CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

CFE CANDIDATE NUMBER:

Common Final Examination
May 28, 2024 – Day 1
(Booklet #1 – NPF Version 1)

Total examination time: 4 hours.
Further details on the examination can be found on the next page.

GENERAL INSTRUCTIONS BEFORE THE EXAMINATION

1. Fill in your candidate number on the booklets. The examination booklets (or paper response, as instructed) must be submitted before leaving the examination writing centre. They must NOT BE REMOVED from the writing centre. If these items are not received, the response may not be accepted.
2. Follow the instructions provided. Instructions must not be removed from the writing centre.
3. Sign the Policy Statement and Agreement Regarding Examination Confidentiality below.

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CANDIDATE NAME (Please print) SIGNATURE

Examination Details

The examination consists of:
Booklet #1 – Linked Case (240 minutes) (this booklet)
Booklet #2 – Capstone 1 Case (for reference) and rough notes

The case should be answered using the examination software provided, which includes a word processor and spreadsheet for inputting your response. The main body of your response should be in the word processor file. Only supporting calculations should appear in the spreadsheet file, in **Sheet 1**. All financial tables in the case with ten lines or more have been preloaded into the spreadsheets that follow Sheet 1. Those spreadsheets are in read-only mode. You must copy and paste the financial information into your Sheet 1, where you can then do all your calculations. You are responsible for clearly explaining all your calculations.

Answers or part answers will not be evaluated if they are recorded on anything other than the examination software or, in the event of computer failure, the CPA Canada writing paper provided.

Rough-note paper is available in a separate booklet, which also includes a copy of the Capstone 1 case for reference only. Rough notes, and any other notations made in the examination booklets, will not be evaluated.

The CPA Canada Handbooks, the *Income Tax Act* and the *Excise Tax Act* are available in the examination software throughout the entire examination. These materials provide the standards in effect and tax laws substantively enacted as at December 31, 2023.

A tax shield formula and other relevant tax information are available at the end of this booklet.

Candidates are instructed to consider and respond to the examination questions as presented even though the circumstances described in the examination questions may not be reflective of the current environment.

Common Final Examination, 2024

Chartered Professional Accountants of Canada
277 Wellington Street West
Toronto, Ontario M5V 3H2

Case **(Suggested time: 240 minutes)**

It is April 1, 2026. You, CPA, continue to work at Sanderson & Harrop Consulting LLP (SHC), and have once again been assigned to an engagement with Neptune Point Fisheries Inc. (NPF).

Since SHC's last engagement with NPF in 2024, NPF has made one major strategic investment. In 2024, NPF decided to expand the company's cold storage facility, and in early 2025, the company began to offer cold storage and warehousing services to local fish harvesters and processors. So far, the investment has been very successful, as NPF's reputation and ability to provide effective cold storage has led to a high demand for this service.

In addition, two crucial developments have occurred within the industry, which could have major strategic implications for NPF. First, because the water of the North Atlantic Ocean is warming at a faster pace than anticipated, Fisheries and Oceans Canada (DFO) has reduced the annual allowable harvest limit for some species granted under government-issued quota licences. Cold-water shrimp, the species that provides most of NPF's revenue, experienced the biggest reduction. Although the maximum allowable harvest for Greenland halibut has yet to be affected, DFO has made it clear that its intention is to reduce this harvest limit in upcoming years.

Second, in 2025, a new international seafood trade agreement was signed between Canada and China. As a result, exports of Canadian seafood have significantly increased and are expected to increase further as new overseas supply contracts are signed between Canadian and Chinese companies.

Since 2024, NPF has not changed its mission, vision, or core values. However, at the beginning of 2026, NPF updated the company's objectives to reflect the recent changes that have occurred in the industry. NPF's quantitative corporate objectives are now as follows:

1. Increase the number of species the company harvests to at least five.
2. Increase the gross profit margin to 25% by 2029.
3. Increase the operating profit margin to 12% by 2029.
4. Earn at least a 12% annual rate of return on any new investments.

NPF's Board of Directors has already decided to limit upfront cash spending for any new strategic investments to $10 million.

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NPF's board has asked you to review the information provided and draft a report that discusses NPF's main strategic considerations, including strategically analyzing and making a recommendation for each proposal presented. For this engagement, please ignore any tax implications within your analysis and recommendations.

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APPENDIX I
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Yvonne: Thank you, CPA, for coming today.

