CPABC

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JANUARY/FEBRUARY 2021



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Not included in photos: *Anthony Sohal*


Justin Bains


Vianna Chen


Winston Chen


Charlotte Hodgson


David Jerome


Joshua Kodis


Jacky Leung


Jessica Jin


Kim Lin


Emma Nguyen


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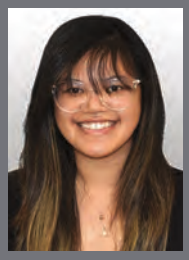
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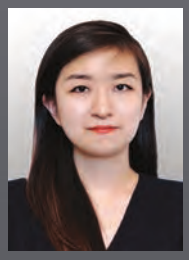
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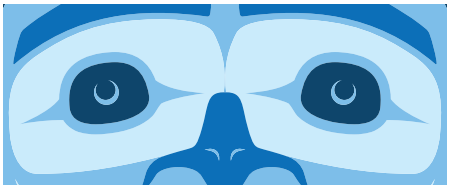
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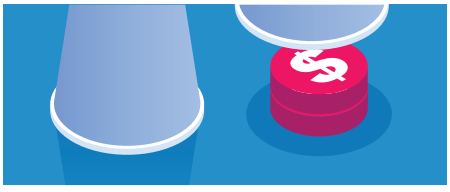


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Cover image: fotostok_pdv/iStock/Getty Images

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Eva Fong, CPA, CGA
CFO, WELL Health Technologies Corp.



Photo by Bobo Zhao Photography

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CPABC INFOCUS

January/February 2021, Vol. 9, No. 1

CPABC in Focus is the flagship magazine of BC's chartered professional accountants.

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About

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Special congratulations to our National Honour Roll recipient from BC: Katherine Kuo.

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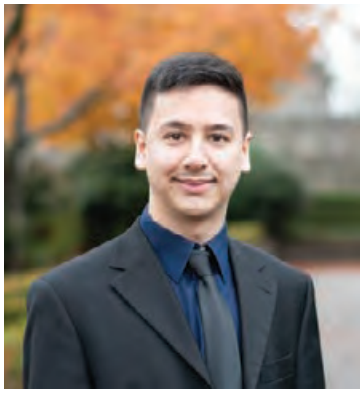
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New Beginnings



Geoff Dodds, CPA, CA
CPABC Chair

I'm sure I'm not alone in thinking it was good to see an incredibly challenging year come to an end. At the same time, however, I'm proud of the resilience the profession and its members demonstrated in 2020 as we adjusted, adapted, and stayed focused on meeting our priorities while working through the pandemic.

For the CPABC team, that meant putting a new spin on some traditional initiatives. For example, as I mentioned in the last issue of the magazine, we held the 2020 Member Engagement Tour (MET) virtually in late fall, with members logging in online to get updates from CPABC's executive team and advice from cybersecurity and anti-money-laundering experts. We held 12 sessions in all, and a total of 1,407 members attended from across the province. You'll find a brief recap on page 10.

I'm delighted to say that feedback from the MET was incredibly positive. Members from outside BC's major centres, in particular, told us they appreciated the fact that the virtual format gave them greater access to the event, as well as to other types of events and professional development offerings. Going forward, we anticipate making additional online offerings available to maintain this level of service and ensure that we're able to connect with members who wouldn't typically be able to participate in person.

Before signing off, I'd like to congratulate the 1,004 BC and five Yukon writers who successfully passed the 2020 Common Final Exam (CFE). Not only did these candidates write an extremely difficult professional exam, they did so during unstable times. As they begin the next phase of their careers, I hope they draw strength from this experience, confident in the knowledge that they rose to the challenge and excelled.

And speaking of excellence—extra kudos goes to Omar Dhanani, the BC candidate who earned this year's regional gold medal for Western Canada, and the nine other writers from BC and Yukon who distinguished themselves by making the National Honour Roll. We celebrate their achievements on pages 20-26. Congratulations! ■

Considering BC's Economic Recovery



Lori Mathison, FCPA, FCGA, LLB
CPABC President & CEO

As fall 2020 drew to a close, CPABC continued to provide important economic information to the public.

As I mentioned in the last issue of the magazine, we released our *BC Check-Up: Work* report and survey in late October. We also began research for the *BC Check-Up: Invest* report and survey, which will be released in late January.

The *BC Check-Up* initiative enables us to tap into our members' expertise to provide a pulse check on the economy and take a deeper dive on relevant economic indicators that signal how our province is faring. By looking at both provincial and regional data, we're able to provide salient commentary on how different regions of our province are coping during the pandemic, and what we can expect going forward. These benchmarks will also help us track growth as recovery begins.

In addition, CPABC held a virtual discussion with several tax experts in November, which I facilitated. We asked these senior-level CPAs what recommendations they would make to the provincial government to facilitate BC's economic recovery, and they shared the following ideas: PST reform; investing in education to assist displaced workers; ensuring that BC is a good place to invest and well positioned to attract key industries; incentivizing technology adoption; reducing regulatory burdens; addressing the province's high personal and corporate income tax rates; and leveraging BC's low-interest, AAA rating to invest in areas that will better connect our cities and improve the flow of goods and services.

We look forward to doing further research on these ideas and presenting an informative public policy submission to the government later this spring. We also plan to continue doing everything possible to contribute positively to the province as it rebuilds.

As a final note, I'd like to join Geoff in congratulating the BC and Yukon candidates who succeeded on the 2020 CFE. It wasn't easy, but you did it! ■

MEMBER ENGAGEMENT TOUR

Reaching Out in New Ways: 2020 MET Goes Virtual



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As mentioned in the November/December 2020 issue of the magazine, CPABC converted its annual Member Engagement Tour (MET) to a virtual format in 2020,* hosting 12 live webinars between November 12 and November 23. While the opportunity to connect in person was no doubt missed, neither spirits nor attendance records were dampened by the change to a virtual format. As CPABC Chair Geoff Dodds, CPA, CA, notes on page 9, a total of 1,407 members from across BC attended the MET webinars, and their feedback was overwhelmingly positive.

In addition to making the MET even more accessible, going virtual also enabled CPABC to invite two subject matter experts to present on hot topics—anti-money-laundering initiatives and cybersecurity—at alternating sessions. MET attendees also had the opportunity to participate in live polling and an interactive Q&A with the presenters throughout each session.

Each "stop" on the tour kicked off with an update on the profession, co-presented by Dodds and CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB. Mathison reported on CPABC's major activities over the past year, including its pandemic response and the 2020 *BC Check-Up: Work* report. Drawing from employment data in the report, Mathison noted the severe effects of the pandemic on BC's vulnerable populations and on industries that serve a high density of people, require close interaction, and involve tourism/travel. Dodds followed with an overview of CPABC's new multi-phase Indigenous strategy (see pages 28-35 for details).

In one of the two special presentations unique to the 2020 MET, Laura Friedrich, FCPA, FCGA, a principal with Friedrich & Friedrich Corporation, provided a high-level overview of Canada's anti-money-laundering regime and FINTRAC's mandate, drawing a thread to the specific sections of the *CPA Code of Professional Conduct* that speak to the relevant ethical obligations of CPAs. (See pages 46-48 for an article by Friedrich on ethics and AI.) In the second of the two special presentations, Anthony Green, CPABC's security engineer, provided an update on cybersecurity. In addition to reviewing some recent data breaches, Green described 10 ways to spot (and avoid) phishing emails and provided tips for strengthening passwords.

CPABC would like to thank all who participated in the 2020 MET—by adapting along with us, you helped make the virtual tour a success!

Want to access the recordings?

If you were unable to attend a virtual MET session this year, video recordings and the accompanying slides for both presentations are available to members on the CPABC website at **bccpa.ca/met** until January 31, 2021.

As noted above, AML was one area of focus at the 2020 MET. For more information on anti-money-laundering initiatives in BC, check out our feature story on pages 36-39.

* "Greetings from the New Chair," *CPABC in Focus*, November/December 2020 (5).

IMPORTANT REMINDERS

2020 CPD Reporting: Deadline is January 31, 2021



CPABC would like to remind all members that the deadline to report 2020 continuing professional development (CPD) activities is January 31, 2021. To report your CPD activities, visit CPABC's Online Services site at **services.bccpa.ca**.

For more details about CPD requirements, visit **bccpa.ca/cpd** or email us at **cpd@bccpa.ca**.



Dues and Permit Renewals: Deadline is April 1, 2021

Membership dues

CPABC would like to remind all members that the deadline to pay 2021-2022 membership dues is April 1, 2021. ***Note:*** If you are facing financial hardship due to COVID-19, you may qualify for the Emergency Fee Reduction. Visit **bccpa.ca/memberdues20212022** to review the eligibility criteria for the Emergency Fee Reduction and other membership fee reduction categories in 2021-2022.

Permit renewal fees

The deadline for public practitioners to renew their professional accounting corporation permits and pay their permit renewal fees is also April 1, 2021.

Contact information Requirements



Is your contact information up to date?

This is a friendly reminder that the CPABC Bylaws require members and students* to provide CPABC's Registrar with the following contact information:

- Your current email address;
- Your current mailing address;
- Your current business or employment address; and
- Your current municipality of residence.

As indicated above, you are required to keep your contact information up to date—and make any changes immediately. This is to ensure that you don't miss any important communications from CPABC, including information about your membership dues and other fees. Additionally, every member with a public practice licence is required to provide the Registrar with the current street address for every authorized practising office in BC.

How to update your contact information

- **Members:** Log in to **services.bccpa.ca** and select the "Profile" tab. If you need assistance, please contact **memberrecords@bccpa.ca**. To update a firm address, office address, or professional accounting corporation address, please contact **publicpractice@bccpa.ca**.
- **Students:** Log in to the My CPA Portal on the CPA Western School of Business site at **my.cpawsb.ca**. If you need assistance, please contact **cpaapplication@cpawsb.ca**.

* In this notice, "students" refers only to candidates enrolled in the CPA Professional Education Program.

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VOLUNTEER TAX SERVICES

The CRA's Free Tax Clinics Have Gone Virtual, and They Need Your Help



Image from the CRA

Last March, when the pandemic hit, it quickly became clear that organizers of the Community Volunteer Income Tax Program (CVITP) would have to get creative in order to continue offering free tax clinics to Canadians in need. The community organizations that run the clinics in partnership with the Canada Revenue Agency (CRA) showed they were up for the challenge, working with CRA representatives to find new ways to deliver free tax help while adhering to physical distancing requirements. Volunteers at virtual tax clinics completed tax returns by phone, through videoconferencing, or by using document drop-off arrangements.

"We saw community organizations spring into action to host free virtual tax clinics," says Heather Daniels, director-general of the benefits program directorate at the CRA and a CVITP volunteer. "These organizations were committed to ensuring that Canadians continued to file their taxes and receive their benefits and credits, while also ensuring the safety of Canadians, partner organizations, and volunteers."

Given that pandemic-related restrictions are still in place at the time of this writing, the CVITP tax clinics will be offered virtually in the upcoming tax season as well, and the CRA is currently looking for volunteers and community organizations to help to run them.

"The program relies on volunteers, such as CPA members," says Daniels. "We're looking for people with a basic understanding of taxes and who are good at using online tax and videoconferencing platforms."

CVITP volunteers work with community organizations to complete tax returns for Canadians who have a modest income and a simple tax situation. In doing so, they provide a valuable community service. "For Canadians with modest incomes, filing a tax return can make a big difference," Daniels points out. "The benefits and credits they can access by doing their taxes can help them pay their bills, feed their families, and improve their quality of life."

Volunteer with the CVITP

As a CPA, you can contribute your knowledge and make a difference no matter how many hours you're able to give. And this year, you don't even have to leave your home to help out. Here's how to get involved:

Step 1: Submit a volunteer registration form

The online form can be found on the CRA website at **canada.ca/guide-taxes-volunteer**. Once you've submitted the form, a CVITP co-ordinator will contact you to help you find a participating organization. Most tax clinics are held between March and May, but some community groups offer tax clinics all year long. ***Note:*** The CVITP volunteer registration form has a checkbox for CPA members that's used for statistical reporting and acknowledgement purposes.

Once you're approved as a volunteer, the CRA will send you information about its online training options for completing simple tax returns.

Step 2: Apply for your licensure exemption

Because the preparation of tax returns, even at volunteer tax clinics, is a regulated activity that would require licensing under normal circumstances, BC CPAs who are not already licensed for public practice must apply for an exemption from licensing before volunteering in this capacity. This includes members who are employed in public practice but who are not personally licensed and those who hold the "Other Regulated Services – Non-Reviewable" licence. By granting the licensure exemption, CPABC is acknowledging the significant societal benefit provided by the volunteers who perform this service.*

To apply for the exemption, go to CPABC's Online Services site at **services.bccpa.ca**. You'll find instructions at the bottom of the page. For those who apply for the exemption, CPABC holds a blanket policy with CPA Professional Liability Plan Inc.; the policy applies to authorized CPABC members provided certain conditions are met, as detailed in CPABC's Volunteer Resource Centre at **bccpa.ca/volunteer**. Members who apply for the licensure exemption with the intention of volunteering with the CVITP will receive a copy of the latest edition of the *Personal Tax Planner Guide*, published by CPA Canada (while supplies last). Copies of the guide will be mailed out in February.

Questions?

Email us at **professionaladvisory@bccpa.ca**.

* Candidates enrolled in the CPA Professional Education Program and students registered with CPAWSB who are taking preparatory courses may only volunteer to prepare tax returns under the supervision of CPA members who are licensed for public practice or who have obtained the exemption from licensure as noted above. These students are not eligible to apply for the exemption themselves because they cannot be licensed for public practice.

Great conversations, great relationships, great futures

Congratulations to our successful CFE writers! We are proud to add these rising stars to our exceptional team of CPAs. A truly remarkable achievement and we look forward to celebrating their continued success as valued members of the Baker Tilly team!

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RESOURCES FOR EMPLOYERS & JOB SEEKERS

Ongoing Demand for CPAs Drives Virtual Connections

Although the pandemic continues to take a toll on the business sector and economists are forecasting a slow and bumpy economic recovery, other drivers of demand are still influencing business decisions around hiring. The demand for CPAs, in particular, is still strong, and it is only expected to increase.

