency maps and e-learning, and from energetic debate in the face-to-face sessions – and developed a series of “main messages” published and distributed in September 2009 on which are based the recommendations in the report to be tabled at the November 2<sup>nd</sup>, 2009 meeting of the TCC.

### **Tax Education Guiding Principles**

For the purpose of our discussions and work, the first step needed was to agree on a number of guiding principles to ensure that CICA tax education is properly focused and addresses the needs of those who will use it. The guiding principles we used as the basis of our work can be summarized as follows:

- income tax education will be geared toward CAs and other professionals practising income tax on a full-time basis in a public accounting environment;
- education for these individuals will be aimed at addressing education needs from entry into tax on a full-time basis through becoming a senior practitioner;
- the TETF is addressing the In-Depth Tax Course as a priority while also considering possible improvements for other aspects of tax education, e.g., specialized tax courses, coordination of tax education with the PICAs/Ordre;
- where logistically and economically feasible, we will address the tax education needs of income tax specialists that choose to specialize further into the various tax subspecialties and industry sectors; and
- in the development of course material, where feasible, we will modularize the material in order to be able to respond to the needs of other potential audiences, e.g., transfer pricing, cross-border, and SR&ED specialists.

### **The TCC Planning Day**

The TCC convened a daylong meeting on October 11, 2007 to set the direction for the Committee for the next three years.

Two main recommendations came out of the day's discussions. The first was to create a **Director – Tax Education** position in the CICA to manage and guide all aspects of CICA-related tax education, and the second was to launch a **Task Force** to complete a more in-depth study of the directions the TCC should be taking over the next three to five years.

### ***Potential Implications of the CICA Comprehensive Learning Strategy***

As the first topic of discussion, the members of the TCC shared their views regarding the implications of the CICA Comprehensive Learning Strategy<sup>2</sup>, both in general for the profession and more specifically for the TCC.

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<sup>2</sup> Published by the Council of Senior Executives (CSE) in May 2007 and presented to the TCC at the October 2007 meeting by Tim Forristal.

The conclusions of the TCC with respect to the Comprehensive Learning Strategy (CLS) fell into the three areas of *lifelong learning, certification and testing, and nature and needs of the community interested in tax education.*

### **Lifelong Learning**

From the report, it is clear that the evolution to lifelong learning in the CICA is continuing. The current gap would appear to be, “where do the mature and senior practitioners go for CPD?”

As it applies to the TCC, we will need to make some decisions regarding how to respond to the needs of senior tax practitioners. As well, we will need to determine what role we should have with non-tax specialists, those who may be either specialists in other areas or generalist practitioners.

In line with the findings of the report, we really need to “recalibrate for excellence,” and that will require more in-depth dialogue and take a lot more CICA resources.

### **Certification and Testing**

It is also clear from the CLS report that some form of certification or testing is coming, which means more rigour for our programs, and that translates into a significant investment of time, effort, and funds.

Of course, when we test, “people fail,” and we need to understand the implications of that condition on our participant population and their firms. Another implication of introducing testing is that the focus of a course is on what will be tested, rather than what might be of particular importance to the participants. It was noted, for example, there are currently *no* tax questions at the Ontario School of Accountancy, part of the process for getting the CA designation in Ontario.

It was also noted that the design of programs could be made to be more rigorous, even without testing, encouraging participants to take it all more seriously.

### **The Nature and Needs of the Community Interested in Tax Education**

Very few of our participants really need to cover the complete spectrum of tax and this has implications for program content, delivery mechanisms, and testing. It leads to the questions of, “does one size fit all?” “what really are the core competencies we need to teach?” and “how might we extend the product line?”

We are also facing a new type of student: one with a work orientation, e.g., focus on life/work balance, which may be different from the way current courses are designed and structured, e.g., long days in a classroom setting.

As we consider our marketplace, we need to determine how to sustain the attractiveness of the program. We continue to face more competition as others enter the education domain. We are also increasingly getting challenging feedback from participants, a lot of which reflects the increasing specialization of the practice of tax.

## **TETF Scope and Process**

During the planning day, the Committee explored a wide range of tax education issues, and concluded that it would be premature to generate any recommendations before doing more research and exploration of the options. A major result of the day, then, was the creation by the TCC of a task force to complete a study of education for the Canadian tax professional and make recommendations to the TCC.

### ***Meetings***

The TETF has met face-to-face in six day-long meetings supplemented by conference calls. The minutes of these meetings are available as standalone documents for the record.

The TETF has made three face-to-face presentations to the TCC to keep the Committee up-to-date with respect to the findings and conclusions of the task force, and to garner feedback from the members of the TCC at each major step in the process.

Of particular note is that a number of ideas put forward at TETF meetings have already been adopted by the TCC, including, for example, adjusting the timetables for Parts 1, 2, and 3 from the former intensive environment, with night sessions now at a third of where they were.

### ***Mandate of the Task Force***

From the outset, the mandate of the TETF has been to recommend a framework and architecture for tax-related educational programs to be developed for, and delivered to Canadian tax practitioners.