Given the fast-changing landscape of our industry, NPF is at a crucial phase of the company's development. Because the maximum allowable harvest limit for both species of seafood that NPF currently sells is expected to continually decrease, we need to diversify the species we can harvest and offer to our customers.

Colan: That's right, Yvonne, and it's becoming harder and harder to acquire new quota licences or harvesting partners, as more competitors enter the industry. Obtaining as many quota licences and harvesting partners as possible is perhaps the most important key success factor for NPF.

Yvonne: Another main strategic question we must consider relates to the distribution channels that we use to sell our products. At present, we use two main distribution channels, depending on whether the product is sold nationally or internationally. For national sales, we mainly sell to various grocery stores and restaurants, and for international sales, we continue to sell all of our product to Atlantic Oceania International Seafood Exporters Ltd. (AOISE). We have no long-term contracts for our national sales, and our contract with AOISE is due to renew next year. We need to decide whether to renew it or go in a different direction.

Kurt: How NPF decides to manage its distribution channels will affect the company for many years to come, so it's crucial that we make a wise decision.

Yvonne: Yes, Kurt, and that decision will be made more complicated by the fact that NPF just received a major offer from a large Canadian grocery chain called Entero Inc. (Entero). Entero is a trendy and popular grocery retailer that only sells the best products. Entero has grown significantly in the past few years and plans to continue its expansion throughout Canada. They want to enter into an exclusive distribution agreement with us.

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APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Allan: I am familiar with Entero and would be proud to offer our Neptune's Tasties brand through them. How does their proposed offer compare to our current arrangement with AOISE?

Yvonne: Perhaps the best part of the contract proposal is the price that Entero is willing to pay for Neptune's Tasties products. Entero has agreed to pay a 20% premium above the prevailing market price for all species of seafood we sell to them, whereas if we decide to renew with AOISE, we will continue to receive only the prevailing market price.

Colan: That's certainly attractive.

Yvonne: Indeed, but the contract comes with conditions. First, we must be able to provide Entero with at least five species of seafood, and we currently only have two. Next, the contract is exclusive, meaning that we wouldn't be able to sell our products to any other domestic or international vendor for as long as the agreement is in place. Finally, Entero requires that all products we sell to them are shelf ready.

Kurt: Shelf-ready products? Our current processing facility is not capable of doing that—it is designed to produce minimally processed products that the buyer can then sell or further process into other products if they wish.

Yvonne: We could always outsource the necessary further processing to another nearby facility.

Allan: That's true, but outsourcing would be costly.

Yvonne: Rather than move forward with the Entero contract, we could choose to renew with AOISE and continue with our current distribution strategy. Although AOISE cannot commit to purchasing all of our products, based on the demand schedule they recently provided, it looks like their demand far exceeds what we're able to provide. The new trade agreement with China has significantly increased the amount of product they wish to purchase.

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APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Allan: Also, if we renewed with AOISE, and another big strategic opportunity arose in the future, we wouldn't be locked into a long-term agreement that would prohibit us from moving forward with it.

Yvonne: That's true. Although AOISE would likely purchase all that we can provide, we could still choose to sell our product elsewhere.

Kurt: AOISE has always required that we provide only minimally processed products. That requirement aligns with our existing processes, especially since we now have an expanded cold storage facility.

Yvonne: Yes, but Entero has offered us other incentives. Although both Entero and AOISE are eager to sign a distribution agreement with NPF, we need to be careful.

Allan: One thing I like about the Entero option is that it would reduce much of the administrative work that's required with our current distribution strategy.

Colan: On another note, I want to introduce the next opportunity. Acadia Fisheries Co. (Acadia) is an MSC-certified shellfish harvester that wants to form a strategic partnership with NPF. Acadia has three separate quota licences, allowing them to harvest lobster, scallops, and snow crab.

Kurt: I am very familiar with Acadia's operations. They currently use our cold storage facility. Acadia's fishing crew has a strong reputation for being high-quality and successful harvesters.

Colan: That's true, Kurt. Acadia has been around for as long as NPF has, and I have a great relationship with Acadia's owners. In January, Acadia won an expanded quota for snow crab after the prior licence holder decided to wind down their harvesting operation. Going forward, Acadia expects a significantly larger harvest of snow crab, but to take advantage of the increased quota, Acadia needs to upgrade both of its fishing vessels. Acadia is proposing that NPF pay for the upgrades, which are expected to cost $5 million, and in exchange, NPF will gain access to Acadia's harvest and will earn a split on the income that Acadia's operations generate.