Accordingly, CPABC is undertaking a number of initiatives to maintain the CPA training pipeline.[1] In addition to increasing the profession's accessibility (see pages 28-35), CPABC is working to find new ways to connect employers with the future workforce and tell prospective CPAs about the exciting career opportunities available.

Here are two recent examples of innovation from CPABC's student recruitment and employer relations (SRER) team:

Conversations with a CPA

This past fall, the SRER team launched a new 30-minute webinar series for prospective students called "Conversations with a CPA." Each webinar features a CPA member who shares their career journey and answers questions from the audience. These monthly webinars provide an opportunity for CPAs and prospects to have casual conversations about the profession. At the time of this writing, the SRER team had hosted two webinars: Tsveta Anagnostos, CPA, CA, a virtual CFO[2] with Frontier CFO Services Inc., appeared in the inaugural webinar in October, and Maneisha Sandhu, CPA, a tax manager with PwC Canada, was featured in November.

If you're a CPA and you'd like to share your CPA story, email Sharon Hummel, our student recruitment manager, at **shummel@bccpa.ca** for details. The SRER team welcomes your involvement!

Speed interviews

Traditionally, CPABC's popular Speed Interview Nights have been held in person at venues throughout BC. In adapting to the new normal, the SRER team has transformed this initiative into a three-day virtual event open to job seekers and employers across the province.

The new format is designed to help job seekers prepare for their interviews before they meet with employers, with each day themed to reflect the different stages of the job-seeking process: 1) learn, 2) network, and 3) interview. The special software used for the event provides employers with branding opportunities and allows for one-on-one video meetings.

The inaugural event was held November 3-5, 2020, and hundreds attended. On day one, job seekers logged in to learn about the participating employers and book interviews. On day two, job seekers practised their interview skills by participating in mock interviews with agency recruiters. And on day three, it was interview time, with more than 200 virtual meetings taking place!

The next Speed Interview event will be held March 2-4, 2021. There is no cost to participate, and registration is now open. Email the SRER team at **careers@bccpa.ca** to find out more.

More virtual events scheduled in 2021

CPABC will continue to deliver career development and recruitment events virtually until it is deemed safe to meet in person again. In addition to the March 2021 Speed Interview event mentioned above, there are three other career development and recruitment events that will be held virtually in 2021:

Connect Panel: February 24

The SRER team is looking forward to kicking off the year with CPABC's highly anticipated Connect Panel. Each year, hundreds of accounting professionals and prospective students gather to learn about the latest trends, new technologies, and in-demand skills for CPAs. Join us virtually on February 24 to gain insights from an expert panel and network with peers.

Case Competition: February 5-7 & March 20-21

The SRER team is also excited to host CPABC's seventh annual Case Competition for post-secondary students. This event challenges students to think strategically and develop innovative solutions to real business challenges. This year's competition will be held virtually, following the same format as in 2020. The first round will take place in February, with students submitting videos, and the second round will be held in March and feature an online live presentation.

COIN Competition: April 17

Looking ahead to the spring, the SRER team will be hosting CPABC's fourth annual COIN Competition for high school students across BC on April 17. This competition tests students' accounting acumen on introductory accounting and business concepts.

Visit **bccpa.ca/become-a-cpa/events** for details on these events and more.

[1] For more on this topic, see "Keeping the Numbers Up" in the September/October 2020 issue of *CPABC in Focus* (14-22).

[2] A "virtual CFO" provides CFO services part-time and remotely.

Other ways to get involved

CPABC Ambassador Program

Do you love being a CPA? CPABC is looking for proud CPAs who are passionate about the profession to join the CPABC Ambassador Program as member and/or faculty ambassadors. There's no minimum time commitment—you're invited to contribute as many hours as you can.

As a member ambassador, you'll inspire future CPAs by sharing your story with prospective students. Volunteer opportunities include speaking on panels, judging case competitions, and participating in both formal and informal networking events.

As a faculty ambassador, you'll advocate for the CPA Professional Education Program (CPA PEP). CPABC will provide you with all the information you'll need to field questions from students and peers. You'll also receive ongoing updates about CPA PEP, exclusive event invitations, and classroom resources. These positions are open to faculty members at all BC post-secondary institutions, regardless of their area of discipline. Email us at **ambassadors@bccpa.ca** for details.

Employer Program

Does your organization frequently hire CPAs? Consider joining the CPABC Employer Program to enhance your recruiting and talent acquisition strategy. There are no startup fees to join the program!

Our CPA recruitment experts can help you find the talent you need to take your business to the next level. As a CPABC employment partner, your organization will also benefit from first access to branding opportunities, recruitment events, and discounts on the CPABC Careers Site. Email us at **careers@bccpa.ca** for details.



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Questions?

- Prospective students: email **recruitment@bccpa.ca**.
- Employers and job seekers: email **careers@bccpa.ca**.

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MEMBER RECOGNITION

Nominate a CPA for a 2021 BC CFO Award!

For the 11th year in a row, *Business in Vancouver* and CPABC are partnering to recognize and celebrate the top CFOs in British Columbia at the BC CFO Awards. Honourees are chosen based on their performance relating to corporate growth through strategic decision-making, as well as overall performance and execution, sound business principles, and reporting. Awards will be presented in the following categories:

- Large Public Company (revenues > $75 million)
- Small Public Company (revenues < $75 million)
- Large Private Company (revenues > $75 million)
- Small Private Company (revenues < $75 million)
- Publicly Accountable
- Not-for-Profit
- Transformation Agent

Visit **biv.com/bc-cfo-awards** to nominate a fellow CPA for a BC CFO Award. Nominations (including supporting materials) must be received by *Business in Vancouver* by noon on March 2, 2021.



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Coming this Spring: CPABC to Host Virtual Member Recognition Celebration



Each year, CPABC proudly acknowledges the achievements of outstanding BC CPAs through its Member Recognition Program. Honourees are chosen for their commitment to excellence and their contributions to the profession and their local communities.

We're pleased to announce that the tradition of celebrating our honourees at an annual gala will continue in 2021, albeit in a virtual format. Our virtual member recognition celebration will be held on April 8 and will feature live messages from distinguished guests, interviews with award recipients, and personal messages from the members newly elected to CPABC's Fellowship.

Everyone is invited to attend this special event to celebrate with the profession and get to know the honourees. Family members, colleagues, and friends of the honourees are especially encouraged to join the festivities. Event details can be found on the CPABC website at **bccpa.ca/news-events**.

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CONGRATULATIONS TO OUR 2020 CFE WRITERS
Davis Ling and Ramya George

Vohora LLP
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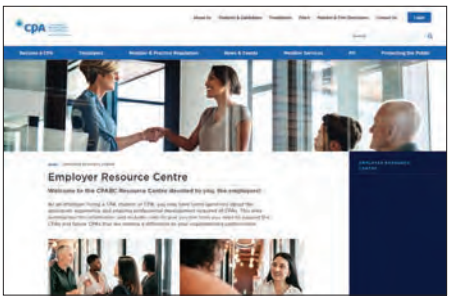
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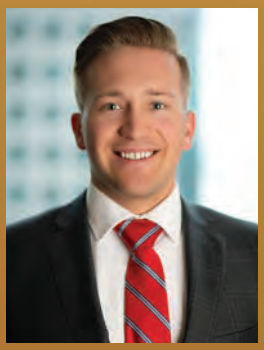
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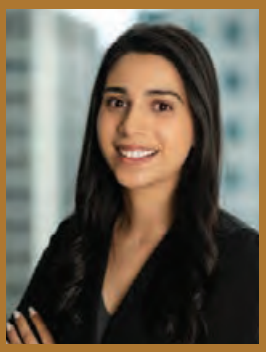

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Celebrating **CFE Success!**

Meet the 10 CFE writers from BC and Yukon who made the National Honour Roll

Like so many events in 2020, the September 2020 writing of the Common Final Exam (CFE) had to be adapted for the realities of life during a pandemic. Strict physical distancing and sanitization protocols were followed, with candidates writing in individual hotel rooms under the supervision of assigned invigilators. CPABC was delighted to learn that 1,004 BC candidates and five Yukon candidates were successful on the exam. We would like to congratulate them all and give a special shout-out to the 10 writers among them who made the National Honour Roll: BC candidates Omar Dhanani, who earned the regional gold medal for Western Canada, Aron Funk, Lachlan Hicks, Justine Johl, Daniel Kong, Katherine Kuo, Lucas Lo, Ben McDonald, and Jordan McGarry, and Yukon candidate Rene Grewal. Here's what each had to say about their CFE experience.

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Omar Dhanani Regional Gold Medallist

Birthplace & current city of residence: Burnaby, BC

Employer: Ernst & Young LLP

Job title: Senior Accountant

What will you remember most about your CFE experience? I had originally planned to travel to Southeast Asia at the start of the summer, but COVID put a stop to that. That gave me the opportunity to explore BC, and I couldn't have had more fun. From learning to surf in Tofino, to relaxing in an oceanfront cabin in Sooke, to flying in a small two-seater plane over the mountains in Revelstoke, I will never forget the amazing memories I made over my CFE summer!

Any hobbies that helped you manage stress during your studies? Hockey has always been an activity that I could rely on to manage my stress. But when group sports were shut down over the summer, I took the opportunity to learn how to play golf as a way to spend time with friends, get out in the sun, and keep my stress levels in check.

Who would you like to thank for providing support during your studies? I want to thank my study partner, Lachlan Hicks, for keeping me on track and motivated all summer. I also want to thank Cole Christiansen, CPA, for being a great mentor; all my friends and colleagues at EY, for always being supportive and kind; and my family, for giving me the opportunity to succeed.

Any advice for future CFE writers? Don't be afraid to take unplanned breaks in your study schedule. Listen to what your body and mind are telling you, and take days off when you need to. The summer leading up to the CFE is a long one, and avoiding burnout should be a priority.



Aron Funk

Birthplace & current city of residence: Prince Rupert, BC; Victoria, BC

Employer: Dusanj & Wirk Chartered Professional Accountants Inc.

Job title: Senior Accountant

What will you remember most about your CFE experience? The five-minute warning on day three. My hands were shaking so much from all the adrenaline rushing through my body that I could barely type my conclusion to the last AO [assessment opportunity]. The realization that I was about to finally complete the CFE was surreal.

Any hobbies that helped you manage stress during your studies? Playing lots of golf! The sun and fresh air really helped me decompress after long days of writing and debriefing cases.

Who would you like to thank for providing support during your studies? First of all, I'd like to thank my partner Brienne for her continuous support and belief in me. Her reassurance during tough study and exam days was the reminder I needed to have confidence in myself.

I would also like to thank my study group partners Zach Sourisseau and Katrina Sekhon. Marking and debriefing cases together definitely contributed to my success as a case writer and made the studying experience more enjoyable.

Lastly, I'd like to thank Jas Dusanj, CPA, CA; Kris Wirk, CPA, CA; and the rest of the Dusanj & Wirk CPA team. I've really appreciated their mentorship and encouragement throughout the CPA program.

Any advice for future CFE writers? Trust the process, no matter how difficult it seems at times! Make a CFE study plan and stick to it. Write all cases in exam conditions and make sure to thoroughly debrief them. Address the areas where your technical skills need improvement so you can become a well-rounded case writer. Most importantly, make sure to take breaks to keep your brain fresh—downtime is just as important as time spent studying.



Rene Grewal

Birthplace & current city of residence: Whitehorse, YT

Employer: BDO Canada LLP

Job title: Senior Accountant

What will you remember most about your CFE experience? Experiencing the pandemic and the CFE at the same time is something I will never forget. In particular, the feeling of walking into my hotel room on day one—I was quite nervous, because the process was so different from the module exams.

Any hobbies that helped you manage stress during your studies? I was careful to work relaxation into my study schedule. I read books, went on walks, and spent time at the lake with family.

Who would you like to thank for providing support during your studies? I'd like to thank my CFE mentor Maria Roberge, CPA, for her support throughout CPA PEP. Her study tips were vital to my success on the CFE, and without her guidance, I wouldn't have made the honour roll. I'd also like to thank my best friend and study partner Erica Mayede for holding me accountable to our schedule, discussing the practice cases over numerous video calls, and sharing this entire experience with me.

To my parents, sisters, boyfriend, and grandpa: Thank you for your emotional support and for believing in me even when I lost confidence. Thank you also to all the friends, co-workers, and fellow CPA candidates who cheered me on along the way.

Any advice?

Any advice for future CFE writers? It's so important to debrief! Debriefing every case in depth can help you understand where you went wrong and where you went right. It's also important to pick a study partner and a CFE mentor who match your learning style—people you trust and are comfortable with, so you can ask questions and discuss issues freely. Lastly, try to plan your study schedule so that you're writing cases at the same time of day as the CFE—it will make it easier to transition to "case-writing mode" during the real exam.



Lachlan Hicks

Birthplace & current city of residence: Revelstoke, BC; Vancouver, BC

Employer: Ernst & Young LLP

Job title: Senior Accountant

What will you remember most about your CFE experience? This year's "COVID CFE summer" certainly had its advantages and disadvantages. Although we didn't get to experience the rush of being greeted by our friends and co-workers after finishing the exam, we were lucky in many other ways. For example, I'll always remember arriving at my hotel room an hour before the exam and watching Netflix in bed to keep my stress level under control!

Any hobbies that helped you manage stress during your studies? I was an early-morning studier, which meant I had all afternoon to get outside and do other things. By the time I went to sleep every night, I always felt like I'd accomplished much more in my day than just studying, and it helped energize me to get back into it the next morning.

Who would you like to thank for providing support during your studies? I was so lucky to be in a study group with Omar Dhanani, who is not only one of the smartest guys I know but also one of my best friends. We really pushed each other throughout the summer and made it a memorable experience. I also want to thank my CFE mentor and friend Cole Christiansen, CPA, for his support and encouragement. Finally, thanks to all my colleagues at EY who enforced the "studying comes first" policy over the last two years, giving me the flexibility to work through my modules while balancing a busy work schedule.

Any advice for future CFE writers? Be flexible. It's important to have a well-planned study schedule, but it shouldn't be set in stone. As long as you're achieving your goals on a weekly basis, you can trust that everything will come together in the weeks leading up to the CFE.