With this mandate, the TETF is positioned to make recommendations on:

1. the requirements for tax education for the CA profession in Canada based on sound competency maps for entry-level and advanced tax specialists;
2. an education model to guide the design, development, and delivery of tax education content in such a way that it remains comprehensive and relevant;
3. how to make tax education programs highly attractive for participants and faculty, particularly through the use of technology and new delivery mechanisms;
4. how to effectively situate the locus of responsibility for sponsoring, administering, monitoring and completing tax programs with the participants and their firms or employers; and
5. how best to leverage partnerships and alliances with other organizations, including the promotion of coordination and collaboration across the “system.”

As specific tasks within the overall mandate were completed, the TETF has regularly consulted with the TCC on pending recommendations that would require their approval and support.<sup>3</sup>

### ***Approach to the Task***

At its first meeting, the TETF members covered a number of areas and generated ideas the task force could explore both during and between future meetings. These included:

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<sup>3</sup> As noted earlier in this report, at this stage our recommendations relate solely and specifically to the In-Depth Tax Course.

### **1. understanding the evolving requirements for tax courses**

As a starter, we needed to update and confirm our understanding of the requirements for at least the In-Depth and Advanced programs. To accomplish this, we needed to meet with the large firm tax practice leaders, mid-tier tax leaders, and “others,” e.g., small firms with 2-3 specialists, non-public practitioners, and tax professionals in industry.

The questions addressed through these “focus groups” were to include, by way of example, the *definition* of what’s “core” versus advanced and non-core, other *tax specialties* to be covered (for example, US corporate tax and sales and use tax), *eligibility* for programs, *when* to run courses (normal office hours versus off-hours), and *where* to run courses (resort setting versus urban centres).

### **2. making the programs more attractive for students and faculty**

There are a number of factors we needed to understand about today’s student in order to make the programs more “attractive.” Our starting assumptions included observations such as:

- tax practitioners tend not to want weekend courses, as distinct from corporate finance people who want *only* weekends;
- students find the Group Study activity less effective than some other form, e.g., self-paced study; and
- there is a huge volume of material that needs to be covered, and currently it is either “raced through” or presented at In-Residence programs through very long days.

These and other assumptions needed to be substantiated before any redesign could take place.

### **3. moving the locus of responsibility back to the students and their firms**

There was a strong perception that we had moved too far in “spoon feeding” our students, building a load on CICA resources that could more productively be applied elsewhere. As an example, the role and effort required of CICA staff to manage the Group Study component is substantial. In this regard, we needed to place more of the responsibility for completing program requirements clearly back onto the students and their firms’ managers and partners.

In parallel, we needed to engage the firms to understand and accept their accountabilities in the education activity. For example, mentoring implies a more active role and interaction with the student far beyond administration which many currently default to.

### **4. gaining leverage through partnering with other groups**

Considering the potential scope of the TETF’s efforts and the resulting workload generated by all the changes, it was agreed that looking to other organizations to work with us to build the programs would be useful. These arrangements could be in the form of subcontracting, joint ventures, or more permanent partnerships. Organizations we should consider include universities, e.g., as a component of a Masters program, communities of practice, and associations like the Canadian Tax Foundation.

## Focus Groups

As a critical early step in the TETF's progress, we needed to meet with senior leaders of the profession from the largest firms, mid-tier firms, and other industry professionals. These meetings lasted two to three hours with each of the groups.

Starting with large and mid-tier firm focus groups in June 2008, we ran a total of 14 focus group sessions through to August 2009 (see table below), following which we met with large firm learning associates and CICA staff to review and validate our findings, conclusions, and recommendations.

	PUBLIC ACCOUNTING FIRMS	INDUSTRY	LARGE FIRM LEARNING ASSOCIATES	FACULTY <sup>4</sup>	CICA STAFF
Halifax	January 2009	January 2009			
Montréal	July 2009 <sup>5</sup>	July 2009			
Ottawa		August 2009 (CRA)			
Toronto	June 2008	March 2009	August 2009	March 2009	August 2009
Calgary	May 2009	January 2009 May 2009			
Vancouver	May 2009	May 2009			

We gained and recorded feedback from the assembled groups, the complete documentation of which is available under separate cover.

As the thinking around this initiative continued to evolve, the TETF determined that we had three objectives for these sessions:

1. receive feedback that will allow us to **focus our thinking** on matters that are important to the stakeholders, the priorities they have with respect to the competencies they need to build, adjustments to the current programs, and the "new product" they would like to see in place;
2. **engage the key constituents** both [1] to help build a rich and shared understanding of how tax practices are changing and [2] to reinforce the partnership for education which will set the stage for the follow-on meetings with the firms'; and
3. **establish a base for ongoing dialogue** that will support more detailed work with the individuals who have overall responsibility for tax learning in the firms.

### *Pre-Session Materials*

In addition to the logistics around the focus group, participants received a "backgrounder" which covered the "case for change" developed by the TCC in October 2007, the objectives of the focus group session, and the TETF "preferred future" which laid out "where we're headed" with respect to tax education.

<sup>4</sup> Coordinators, Lecturers, and experienced Tutors with exposure to Group Study.