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APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Yvonne: Have you discussed which distribution channel Acadia's harvest would be sold into if we agreed to their proposal?

Colan: Yes, that's another reason Acadia wants to work with NPF. Acadia recognizes the strength of Neptune's Tasties and would like to use our brand and distribution channels to market their harvested seafood.

Also, Acadia wants us to help them remain compliant with all the requirements necessary to maintain their MSC-certifications. Given that Acadia has licences for three separate species, it is quite time-consuming for them to ensure that they remain in compliance. As part of the proposal, NPF would need to contribute time and expertise to this vital function.

Kurt: Based on the way Acadia uses our cold storage facility, I assume that Acadia's harvests are at present only minimally processed before sale?

Colan: Yes, that's right, Kurt.

Kurt: That could be a concern if we wanted to further process the harvest into shelf-ready products, since we might struggle to find a suitable shellfish processing facility, especially one that's BRCGS-certified. Facilities like this are currently in high demand, so if we were to outsource that function, our costs would increase significantly.

On that note, we should consider the acquisition of Sunrise Shellfish Processing Plant (Sunrise). The proposed acquisition would include a shellfish processing plant and all of its associated equipment, in addition to the plant's existing contracts. If we owned this plant, our processing costs would decrease significantly.

Allan: Interesting. What do you currently know about this processing plant?

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APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Kurt: By volume, the species the plant processes the most is snow crab. But it is also capable of processing a variety of other types of shellfish, such as lobster, shrimp, scallops, clams, and other species of crab. Also, the plant's location makes distribution simple. It currently supplies grocery stores all over Canada. Finally, the plant has been operating at 100% capacity over the past three years. This is due to both the increasing demand for shellfish products and because this facility is held in high regard as a reliable processing plant.

Colan: This sounds risky. We currently have no experience with this type of processing. I think it's a better idea to focus our investments on taking advantage of our core competency—harvesting seafood.

Allan: I disagree. This would be a great way to diversify our sources of revenue and reduce cost.

Kurt: Dad is right—we don't have experience with this type of processing at the moment, but with enough time, I can certainly learn.

Yvonne: Do we know anything about the existing contracts? If the plant is operating at 100% capacity, would NPF be able to use the plant to process its own products and forgo the cost of outsourcing?

Kurt: Great questions, Mom. According to Sunrise's current owners, they have a mix of both short-term and long-term contracts. NPF would be able to use the plant's capacity but only after the existing contracts expire. Each of Sunrise's existing contracts has a cancellation policy, which makes them very expensive to terminate prior to the end of the contract term.

Allan: Okay, last up, the parent company of Oceanfin Harvesters (Oceanfin), a bluefin tuna harvesting company, has put Oceanfin up for sale. The acquisition of Oceanfin would provide NPF with both the necessary fishing vessel and the quota licence for bluefin tuna.

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APPENDIX I (CONTINUED)
BOARD MEETING WITH CPA IN ATTENDANCE

April 1, 2026

Colan: Bluefin tuna? That's one of the most prized fish on the market. Is the operation MSC-certified?

Allan: Unfortunately, no. But based on my preliminary review, the operation appears compliant with the standards necessary for obtaining certification. With our experience, I am sure we would eventually earn the certification, although this would likely take at least two years. And what's more, even without the certification, the operation is profitable.

Yvonne: Bluefin tuna is especially prized on the international market. It's rare to have the opportunity to acquire an operation like this.

Colan: As exciting as this opportunity is, fishing for bluefin tuna is certainly not easy, and requires experience and skill. For this to be successful, we would need to invest a lot of time and effort.

Allan: That's true, Dad, but Oceanfin's vessel has an experienced and dedicated crew. The fishing vessel is even capable of producing sushi-grade tuna.

Yvonne: CPA, please review all the information provided and let us know how you think NPF should proceed. Meeting adjourned.

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APPENDIX II
INDUSTRY UPDATE

The demand for seafood products, both fish and shellfish, is increasing both nationally and internationally. However, because of the new international trade agreement with China, international demand is expected to grow faster than national demand. The growth of demand for bluefin tuna is especially high, given the increasing popularity of sushi. However, the growth of bluefin tuna’s popularity extends beyond sushi, and as a result, the demand for both MSC-certified and non-certified bluefin tuna that is minimally processed is on the rise. The demand for premade, ready-to-eat seafood entrees is also on the rise, as more customers seek the convenience of already-prepared meals.