Justine Johl

Birthplace & current city of residence: Surrey, BC

Employer: Deloitte LLP

Job title: Staff Accountant

What will you remember most about your CFE experience? I'll always remember the private suite on the 18th floor that I had the luxury of writing in. And of course, I'll never be able to forget the revenue recognition criteria!

Any hobbies that helped you manage stress during your studies? I found it hard to shake the CFE stress—it's the type of stress that never really leaves you—but the larger challenge was trying to find distractions from stress and lead a balanced life during a pandemic. Still, I made it a habit to stop studying before dinner every evening so I could go to spin class and binge-watch Netflix.

Who would you like to thank for providing support during your studies? My CFE experience would not have been the same were it not for some truly incredible people in my life.

To the Deloitte team: Thank you for the top-tier programs and supports you provided. Thank you to each person who offered encouragement, inspiration and kind words. A special thank you to my CFE coach, who believed in me from the start!

To the University of Saskatchewan MPAcc team: Thank you for helping me develop a strong base. I appreciate the support of amazing professors who went above and beyond.

To my family: Thank you for the love, support, and understanding you've given me through all of my endeavours.

Finally, a big thank-you to my study buddies—you know who you are!

Any advice for future CFE writers? The CFE is a beast, but it's a beast that can be conquered.

State of mind and mental game are a huge part of the CFE. Leave bad days, bombed questions, and failed cases in the past. Learn from losses and carry forward only the wins. Be confident in your hard work and preparation!





Daniel Kong

Birthplace & current city of residence: Richmond, BC

Employer: PricewaterhouseCoopers LLP

Job title: Senior Associate

What will you remember most about your CFE experience? The overwhelming feeling of accomplishment and relief I felt as I leaned back in my seat at the end of day three of the exam, with the biggest smile on my face. I was also lucky enough to write the exam in a corner room with a waterfront view, which was a great way to kick off each morning!

Any hobbies that helped you manage stress during your studies? I found that physical activity was the best way for me to mentally reset. And I spent the months leading up to the exam creating an extensive playlist of songs that helped me unwind before and after long days of studying.

Who would you like to thank for providing support during your studies? I'd first like to thank my parents for their infinite support throughout my educational and professional career, and for being role models who motivate me to improve myself every day.

I also need to thank my study group for helping me through the entire process: Derrick Tan, for keeping me accountable and making even the longest days enjoyable; and Andrew Lee and Kit Wong for challenging my knowledge and always bringing new perspectives to our study sessions.

Lastly, I'd like to thank my friends and colleagues at PwC for creating an exceptionally supportive environment for the CFE writers.

Any advice for future CFE writers? Be realistic and thorough with your studying, whether you're working on a technical review or case writing. Also, prioritize taking care of both your mind and your body: Be sure to give yourself a break when you feel that you need it, and maintain a healthy diet to keep your brain alert.

On the 2020 CFE results:

"The 1,009 candidates from BC and Yukon have passed the 2020 CFE by demonstrating technical and professional skills they will continue to develop and use throughout their careers. On behalf of all CPAWSB employees, I extend congratulations and best wishes for ongoing success."

—Steve Vieweg, FCPA, FCMA, CEO of the CPA Western School of Business

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Katherine Kuo

Birthplace & current city of residence: Taipei, Taiwan; Vancouver, BC

Employer: KPMG LLP

Job title: Senior Accountant

What will you remember most about your CFE experience? I'll remember the long hours of case writing and fun debriefing sessions I had with my study group, writing the exam in a hotel suite all to myself, and the relief of getting the news that I passed. But the thing I'll remember most about my CFE experience is the excitement I felt and the fun I had when celebrating virtually with my fellow writers on results day!

Any hobbies that helped you manage stress during your studies? I made time to exercise after long hours of studying, and I read at the end of each day to relax.

Who would you like to thank for providing support during your studies? I'd like to first thank my study group—Elaine Li and Angel Guo—for not only providing motivation and valuable feedback, but for also sharing many laughs despite the rigorous study process. I'd also like to thank my CFE mentor Diane Byun, CPA, for giving me valuable insight, advice, and reassurance throughout the entire process. Finally, I'd like to thank all my friends for their encouragement and for being my support system—I could not have done it without you all!

Any advice for future CFE writers? Find a study group or partner who can provide comic relief but also keep you disciplined—you'll need to strike a balance between the two. Discipline includes having a study schedule and sticking to it. Also, write all your practice cases under exam-like conditions and take the time to debrief them. And don't get discouraged if you don't perform well on a practice case—it's part of the learning experience. Finally, if you learn how to navigate the *CPA Handbook* and nail down the case-writing process, you'll be ready to tackle whatever the CFE throws at you!



Lucas Lo

Birthplace & current city of residence: Vancouver, BC

Employer: PricewaterhouseCoopers LLP

Job title: Senior Associate

What will you remember most about your CFE experience? I'll remember the rush of emotions I experienced watching the clock count down during the final minute of day three. It felt bittersweet knowing that this could be the last exam I ever write, and I gained a greater appreciation for my CFE journey.

Any hobbies that helped you manage stress during your studies? Catching up with friends through socially distanced picnics and video calls helped me clear my head. To stay active, I took my dog for walks and played hockey in my backyard. When it rained, watching the show Brooklyn Nine-Nine kept me in good spirits.

Who would you like to thank for providing support during your studies? I'd like to thank my parents, Daniel and Fiona Lo, CPA, CGA, and my siblings, Valerie and Ernest, for their support. During my study leave, they made sacrifices to create an environment that allowed me to focus on studying.

Special thanks goes to my girlfriend and study buddy Chelsea Choi for challenging me with tough technical questions, helping me stay focused, and believing in me.

I'd also like to thank my other study buddy Kimberly Lin for the detailed feedback on my practice exams—it pushed me to study harder. Furthermore, I'm grateful for the support of my CFE mentor Jonathan Li, CPA: thank you for the valuable study tips and the snack-filled exam care package.

Lastly, a shout-out to my dog Suki for keeping me company during late-night study sessions!

Any advice for future CFE writers? Stick to the study style that works best for you, even if it means working at a different pace than others. On exam day, trust that you're prepared and write with confidence—you've succeeded on past exams and you can succeed on the CFE too!



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Ben McDonald

Birthplace & current city of residence: Kelowna, BC

Employer: MNP LLP

Job title: Senior Accountant

What will you remember most about your CFE experience? The most rewarding part of this experience was the sense of accomplishment I felt after completing day three of the exam and after finding out I made the CFE Honour Roll. Both were surreal moments that I'll always remember!

Any hobbies that helped you manage stress during your studies? I started running and golfing this summer, which allowed me to clear my mind after long study days. I also spent a lot of time checking out breweries and enjoying social-distanced hangouts with my friends.

Who would you like to thank for providing support during your studies? I'd like to thank my parents, as well as my brother and sister, for their support throughout the entire summer and through my entire schooling process. I'd also like to thank my study partner and great friend Michael Bitcon for pushing me all summer. Lastly, I'd like to thank everyone at MNP LLP for their help and support throughout the years—especially my mentors Kyla Stewart, CPA, and Daniel Larkin, CPA, for the extra support and guidance they provided me over the summer. I wouldn't have gotten this result without all of you.

Any advice for future CFE writers? Honestly, just trust the process and work hard all summer, but make sure to give yourself breaks to avoid burning out. Stay positive and focused and you'll be successful.



Jordan McGarry

Birthplace & current city of residence: Vancouver, BC

Employer: Strand

Job title: Senior Analyst

What will you remember most about your CFE experience? The moment on day three when I typed my last few words—it was like a huge weight lifted off my shoulders. It was incredible to realize that I'd just finished an exam I had spent two years preparing for!

Any hobbies that helped you manage stress during your studies? Given the pandemic, I spent most of my free time with my wife and dog, either watching movies and eating takeout or playing fetch at the local park. Getting enough sleep was also incredibly important—after a full day of studying I was out like a light as soon as my head hit the pillow!

Who would you like to thank for providing support during your studies? Firstly, I'd like to thank my wife Erika for her undying support and for being so accommodating with my hectic work and study schedule. I'd also like to thank my parents and sister for believing in me throughout the many twists and turns of this journey.

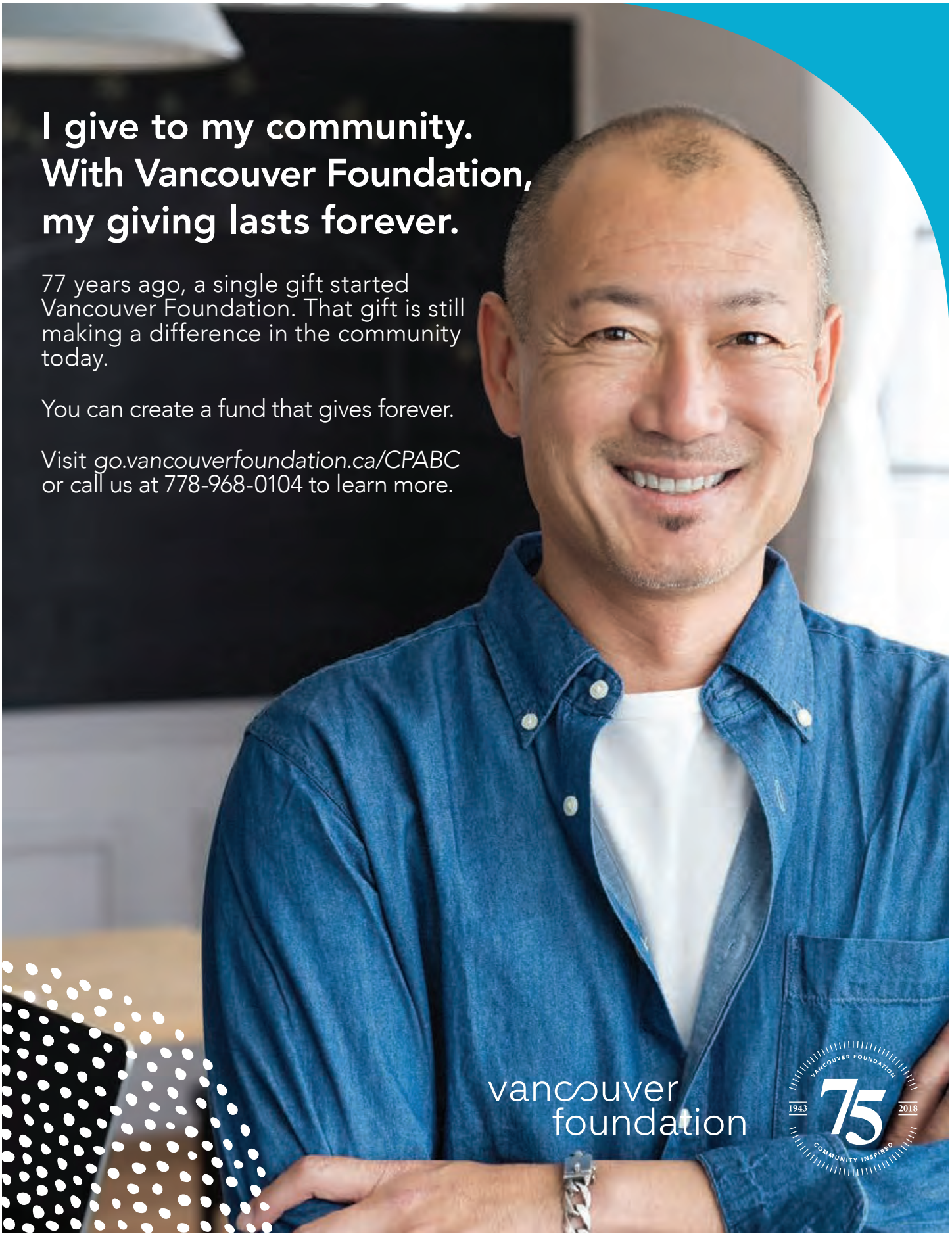
To my study buddies Denzel Laguerta and Jeffrey Koster: Thank you for spending those last few days systematically going through the *CPA Handbook* and for challenging me throughout the summer.

Lastly, to my various mentors and supervisors thus far—Kevin Johnston, CPA, CA; Nolan Blackie, CPA, CA; Rob Chalhoub; Helen Zhu, CPA, CA; and Harsimran Sangha: Thank you for pushing me to new limits, believing in me, and inspiring me to work hard and remain focused.

Any advice for future CFE writers? I'd advise all writers to adopt a questioning mindset and apply their knowledge to different scenarios. And for those who aren't able to take a significant amount of time off to prepare for the CFE, I'd say start studying early and be sure to create a solid, non-negotiable study schedule. ■

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CPABC's Indigenous Strategy:
Building for a Stronger, More Inclusive Future

By Lori Mathison, FCPA, FCGA, LLB



Moon logo by Robert Mearns, commissioned by CPABC in February 2020.

During our recent Member Engagement Tour (MET), CPABC board chair Geoff Dodds, CPA, CA, shared CPABC's Indigenous strategy with members. I would like to take this opportunity to provide an overview of the strategy to those of you who were unable to attend the MET.

As CPABC is the only regulator and educator of professional accountants in the province, part of our core mandate is to deliver sufficient and appropriately skilled CPAs to meet market demand—now and in the future. This is one of the primary goals of our three-year rolling strategic plan. In support of this goal, we are continually working to enhance the attractiveness and accessibility of the profession to appeal to a broad cross-section of our diverse society, including Indigenous peoples and new Canadians.

"Our Indigenous strategy is built on the core principle that CPABC protects the public by ensuring that the skills of a CPA are accessible to all communities and that the CPA profession reflects the diversity of the communities we serve."

Increasing Indigenous representation in the profession has been a priority for CPABC since its inception, with discussions starting at the board level shortly after proclamation of our legislation in 2015. And it is a goal that aligns with the policy direction of the BC government; in November 2019, British Columbia became the first jurisdiction in Canada to pass legislation that brought provincial laws in line with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).[1]

To support this goal, CPABC is developing a multi-phase strategy in collaboration with relevant partners. In developing this strategy, we have adopted the following guiding principles:

- We must include Indigenous perspectives and views in the creation and execution of the strategy;
- The strategy must be built on respectful and trusting relationships;
- We must foster collaboration and partnerships; and
- We must learn, unlearn, and relearn.

Our Indigenous strategy is built on the core principle that CPABC protects the public by ensuring that the skills of a CPA are accessible to all communities and that the CPA profession reflects the diversity of the communities we serve.