<sup>5</sup> This session focused on understanding more about the attractiveness of the MTax program.

### Session Flow

Each session opened with Ian Sherman thanking the participants for attending and speaking to the expectations and objectives we had for the focus group.

The facilitator then led the group through the five areas of interest:

1. The **nature and magnitude of the need**
  - How do you see your need for tax education over the next 3-5 years? ...in terms of numbers, specialization, in-house versus CICA versus other, and CPD
2. Changes in the **nature and content**
  - What content do you see the need for? ...in terms of what's core, what are specialties, need for support skills, the use of single stream versus electives, and view on accreditation
3. **Delivery** of programs
  - Do you have any strong preferences on the delivery dimensions? (using the table below)

DIMENSION	CURRENT STATE ← → DIRECTIONAL OPTIONS
timing	summer ← → spring/fall
frequency	once per year ← → 3+ times per year
duration	6-day In-Residence ← → multiple shorter sessions
location	remote/resort setting ← → local setting
pace	2 year program ← → longer or shorter
“class” time	off-hours (evenings/weekends) ← → normal office hours
format	50/50 In-Residence/group study ← → more In-Residence/less group
media	two web-based modules ← → more web-based material discussion forum ← → online collaboration tools

4. **Faculty and students**
  - How do we build commitment to provide the best Lecturers and Tutors from the firms?
  - What are the demographics of the next wave of students?
5. Split of **responsibilities**
  - What do you expect from the CICA/PICAs/Ordre as the program manager in order for you to coach and counsel your participants?

Each session closed with Ian Sherman speaking to the next steps, for example, the work on the competency map and the need for ongoing dialogue with tax education leaders in the firms.

### Session Results

The sessions generated a wealth of material which formed the basis for much of the dialogue at the TETF face-to-face meetings, guided the group to explore specific areas more deeply, e.g., the shape of Group Study and the nature and structure of online education modules, and helped shape the main recommendations of the task force.

## APPENDIX 2

### Profile of the Canadian Tax Professional Market

It is difficult to calculate with any degree of precision the number of *tax professionals* in Canada. For the purpose of this analysis, the term *tax professional* refers to a professional who is working the majority of her/his time in taxation. This is consistent with one of the eligibility requirements for entry into the In-Depth Tax Course. In terms of expected ongoing demand for the In-Depth Tax Course, the following statistics and analysis can offer a sense of the size of the potential market both for CICA taxation programs and for other continuing education tax products available through the CA profession.

#### CICA Membership Analysis - General\*

TOTAL MEMBERSHIP		47,000
BUSINESS/INDUSTRY/OTHER	49%	→ 22,800
PUBLIC PRACTICE	40%	→ 18,600
GOVERNMENT	9%	→ 4,200
ON LEAVE	3%	→ 1,400

\*allocations based on 2009 Survey of Membership;  
total membership excludes retired.

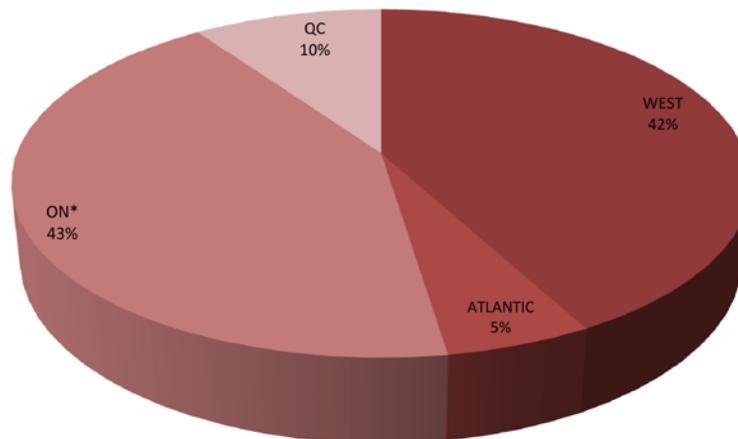
#### Tax Professionals in Canada

The Canadian Tax Foundation estimates that there are approximately 10,000 tax professionals in Canada.

##### 1. The Geographic analysis of current Group Study 1 students

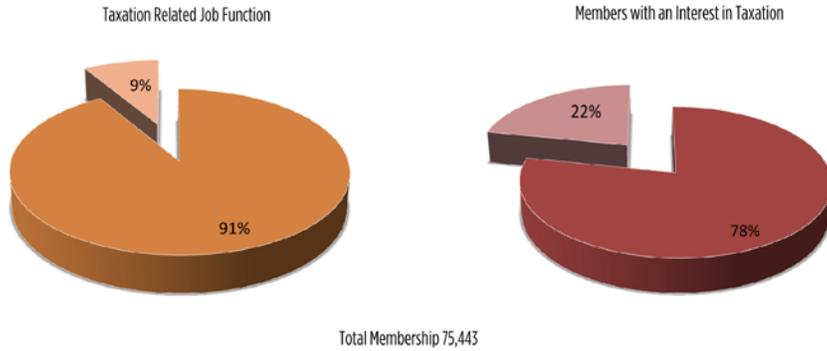
- this will help in deciding where Orientation sessions need to be held

