Exam Final Review Sheet

The night before, read only these pages.

Exam rules

Item	Current rule	Checked
	See the official page (link on the site's exam map).	2026–11–15
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Last 24 hours checklist

- Bring the ID that matches your registration name exactly.
- Arrive or log in early; late candidates may be refused.
- Pace: 50 questions in 75 minutes; first pass: do not get stuck, flag it and come back.
- Circle NOT / EXCEPT / main / best before reading the options.
- Where the exam answer and the current rule differ, give the exam answer.

One trap and one must-know per chapter

01 T1 Return Overview: Filing Requirements, Six-Step Calculation, and Post-Filing Procedures (2026 Tax Year) P1 Must score

Trap: Zero-tax-means-no-filing trap——The stem highlights that the taxpayer calculated net tax payable as $0, but also mentions selling capital property, exceeding self-employment net earnings thresholds, or having dependents eligible for benefits.

Must know: Canada operates a self-assessment system where taxpayers calculate total income, net income, and tax payable themselves. The CRA is responsible solely for post-assessment reviews and reassessments, and taxpayers bear full statutory liability for errors or omissions.

02 Identification and Marital Status: Spouse Details, Province of Residence, and Key Information Checkboxes (2026 Tax Year) P2 Hold steady

Trap: Any break resets the clock——The stem says the partners lived apart for a few weeks or a few dozen days (under 90) after a quarrel or short breakdown and then reconciled, and asks when 12 months of cohabitation is reached or what the marital status is.

Must know: Step 1 identification is not a mere administrative record: it supplies the shared core inputs for the spouse amount, for benefits based on family net income, and for selecting the provincial form.

03 Employment Income and the T4 Slip: Mapping Boxes to Income, Deductions, and Tax Credits (2026 Tax Year) P1 Must score

Trap: Adding Box 40 again——The stem gives both the T4 Box 14 employment income and the Box 40 other taxable benefits amount, and asks for the final figure to enter on Line 10100.

Must know: The Box 40 amount of other taxable benefits is already included in Box 14, so it must never be added to Box 14 again when reporting Line 10100.

04 CPP, EI, and Employment Expenses: Deductions, Overpayments, and Form T777 Claims P1 Must score

Trap: Copying the amounts withheld——The stem mentions a job change, two or more employers, or several T4s whose combined income exceeds the YMPE or MIE.

Must know: When several employers withhold more than is payable, the difference is claimed on Line 44800, and Line 30800 and Line 22215 show only the statutory payable amounts, not the amounts withheld.

05 Pension & Investment Income: Three Pillars, Dividend Integration, and T1 Line Mapping P2 Hold steady

Trap: Reporting the OAS recovery as a net amount——The stem gives the T4A(OAS) box 18 total and net income above $95,323 for the year, and asks what amount to enter on Line 11300.

Must know: OAS goes on Line 11300, CPP on Line 11400, and employer pensions and RRIF at 65 or over on Line 11500; the three lines are independent, and only the third pillar qualifies for the pension credit and splitting.

06 Other Income & Social Benefits: Reporting, Offsetting, and Excluded Amounts P2 Hold steady

Trap: Government benefits are never taxed——The stem gives a T4E slip amount (such as regular unemployment benefits or maternity benefits) and asks for the taxable income amount or the line it goes on the T1.

Must know: Lottery winnings and similar non-income items stay off the return; workers' compensation and social assistance are included in net income and then deducted on Line 25000 so that benefit eligibility is determined properly; EI and excess scholarships are taxed normally; the benefit recovery amount reduces net income and adds to tax payable.

07 Deductions: Net Income vs Taxable Income — RRSP, Child Care, Moving, and Support Payments P1 Must score

Trap: Assuming all deductions reduce net income——The question stem asks about the effect of a deduction located between lines 24400 and 25600 on the Canada Child Benefit (CCB) or BC family benefit.

Must know: Lines 20700 through 23500 fall in the net income tier (Step 3), both reducing tax payable and lowering net income on line 23600 to increase income-tested benefits; lines 24400 through 25600 fall in the taxable income tier (Step 4), reducing tax payable only while leaving net income completely unchanged.

08 Non-Refundable Tax Credits Schedule: Rules and Calculations After the Federal Rate Reduction to 14% (2026 Tax Year)

P1 Must score

Trap: Believing non-refundable credits yield cash refunds without tax payable——The question stem features a taxpayer with very low income or whose tax payable is already reduced to zero by the basic personal amount, who then claims large medical expenses, the home buyers' amount, or the home accessibility tax credit, asking for the resulting tax savings or cash refund.

Must know: The credit rate is tied directly to the lowest federal tax bracket under ITA s. 248(1) (the appropriate percentage), which drops to 14% in the 2026 tax year, meaning every $1,000 of eligible credit amounts reduces federal tax payable by only $140.

09 Medical Expenses & Charitable Donations

P1 Must score

Trap: Mistaking Lesser Of for Greater Of Trap——The question stem provides a taxpayer whose net income exceeds approximately $96,333 and asks to calculate the claimable medical expense tax credit (METC) amount.

Must know: Medical expenses and charitable donations represent expenditures from disposable income after basic living costs; to prevent higher-income individuals from receiving greater tax relief through higher marginal tax rates, tax law uses a tax credit mechanism to provide equal tax relief across all income levels.

10 Refundable Tax Credits & Off-Chart Benefits P1 Must score

Trap: Benefit Year vs. Tax Year Confusion Trap——The question stem presents an income change, job loss, or salary adjustment occurring in the first half of the year (January to June) and asks how it impacts benefit payments issued before July based on the prior tax year.