[1] Simon Little, "British Columbia Becomes 1st Canadian Province to Pass UN Indigenous Rights Declaration," November 26, 2019, globalnews.ca.

Our working hypothesis is that Indigenous peoples are underrepresented in the CPA profession. To find out if others agree, we've asked members, Indigenous people, and representatives of government and other organizations the following three questions:

1. Do you think that Indigenous peoples are underrepresented in the CPA profession?
2. Do you believe financial management capacity is important to Indigenous nation-building and self-determination?
3. Do you feel there is an adequate number of Indigenous students enrolled in finance and accounting programs?

Overwhelmingly, their answers have been the same: Yes, yes, and no. (This was also the case when we asked these same questions of the general membership during the 2020 MET.)

We also tested our hypothesis by asking members to voluntarily self-identify their Indigenous heritage during our dues renewal process in 2020. While Indigenous peoples represent almost 6% of BC's population, less than 0.5% of CPABC's membership and just over 1% of candidates and students self-declared as Indigenous. While these results support our hypothesis, it's important to note that they don't paint an entirely accurate picture. Almost half of the respondents who self-identified as Indigenous in 2020 lived outside of Canada, and their responses were excluded from the total count because we could not ascertain if they were Indigenous to Canada. Additionally, because this request was put forward through the dues renewal process, members who were exempt from dues in 2020 did not have the opportunity to identify as Indigenous; nor did new members, registering for the first time.



> "The long-term goal of CPABC's Indigenous strategy is to increase the number of Indigenous students obtaining their CPA. Further research and consultation with Indigenous partners ... will enable us to understand and set an appropriate target number for Indigenous representation in the profession."

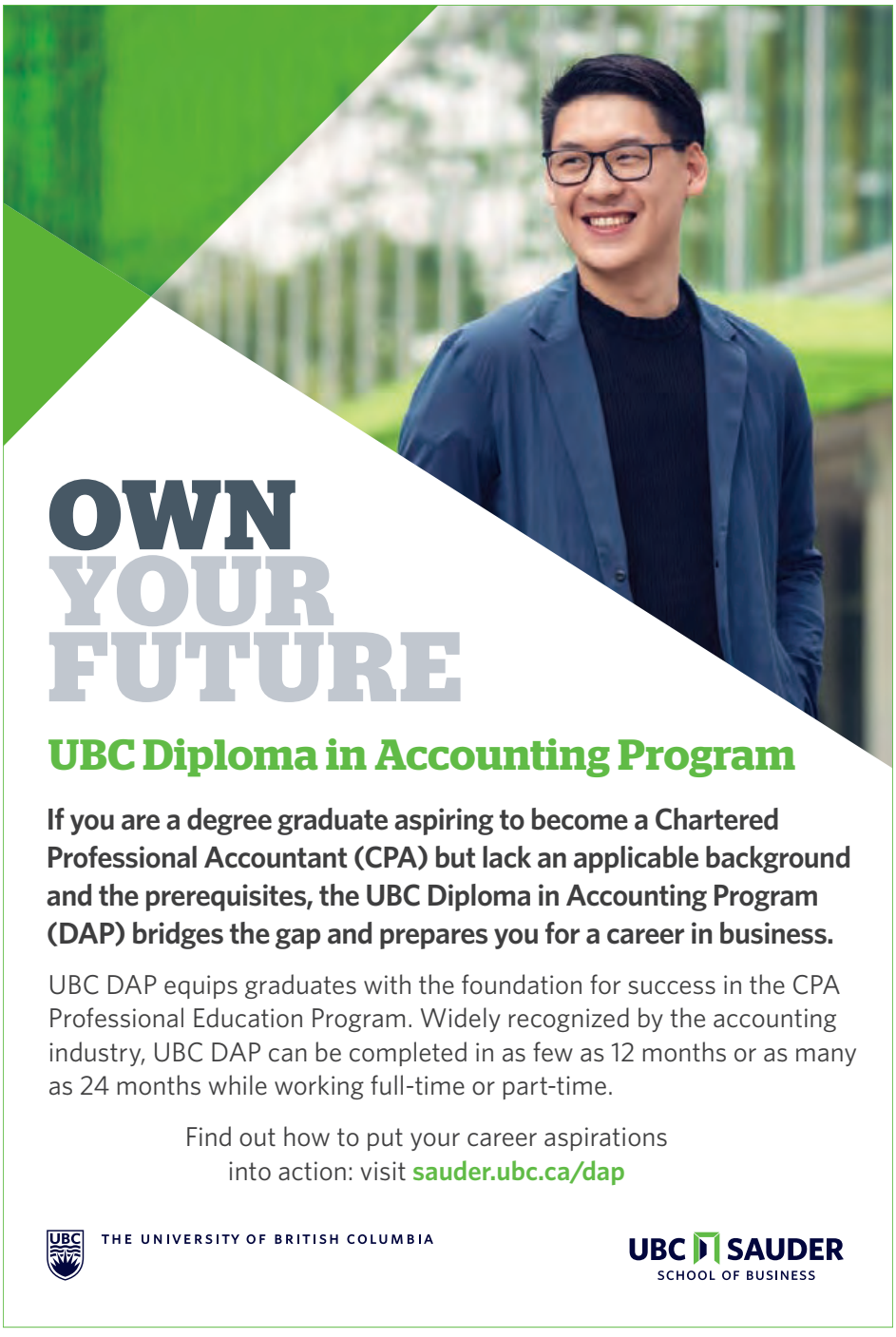
Recognizing these limitations, we're revisiting the self-declaration process to see if we can generate a more accurate picture in 2021. Nevertheless, we still believe our working hypothesis is sound. In addition to the self-declaration results, preliminary research has shown that there may be some systemic barriers to the inclusion of Indigenous peoples in the CPA profession. We also understand that both the provincial Ministry of Advanced Education and Skills Training and the provincial Ministry of Education are very supportive of our efforts to increase Indigenous representation.

The long-term goal of CPABC's Indigenous strategy is to increase the number of Indigenous students obtaining their CPA. Further research and consultation with Indigenous partners such as the Aboriginal Financial Officers Association of BC (AFOA BC) will enable us to understand and set an appropriate target number for Indigenous representation in the profession. The short- and medium-term goals in support of CPABC's Indigenous strategy include:

- Raising awareness and excitement among Indigenous students of the value of going into business and finance;
- Raising awareness among Indigenous students of the value of earning a CPA designation; and
- Collaborating with Indigenous communities to demonstrate a CPA's value in building financial management capacity and in strengthening governance processes overall.

Collaboration and consultation are top of mind as we continue to build our strategy. On December 5, 2019, we signed a memorandum of understanding with AFOA BC stating that we will support each other in increasing financial awareness and paths to the profession for Indigenous peoples and communities. We are also collaborating with CPA Canada and consulting and/or looking to partner with other organizations such as Métis Nation BC, the First Nations Financial Management Board, and post-secondary institutions in BC, as well as with our members, candidates, and students, as we develop initiatives to further our strategy.

Continued on page 35





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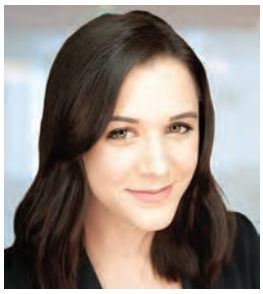

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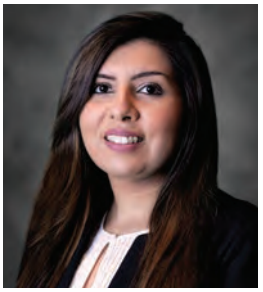

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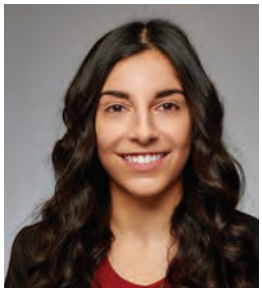

Nimisha Sharma



Patricia Arrais do Rosario



Phebe Kwok



Rene Grewal



Sharlene Kumar

Not pictured:
Reece Mecham



Juliana Silva



Thomas Den Hartog



William Yang

BDO congratulates our successful CFE writers

We are pleased to recognize our British Columbia employees who passed the Common Final Examination (CFE). This is a significant step towards becoming a Chartered Professional Accountant in Canada. We congratulate you all for your hard work and determination, and look forward to your further achievements as valuable members of our team.

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We are taking a flexible approach that can be refined as additional data, information, and research becomes available. It consists of the following three phases, which will overlap and inform each other:

- **Phase 1** is already underway, and it involves research, consultation, and pilot projects focused on building awareness of the value of the CPA designation. Our various pilot activities will help identify successful initiatives, inform how these initiatives should evolve, and determine whether they should be operationalized as a way to support Indigenous students and members.
- We expect to start **Phase 2** in 2021, with a focus on additional research and specific efforts to support Indigenous candidates, students, and prospects.
- In **Phase 3**, we plan to rethink barriers and accessibility as we examine the profession's role vis-a-vis UNDRIP, the Truth and Reconciliation Commission of Canada, and the National Inquiry into Missing and Murdered Indigenous Women and Girls.

As noted, Phase 1 is currently underway, and we are continuing to gather information and seek out collaborative partners. In addition, we are developing new recruitment material focused on Indigenous values to help us connect with prospective prospects and communities. One example of this targeted branding is a logo designed by Indigenous web and graphic designer Robert Mearns (shown right and on page 28). Commissioned by CPABC in February 2020, the logo depicts the full moon, which is "credited with providing direction, vision and guidance."[2]

At the time of this writing, we're also planning a virtual event that will connect Indigenous community members and Indigenous students who are interested in business with faculty liaisons, business leaders, employers, and other relevant organizations.

[2] See **first-nations.info**.

CPABC's Board of Directors is enthusiastically leading our Indigenous strategy to ensure that the CPA profession will have a positive impact for generations to come. ■

Lori Mathison is the president & CEO of CPABC.

Want to get involved?

If you'd like to contribute to CPABC's Indigenous strategy, visit our Volunteer Resource Centre at **bccpa.ca/volunteer** to express your interest.



Congratulations!

To our successful 2020 CFE writer in taking her career to new heights! We welcome Breanne to our leading team of CPAs and business advisors.



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The Fight Continues

An update on anti-money-laundering initiatives

By Jessica McKeachie



sesame/DigitalVision Vectors/Getty Images

Note to readers:
Much has happened since we published "The Fight Against Money Laundering" in our March/April 2020 issue. Here, Jessica McKeachie, CPABC's senior advisor, public interest, provides an update on her earlier article, with a particular focus on the impact of COVID-19.

What a difference a year makes. From the local level to the global stage, the COVID-19 pandemic has led to extraordinary challenges and tragic consequences over the past 12 months. And, unfortunately, while the world continues to grapple with these circumstances, it must also respond to the continued and evolving threat of money laundering and the new risks and vulnerabilities arising from COVID-19.

Pandemic money laundering

As we all try to navigate the strange new reality brought on by the pandemic, criminal organizations and actors engaged in money laundering are also adapting—finding new ways to launder money and, in some cases, moving on to other illegal activities.

According to the Financial Action Task Force (FATF), a global money laundering and terrorist financing watchdog, an "increase in COVID-19-related crimes, such as fraud, cybercrime, misdirection or exploitation of government funds or international financial assistance, is creating new sources of proceeds for illicit actors."[1] The provincial and federal governments' responses to the pandemic, ranging from social assistance and tax relief initiatives to travel restrictions and increased procurement of medical supplies, have also unintentionally provided criminals with new opportunities to generate and launder illicit proceeds.

[1] FATF (2020), *COVID-19-Related Money Laundering and Terrorist Financing – Risks and Policy Responses*, **fatf-gafi.org**, Paris, France, May 2020 (4).

Here are some of the most commonly reported activities:

- **Fraud –** While impersonating officials with the intent to illegally obtain personal banking information or cash is nothing new, the narrative has evolved. Criminals are capitalizing on the increasingly digital/remote work environment to make their stories seem more credible.
- **Cybercrime –** The public's anxiety about COVID-19 has given criminals new opportunities to trick unsuspecting individuals into clicking on malicious links or opening weaponized attachments. For example, the World Health Organization says it is aware of fraudulent emails and mobile messages being sent in its name to lure individuals into situations that require them to share their user names and passwords.[2]
- **Human trafficking and exploitation of workers –** The FATF notes that as government agencies are forced to reduce or suspend in-person activities, and as the economy slows and unemployment and financial insecurity increase, we risk seeing a correlative increase in human trafficking and worker exploitation.[3]

[2] World Health Organization (WHO), "Beware of Criminals Pretending to be WHO," **who.int/about/communications/cyber-security**. Accessed December 3, 2020.

[3] FATF (8).

It's important to note that not all unusual transaction activities are fraudulent. The pandemic has forced us to create new ways of doing things, and some atypical patterns may be the result of legitimate needs to access financial services. However, others may not be, which is why added vigilance is needed.

To help provide clarity, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) detailed some characteristics of potentially suspicious transactions in a special bulletin on COVID-19, published in July 2020.[4] Here are just a few examples:

- Transaction activity that is not in line with a client's financial profile.
- Large currency exchanges for unclear or implausible purposes (e.g., international travel during a pandemic).
- Large cash deposits where the source of funds is unclear or implausible.
- Transactions deemed unlikely given a business's profile and the anticipated impact of the COVID-19 pandemic on the operating model.
- Unusual or suspicious transactions involving the sale or procurement of medical equipment that's in high demand due to the pandemic.
- Large cash withdrawals by individuals, as they may be victims of crime themselves.

[4] FINTRAC, *Special Bulletin on COVID-19: Trends in Money Laundering and Fraud* (20/21-SIRA-006), July 2020. (**fintrac-canafe.gc.ca**)

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Congratulations to our successful 2020 CFE writers

We celebrate your understanding, dedication and perseverance. 2020 meant no study cohorts, no in-person support from your peers, and sequestering yourself in a hotel room to write the exam. Bravo on your success! You have earned it!