Geographic Analysis of Current  
Group Study 1 Students



- 2. CICA Members who have indicated a job function relating to tax
- 3. CICA Members who have indicated an interest in tax

**CICA Membership Analysis  
Re-Taxation (October 2009)**



## APPENDIX 3 Competency Map

### Core Tax Specialist Competency Map

During the work of the TETF, it was recognized that the focus of course design work must change from a program grid approach to a competency based approach. As a first step, the task force prepared a draft competency map aimed at competencies that a tax professional should possess at the completion of the In-Depth Tax Course. The task force also concluded that key competencies must include personal tax professional competencies and other competencies that are not related to core income tax competencies (which are set out in Part I of the chart below) along with income tax core competencies (Part II of the chart).

Competencies in this chart are set out at two different levels of proficiency:

- **Understand (Level 1):** has foundational knowledge of the given subject matter, and how to use the material or ideas being communicated.
- **Able (Level 2):** can perform the specified task(s) related to the given subject matter in a professional manner.

#### *Part I: Personal Professional and Non-Core Income Tax Competencies*

In this section, we have laid out skills that a core tax professional should possess that are not directly related to core tax knowledge.

SKILLS & CONCEPTS	COMPETENCIES
Comprehensive research/ file documentation skills	<ul style="list-style-type: none"> <li>• Able to conduct and properly document tax research.</li> <li>• Able to identify and properly document tax filing positions including risk analysis.</li> </ul>
Writing skills	<ul style="list-style-type: none"> <li>• Able to organize tax research in a logical manner in correspondence (memo or letter).</li> <li>• Able to write a tax report, memo or letter at the appropriate level (correspondence to file/peer, to non-tax professional, instruction to lawyer, general discussion to a client or to the CRA in a letter or objection).</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Able to deal with risk management issues, including determination of issues to consider when making technical decisions based on risk, addressing risk through engagement or representation letters, assessing filing position or plan weaknesses and possible remedies, when/how to make use of client/lawyer privilege and when/how to involve legal counsel.</li> <li>• Able to deal with material errors made in a manner to protect both the clients' interest and ours, including ensuring National Tax in contacting on potential litigations, ensuring fault is not admitted without advice of counsel.</li> <li>• Able to determine client rights and responsibilities (and the firm's) on search and seizure issues including knowing when to involve legal counsel.</li> </ul>
Presentation Skills	<ul style="list-style-type: none"> <li>• Able to present finds of tax research or other tax-related work in an effective manner for the audience (other professionals, clients, general public, in-firm training etc.).</li> </ul>
Financial Reporting and GAAP (IFRS and "Small Company GAAP")	<ul style="list-style-type: none"> <li>• Able to prepare tax accrual working papers in accordance with applicable accounting standards.</li> <li>• Able to audit/review a tax provision prepared by a client.</li> <li>• Able to determine or audit tax-related disclosures required under GAAP.</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
<b>Tax Marketing Skills</b>	<ul style="list-style-type: none"> <li>• Able to identify tax planning opportunities and ability to sell these opportunities to CSPs and/or clients.</li> </ul>
<b>GST and other Indirect tax issues</b>	<ul style="list-style-type: none"> <li>• Understands commodity and sales tax issues at a level appropriate for income tax specialists, including GST, PST and LTT. Focus would be on key issues that will arise as part of an income tax specialist's work.</li> </ul>

### *Part II: Specific Tax Competencies – Technical Areas*

The competencies listed in this section are directly related to specific income tax knowledge that a tax professional should possess at the completion of the In-Depth Tax Course.