Given warming waters in the Atlantic Ocean, the annual allowable harvest limit granted under government-issued quota licences is expected to decrease for cold-water species such as cold-water shrimp, Greenland halibut, cod, redfish, and snow crab. On the other hand, for species that do well in warmer waters, such as lobster, scallops, salmon, and bluefin tuna, the maximum allowable harvest is expected to remain stable, or even increase, over time.

Another consequence of warming waters is that obtaining and maintaining an MSC-certification is expected to become more onerous as the Marine Stewardship Council plans to update their policies, to ensure the continued health of global fisheries.

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APPENDIX III
EXCERPTS FROM NPF'S INCOME STATEMENT

Neptune Point Fisheries Inc.
Partial Income Statement
For the year ended December 31, 2025

Revenue (Note)	
Frozen-at-sea Greenland halibut	$ 5,840,000
Frozen-at-sea shrimp	5,190,000
Processed shrimp	18,942,000
Total revenue	29,972,000
Cost of goods sold	
Harvesting and procurement	9,375,500
Processing costs	10,228,680
Warehousing and shipping costs	2,273,040
Depreciation	2,083,620
Total cost of goods sold	23,960,840
Gross profit	6,011,160
Selling and administrative	3,550,000
Operating income	$ 2,461,160
Gross margin	20%
Operating profit margin	8%

Note: All sales were made at the prevailing market price.

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APPENDIX IV
ENTERO INC. DISTRIBUTION CONTRACT PROPOSAL

Entero is an upscale, specialty grocery store chain with locations all across Canada.

Extracts from Entero's proposal are as follows:

- The contract term is 10 years and will begin on January 1, 2027. A penalty will be charged to either party who breaks the contract within this term.
- The contract is exclusive. Therefore, only NPF's seafood products will be offered in Entero's network of grocery stores, and NPF will agree to sell its products only to Entero.
- Entero will agree to purchase all of NPF's available products as long as they are MSC-certified.
- As long as NPF provides at least five species of seafood throughout the duration of the contract, Entero will purchase NPF's products at a price that equals 20% above the prevailing market price. However, if the number of species that NPF can offer falls below five, the purchase price premium will decrease and a penalty will be applied by Entero.
- Entero will increase the purchase price premium if NPF becomes able to also provide premade, ready-to-eat seafood entrees.
- Entero will also agree to pay half of all costs associated with maintaining NPF's MSC and BRCGS certifications.

Notes from Yvonne:

- After the third year of the contract, Entero may also be willing to help NPF finance any acquisitions or infrastructure upgrades necessary for ensuring that NPF can continue to provide Entero with a variety of high-quality seafood products.
- If we enter into the contract with Entero, given that we will only need to deliver the products to Entero's nearest distribution centre, I expect our warehousing and shipping costs to decrease by 50%, compared to NPF's 2025 expense.
- However, given that Entero requires shelf-ready products, our processing costs will increase by approximately 40% above NPF's 2025 expense.
- I expect NPF's annual selling and administrative expense will fall to only $1.5 million.
- To give the board an idea of how attractive Entero's contract is financially, I wonder what our 2025 operating income would have been if we had sold our products to Entero, assuming that NPF provided a product mix that included five species?

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APPENDIX V
STRATEGIC PARTNERSHIP WITH ACADIA FISHERIES CO.

If NPF agrees to the strategic partnership, all profit from the harvest and sale of the three species will be split equally between NPF and Acadia, and all product sales will be made through NPF's distribution channel, using the Neptune's Tasties brand. Acadia will retain the right to cancel the contract if NPF does not adhere to the conditions of the contract. Acadia will also retain ownership of the quota licence for each species throughout the duration of the 10-year contract.

The size of Acadia's harvest tends to fluctuate from one year to the next, given the seasonality of each species' harvest period, and because changing weather patterns influence the size of each year's harvest. Acadia provided the following information for the 12 months ended December 31, 2025:

Species	Revenue	Cost of Goods Sold		Gross Margin
		Harvesting	Processing	
Lobster	$ 1,290,000	$ 580,500	$ 193,500	$ 516,000
Scallop	$ 1,750,000	$ 875,000	$ 210,000	$ 665,000
Snow crab	$ 3,500,000	$ 1,925,000	$ 700,000	$ 875,000
Total	$ 6,540,000	$ 3,380,500	$ 1,103,500	$ 2,056,000

All products were sold at the prevailing market price. Acadia also mentioned that they expect the prevailing market price for these products to increase by 5% annually, while the harvesting and processing costs are expected to increase by 3% annually. In addition, throughout the life of the contract, Acadia will require that NPF pay half the costs associated with maintaining Acadia's MSC-certification. Acadia's MSC-certification cost roughly $1 million in 2025.