Soon to be accredited as CPAs, our rising talent includes:

Michelle Aghamohseni
Farah Arifin
Ali Asadi
Chanel Bellefeuille
Atefeh Biglar
Michael Bitcon
Leah Brulotte
Kimmie Chan
Wendy Chen
Arsh Dhatt
Kayla Feltan
Gustavo Franca
Zoe Gu
Agnes Ho
Tom Ito
Justine Johl
Colin Lam
Janet Lam
Josh Langhans
Quinn Li
Yangkai Li
Sarah Liu
Mary Ma
Taylor Mackie
Sarah Maijol Mahap
JJ Meakings
Samantha Nguyen
Mirela Oliveira
Jacob Pawer
Stephanie Pospiech
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Yianni Sakarellos
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Mary Soo
Ashley Su
Sophie Sun
Stephanie Tang
Amber Tariq
Manveer Tatla
Jimmy Tse
Ena Wong
Francine Xia
Jennifer Yip
Amber Zhang
Gavin Zhang



A special recognition to **Justine Johl**, who placed on the National Honour Roll.

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Insights from FINTRAC:

How money is laundered

FINTRAC defines money laundering as a three-stage process:*

1. **Placement:** Criminals put the proceeds of crime ("dirty" money) into the financial system.
2. **Layering:** They then "launder" the dirty money through a variety of transactions (buying property, for example) to hide the money trail and the various players.
3. **Integration:** Lastly, they place the laundered ("clean") money into the economy to make their business seem legitimate.

Top 5 offences connected to money laundering

In its 2019-2020 case disclosures, FINTRAC identified the following crimes as the top five generators of dirty money:**

- Drugs: 31%
- Fraud: 30%
- Tax evasion: 14%
- Crimes against persons: 9%
- Human smuggling/trafficking: 8%

* FINTRAC, *Annual Report 2019-20* (6). (**fintrac-canafe.gc.ca**)
**Ibid (10).

chrisboy2004/iStock/Getty Images

INNOVATIVE CAPITAL PROTECTION
UNCOMMON SOLUTIONS

FINTRAC notes that these examples are not necessarily evidence of money laundering and says they must be examined in conjunction with other risk factors.

Anti-money-laundering regulatory amendments relevant to CPAs

Just as the pandemic has created new opportunities for criminals to exploit the system, it has also provided a reminder that CPAs must remain vigilant in their efforts to detect and report possible instances of money laundering and other financial crimes.

In my earlier article, I mentioned that the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) requires accountants and accounting firms to help combat money laundering and terrorist financing in Canada by meeting specific compliance, reporting, and record-keeping requirements. It's important to note that a number of new regulatory amendments will come into force on June 1, 2021, that will affect CPAs who are subject to PCMLTFA. For example:

- Beneficial ownership obligations will be extended to all reporting entities, including CPAs;
- The obligations of politically exposed persons will be extended to all reporting entities, including CPAs; and
- Virtual currency obligations will be extended to all reporting entities, including CPAs.

More information about the new amendments and CPAs' obligations under the PCMLTFA can be found on CPABC's new anti-money-laundering resources page at **bccpa.ca/aml**. (You can also expect this page to be updated as new information becomes available.)

Additionally, CPAs need to be aware of the two new beneficial ownership registries created in BC in 2020. At the time of the previous article's writing, the legislation had been passed but the registries were not yet operational. They now are. Effective October 1, 2020, BC companies are required to keep and maintain transparency registries, in accordance with legislative changes made to the *Canada Business Corporations Act*.[5]

The two beneficial ownership registries created in BC in 2020 are now operational.

And effective November 30, 2020, anyone applying to register an interest in land is required to make a disclosure filing under the *Land Owner Transparency Act*.[6] These registries are designed to enhance transparency and end hidden ownership in BC's business and real estate sectors.

Commission of Inquiry into Money Laundering in BC

As mentioned in the March/April 2020 issue, the provincial government created the Commission of Inquiry into Money Laundering in British Columbia (the Cullen Commission) in the spring of 2019 to take a deep dive into the issue of money laundering, with public hearings slated to start in February 2020. Hearings were subsequently held in late spring/early summer and late fall, and they will continue through early 2021.

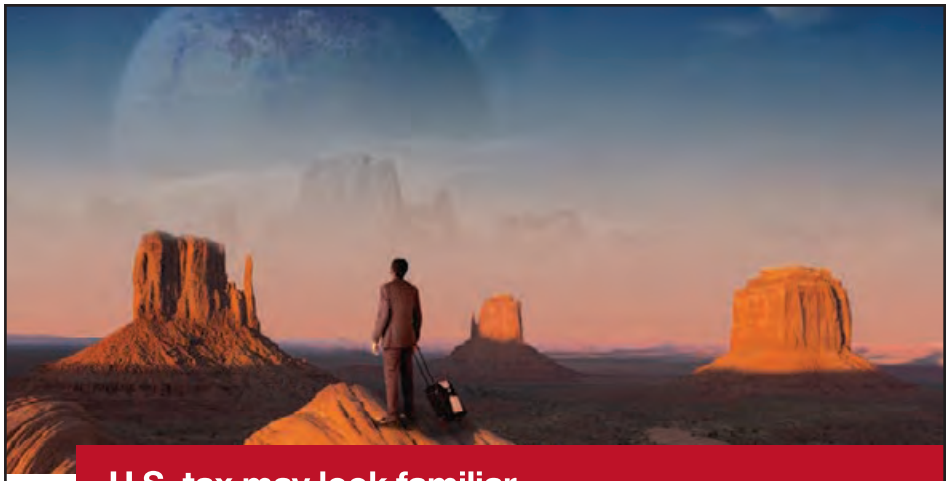
The accounting profession, represented by CPABC and CPA Canada, is scheduled to appear in January, and at the time of this writing in December 2020, we're expecting to address questions about the regulation of CPAs, the role of CPAs in Canada's anti-money-laundering regime, and, potentially, how our regime compares to those in other countries. These questions are similar to those asked of the legal profession when its representatives appeared before the Cullen Commission in November 2020.

The Cullen Commission is required to submit a final report by May 2021. We'll keep you updated as we learn more. ■

Jessica McKeachie is CPABC's senior advisor, public interest.

[5] Unlike the Land Owner Transparency Registry, there is no central registry under the *Canada Business Corporations Act*. Each company is required to keep its own registry. Details can be found at **gov.bc.ca**.

[6] The Land Owner Transparency Registry can be found at **landtransparency.ca**.



U.S. tax may look familiar, but it's the differences that count.

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Surviving Tax Season CPABC RRSP & Tax Tips

It's that time of year again—time for Canadians to start preparing their personal and corporate income tax returns. Here are some tips to help ensure that your clients, friends, and family file their 2020 returns correctly and make the most of their available tax credits. Included are some tax-planning considerations related to the COVID-19 pandemic. (For more downloadable CPABC infographics, visit **rrspandtaxtips.com**.)

1 MARK YOUR CALENDAR



RRSP Contribution Deadline for 2020 Tax Year

Filing Deadline for Personal Income Tax

Filing Deadline for Self-Employed Individuals

TWO WAYS TO FILE



Internet

Mail



DID YOU KNOW?

90%

of returns received from the 2019 tax year were filed electronically.

2 GATHER TAX SLIPS + RECEIPTS

Gather and organize your tax-related documents, such as your T4, donation receipts, etc.



COVID-19 Consideration: Did you receive the Canada Emergency Response Benefit (CERB)? If so, make sure to include it in your tax filing as it is a taxable benefit. The BC Emergency Benefit for Workers is tax-free.

3 UNDERSTAND THE DIFFERENCE



DEDUCTION
Reduces **taxable income** dollar for dollar

VS

CREDIT
Reduces **tax payable** dollar for dollar

If you didn't use all of your deductions or tax credits this tax year, you may be able to use them in the future! Visit **rrspandtaxtips.com** for more info.

4 GET EXPERT HELP



If you need help preparing and filing your return, hire a CPA. If you qualify as a low-income individual, you can receive assistance from a volunteer tax clinic, either virtually or in person. Search for "free tax clinics" at **canada.ca**.

Worked from home in 2020? You may be eligible for a tax deduction. Employees working from home due to COVID-19 are allowed to claim expenses up to $400 without the need to track detailed expenses.

6 DO YOU OWE MONEY?



If you owe money and have trouble paying, you should still file before the deadline to avoid penalties. To help pay your bill, consider a **pre-authorized debit** agreement with the Canada Revenue Agency (CRA).

This allows you to create a custom agreement with the CRA to spread your tax bill over a period of time. You can find more information by signing in to your CRA account or talking to a tax expert.

5 IF YOU GET A TAX REFUND

Consider contributing early to your RRSP or maximizing your TFSA! The earlier you put your money into your RRSP, the earlier you start making tax-free compounded earnings.



2021 TFSA CONTRIBUTION ROOM $6,000

RRSP contributions made in January and February 2021 count towards the 2020 tax year.

7 GET READY FOR 2021

Understanding the changes for the coming tax year can help you prepare for the year and reduce the taxes you may owe.



COVID-19 Consideration: Keep an eye on this year's tax deadlines and updates. Many deadlines were deferred in the 2019 tax year as a result of the pandemic. Depending on the situation, deadlines for the 2020 tax year may shift as well. Learn about the latest tax changes by visiting the CRA website or **rrspandtaxtips.com**.

Tax rules relating to these tips are complex. This is not intended as tax advice. You should not make tax decisions based solely on the information presented in these tips and should seek the advice of a CPA or other professionals before implementing a tax plan or taking a tax filing position.

Bringing Racial Diversity to Corporate Canada

By Agapi Gessesse



Agapi Gessesse is an award-winning change-maker committed to community development. Born and raised in Toronto by a refugee mother from Ethiopia, Agapi was inspired by her lived experience to obtain a degree in social justice and speak and write on topics such as anti-Black racism, workforce development, and youth engagement. She currently serves as the executive director of CEE Centre for Young Black Professionals, where her myriad responsibilities include fundraising, social enterprise management, and co-ordinating the youth leadership program. Photo by Danny Sedore.



PeopleImages/E+/Getty Images

Agapi Gessesse presented a plenary session on this same topic at CPABC's Diversity, Equity, and Inclusion Insights Nexus conference on November 26, 2020. If you were unable to attend this virtual event, be sure to listen to her podcast episode "Actionable strategies to increase workplace diversity," part of our "Coffee Chats with CPABC" podcast series (see **bccpa.ca/news-events/cpabc-podcast**). The original version of this article appeared in our Newsroom at **bccpa.ca/newsroom.**

The Black Lives Matter movement, which calls for an end to white supremacy and the correlative violence inflicted on Black communities, and champions the inclusion and representation of Black people at all levels of society, sparked an array of promises from major corporations across the world when protests began in the United States in 2013. As the movement gathered momentum, many corporations vowed to make their enterprises more inclusive and diverse in representation. However, recent developments related to, and revelations about, systemic racism[1] have underscored the importance of going beyond words and committing to proactive measures.

These reactive corporate pledges weren't fully informed, and most calls to action rang hollow, distanced as they seemed to be from the actual cause. Doing something simply for the sake of it, without having a genuine urge to dismantle discriminatory attitudes, leads to a brick-wall status quo that momentarily gets masked by the noise of apparent hustle. Social injustice cannot be tackled through superficiality.

[1] Systemic racism refers to the fact that white supremacy is embedded in our society's structural and institutional operations. See: Rebecca Gao, *Chatelaine*, "What Is Systemic Racism?" July 2, 2020, **flare.com**.

Diversity is still a distant reality

An analysis of leading corporations leads to the evident conclusion that diversity is still a distant reality. A recent study carried out by the Diversity Institute at Ryerson University, which reviewed 9,843 individuals on boards of directors across five sectors in eight Canadian cities,[2] revealed that only 10.4% of board positions were occupied by racialized people,[3] even though racialized people formed 28.4% of the population in the eight cities analyzed.[4]

Representation was lowest in the corporate sector, where only 4.5% of the posts were occupied by racialized people. The study also found that only 13 of all 1,639 corporate board members were Black.[5] This statistical evidence clearly lays out the disparity in board selection.

To create a level playing field for all capable candidates in the corporate sector, irrespective of their race, we need to put action behind the statements made publicly by corporate leaders. Corporate commitments must be sturdy, unwavering, and—most importantly—genuine.

[2] Diversity Institute at Ryerson University, *Diversity Leads – Diverse Representation in Leadership: A Review of Eight Canadian Cities*, August 2020, **ryerson.ca/diversity**. The five sectors were the corporate sector; agencies, boards, and commissions at the municipal and provincial level; hospitals; the voluntary sector; and the education sector.

[3] *Diversity Leads 2020*. From page 104: "As the Ontario Human Rights Commission states, the use of 'racialized person/group' is preferred to the outdated and inaccurate 'visible minority' (which sets white or Caucasian as the norm, identifying people based on those who are visibly different from that norm, and indicates that the group is smaller or fewer in number, which is not always the case), as it instead recognizes race as a social construct."

[4] Ibid.

[5] Diversity Institute at Ryerson University, "Black Leaders Are Nearly Non-Existent on Canadian Boards According to Ryerson's Diversity Institute's New Study of Canadian Board Diversity," **newswire.ca**, August 6, 2020.



Congratulations to our successful 2020 CFE writers

The Office of the Auditor General of B.C. is pleased to congratulate its two CPA candidates on their successful completion of the CPA Common Final Exam (CFE).

"At even the best of times, studying for and writing the CFE is incredibly challenging. But to do so in such unprecedented circumstances, well, that is truly a monumental achievement. Job well done, Michael and Alex!" - Michael Pickup.

This is the fourth consecutive year the Office of the Auditor General has had a 100% pass rate in its CFE program.

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"It is essential to understand that diversity and inclusion are not favours that you're providing to minorities—they're not a means to check boxes and place anyone available into particular roles. Instead, they're opportunities for you as an organization to leverage profits."

Start now, start here

There are a few steps businesses can take to start ensuring substantive diversity in their establishments:

1. **Structural checks.** These are of prime necessity and include internal audits to check pay equity, the number of BIPOC (Black, Indigenous, and people of colour) individuals who have applied for promotions internally, and their ratio of success in seeking promotions.
2. **An honest assessment.** You also need to assess how far your organization will go to ensure equity in the workplace and how much of a change management is willing to make. Be honest with yourself in this assessment, because unrealistic expectations are not going to do any good.
3. **Robust communication.** A robust system of communication with your employees is needed to complement these efforts—a system that is marked by approachability. You must ask your employees what they think you're doing well and must continue to do to contribute to diversity and inclusion in the workplace.
4. **Employee consultation.** Finally, follow these actions up by asking employees to suggest what you should start doing to mould an inclusive environment—and what you should stop doing. By engaging in meaningful and constructive discussions about the good and bad in your organization's management style, you will get the organization and leadership to work in the right direction. Be open to frank discourse.