SKILLS & CONCEPTS	COMPETENCIES
<b>Residency of a Taxpayer, including rules for determination, and issues involved for arrival and departure from Canada</b>	<ul style="list-style-type: none"> <li>• Able to determine the residency of a taxpayer (individual, corporation or trust).</li> <li>• Able to determine and effectively deal with the tax consequences for emigration and immigration of an individual from a Canadian tax standpoint.</li> </ul>
<b>Employment, shareholder and other income/issues for individuals, including taxation of benefits, employment expenses and determination of employment status for tax</b>	<ul style="list-style-type: none"> <li>• Able to determine whether an individual is employed or self-employed.</li> <li>• Able to determine taxable benefits for an employee, including stock option benefits, automobile benefits and recommend planning.</li> <li>• Able to differentiate employment and shareholder benefits and set appropriate plan or policies.</li> <li>• Able to deal with issues around separation and divorce, including inclusion/deduction of alimony and support and asset settlements.</li> <li>• Able to determine other sources of income qualifying for special treatment such as pension income for income splitting, scholarships for students etc.</li> <li>• Able to determine withholding tax issues.</li> </ul>
<b>Personal tax planning and retirement issues</b>	<ul style="list-style-type: none"> <li>• Able to determine when income attribution applies, and able to implement income splitting plans that are not subject to these rules.</li> <li>• Able to develop retirement plans for an individual, both owner-managed and not.</li> <li>• Understands the taxation of life insurance concepts and the benefits/limitations of various forms of insurance.</li> <li>• Able to apply rules for the taxation of pension income, rules for deferred income plans and TFSAs, including rules for contributions, transfers and withdrawals.</li> <li>• Understands the benefits and limitations of other retirement alternatives, including IPPs and RCAs.</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
<b>Taxation of business and property income</b>	<ul style="list-style-type: none"> <li>• Able to compute income for tax purposes for a business, including the relevance of GAAP and specific inclusions and deductions under the ITA, such as CCA, CEC, interest deductibility.</li> <li>• Able to differentiate business and property income, and income receipts and capital receipts.</li> <li>• Able to apply calendar year-end rules for individuals and recommend planning around those rules.</li> <li>• Able to compute the tax cost for land and buildings under development and deal with issues facing land developers in general.</li> <li>• Able to determine tax issues that apply to professionals, including taxation of WIP, tax planning for incorporation (partnership issues are dealt with separately).</li> <li>• Able to recognize when debt forgiveness rules are applicable, assess their impact and where possible, implement planning and/or reorganizations to deal with these rules.</li> <li>• Able to determine when a client may be performing eligible SR&amp;ED and refer opportunities to specialty group.</li> <li>• Understands SR&amp;ED rules, including qualifications and SR&amp;ED identification, income vs. capital, proxy elections, investment tax credit rules, taxation of intellectual property and planning designed to maximize benefits.</li> </ul>
<b>Capital gains and losses</b>	<ul style="list-style-type: none"> <li>• Able to recognize and provide advice on issues such as income vs. capital, loss carryover rules, capital gains reserves, ACB calculation rules, replacement property rules, determination of ABILs, superficial and loss denial rules.</li> <li>• Able to differential ECP gains from capital gains.</li> <li>• Able to apply elections such as: principal residence designations, change in use elections, election to treat ECP gains as capital gains, etc.</li> </ul>
<b>Business Structures and Planning</b>	<ul style="list-style-type: none"> <li>• Able to determine the advantages and disadvantages of business structures including proprietorships, partnerships, joint ventures, trusts and corporations.</li> <li>• Able to provide recommendations and set out issues to consider when forming a corporation, including the availability of tax rollovers and deal with specific compliance requirements.</li> <li>• Able to recognize situations where holding companies are beneficial, and the tax planning/ compliance needed to implement.</li> </ul>
<b>Corporate tax issues</b>	<ul style="list-style-type: none"> <li>• Able to determine whether corporations are related, associated and affiliated, and able to determine the tax implications, planning ideas and compliance requirements associated with these rules.</li> <li>• Able to determine where the various forms of control for tax purposes exist, and the relevance of each in terms of compliance and planning.</li> <li>• Able to determine when personal services business, specified investment business and specified partnership income rules apply, and the specific rules that apply for calculating income and tax.</li> <li>• Able to recommend planning alternatives to maximize the small business deduction for clients.</li> <li>• Able to perform computations and provide advice on basic tax considerations involved with various forms of corporate income (general business, small business income or property income).</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
Corporate tax issues (cont'd)	<ul style="list-style-type: none"> <li>• Able to determine when shareholder agreements are needed and the tax impact of specific shareholders' agreements.</li> <li>• Understands the legal/non-tax components of an agreement.</li> <li>• Able to determine impact and application of stop-loss rules affecting corporations.</li> <li>• Able to provide owner-managers with a remuneration plan.</li> </ul>
<b>Purchase and sale of a business</b>	<ul style="list-style-type: none"> <li>• Able to analyze and compare asset sales and share sales, including non-tax issues and provide analysis and advice to clients.</li> <li>• Able to deal with asset sale issues, including allocation of proceeds, price adjustment clauses, impact on corporate tax accounts, taxation of earn outs, taxation and planning around lump-sum receipts.</li> <li>• Able to deal with share purchase/sale issues, including acquisition of control issues, change of status for dividend taxation/RDTH rules/SBD, tax deferral for acquisition of new share investments.</li> <li>• Able to determine the effect of proposed restrictive covenant rules on a business sale, including elections needed.</li> <li>• Able to deal with issues associated with CGE including qualification, CNIL rules, anti-avoidance rules and other related planning including purification and crystallizations, arm's length sales and related party transactions.</li> <li>• Able to deal with issues surrounding S.55(2) relative to planning for a share sale in particular (see corporate reorg. section for most S.55 rules) including developing a plan for safe income distributions.</li> <li>• Able to determine application of stop-loss rules on asset transfers to affiliated parties.</li> <li>• Able to provide detailed advice and to deal with specific technical/compliance rules for winding up a corporation including taxation of corporate property distributed, calculation of dividend/proceeds of disposition to shareholder, capital dividend declarations and other planning/compliance considerations.</li> <li>• Understands other non income tax issues, such as GST, other sales tax, land transfer tax and other non-income tax issues which may arise on business sales.</li> </ul>
<b>Estate Planning, Post-Mortem Planning and Death of a Taxpayer</b>	<ul style="list-style-type: none"> <li>• Able to deal with basic issues that apply in the year of death, including tax issues for a deceased business person, disposition of property on death (including deemed realization of deferred plans and rollovers).</li> <li>• Able to deal with issues surrounding property transfers including meaning of "vested indefeasibly", qualifying and tainted spouse trusts, death of spouse (or spousal trust beneficiary)</li> <li>• Able to determine when elective returns are available and implement planning to maximize the benefits of these returns.</li> <li>• Able to deal with estate returns, clearance requests and other compliance issues</li> <li>• Understands the responsibilities of an executor in general.</li> <li>• Understands planned giving strategies, including the taxation of bequests and other rules for donations.</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
Estate Planning, Post-Mortem Planning and Death of a Taxpayer (cont'd)	<ul style="list-style-type: none"> <li>• Able to determine the importance/need for post-mortem planning and implementing a post-mortem plan when an owner-manager dies, including alternative methods for dealing with double taxation issues, bump planning, interaction of insurance and stop-loss rules on share redemptions, use of S.164 vs. “pipeline” planning.</li> <li>• Able to implement an estate freeze, including determining freeze objectives, identifying possible alternatives, determining freeze share attributes, planning for future melts or thaws, integration with succession planning, price adjustment clauses.</li> </ul>
Corporate Reorganizations	<ul style="list-style-type: none"> <li>• Able to identify options available for corporate reorganizations, ability to weight pros and cons of each, ability to make a final recommendation and determine specific tax consequences and compliance obligations.</li> <li>• Able to implement corporate combinations, including the eligibility requirements for S.87 and S.88(1), corporate law considerations, taxation of corporate property and tax balances, compare the pros and cons of using S.87 vs. S.88(1) and compliance issues.</li> <li>• Able to deal with general S.55 issues, including determining when S.55 will apply, exception for and calculation of safe income, determination of whether a series of transactions exists, methods for extracting safe income.</li> <li>• Able to implement divisive reorganizations that make use of S.55(3)(a) exception, including determining whether S.55(3)(a) is available, the conditions that must be met and choice of methods.</li> <li>• Understands the use of divisive reorganizations meeting S.55(3)(b) exception, including when those rules apply, basic requirements under the rules, general understanding of the bump denial rules.</li> <li>• Able to deal with specific issues arising in corporate reorganizations, including determination and planning for paid-up capital, deemed dividend rules in S.84 and anti-avoidance rules in S.84.1/212.1, use and availability of price adjustment clauses.</li> <li>• Understands the impact of other specific rules, including as Parts VI.1 and VI.1 tax, taxable preferred shares, short-term preferred shares, exclusions and planning.</li> <li>• Able to complete a transfer of property under S.85 including identifying potential uses, eligibility for S.85, elected transfer price limits, stop-loss issues, calculation of share ACB and PUC, benefit rules and filing/compliance requirements.</li> <li>• Understands the issues surrounding S.85.1 share for share exchanges, including identifying potential uses, eligibility, planning and compliance requirements.</li> <li>• Able to implement a S.86 reorganization of capital, including eligibility rules, uses and limitations when compared with S.85(1), PUC issues, ACB issues and compliance</li> <li>• Understands the issues applicable to S.51 reorganizations/convertible property including eligibility, uses and limitations when compared with other methods, PUC issues, ACB issues.</li> <li>• Understands impact of corporate reorganizations on other non-income taxes such as GST, PST, LTT and other taxes</li> <li>• Understands basic implications of common reorganizations on GAAP and financial statement presentation.</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
<b>Taxation of partnerships and professionals</b>	<ul style="list-style-type: none"> <li>• Able to determine whether an arrangement is a partnership under meaning of a partnership under common/civil law and tax law.</li> <li>• Able to deal with general compliance issues including fiscal period determination, rules for determining income, flow-through and rules for allocating income, flow-through of certain deductions and tax credits and reporting requirements.</li> <li>• Able to determine issues associated with partnership interest transactions, including adjustments when calculating ACB of interests.</li> <li>• Understands issues around admission and retirement of a professional partner, treatment of income allocated to retired partners and tax treatment of partners of multi-jurisdictional partnerships.</li> <li>• Understands rules that affect limited partnerships, including negative ACB rule, at risk rules and other loss/deduction denial rules.</li> <li>• Understands issues surrounding partnership rollovers and reorganizations including the incorporation of a partnership under 85(2), rollovers to a partnership under 97(2) and rollouts from a partnership under S.98(3) and (5) (and use of these rules in combination to merge partnerships).</li> <li>• Able to provide tax planning advice to professionals, including incorporation and the use of professional corporations, with or without a partnership.</li> </ul>
<b>Taxation of trusts</b>	<ul style="list-style-type: none"> <li>• Able to deal with basic rules/issues, including legal nature of a trust, types of trusts, income and tax calculations for trusts, rules for allocating income, taxation year, Part XII.2 tax, compliance requirements.</li> <li>• Able to deal with trust creation and settlement issues, including legal issues, implications of S.75(2) and other attribution rules, impact of trusts on association rules and allowing flexibility with discretionary trusts.</li> <li>• Able to deal with issues affecting the winding up a trust, including 21-year deemed disposition rules, deemed disposition rules on property distributed and trust interest dispositions, implications for non-resident beneficiaries.</li> <li>• Understands the general tax issues impacting commercial trusts, including unit trusts, mutual fund trusts and other commercial trusts, SIFT rules and conversion issues.</li> </ul>

