



There have been a number of updates to eligible tax credits in 2021, so please take a moment to review those highlighted for you below. Please feel free to contact us if you have any questions regarding your returns.

## 2021 PERSONAL TAX CHANGES AND REMINDERS

### Personal tax:

- The 2021 RRSP contribution deadline for it to be deductible for the 2021 tax year is Tuesday, March 1, 2022.
- Personal taxes are due by Monday, May 2, 2022.
- The 2021 personal income tax filing deadline is Monday, May 2, 2022.
  - If you or your spouse are self-employed, your filing deadline is Wednesday, June 15, 2022.
- **2020 Tax Extension for Certain Individuals** - Some individuals who received certain COVID-19 benefits in 2020 and whose income was below \$75,000 were effectively provided with a one-year extension to their personal tax payment deadline. Individuals who enjoyed this temporary relief should ensure that they have the funds to pay their 2020 and 2021 personal tax liabilities when they come due on April 30, 2022.
- **U.S. Residents** – Consider your U.S. filing obligations, information exchange agreements have increased the flow of information between CRA and the IRS.

### New or extended tax deductions or credits

- **Other employment expense** – If you worked from home in 2021, you may be able to claim certain employment expenses. The CRA will allow employees to claim up to \$500 of expenses under the flat-rate method (up from \$400 in 2020), based on the amount of time working from home due to the pandemic. This benefit has been extended for all of 2022 as well.
- **Ontario Jobs Training Tax Credit** – Eligible individuals can claim a credit for 50% of eligible expenses incurred in 2021 for eligible training programs/postsecondary courses up to a maximum benefit of \$2,000. This program has the same eligibility as the **Canada Training Credit** and can be claimed for 2021 and 2022.
- **COVID-19 Emergency or Recovery Benefits** – If you received amounts under the following programs, Canada Recovery Benefit (CRB), Canada Recovery Sickness Benefit (CRSB) or Canada Recovery Caregiving Benefit (CRCB) in 2021, you will receive a T4A or T4E slip. You must report these amounts on your 2021 income tax return. Both the Canada Recovery Sickness Benefit (CRSB) and Canada Recovery Caregiving Benefit (CRCB) extend into 2022.

- **Ontario Seniors' Home Safety Tax Credit** – Eligible individuals (seniors aged 65 and older at the end of 2021 and those who live with senior relatives) can claim a tax credit of 25% of up to \$10,000 of eligible expenses that are paid or become payable in 2021 (maximum credit of \$2,500), for safety and accessibility improvements made to a senior's principal residence in Ontario. This tax credit can be shared between eligible individuals.
- **Childcare Access and Relief from Expenses (CARE) tax credit** - this credit was enhanced by 20% for 2021 ONLY and will be paid when parents file their 2021 personal income tax returns.
- **Canada Recovery Benefit (CRB) Clawback** – Amounts received under the Canada Recovery Benefit (CRB) program are subject to a clawback of \$0.50 for every dollar of your Net Income in excess of \$38,000. This \$38,000 threshold applies once to each year 2020 and 2021 if you received CRB in both years.
- **Old Age Security (OAS) Clawback** - A senior whose 2021 net income exceeds \$79,845 will lose all, or part, of their OAS pension. Senior citizens will also begin to lose their age credit if their net income exceeds \$38,893. Consider limiting income over these amounts. Another option would be to defer receiving OAS receipts (for up to 60 months) if it would otherwise be eroded due to high-income levels.

#### **New boxes on T4A slips**

- Box 201 – **Repayment of COVID-19 financial assistance payments**
- Box 205 – **One-time payment for older seniors**- \$500 paid by CRA to qualified seniors
- Box 210 – **Postdoctoral fellowship income** – this income is not taxable but can increase an individual's RRSP contribution room. Any such income earned from 2010 to 2020 can be retroactively added to increase the RRSP contribution room via an Adjustment Request sent to CRA – please advise us of such income to request our support on preparing an Adjustment Request
- Box 211 for the **Canada Worker Lockdown Benefit** - any payment under this program will show up on a T4A for you

#### **REMINDERS**

- **COVID-19 Emergency or Recovery Benefits Repayment** – Amounts repaid under the Canada Emergency Response Benefit (CERB), Canada Emergency Student Benefit (CESB), Canada Recovery Benefit (CRB), Canada Recovery Sickness Benefit (CRSB) or Canada Recovery Caregiving Benefit (CRCB) are deductible. If you repaid the amount after January 1, 2021, you would need to request a reassessment of your 2020 return to include the deduction.