Diversity is not a favour—it's an opportunity

It is essential to understand that diversity and inclusion are not favours that you're providing to minorities—they're not a means to check boxes and place anyone available into particular roles. Instead, they're opportunities for you as an organization to leverage profits. In fact, in a 2018 study, Boston Consulting Group found that organizations with diverse leadership were 19% more profitable than those that were not.[6,7] In short: Diversity and inclusion benefit your bottom line.

Research also shows that inclusive teams make decisions twice as fast as less inclusive teams, and in half the number of meetings.[8] They also make better business decisions up to 87% of the time.[9] These benefits cannot be overlooked.

Don't worry about "cancel culture"

In the process of cleaning up systemic racism and creating an inclusive workplace, corporate Canada needn't be afraid of "cancel culture."[10] If you're going to stand up for what's right, you needn't worry about the differing opinions that your business partnerships may have about your approach to diversity and inclusion, nor should you let this concern drive your conscious decisions. Aside from putting you on the right side of history, increasing diversity and inclusion in your organization will improve your bottom line, as evidenced by the stats in the previous section.

Incorporating the crucial steps and must-dos outlined earlier into the very fabric of your establishment will help you stay true to your strong commitment to diversity and inclusion in the workplace. Practices, coupled with efficient policies, are key to steering growth ahead, both in terms of profit and inclusivity.

Building diversity isn't a job for the underrepresented

In the effort to increase your organization's diversity, do not make BIPOC people your perennial sounding board for new initiatives or policies. Some of this work needs to be carried out by allies.[11]

Step into the shoes of the underrepresented and try to comprehend the difficulties they face—be it insecurity in the workplace, the stigmatizing sense of being part of a minor fraction of the workforce, the consistency with which their applications go into the "rejection" pile, or the invisibility that white culture thrusts onto them in each facet of the public sphere.

These problems were not created by BIPOC people—why then should the responsibility of teaching and clearing other people's minds of privileged prejudices fall on them alone? *The burden of racism is not BIPOC peoples' to bear.* Nor is it the responsibility of racialized people to undertake the work needed to make corporate Canada diverse and inclusive. ■

[6] Rocío Lorenzo, Nicole Voigt, Miki Tsusaka, Matt Krentz, and Katie Abouzahr, "How Diverse Leadership Teams Boost Innovation," January 23, 2018, **bcg.com**.

[7] Greater diversity at the leadership level has the added benefit of facilitating conversations about race, gender, and sexuality, because a more diverse leadership team is, by its very nature, more likely to be aware of these topics.

[8] Erik Larson, "New Research: Diversity + Inclusion = Better Decision Making At Work," **forbes.com**, September 21, 2017.

[9] Ibid.

[10] "Cancelling" and "cancel culture" refers to the practice of withdrawing support from public figures and/or companies in response to speech or behaviour deemed objectionable or offensive.

[11] Sheree Atcheson, "Allyship – The Key to Unlocking the Power of Diversity," *Forbes*, November 30, 2018, **forbes.com**



It doesn't matter where we work from, we're resilient.

We're very proud of our 62 successful writers of the 2020 Common Final Examination for Chartered Professional Accountants in BC. We can't wait to see what they'll achieve next.

Congratulations to **Daniel Kong** and **Lucas Lo** who both achieved a place on the National Honour Roll.

Mandeep Arora, Simran Arora, Eric Bleim, Carson Chan, Kelvin Chan, Keira Chapman, Christie Chau, Jasmine Chen, Joelle Cheng, Lawrence Cheung, Chelsea Choi, Steven Chou, Matthew Couldwell, Ricky Fu, Amreet Gill, Cara Giroday, Anna Hetherington, Elisa Homer, Anthony Hon, Ryan Isherwood, Achla Jha, Nick Johnston, Matthew Jutras, Shain Kahn, Uzair Kassim, Daniel Kong, Rahul Kumar, Nelson Kuttikadan, Alvin Lee, Adam Leonard, Luan Li, Jessica Liang, Lucas Lo, Selina Ma, Bo Macy, Ray Mao, Marie Meier, Matthew E. Morton, Naomi Nicholson, Nicole Noort, Ryan Quong, Sham Raja, Justin Randhawa, Zohra Rasooli, Michael Roth, Rahul Saini, Isher Sekhon, Aminpreet Sidhu, Brittany Southam, Charles Spencer, Alpesh Surati, Derrick Tan, Vanessa Tang, Anika Tsoulacos, Jonathan Wallace, Jeffrey Wang, Wendy Ying Wang, Jacqueline Webb, Julia Wong, Kit Wong, Cindy Zhang, Wade Zhang

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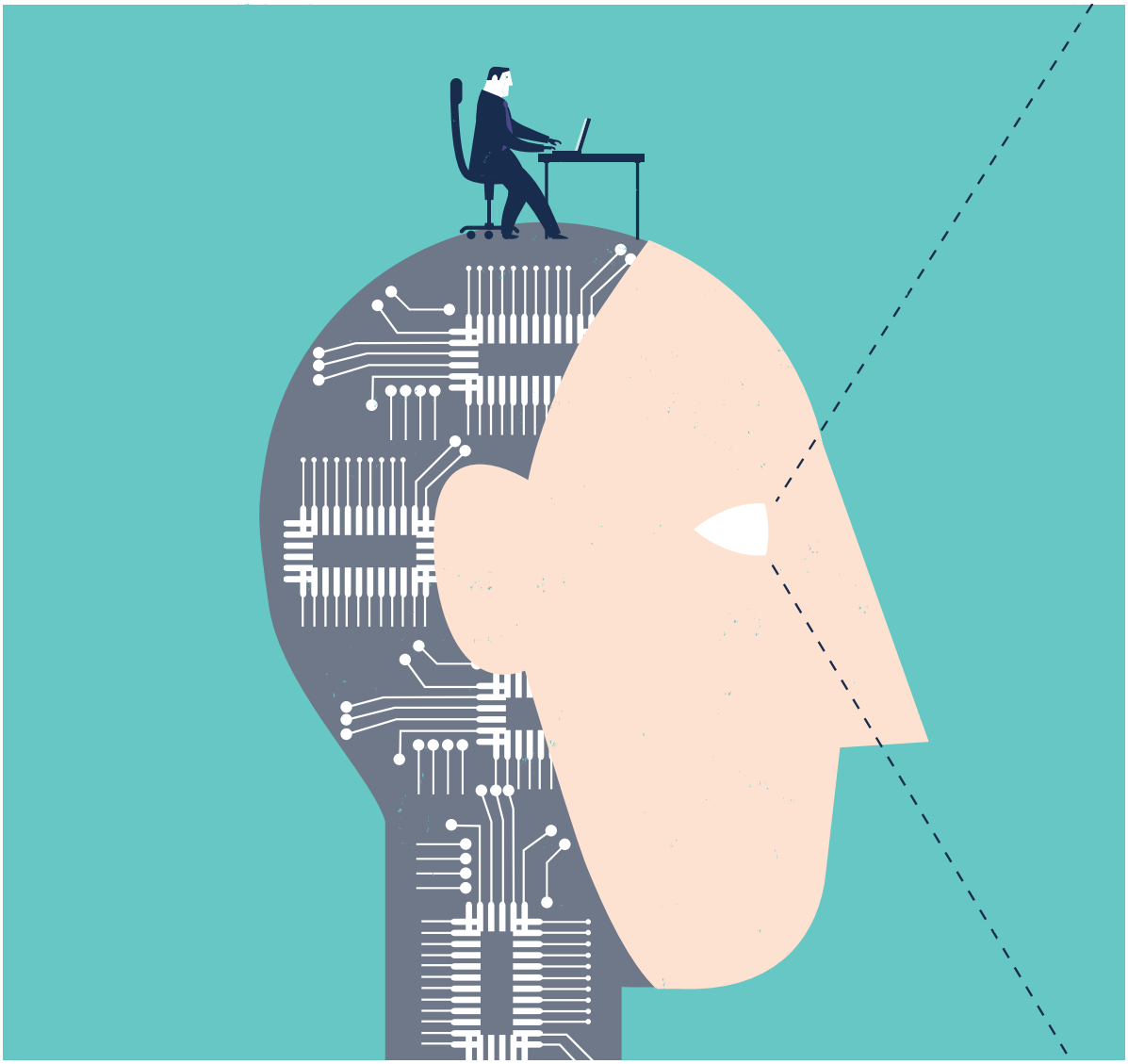
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Laura Friedrich is a principal at Friedrich & Friedrich Corporation, a research, standards, and professional education consultancy firm whose clients include global accounting bodies and professional regulators and educators. She also serves as a technical advisor to the International Ethics Standards Board for Accountants and presents on the topic of ethical leadership for CPABC's professional development program. Laura recently served as a presenter for CPABC's 2020 MET, providing an update on anti-money-laundering initiatives and the ethical obligations for CPAs.

CPAs and AI: Adding Value Through Ethical Leadership

By Laura Friedrich, FCPA, FCGA



kmlmtz66/iStock/Getty Images

Note to readers: In our July/August 2020 issue, Ward Blatch (a CPA, CA in Nova Scotia) applied an ethical lens to cybersecurity, email, and data protection.[1] In this article, Laura Friedrich, FCPA, FCGA, applies the same ethical lens to the area of artificial intelligence.

Imagine you start your workday by checking your voice messages and that one is from your boss, instructing you to perform a certain task. You complete the task and email her to confirm that you've received her message and finished the job. A few minutes later she replies, saying that she doesn't know what you're talking about—she didn't leave you a voice message, and she definitely did *not* want you to carry out that task.

Age of AI: From narrow to strong

Among its many capabilities, artificial intelligence (AI) has the ability to convincingly clone individual human voices (and faces, as seen in examples of deep fakes, or synthetic, AI-generated media). Voice-mimicking software is being used not only to generate the voices for virtual assistants and chatbots, but also to commit theft. In one incident, fraudsters cloned the voice of a senior executive and used it to instruct a managing director to transfer 220,000 euros to a secret bank account.[2]

We are currently moving from an age of narrow AI, in which AI can be programmed to operate in a predefined range to perform one specific task, to one of strong AI, in which AI has the ability to reason, make independent decisions, and more closely mimic human intelligence. As with any disruptive technology, AI provides not only significant opportunities but also significant challenges, including a number of ethical concerns.

How AI is being used in accounting and finance today

Automation software is known for its powerful ability to streamline work, taking over rote and repetitive tasks. In accounting and finance, AI is being used to enable increasingly accurate automated transaction processing (e.g., QuickBooks, OneUp), financial advising (e.g., Pefin, BMO Insights), cash flow and revenue forecasting (e.g., Intuit, Tesorio), and audit risk strategy evaluation (e.g., MindBridge). In the broader world, computer vision (how computers perceive the visual world), natural language processing, and deep learning are being used to develop new AI tools and systems that will soon be mainstream.

But with these advances and opportunities come concerns about trust and accountability. If AI is operating independently of humans and in a way that is too complex for us to understand or too opaque to be readily understood, should we trust the results? Or, more fundamentally, should we even embrace certain AI technologies in the first place? Consider, for example, the fact that facial analysis technology could be used to analyze employees' expressions to determine whether or not they agree with workplace policies.[3] Or, when AI systems learn from data sets, do we know if the data is accurate and representative, and if the resulting decision-making model is objective or biased?

CPAs and AI

As CPAs, most of us have a long way to go in becoming proficient in AI. Traditionally, we have been users of technology, not familiar with the intricacies of how it is built or how it operates. Comprehensive knowledge of AI is challenging to obtain unless you are willing to invest significant time to examine it in depth—time that most professionals don't have.

But as AI becomes more pervasive in our workplaces, what will our role as CPAs be? How will we add value and stay relevant?

[1] Ward Blatch, "The Ethics of Technology," *CPABC in Focus*, July/August 2020 (36-37). Newsroom version: **bccpa.ca/news-events/latest-news/2020/the-ethics-of-technology**.

[2] Drew Harwell, "An Artificial-Intelligence First: Voice-Mimicking Software Reportedly Used in a Major Theft," *The Washington Post*, September 4, 2019, **washingtonpost.com/technology**.

[3] Dave Zielinski, "Facial Analysis Technology in the Workplace Brings Risks," Society for Human Resource Management: July 9, 2020. (**shrm.org**)

The partners of Sander Rose Bone Grindle LLP would like to congratulate Janelle Sarvas on her successful completion of the 2020 CFE!



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"By serving as gatekeepers—watching for and mitigating risk, applying professional judgment, evaluating decision-making processes, and carefully scrutinizing data quality and analysis—CPAs can apply their expertise to AI to provide higher value than AI itself."

It's true that as CPAs we need to enhance our technical skills to use AI effectively and oversee the risks and opportunities it presents, but we also have core skills and capabilities we can refine in the context of AI. By honing our enabling competencies, such as critical thinking and professional skepticism, we can guide the organizations we work for and the clients we work with through the ethical challenges presented by AI.

Bringing value

The CPA enabling competencies, listed below, allow us to function as valued professionals in our increasingly complex environment, and we can use all of these competencies to help ensure that AI is being employed in an ethical manner.

- **Acting ethically and demonstrating professional values:** This includes building trust by applying professional judgment and professional skepticism in ethical decision-making.
- **Leading:** This includes managing risk strategically and building consensus toward an ethics-based organizational culture.
- **Collaborating:** This includes building inclusive relationships with colleagues and multidisciplinary teams to share knowledge.
- **Managing self:** This includes taking the initiative to build adaptability and resilience, and displaying intellectual curiosity.
- **Adding value:** This includes bringing creative approaches to the business context while encouraging sustainability.
- **Solving problems and making decisions:** This includes using analytical and integrative thought to manage change and make well-founded recommendations.
- **Communicating:** This includes communicating concerns, risks, and solutions.

In the current age of AI, we need to think more critically than ever before. While pursuing opportunities, we need to listen to, and use, our voice of caution and ensure that we're comfortable with data sources and data quality. As CPAs, we are trained to question and analyze, and this can be of huge value to organizations as they navigate this uncharted environment.