SKILLS & CONCEPTS	COMPETENCIES
<b>Non-Resident and International Tax Areas</b>	<ul style="list-style-type: none"> <li>• Able to deal with general international issues relating directly to Canadian business operations and Canadian tax, including loans to foreign shareholders, thin capitalization rules on loans from non-residents, withholding taxes on payments from Canada to non-residents, interpreting tax treaties to determine their impact on common transactions such as the payment of income, determining tax consequences of foreign currency transactions, determining if permanent establishment exists in Canada, management fee issues, withholding requirements under regulation 104 and 105, dispositions of taxable Canadian property by a non-resident and other s.115/116 issues.</li> <li>• Understands considerations for new inbound investments, including thin capitalization planning, withholding tax planning and selection of structures to enhance integration with foreign tax system.</li> <li>• Understands common tax treaty provisions in general and has a more specific understanding of the Canada-U.S. treaty in particular.</li> <li>• Understands the tax implications of outbound investments, including NRT and FIE rules, foreign affiliate rules, FAPI and other surplus rules.</li> <li>• Understands the issues involved with investments into the US by Canadian corporations and other U.S. transactions: integration of outbound investments and planning, US tax rules for branches/subsidiaries, financing and US thin cap, treaty implications and state and local tax issues.</li> <li>• Understands expatriate and non-resident personal taxation issues including employee migration and residency, foreign tax credits for individuals, tax equalization and hypothetical tax planning, tax issues for employees moving to the US, S.216 and S.217 issues.</li> <li>• Understands basics of U.S. personal taxation, including rules for US citizens in Canada, holding US property, estate and gift tax rules.</li> </ul>
<b>Tax Administration</b>	<ul style="list-style-type: none"> <li>• Able to review assessments and determine next course of action where disagreements exist, including ability to use CRA electronic services, corresponding with the CRA, preparing objections and appeals within required time limits, whether or not waivers should be provided and when to involve legal counsel.</li> <li>• Able to apply specific rules to determine accuracy of penalties and interest assessed.</li> <li>• Able to determine impact of these rules on issues such as the filing of returns and payment of taxes.</li> <li>• Able to apply rules for late or amended elections and designations including the “fairness package”.</li> <li>• Understands the rules for an appeal of a denied objection to court.</li> <li>• Able to identify specific risks when undertaking tax planning, able to balance risks with benefits to the client and develop risk minimization procedures.</li> <li>• Able to ensure Firm’s risk is mitigated through engagement letters or other means.</li> <li>• Able to differentiate bona fide tax filing positions from tax filings subject to possible negligence penalties.</li> <li>• General anti-avoidance rule – Able to apply rules and cases to make a risk assessment.</li> <li>• Understands the issues and risks involved in providing a tax opinion on GAAR.</li> </ul>