At present, Acadia only sells minimally processed products. To further process Acadia's harvest into shelf-ready products, an estimated additional $2 million would be required to outsource the additional processing to a nearby shellfish processing facility.

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APPENDIX VI
ACQUISITION OF SUNRISE SHELLFISH PROCESSING PLANT

The processing plant specializes in producing shelf-ready products and is BRCGS-certified. Although it currently operates at 100% capacity, it appears suitable for an upgrade, either to expand capacity or to include a new function, such as the ability to produce premade, ready-to-eat entrees.

The plant's equipment has not been modernized or upgraded for many years. When asked about this, Sunrise's owners said they prefer to remain with their current equipment because their current processing system works so well. As well, the processing plant does not produce its own brand of products, and instead tailors the packaging to the needs of their customers.

The plant appears to adhere to a strict quality control and food safety system, and has never experienced any major contamination or recall events. In addition, the plant has MSC Chain of Custody certification, and has a strong reputation within the local industry. The plant's ongoing success partially relies on an experienced team of managers and engineers who have worked at the plant for many years.

The asking price for the acquisition is $15 million, but Madison Bank is willing to provide us with a ten-year, $10 million loan that will be secured by the processing plant itself. With the loan, we would only be required to pay $5 million upfront, and then annual payments of $1.3 million until the loan matures.

The remaining life of the plant and its equipment is 10 years, and we expect it to generate $7.5 million of revenue in the first year we take ownership. The plant's cost of goods sold equals 65% of revenue, and its fixed operating costs are currently $950,000 per year. The plant's revenue is expected to increase by 6% annually whereas the plant's fixed costs are expected to increase by 3% annually. At the end of the plant's useful life, it is expected to have a residual value of $650,000.

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APPENDIX VII
ACQUISITION OF OCEANFIN HARVESTERS

The asking price for Oceanfin, which includes the fishing vessel and the quota licence to fish for bluefin tuna, is $13 million. However, Oceanfin's parent company is willing to offer NPF a ten-year loan with an attractive interest rate. With the loan, NPF would only be required to pay $4 million upfront, and then annual payments of $1 million until the loan matures.

Oceanfin's fishing vessel has the necessary equipment to produce sushi-grade bluefin tuna. The bluefin tuna is minimally processed, and then frozen at sea before being immediately sold or transferred to a cold storage facility. Oceanfin's fishing vessel has a remaining useful life of 10 years. At the end of its useful life, the vessel is not expected to have any significant salvage value.

Although sushi-grade bluefin tuna is sold at a high premium compared with regular bluefin tuna, the process that must be followed to ensure that the quality of the fish stays high enough to be classified as sushi-grade is more complex and onerous relative to regular tuna. To ensure that these strict quality control guidelines are followed, the fishing vessel must have the necessary equipment and a trained workforce, and the bluefin tuna must be held in cold storage until the product is ready to be sold.

Oceanfin has historically sold a mix of both sushi-grade and regular bluefin tuna. Oceanfin provided the following information for the 12 months ended December 31, 2025:

		Cost of Goods Sold		
Species	**Revenue**	**Harvesting**	**Processing**	**Gross Margin**
Bluefin tuna	$5,650,000	$3,390,000	$847,500	$1,412,500

During 2025, Oceanfin's bluefin tuna sold at the prevailing market price. This price is expected to increase by 6% annually, while both the harvesting and processing costs are expected to increase by 3% annually. In addition, NPF would also need to pay $350,000 per year for expenses related to items such as maintaining the operation's quota licence with DFO.

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End of Examination

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CPA COMMON FINAL EXAMINATION
REFERENCE SCHEDULE

Present Value of Tax Shield for Amortizable Assets

Present value of total tax shield from CCA for a new asset acquired after January 1, 2024, and before January 1, 2028, other than those eligible for immediate expensing, which would normally be subject to the half-year rule.

$$= \frac{CdT}{(d+k)}$$

Present value of total tax shield from CCA for a new asset acquired after January 1, 2024, and before January 1, 2028, other than those eligible for immediate expensing, which would not normally be subject to the half-year rule.

$$= \frac{CdT}{(d+k)}\left(\frac{1+1.25k}{1+k}\right)$$

Present value of total tax shield from CCA for a new asset acquired after November 20, 2018, and before January 1, 2024, other than those eligible for immediate expensing.