By serving as gatekeepers—watching for and mitigating risk, applying professional judgment, evaluating decision-making processes, and carefully scrutinizing data quality and analysis—CPAs can apply their expertise to AI to provide higher value than AI itself. In essence, we can be the humans who ensure that technology is making the right call.

Ethics front and centre

The *CPABC Code of Professional Conduct* (CPA Code)—particularly the fundamental principles therein—provides the guidance needed to ensure that CPAs lead in a manner consistent with our ethical obligations and the expectations of the public as we continue to drive value for organizations. When we face new and challenging situations, as with AI and its many applications, we need to turn to the CPA Code for ethical guidance.

As CPAs, we need to be as familiar with the CPA Code as we are with our other professional standards—just as we consult the *CPA Canada Handbook*, we need to be able to pick up the CPA Code and use it effectively and efficiently to guide decision-making and the organizations and clients we serve in an ethical and forward-thinking manner. ■

MORE FROM THIS AUTHOR/INSTRUCTOR

In addition to presenting the seminar "Ethics at Our Core" for CPABC's PD program on January 21, 2021, Laura will be presenting "Ethical Leadership in an Age of AI" on February 10. Visit **pd.bccpa.ca** for details.

You can also check out her recent podcast on ethics and AI—it's part of our "Coffee Chats with CPABC" podcast series (see **bccpa.ca/news-events/cpabc-podcast**).

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Cody Adam is a senior tax manager at D&H Group LLP Chartered Professional Accountants in Vancouver, where he works with clients on tax planning, corporate reorganizations, estate planning, and disputes with the Canada Revenue Agency on income tax matters.

The Nuances of the Gross Negligence Penalty

By Cody Adam, CPA, CA



Andrii Yalanskyi/iStock/Getty Images

The Canada Revenue Agency (CRA) is assessing the "gross negligence penalty" with increasing frequency in income tax disputes, and a recent Tax Court of Canada case highlights some important considerations for taxpayers and their advisors. Here's a quick review of some issues of concern.

The penalty

Canada's *Income Tax Act* allows the CRA to assess a gross negligence penalty to a person who knowingly, or under circumstances amounting to gross negligence, makes a false statement or omission in a tax return. The penalty is generally equal to $100 or 50% of the tax avoided—whichever is greater. Arrears interest charges also apply to both the additional tax assessed and the penalty amount, which adds to the cost.

Determining whether a taxpayer was grossly negligent is an objective test that compares the behaviour of the taxpayer to that of a reasonable person. However, the courts have held that the term "knowingly" should be interpreted to include both actual knowledge and *wilful blindness*, and determining whether a taxpayer was wilfully blind in making a false statement or omission is a subjective test that requires proof of awareness. As noted in *Wynter v. Canada*, wilful blindness may be construed as deliberate ignorance: "A taxpayer is wilfully blind in circumstances where the taxpayer becomes aware of the need for inquiry but declines to make the inquiry because the taxpayer does not want to know, or studiously avoids, the truth."[1]

[1] *Wynter v. Canada*, 2017 FCA 195 at paragraph 13 (CanLII), **http://canlii.ca/t/h6cgm**, retrieved on November 23, 2020.

Burden of proof

The onus of proof for a gross negligence penalty is on the Minister of National Revenue. As per the Federal Court of Appeal, "In assessing the penalties for gross negligence, the Minister must prove a high degree of negligence, one that is tantamount to intentional acting or an indifference as to whether the law is complied with or not."[2] The courts have consistently held that this is a heavy burden.[3] If insufficient facts are presented, the penalty will be cancelled.

According to CRA policy, when proposing to assess a gross negligence penalty, auditors should prepare a penalty recommendation report that contains a complete summary of all supporting facts. This report can usually be obtained directly from the CRA auditor during an audit's proposal stage. Alternatively, a copy can be obtained through the *Access to Information Act*.

It is good practice to request a copy of the penalty recommendation report whenever a gross negligence penalty has been proposed. The report can provide many details needed to respond to a penalty proposal during an audit, and (if necessary) to support an objection through the CRA appeals process and/or through the courts.

Hansen v. The Queen, 2020 TCC 102

The case of *Hansen v. The Queen*,[4] which centres on the practice of house-flipping and whether a taxpayer was grossly negligent in failing to report the sale of real estate, illustrates how challenging it can be for the Minister to prove negligence.

Mr. Hansen and his spouse Ms. Weiland purchased (or built), lived in, and sold five homes in Ontario between 2006 and 2012. The couple met with a chartered professional accountant annually to prepare their personal income tax returns and notified the CPA of their real estate transactions, including the rationale for sales and their intention with respect to each home. At trial, the CPA testified that the couple had indeed consulted him about their real estate transactions each year; he further told the Court that after reviewing the real estate transaction details and considering the couple's situation, he had advised the couple that these transactions did not need to be reported on their personal tax returns, due to the CRA administrative policy for principal residence exemption dispositions in force for the tax years in question.

[2] *Zsoldos v. Canada (Attorney General)*, 2004 FCA 338 at paragraph 21 (CanLII), **http://canlii.ca/t/1j269**, retrieved on November 23, 2020.

[3] See, for example, *Corriveau v. The Queen*, 1999 CanLII 523 (TCC) at paragraph 24, **http://canlii.ca/t/1c5hs**, retrieved on November 23, 2020.

[4] *Hansen v. The Queen*, 2020 TCC 102 (CanLII), **http://canlii.ca/t/j9mz0**, retrieved on November 23, 2020.





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At issue: In auditing Mr. Hansen,[5] the CRA reassessed the principal residence exemption dispositions (five in total) as having occurred on income account, which meant that the principal residence exemption did not apply and the dispositions should have been reported on their personal income tax returns.

The Court first had to consider whether the Minister was entitled to reassess the first three dispositions beyond the normal reassessment period, because more than three years had passed since the original notices of assessment had been issued for the tax years in question. The statute of limitations contains its own negligence test, one that differs from the gross negligence test, so the Court had to consider both when making its determination, ultimately ruling that Mr. Hansen was not negligent in failing to report the dispositions. The Court stated that the reporting omission was not a negligent misrepresentation because Mr. Hansen had consulted and followed the advice of a tax professional. Accordingly, the Court said the CRA was not allowed to reassess the tax years in question beyond the normal period and cancelled the reassessments for the first three dispositions.

With regard to the two remaining dispositions, however, the Court determined that the remaining properties had been sold on income account and not capital account, with income tax payable because the principal residence exemption does not apply to dispositions on income account. The final issue then, was whether the gross negligence penalty was applicable to the tax owing on these two unreported transactions. The Court found that Mr. Hansen had not knowingly (either in fact or from wilful blindness) made a false statement or omission on his returns, because he had honestly believed he was correctly reporting his income. The Court pointed out the fact that Mr. Hansen had sought advice from, and provided complete information to, his CPA, and noted that this behaviour contrasts with situations of wilful blindness.[6]

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The burden then fell on the Minister to establish that the conduct "represented a marked and substantial departure from the conduct of a reasonable person in the same circumstances."[7] The Court ruled that the Crown did not meet this burden of proof, because it did not prove that Mr. Hansen had intentionally misreported his income, nor that he'd acted with disregard for the law. Once again, the Court noted that Mr. Hansen's professional tax advisor, equipped with all the relevant information, had advised him that he did not need to report the transactions on his personal tax return under current CRA administrative policy.

The Court concluded that Mr. Hansen's behaviour was consistent with that of a reasonable person and noted that "even if Mr. Hansen's conduct was consistent with two viable and reasonable hypotheses, one justifying the penalty and one not, the benefit of the doubt must be given to the taxpayer and the penalty must be deleted."[8]

Therefore, the Court ruled that the gross negligence penalties were not applicable to Mr. Hansen.

Takeaways

Mr. Hansen had considerable success in his case: He avoided tax reassessments on three out of the five dispositions and gross negligence penalties on all five. He achieved this success because he filed his tax returns in a timely manner and sought professional advice on the correct reporting of his income in his tax returns. Mr. Hansen provided his professional advisor with complete information, and his advisor provided him with advice—facts that could be demonstrated to the Court.

Being able to establish that a person sought advice from a qualified tax advisor when filing their tax return is one way to demonstrate that they acted reasonably, and it could be critical to success in disputing a gross negligence penalty. ■

5 Although the couple jointly owned the properties in question and the testimony considered the behaviour of both individuals, this case focused on the reassessments of Mr. Hansen's returns. He was the sole appellant.

6 *Hansen v. The Queen* at paragraph 125.

7 Ibid, at paragraph 126.

8 Ibid, at paragraph 129.

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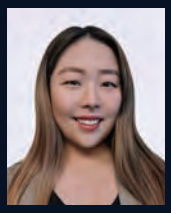
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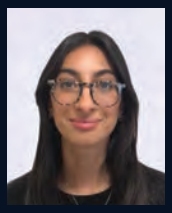

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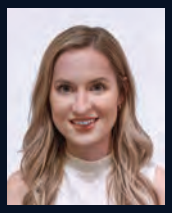

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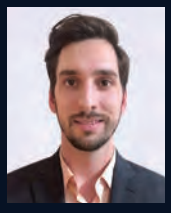

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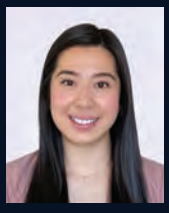

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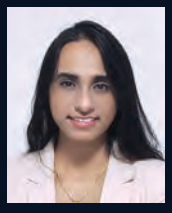

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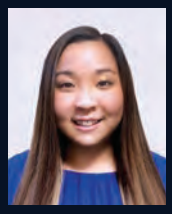

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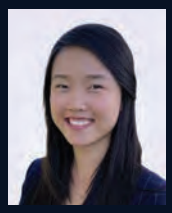

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PD EXPERTS



Dan Eisner is an employee benefits advisor with ZLC Financial in Vancouver, where he works with human resources and finance professionals to create proactive, creative, and innovative employee benefits plans and broader workforce planning strategies. Dan has taught "Understanding the Financial Risks of Employee Benefits" for CPABC's PD program.

Understanding the Financial Risks of Employee Benefits

By Dan Eisner, CPA, CA

The business costs related to employee benefits plans are significant, and they're growing. In fact, many businesses now see employee benefits as a top-five corporate expenditure when viewed in isolation from other payroll costs. As well, the annual inflation rate for employee benefits has been running well above consumer inflation levels and generally above inflation levels for other business expenditures for most of the past 20 years. While we have seen some relief over the last decade, with the inflation rate for benefits dropping to about 5% or 6% per year, we are likely to return to double-digit inflation in the near future.[1]

Given these financial risks, it's surprising to note that few organizations manage employee benefits with the same strategic focus they bring to other areas of their business.

Annual benefits plan costs

According to research from the Conference Board of Canada (CBoC), the average annual cost for an employee benefits plan in Canada was approximately $4,400 per employee in 2018.[2] This data was drawn from the CBoC's triennial survey, which also showed that the average increased by approximately 6% per year between 2015 and 2018. Based on an estimated annual renewal cost increase of 5% in 2019, the average annual per employee cost is now approximately $4,600.[3]

Extended health benefits account for the largest portion of plan costs, with prescription drugs, paramedical practitioners (e.g., physiotherapists), vision care, and medical supplies usually making up 40% to 45% of total benefits plan costs. At the same time, extended health benefits are usually those most valued by employees and those subject to the highest inflationary risk. Dental benefits account for the next largest area of spending, usually accounting for 25% of total plan costs. Among the remaining costs are life and disability insurance and, increasingly, health-care spending accounts.

A perfect storm

Three converging factors are creating additional financial risk in this area:

- **Use** – According to our research, more than 90% of employees are now using their benefits plans, and this high percentage correlates to an aging workforce and an increasingly unhealthy population. As well, governments have continued to offload or not take on new health-care costs. (On a more positive note, earlier detection and treatment of rare and complex diseases are providing better health outcomes.)
- **Frequency** – Employees are also using their benefits plans more often and for a broader array of services. In particular, the use of paramedical services, particularly massage therapy and mental health care, has increased significantly. Moreover, we're finding that disability claims are increasing in number and duration, as mental health issues become more prevalent.
- **Cost** – While benefits plans have benefited significantly from the impact of lower-priced generic drugs over the last decade, those savings have essentially been exhausted. Going forward, there is little motivation for the pharmaceutical industry to develop more low-cost drugs for issues like blood pressure or cholesterol; instead, we're seeing many new specialty drugs that cost $15,000 to $50,000 per year. The future also holds potential for customized high-cost cell and gene therapies.

[1] Trend data and other figures are from ZLC Financial unless otherwise noted.

"[Organizations] need to determine how the costs of employee benefits plans fit into their long-term business strategies…."

Benefits plan management strategies

The most common strategy to manage costs is trying to manage vendors and marketing the benefits plan to different insurers. Although marketing the employee benefits plan is part of good governance and should be conducted every four to five years, it's not the best cost-containment strategy over the long term given the significant reduction in the number of insurers in the Canadian marketplace. Insurers often submit proposals that feature notable savings, only to follow up with whiplash-inducing first and second annual renewals after short-term marketing discounts have evaporated.

That's why organizations should take a longer-term view and develop a more formalized strategy. To begin with, they should assess how employee benefits fit within their broader people strategies and business plans. They should determine whether they want to be reactive and simply keep pace with the rest of the market or be proactive and lead with innovative plan design. Organizations also need to assess the needs and desires of a multi-generational workforce with varying needs and wants. Most importantly, they need to determine how the costs of employee benefits plans fit into their long-term business strategies and/or whether there are specific financial targets they'll need to meet each year to accommodate these costs.

What about COVID-19?

At the time of this writing, the insurance industry is facing added uncertainty due to the global COVID-19 pandemic. While it's difficult to forecast the long-term effects of the pandemic on employee benefits plans, we can make certain predictions for the coming year:

- We don't expect group life insurance rates to see any direct impact as a result of the pandemic, as the fatality rate, thus far, has been highest among seniors.
- We're starting to see an impact on disability insurance, due to an increase in mental health claims related to the pandemic. We expect the severity and duration of these claims to correlate with the severity and duration of the pandemic.
- Between March and June 2020, many benefits plan sponsors benefited from reductions in claims or insurer premium credits related to extended health and dental plans, as paramedical and dental practitioners shut down operations. Since then, however, these types of claims have largely returned to pre-pandemic levels, and we expect this trend to continue.
- With respect to any potential COVID-19 vaccine, we expect the federal and provincial governments to pick up the cost, based on current information.