## APPENDIX 4

### University Graduate Programs in Taxation

There are three graduate programs in taxation, one in Ontario (Waterloo) and two in Québec (Sherbrooke and HEC).

#### University of Waterloo

The University of Waterloo Master of Taxation (MTax) program is offered in downtown Toronto. The curriculum is extensive, offering in-depth knowledge of a wide variety of aspects of Canadian taxation. The program admits 35 students annually. An honours undergraduate degree maintaining an overall average of 75% in the last two terms is required in order to be considered for admission to the program. The program includes twelve months of full-time study plus two 4-month work placements within the tax field.

Term 1 (Sept – Dec)	Taxation & Finance, Tax Policy, Integration of Tax/Audit/Accounting, Introduction to Business structuring, Taxation of Corporations
Jan - Apr	<b>Work term</b>
Term 2 (May – Aug)	Tax Research & Statutory Interpretation, International Tax I, Tax Planning for the Owner-Manager & Executives, Tax Risk Management
Sept - Dec	<b>Work term</b>
Term 3 (Jan – Apr)	Business Structuring, Estate & Retirement Planning, International Tax, Tax Research paper

The tuition fee for the program is \$30,300. It is possible to do the program on a part-time basis while working.

#### Université de Sherbrooke

The Sherbrooke MTax program is offered in French only. The program is heavily subsidized by the Québec government so that the tuition cost is reduced to approximately \$5,000 for residents of Québec. The program graduates 35 – 40 students each year.

Two campuses, one in Sherbrooke (which requires students to move and so would do full time) and a new Longueuil campus (near a Métro close to Montreal) which allows students to do the program part-time. This is a Master's program but if the student does not do the thesis, the University will grant a Graduate Diploma.

Sherbrooke University has more credits than a regular Master's program (48 credits) as they focus more on practical case studies which require more hours and grant more credits.

The program is for lawyers, accountants, B.Comm graduates and economists. Students need a minimum of 6 credits (2 courses) in taxation and good marks to be considered for admission to the program. The program is twelve months of full-time study in Sherbrooke or can be done part-time, over four years, at Longueuil.