$$= \frac{CdT}{(d+k)}\left(\frac{1+1.5k}{1+k}\right)$$

Notation for above formula:
C = net initial investment
T = corporate tax rate
k = discount rate or time value of money
d = maximum rate of capital cost allowance

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Selected Prescribed Automobile Amounts

Item	2023	2024
Maximum depreciable cost — Class 10.1	$36,000 + sales tax	$37,000 + sales tax
Maximum depreciable cost — Class 54	$61,000 + sales tax	$61,000 + sales tax
Maximum monthly deductible lease cost	$950 + sales tax	$1,050 + sales tax
Maximum monthly deductible interest cost	$300	$350
Operating cost benefit — employee	33¢ per km of personal use	33¢ per km of personal use
Non-taxable automobile allowance rates		
— first 5,000 kilometres	68¢ per km	70¢ per km
— balance	62¢ per km	64¢ per km

Individual Federal Income Tax Rates

For 2023:

If taxable income is between	Tax on base amount	Tax on excess
$0 and $53,359	$0	15%
$53,360 and $106,717	$8,004	20.5%
$106,718 and $165,430	$18,942	26%
$165,431 and $235,675	$34,208	29%
$235,676 and any amount	$54,579	33%

For 2024:

If taxable income is between	Tax on base amount	Tax on excess
$0 and $55,867	$0	15%
$55,868 and $111,733	$8,380	20.5%
$111,734 and $173,205	$19,833	26%
$173,206 and $246,752	$35,815	29%
$246,753 and any amount	$57,144	33%

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Selected indexed amounts for purposes of computing income tax

Personal tax credits are a maximum of 15% of the following amounts:

Item	2023	2024
Basic personal amount, and spouse, common-law partner, or eligible dependant amount for individuals whose net income for the year is greater than or equal to the amount at which the 33% tax bracket begins	$13,520	$14,156
Basic personal amount, and spouse, common-law partner, or eligible dependant amount for individuals whose net income for the year is less than or equal to the amount at which the 29% tax bracket begins	15,000	15,705
Age amount if 65 or over in the year	8,396	8,790
Net income threshold for age amount	42,335	44,325
Canada employment amount	1,368	1,433
Disability amount	9,428	9,872
Canada caregiver amount for children under age 18, and addition to spouse, common-law partner, or eligible dependant amount with respect to the Canada caregiver amount	2,499	2,616
Canada caregiver amount for other infirm dependants age 18 or older (maximum amount)	7,999	8,375
Net income threshold for Canada caregiver amount	18,783	19,666
Adoption expense credit limit	18,210	19,066

Other indexed amounts are as follows:

Item	2023	2024
Medical expense tax credit — 3% of net income ceiling	$2,635	$2,759
Old age security repayment threshold	86,912	90,997
Annual TFSA dollar limit	6,500	7,000
RRSP dollar limit	30,780	31,560
Lifetime capital gains exemption on qualified small business corporation shares	971,190	1,016,836

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Prescribed interest rates (base rates)

Year	Jan. 1 – Mar. 31	Apr. 1 – June 30	July 1 – Sep. 30	Oct. 1 – Dec. 31
2024	6			
2023	4	5	5	5
2022	1	1	2	3

This is the rate used for taxable benefits for employees and shareholders, low-interest loans, and other related-party transactions. The rate is 4 percentage points higher for late or deficient income tax payments and unremitted withholdings. The rate is 2 percentage points higher for tax refunds to taxpayers, with the exception of corporations, for which the base rate is used.

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Maximum capital cost allowance rates for selected classes

Class	Rate	Additional information
Class 1	4%	For all buildings except those below
Class 1	6%	For buildings acquired for first use after March 18, 2007, and ≥ 90% of the square footage is used for non-residential activities
Class 1	10%	For buildings acquired for first use after March 18, 2007, and ≥ 90% of the square footage is used for manufacturing and processing activities
Class 8	20%	
Class 10	30%	
Class 10.1	30%	
Class 12	100%	
Class 13	N/A	Straight line over original lease period plus one renewal period (minimum 5 years and maximum 40 years)
Class 14	N/A	Straight line over length of life of property
Class 14.1	5%	For property acquired after December 31, 2016
Class 17	8%	
Class 29	50%	Straight-line
Class 43	30%	
Class 44	25%	
Class 45	45%	
Class 50	55%	
Class 53	50%	
Class 54	30%	

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