Must know: Non-refundable tax credits can only reduce tax payable to zero, whereas refundable tax credits and tax paid are aggregated at Step 6 of the T1 return, and when their total exceeds tax payable, the excess is paid directly to the taxpayer as a cash refund.

11 Students and Income Tax: Tuition Transfer and Carryforward, Scholarship Exemption, and Education Savings P2 Hold steady

Trap: Transfer cap without deducting self-use——The stem gives the tuition paid, the amount the student used personally and the remaining unused tuition, and asks for the maximum tuition credit the student can transfer to a parent or spouse.

Must know: The student must first use the year's eligible tuition to reduce his or her own federal tax to zero; only the unused remainder for the year can be transferred to a spouse, parent or grandparent, and the transfer cap is the statutory $5,000 minus the amount the student used personally that year.

12 Seniors and Pension Splitting: The Three Age-65 Triggers, Optimal Pension Splitting, and OAS Clawback Avoidance P2 Hold steady

Trap: Age amount fully lost above the threshold——The stem gives a taxpayer over 65 with net income between $50,000 and $80,000 and asks for the age amount claimable, with a distractor option that simply says 0.

Must know: A person who turns 65 by December 31 of the 2026 tax year gets an age amount of up to $9,208; net income above $46,432 reduces it at 15%, reaching zero at about $107,819.

13 Investment Income: Interest, Dividends, Capital Gains, and Attribution Rules

P2 Hold steady

Trap: Foreign dividend integration——The stem contains words such as 'US shares', 'foreign dividend', 'T5 slip foreign income' and 'gross-up / DTC'.

Must know: Interest is fully included with no tax preference; Canadian corporate dividends are integrated through gross-up and the dividend tax credit (DTC) to remove double taxation; capital gains are taxed at a 50% inclusion rate to encourage risk-taking investment.

14 Capital Gains: 50% Inclusion Rate, ACB, Principal Residence, and Proposed Reforms

P1 Must score

Trap: Outdated proposed inclusion rate trap——The question mentions "the part above $250,000", "66.67% inclusion rate", "2/3 inclusion rate" or "June 25, 2024 proposed changes".

Must know: Capital gain equals proceeds of disposition less the ACB and the costs of disposition. Multiplying by the current 1/2 inclusion rate for the 2026 tax year gives the taxable capital gain (line 12700).

15 The Three Registered Accounts in 2026: RRSP Limits & Exits, TFSA Two 1% Penalties, and FHSA Life Cycle

P1 Must score

Trap: TFSA withdraw-and-redeposit in the same year trap——The question mentions "withdrew funds from TFSA and re-contributed in the same calendar year", "available room exceeded" or "1% per month tax".

Must know: The new RRSP room for the 2026 tax year equals unused room carried forward plus the lesser of 18% of earned income in 2025 and the annual cap of $33,810, less the 2025 pension adjustment (PA).

16 Rental Income Reporting: Form T776, CCA Restrictions, Recapture vs. Capital Gains, and BC SVT

P2 Hold steady

Trap: Using CCA to create or increase a rental loss to offset other income——The question gives net rental income lower than the maximum CCA available and asks for the most CCA that can be claimed for the year, or asks how total income is computed.

Must know: Rental income is characterized by the tax law as passive property income. Unlike business income, which carries market risk, it cannot freely use CCA to create a loss that offsets other income.

17 Principal Residence Exemption, Change in Use Elections, and Residential Property Flipping Rules

P2 Hold steady

Trap: Thinking a home lived in is exempt without reporting——The question has "sold after living in it the whole time but the taxpayer did not mention it on the return", asks "whether it can be left unreported", or tests the amount of the late-filing penalty.

Must know: The exempt gain is A x B / C, where B is the number of years designated as a principal residence while the owner was a Canadian tax resident, plus one. The plus one year is not available to an owner who acquired the property after October 2, 2016 and was a non-resident in the year of acquisition.

18 Newcomers to Canada: Residency Determination, First-Year Tax Return, and Foreign Property Rules

P1 Must score

Trap: Confusing immigration status with tax residency——The question has "holds a PR card but leaves right after a brief landing", "holds a work or study permit but is not yet a permanent resident", or tests the statutory starting point for reporting worldwide income.

Must know: Tax residency must first be tested by significant and secondary residential ties to see whether the person is a factual resident. A factual resident is taxed on worldwide income for the resident period and gets provincial credits. Only a person who is not a factual resident and sojourns 183 days or more is a deemed resident, taxed for the whole year and subject to the 48% federal surtax.

19 Determining Canadian Residency Status: Factual Residence, Deemed Residence, and Treaty Tie-Breakers P2 Hold steady

Trap: Reversing the order and counting days first——The question has a student or work permit holder who "rents and lives in Canada for more than 183 days", and the options lure you to apply s.250(1) deemed residence and add the 48% federal surtax.

Must know: Tax residency is a question of fact and not of nationality. It must be tested strictly in the statutory order of "settle factual residents first by residential ties, and only if that fails count the 183-day sojourn to determine a deemed resident".

20 Navigating Assessments, Objections, and Appeals: From the Three Parts of an NOA to the Tax Court of Canada P3 Skim

Trap: Mechanically applying the 90-day objection deadline ——The question gives an individual (not a corporation) taxpayer's filing due date (April 30 or June 15) and the mailing date of the notice of assessment, and asks for the statutory deadline to file a Notice of Objection.

Must know: Tax liability does not depend on whether an assessment is correct or whether one was ever made. An assessment is an administrative act that can be reopened repeatedly, not a judicial judgment that settles the matter once.