

COVID-19 2020 TAX UPDATE

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2020 was an extraordinary year like no other. Due to significant changes from the COVID-19 pandemic, there are numerous tax issues to be aware of this year. For example, many individuals received support in a variety of forms from various levels of government. Others may have changed how they carried on their employment duties or business operations, including working from home or using their vehicle for employment or business reasons. We have outlined the key issues in this informational flyer. Please let us know if you have received other support or incurred other costs related to your income earning activities due to the COVID-19 pandemic.

INFORMATION TO PROVIDE

All **income, support, and benefits** received under **COVID-19** relief programs must be provided. Official tax slips may have been issued for some, but not all. For support where no slip is available, details surrounding the amount and types of payment is required. Some of these benefits are taxable while others are not. Please provide **details** on all **Federal, provincial/territorial, and other support** received.

Key **COVID-19** related **Federal personal support programs**:

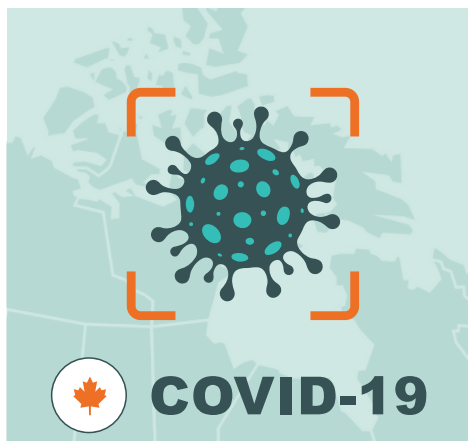
| Benefit Name | Taxable? |
|---|----------|
| Canada Emergency Response Benefit (CERB) | Yes |
| Employment Insurance (EI) program | Yes |
| Canada Recovery Benefit (CRB) | Yes |
| Canada Recovery Sickness Benefit (CRSB) | Yes |
| Canada Recovery Caregiving Benefit (CRCB) | Yes |
| Canada Emergency Student Benefit (CESB) | Yes |
| One-time payment – disability support | No |
| One-time payment – GST/HST credit | No |
| One-time payment – Canada child benefit | No |
| One-time payment – OAS/GIS | No |

Key **COVID-19** related **Federal government support for business, rental or other income**:

| Benefit Name | Taxable? |
|--|----------|
| Canada Emergency Wage Subsidy (CEWS) | Yes |
| Canada Emergency Rent Subsidy (CERS) | Yes |
| Canada Emergency Business Account (CEBA) | Yes* |

*The forgivable portion of the interest-free loan under the CEBA is taxable. Please provide the details.

As no slips are provided specific to these programs, please provide the amounts received and the period to which they relate.



DETAILS RELATED TO YOUR HOME WORK SPACE

Due to the COVID-19 pandemic, many employees were required to work from home during a portion of 2020. In some cases, a deduction against employment income may be available.

For work space in home expenses to be deductible, the employee must have a T2200 form from their employer which certifies that the employee was required to incur expenses in the course of their employment. In addition, one of the following has to be met:

- The home was where the employee mainly (more than 50% of the time) did their work; or
- The employee used the space exclusively to earn employment income, and used it on a regular and ongoing basis for meeting clients, customers or other people in the course of performing employment duties.

If either of the above tests are met, even for a portion of the year, a reasonable claim can be made. To make a claim, please provide a signed and completed T2200 from your employer; details on the portion of your home that was used as a work space (e.g. approx. square footage of work space versus other space); period of time that you worked from home and met one of the above test; expenses incurred that related to the work space; and whether any of the expenses were reimbursed. Also, include details on any allowances or rent payments received from the employer.

As an alternative, the government has announced that CRA will allow employees working from home in 2020 due to COVID-19 with modest expenses to claim up to \$ 400, based on the amount of time working from home, without the need to track detailed expenses. They will generally not request that people provide a signed form from their employers.

Home expenses you **may** be able to claim:

If you meet the criteria described above and depending on your situation, **you may be able to claim** the following employment expenses and work-space-in-the-home expenses:

| | |
|-----------------------------------|----------------------------------|
| Supplies (e.g. office stationery) | Water |
| Motor-vehicle | House Maintenance |
| Cell phone | Rent |
| Internet | Insurance (commission-paid) |
| Electricity | Property taxes (commission-paid) |
| Heat | Contact us for more information |

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