Where do you go from here?

Organizations need to recognize that the financial risks related to employee benefits plans are both significant and increasing. Unless they're prepared to accept inflation rates three to five times higher for these plans than for other areas of their business, they'll need to gain a better understanding of the current reality and develop strategies that are best suited to their own unique needs. If they don't, they risk having employee benefits plans that are neither financially sustainable nor effective in helping to attract, retain, and engage the key talent they need to deliver on their business plans. ■

[2] Monica Haberl, Nicole Stewart, *Benefits Benchmarking 2019: Innovation and Flexibility Lead the Way*, February 28, 2019, **conferenceboard.ca**. While this average was drawn from a variety of industries across Canada, the actual results varied significantly according to business size and industry type.

[3] Annual employee benefits plan cost increases have been relatively low over the last couple of years, compared to the increases of 10% to 12% seen in the early 2000s.

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SAVE THE DATES: Upcoming In-Person Seminars & Virtual Executive Programs

In-person seminars

Due to popular demand, our February 2021 roster will feature eight in-person seminars at the Sutton Place Hotel in downtown Vancouver (see below). The hotel venue will continue to follow safety and cleanliness protocols—this includes limiting class sizes and ensuring the safe sourcing and serving of food and beverages. Participants will be asked to agree and adhere to an active screening protocol, the details of which will be made available prior to attendance.



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February 4
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Compilation Engagements Overview of the New Standard
February 10
9:00am – 12:30pm

Ethics at Our Core
February 18
8:30am – 12:30pm

Controllership – Operational Management
February 18
9:00am – 5:00pm

Business Ethics: It Starts with You
February 23
8:30am – 12:30pm

Influencing Without Authority
February 24
9:00am – 5:00pm

Controllership – Strategic Leadership
February 25
9:00am – 5:00pm

Negotiation Skills
February 25
9:00am – 5:00pm

Virtual executive programs

After successfully hosting several executive programs virtually over the last season, CPABC is bringing back the Enterprise Risk Management Fundamentals Program, Controller's Management Program, Controller's Operational Skills Program, and CFO's Leadership Program for May and June of 2021.

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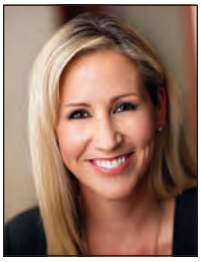
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ANNOUNCEMENTS AND ACCOLADES

Kudos!



Kelly Blankstein, CPA, CA, has been appointed chief financial officer of A&W Food Services of Canada Inc. and the A&W Revenue Royalties Income Fund in Vancouver. Prior to this appointment, Kelly served as the corporate controller responsible for Cadillac Fairview Corporation Ltd.'s Western Canada portfolio in Vancouver.



Paulina Cameron, CPA, CA, chief executive officer of the Forum for Women Entrepreneurs in Vancouver, has been appointed chair of the Immigrant Employment Council of British Columbia (IECBC) Board of Directors in Vancouver. Paulina has served as an IECBC board member since 2018.



Lenora Lee, CPA, CA, a partner with KPMG LLP's Victoria office, has been appointed to the Royal BC Museum Board of Directors. Lenora also serves as a director for the Government Finance Officers Association of British Columbia and the chair of CPABC's Government Organizations' Audit and Accounting Forum.



Rahim Somani, CPA, CA, has been appointed vice-president of finance and administration for the University of Northern British Columbia in Prince George. Rahim previously worked for the Aga Khan Development Network for more than two decades, most recently serving as the chief financial officer for the University of Central Asia.

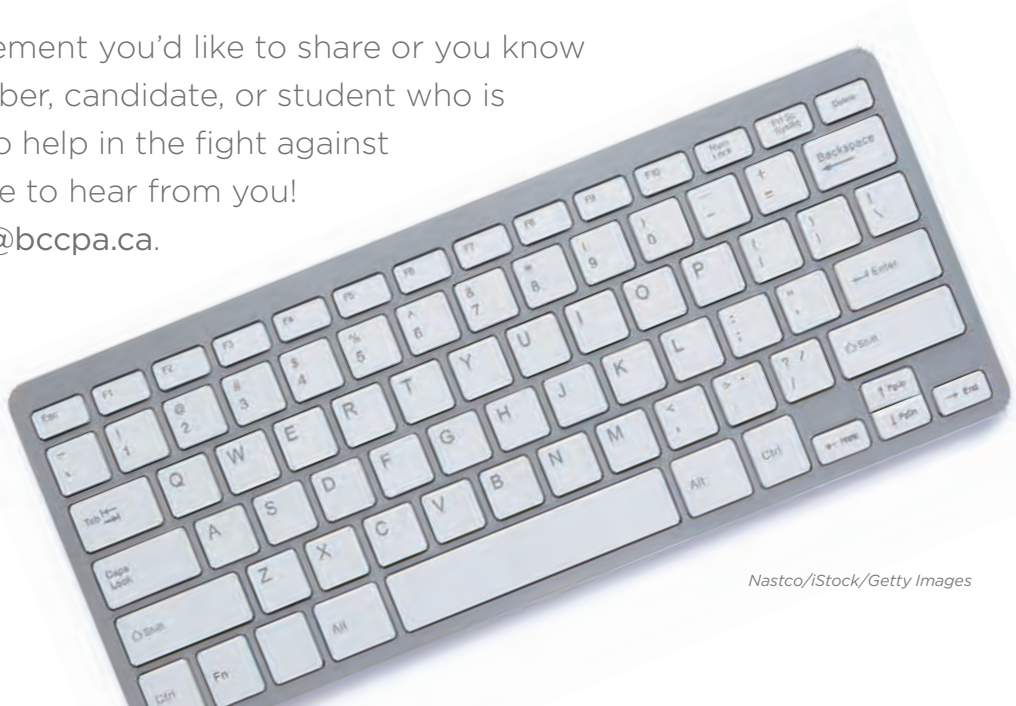


Bill Thomas, FCPA, FCA, was re-elected as the global chair and chief executive officer of KPMG International. Bill was first elected to this role in 2017. For his contributions to the accounting profession, Bill was elected to Fellowship in 2008 and recognized with a CPABC Lifetime Achievement Award in 2019.



Suzara Viray, CPA, CA, has been appointed chief financial officer of Nurse Next Door in Vancouver. Prior to this appointment, Suzara served as the director of the controllership team for Best Buy Canada in Burnaby for three years.

If you have an announcement you'd like to share or you know of a fellow CPABC member, candidate, or student who is making an extra effort to help in the fight against COVID-19, we would love to hear from you! Email us at infocusmag@bccpa.ca.



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Smythe LLP is pleased to announce new appointments for 11 CPABC members in the firm's Vancouver office: **Gagan Ahluwalia, CPA**; **Michael Ng, CPA, CA**; and **Heroshi Tada, CPA, CA**, are now senior managers; and **Terence Chan, CPA**; **Kay Lac, CPA**; **Sharon Luk, CPA**; **Samantha Luo, CPA**; **Emily McCune, CPA**; **Bianka Pecka, CPA**; **Kevin Tong, CPA**; and **Matthew Traher, CPA, CA**, are now managers.


Gagan Ahluwalia


Michael Ng


Heroshi Tada


Terence Chan


Kay Lac


Sharon Luk


Samantha Luo


Emily McCune


Bianka Pecka


Kevin Tong


Matthew Traher

In Memoriam



We wish to send our condolences to the family, friends, and colleagues of **Christopher Trunkfield, FCPA, FCGA**. Christopher passed away on November 17, 2020, at the age of 87.

Christopher earned his accounting designation in 1961, the same year he moved from Vancouver to Toronto to become a high school business teacher. He went on to teach data processing at Humber College before moving back to Vancouver in 1970 to serve as the director of education for the Certified General Accountants of Canada (CGA-Canada). Christopher was instrumental in developing CGA-Canada's national education program and later became the association's inaugural vice-president of education.

In the late 1970s, Christopher left CGA-Canada to return to teaching, this time at the British Columbia Institute of Technology (BCIT). He was a dedicated faculty member of BCIT's financial management department until his retirement in 1997. In the early years of his retirement, Christopher volunteered with the Canadian Executive Service Organization (CESO), which gave him the opportunity to share his expertise with organizations overseas.

In recognition of his contributions to the accounting profession, Christopher was elected to CGA-BC Fellowship in 1979, and he was named a CGA-BC Life Member in 1985. In 2011, he joined CGA-BC's Half Century Club, which honours individuals who have attained 50 years of membership.

Photo courtesy of the Trunkfield family.

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SNAPSHOT:

Eva Fong, CPA, CGA

The job: CFO of WELL Health Technologies Corp. in Vancouver.

Best part of the job: "Feeling empowered to make decisions, and being part of a team that's having a positive impact on the people we serve: patients and doctors. We can see immediate results."

Leadership style: Authentic, transparent, and collaborative. "Earning trust is key to building any long-lasting relationship."

Going above and beyond: "When the pandemic hit in March, our management team worked tirelessly to scale our VirtualClinic+ telehealth service. We rapidly onboarded and trained hundreds of doctors and medical staff to use the platform so they could keep everyone safe while providing essential services."

Best piece of advice: "My mom told me: 'Don't be afraid to exceed expectations—the learning and dividend will accrue to yourself and people will notice your effort.'"

What people might not know about her: "I'm pretty predictable, but I did take Surfing 101 in college! I was the first Asian student my instructor had ever taught."

Read more about Eva and WELL Health in the CPABC Newsroom at **bccpa.ca/newsroom**.



Photo by Bobo Zhao Photography



CONGRATULATIONS

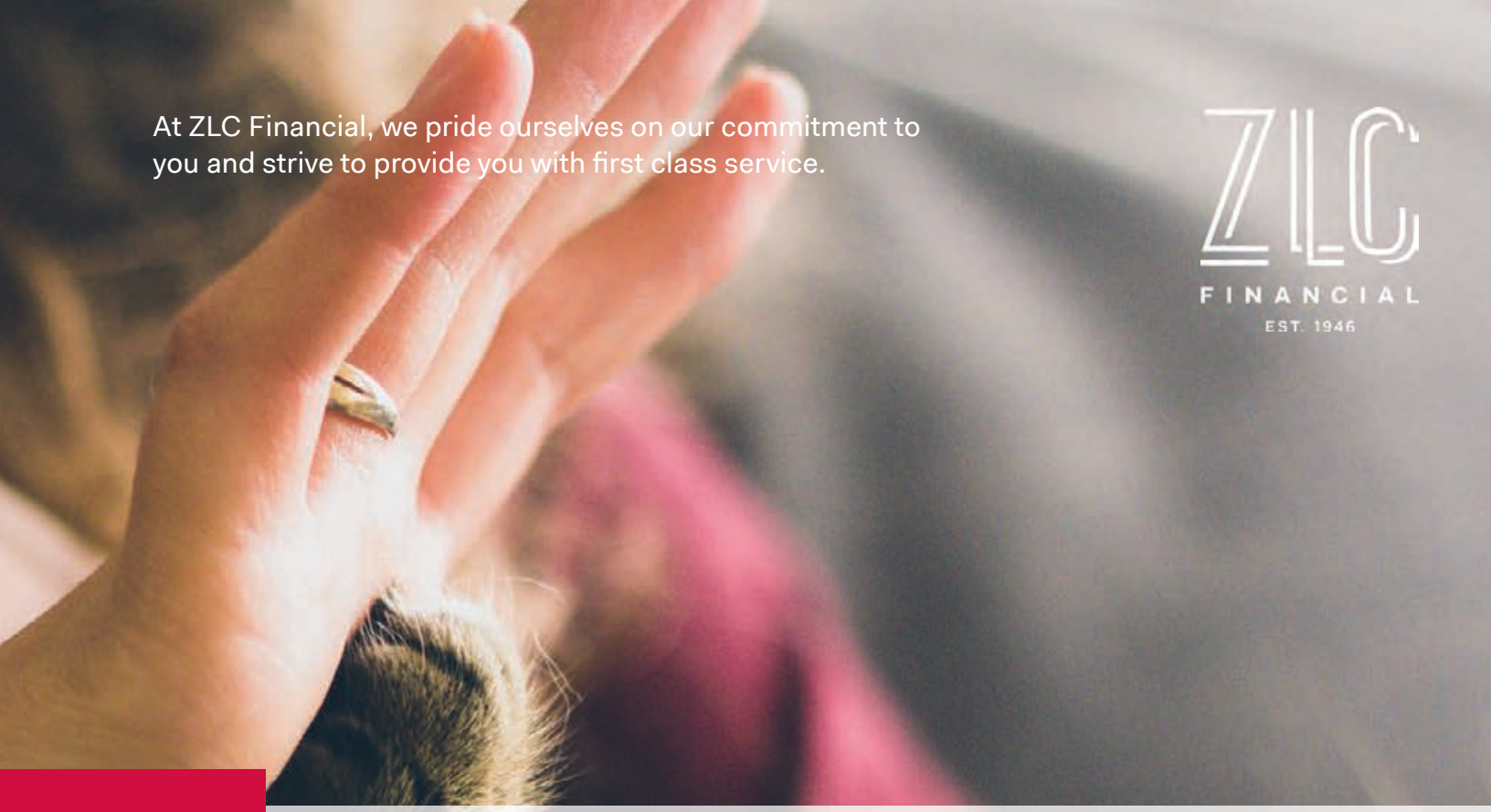
to our next generation of leaders!

Left to Right (top): Rimalpreet Gill, Evan Zissopoulos, Parmeet Chatrath, Ann Lin, Derek Serrambana, Amar Cheema, Sophia Lee, Benjamin Cheng, Rachel Leung, Avneet Dhaliwal, Rylan Meaden, Madiha Butt, Carmela De Dios, Erika MacLean, Avraj Aujla, Keerat Gill, Asha Kaila

Congratulations to our successful 2020 CFE writers! Their hard work and dedication has empowered each of them to reach this significant milestone. We are extremely proud of all of them and look forward to their continued growth and success.

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