- **Canada Training Benefit** – As of January 1, 2019, if you meet certain conditions, you will be able to accumulate \$250 per year, to a maximum over your lifetime of \$5,000, to be used in calculating your Canada Training Credit. Based on information from your return, the CRA will determine your Canada Training Credit Limit and provide it to you on your Notice of Assessment. You may be able to claim a Canada Training Credit equal to your Canada Training Credit Limit for the year or 50% of your eligible tuition and fees paid to an educational institution in Canada, whichever is less.
- **Digital news subscription expenses** – For the 2020 to 2024 tax years, you may be able to claim a non-refundable tax credit for expenses you paid in the year for a digital news subscription with a qualified Canadian journalism organization.
- **Zero-emission vehicles** – If you are self-employed or claiming employment expenses, you may be able to claim capital cost allowance on zero-emission vehicles. Starting in 2019, there is a temporary enhanced first-year capital cost allowance of 100% for eligible zero-emission vehicles. Eligible vehicles must be acquired after March 18, 2019 and become available for use before 2024. The enhanced allowance decreases if the vehicle becomes available for use after 2023 and before 2028
- **Tax on Split Income [TOSI]** – On June 21, 2018, the government passed new rules with the objective to eliminate the tax benefits of income splitting where the recipient of the income (a related family member) has not made a sufficient contribution to the family business. Essentially all income amounts, and types are subject to the new rules. Any income taxed under the TOSI rules is subject to tax at the highest personal marginal tax rates, eliminating any advantage achieved from income splitting.
- **Foreign reporting** – If you held specified foreign property (examples – tangible property, funds deposited outside of Canada, shares of a company that is non-resident in Canada (i.e. US public companies)) with a total cost in excess of \$100,000 at any time during 2021, you are required to file form T1135 – Foreign Income Verification Statement.
- **Foreign Affiliate Reporting** – If you and those related to you, combined, owned at least 10% of any class of shares of a foreign corporation, you are required to complete form T1134. A new T1134 form has been released by CRA earlier this year, you must use the new form for tax years that *began after* December 2020.
- **Reporting the sale of your principal residence** – You are required to report basic information when you sell your principal residence (date of acquisition, proceeds on sale and address).
- **Canada Caregiver Credit (CCC)** – The CCC increased slightly from last year. The credit consists of up to a \$7,348 tax credit in respect to infirm dependents who are parents/grandparents, brothers, sisters, aunts, uncles, nieces, nephews or adult children. The \$7,348 tax credit will be reduced dollar for dollar by the dependent's net income above \$24,604. This credit is reduced by

the \$2,295 supplement claimed for an eligible dependent or the \$2,295 supplement claimed as a spouse or common-law partner amount.

- **Ontario Caregiver Tax Credit (OCTC)** – This credit is similar to the Canada Caregiver Credit (CCC). The amount is reduced when there is a claim for an eligible dependent. The dependent’s net income must be less than \$22,672 for the 2021 claim.
- **Canada Workers Benefit (CWB)** – This refundable tax credit that supplements the earnings of low- and modest-income workers. For 2021, most people would not receive the CWB after their income exceeded \$32,244.
- **Voluntary Disclosure** - If income, forms, or elections have been missed in the past, a voluntary disclosure to CRA may be available to avoid penalties.
- **Recordkeeping** - Certain expenditures made by individuals by December 31, 2021 will be eligible for 2021 tax deductions or credits, such as digital news subscriptions, moving expenses, childcare expenses, charitable donations, political contributions, registered journalism organization contributions, medical expenses, alimony, eligible employment expenses, union, professional or like dues, carrying charges and interest expense. Ensure you keep all receipts that may relate to these expenses.
- **Tax-Free Savings Account (TFSA)** - Individuals 18 years of age and older may deposit up to \$6,000 into their TFSA in 2021. An additional \$6,000 may be contributed starting on January 1, 2022.
- **Canada Education Savings Grant (CESG)** for registered education savings plan (RESP) contributions equal to 20% of annual contributions for children (maximum \$500 per child per year) is available. In addition, lower-income families may be eligible to receive a Canada Learning Bond.
- **Registered Disability Savings Plan (RDSP)** may be established for a person who is under the age of 60 and eligible for the disability tax credit. Non-deductible contributions to a lifetime maximum of \$200,000 are permitted. Grants, bonds, and investment income earned in the plan are included in the beneficiary’s income when paid out of the RDSP.
- **Canada Pension Plan (CPP)** receipts may be **split** between spouses aged 65 or over (application is required). Also, consider if there are benefits to receiving CPP early or late.