

Taxation of Trusts & Estates Curriculum

This document includes:

- Knowledge & Skills Objectives
- Topics Covered

Knowledge & Skill Objectives

Detailed objectives are contained in each chapter of the text material. The following is an overview:

Knowledge Objectives:

Upon completion the student will:

- Understand the primary and secondary sources of tax law and how they are created
- Understand the basic taxation of an individual including income from property
- Understand the taxation of capital gains and utilisation of capital losses
- Understand the taxation of trusts and transfers to and from trusts
- Know the requirements to file and complete the T3 Trust and Estate Tax Return
- Understand how beneficiaries of trusts and estates are taxed
- Understand the rules arising on death including the requirements to file and complete the tax return for the year of death
- Understand basic post-mortem tax planning concepts
- Understand the attribution rules and income splitting concepts
- Understand basic concepts of tax planning through trusts and estates
- Know how the tax system is administered and enforced
- Understand how tax laws of other jurisdictions may apply to estates of Canadians
- Identify applicable legislation and law

Skills Objectives:

Upon completion the student will, in relation to the topic headings listed below, be able to:

Canadian Tax System

- Explain how tax legislation is enacted
- Describe the primary and secondary sources of tax law
- Locate and use Canada Revenue Agency publications

Knowledge & Skill Objectives Continued...

Basic Taxation of Individuals

- Explain the basic rules for taxation of individuals
- Describe how income from property and other sources is taxed
- Describe and compare how individuals and trusts are taxed

Capital Gains

- Describe how capital gains are taxed
- Explain the capital gains exemption and the principal residence exemption
- Explain the utilisation of capital losses

Taxation of Trusts

- Explain the tax rules on creation of a trust
- Describe how trusts and trust distributions are taxed
- Identify the special tax rules applicable to trusts

Completing the T3 Return

- Explain the requirement for a trust and estate tax return
- Describe and explain the contents of the T3 Trust and Estate Return

Taxation of Beneficiaries

- Explain how beneficiaries of a trust or estate are taxed

Taxation of Deceased Persons

- Explain how individuals are taxed on death
- Describe and explain the contents of the tax returns for the year of death

Post Mortem Tax Basics

- Explain basic post mortem tax planning concepts

Basic Tax planning for Trusts and Estates

- Recognise basic trust and estate tax planning opportunities
- Identify key tax planning strategies

Administration and Enforcement

- Explain Canada Revenue Agency's administrative role and powers to enforce the income tax system
- Appreciate the nature of tax avoidance and tax evasion and the difference

Foreign Jurisdiction Tax Issues

- Identify US estate tax issues
- Appreciate how tax laws of other countries apply to Canadians

Summary of Topics Covered

- 1. Introduction to Canadian Income Tax**
 - Canadian Tax System
 - Using Tax Professionals
- 2. Basic Taxation and Sources of Income of Individuals**
 - Taxation of Trusts as Individuals
 - Basic Rules for Individuals
- 3. Taxation of Capital Gains**
 - Computation of Gain or Loss
 - Principal Residence Exemption
 - Lifetime Capital Gains Exemption
 - Reserves
 - Rollovers
 - Deemed Dispositions
 - Capital Losses
- 4. Taxation of Trusts**
 - Basic Principles of Taxation of Trusts
 - Inter vivos* vs. Testamentary Trusts
 - Transfers to trusts
 - Income and gains taxable in the trust
 - Allocation/designation of income and capital gains to beneficiaries
 - Treatment of trust losses
 - Principal residence
 - 21 Year Rule
 - Alternative minimum tax
 - Distributions to non-residents
 - Clearance certificates
 - Alternative minimum tax
 - Unique tax aspects of certain trusts
- 5. Completing the T3 Trust or Estate Tax Return**
 - General Requirement to File Returns
 - Specific Matters Relating to T-3 of the First Year of the Estate
 - Type of Trust
 - Other information and questions on T3
 - Determining and Reporting Income
 - Dividends
 - Taxable Capital Gains
 - Other Income Deductions
 - Carrying charges and Interest
 - Non capital losses
 - Net capital losses
 - Designations and allocations to beneficiaries

Summary of Topics Covered Continued...

- 6. Taxation of Beneficiaries**
 - Income received or deemed received from a trust
 - Designating income or gains to a beneficiary
 - Cost of capital property received from a trust
 - Non Resident Beneficiaries

- 7. Taxation of Deceased Individuals**
 - Responsibility for filing returns and payment of tax
 - Necessary and elective returns for deceased person
 - The Terminal Return
 - Rights and things returns
 - Returns for Alter Ego Trusts
 - Taxation on death of life tenant
 - Liability for tax

- 8. Post Mortem Tax Planning Basics**
 - The Terminal Year
 - The Estate, the Trust and the Beneficiaries
 - Deemed Realizations and Deferrals

- 9. Attribution Rules and Income Splitting**
 - Basic Concepts of Attribution and Income Splitting_Attribution Rules
 - Income Attribution on Transfers and Loans
 - Capital Gains Attribution on Transfers and Loans
 - Exceptions to Attribution Rules
 - Some Basic Income Splitting Techniques

- 10. Basic Tax Planning- Trusts and Estates**
 - Recognizing opportunities and pitfalls
 - Introduction to Use of Trusts for Income Splitting
 - Estate Freeze
 - Double Tax mitigation arising from closely held corporations
 - Maximising the Capital Gains Exemption
 - Using the spousal rollover

- 11. Administration and Enforcement**
 - Self Assessing System
 - Role of CRA
 - Audits
 - Collection
 - Interest, Penalties and Offences
 - Notices of objection, appeals and reassessments
 - Tax litigation
 - Tax Avoidance and Evasion

Summary of Topics Covered Continued...

12. Foreign Jurisdiction Tax Issues

U.S. Estate and Gift Tax – issue identification

Taxation of Canadians in Other Jurisdictions

Foreign Inheritance Taxes and Domestic Fees and Duties