#### *Course program:*

During the first session, to supplement the knowledge of students of various backgrounds:

- Admin students take a course on civil and corporate law.

- Economists take the above law course as well as a course on the comprehension of accounting information.
- Law students follow the course on comprehension of accounting information.

The remaining courses to be taken are:

- Sales tax
- Taxation and decision making
- US taxation
- Quebec taxes
- Interpretation, admin and tax litigation
- Tax research
- Tax I, II, III and IV
- Introduction to tax policy
- Tax policy
- Estate planning I and II
- International taxation
- Thesis

### **École des hautes études commerciales (HEC - Montreal)**

The HEC program is offered in French only. The program is heavily subsidized by the Québec government so that the tuition cost is reduced to approximately \$5,000 for residents of Québec. The program graduates 35-40 students each year.

The *École des hautes études commerciales* (HEC), which is located close to downtown Montréal, offers a Graduate diploma in tax (30 credits). The student can choose to continue and do a Master of Law – Taxation Option by adding 3 additional courses and a written thesis (offered in conjunction with the University of Montréal law faculty).

The course is for both lawyers and accountants.

**First session** (5 courses, no options = 15 credits)

- lawyers take an accounting & taxation update course whereas accountants take a law & taxation course
- Tax administration
- Tax research methodology
- Tax Principles I
- Tax Principles II

**Second session** (4 required courses, 2 optional courses = 15 credits)

- Tax aspects of international transactions
- Tax particulars of corporations (2 credits)
- Tax policy (1 credit)
- Tax Principles III
- Stage (work placement) in tax or Sales Tax course (or elective)

**Summer** (2 required courses, 1 elective = 9 credits)

- Taxation & decisions
- Estate planning
- American taxation or tax litigation or elective

Students need a minimum of 6 credits (two courses) in taxation and good marks to be considered for admission to the program.

The program is a full-time program. It *can* be done on a part-time basis but the Graduate Diploma must be completed in 4 years.

## APPENDIX 5

### Background on the Francophone Situation

At the Montréal focus group of the large firms, a major topic was the attractiveness of In-Depth versus the MTax programs. The surprising feedback was that the In-Depth was viewed much more favourably than we had anticipated.

Francophones more often choose the MTax over the In-Depth because of the language barrier, e.g., the course material is not translated into French in the In-Depth. Students are typically fresh out of school (B.Comm., CA, MBA), so the format is familiar, and they're possibly still living at home. The majority of MTax students are already connected to firms.

Before Québec introduced financial support for the MTax program, the strong preference by firms was for the In-Depth. Now, however, the MTax is financially attractive, especially when the student chooses to take the program on a full time basis. Tuition is approximately \$5,000 and firms may pay some remuneration while the student attends courses.

In contrast, the tuition cost associated with the In-Depth Parts 1 and 2 is approximately \$9,000 plus costs for travel, 12 days accommodation and time away from work. Part 3 adds another \$2,000 in tuition costs plus travel and accommodation.

The program is very accessible in Montréal with HEC offering the MTax program – and more do it on a part-time basis rather than fulltime, taking up to three years. It was noted that students' progression within their organization is faster than if they take MTax on a fulltime basis.

Focus group participants offered some interesting observations about the MTax and the students attending the program:

- The MTax program duplicates some UFE material as many of the students are not CAs.
- MTax is based more in theory as compared with the In-Depth Program's practical approach.
- MTax grads possess good research skills but don't have the same level of practical skill set in knowing how to deal with a client.
- MTax grads are normally frustrated with having to do compliance work when they return to the firm.
- MTax lecturers are a mix of academics and practitioners.

In contrast, they offered some counter-balancing observations about the In-Depth as it is seen in Québec:

- The In-Depth program allows linking of education to work.
- The In-Depth program is more relevant to the current wave of new hires.
- The In-Depth is seen as a better option for the smaller firms, as it represents a better transition to tax work.

Of particular note was the observation that MTax does a better job marketing in the French market than the In-Depth, especially as they market directly to students in

university while they're completing other business-related degrees. Further, In-Depth marketing materials are English only, so the material is less effective in the Québec marketplace.

Should we decide to pursue the francophone market and attract students into the In-Depth, we will need to address the language issue. The solutions and the lecture overheads and notes are still in English only. But, according to the feedback received, this may not be an issue.

One possible first step would be to explore the concept of providing live translation of the lectures along with continued use of French language groups for Group Study and In-Residence. Other decisions on translations would be made later in consultation with the large firms in Québec.





A REPORT OF THE **TAX EDUCATION** TASK FORCE  
October 2009

Land 53.1  
Buildings 47.5  
Furniture & Fixtures (100.0)  
Machinery & Equipment \$25  
Trademarks  
Liabilities  
Total  
Assets/Liabilities May 31  
Accounts Receivable  
Loan to Shareholder  
Inventory  
Land  
Buildings  
Furniture & Fixtures  
Machinery & Equipment  
Trademarks  
Liabilities  
Total  
Assets/Liabilities  
Accounts Rec  
Loan to Share  
Inventory  
Land  
Buildings  
Furniture  
Machin  
Tradem  
Liabil