

2020 PERSONAL TAX UPDATE AND REMINDERS
A. COVID-19 FINANCIAL SUPPORT PROGRAMS SUMMARY

| Program | Individuals / Business | Maximum Benefit | Automatic | Program End Date | Taxable |
|---|--------------------------------------|---|------------------|-------------------------|--------------------------|
| Canada Emergency Response Benefit (CERB) | Individuals | \$500 per week | No | Dec. 2, 2020 | Yes – T4A or T4E slip |
| Canada Emergency Student Benefit (CESB) | Individuals (students) | \$1,250 - \$2,000 | No | Sep. 30, 2020 | Yes – T4A slip |
| Canada Recovery Benefit (CRB) | Individuals | \$500 per week | No | Sep. 25, 2021 | Yes – T4A slip |
| Canada Recovery Sickness Benefit (CRSB) | Individuals | \$500 per week (max two weeks) | No | Sep. 25, 2021 | Yes – T4A slip |
| Canada Recovery Caregiving Benefit (CRCB) | Individuals | \$500/week | No | Sep. 25, 2021 | Yes – T4A slip |
| Canada Emergency Business Account (CEBA) | Self-employed individuals / Business | \$60,000 interest-free loan | No | Mar. 31, 2021 | Yes – forgivable portion |
| Temporary Wage Subsidy (TWS) | Self-employed individuals / Business | \$1,375 per employee (max \$25,000 per employer) | No | | Yes |
| Canada Emergency Wage Subsidy (CEWS) | Self-employed individuals / Business | \$847 per employee per week | No | Jun. 30, 2021 | Yes |
| Canada Emergency Rent Subsidy (CERS) | Self-employed individuals / Business | Up to 65% of eligible expenses (max \$75,000 per location; total max of \$300,000 per period) | No | Jun. 30, 2021 | Yes |

| Program | Individuals / Business | Maximum Benefit | Automatic | Program End Date | Taxable |
|---|-------------------------------|--|-----------|------------------|---------|
| One-time payment – GST credit | Individuals | Double the GST credit | Yes | Apr. 2020 | No |
| One-time payment – Canada Child Benefit | Individuals / Families | \$300 per child | Yes | May 2020 | No |
| One-time payment – Seniors | Individuals (seniors) | \$300 - \$500 | Yes | Jul. 2020 | No |
| One-time payment – Disability | Individuals with disabilities | \$600 | Yes | Dec. 31, 2020 | No |
| BC Emergency Benefit for Workers | Individuals | \$1,000 | No | Dec. 2, 2020 | No |
| BC Recovery Benefit | Individuals / Families | \$500 per individual or \$1,000 per family | No | Jun. 30, 2021 | No |

For more information regarding COVID-19 please refer to our website at dickson.ca

B. WORKING FROM HOME FOR EMPLOYEES

Due to the COVID-19 pandemic, the Canada Revenue Agency has released two new options available for employees claiming expenses related to working from home on their 2020 personal tax returns.

| Method | Temporary Flat Rate Method | Simplified Detailed Method |
|------------------------|--|---|
| Employer Certification | No employer certification required | T2200S Declaration of Conditions of Employment for Working at Home Due to COVID-19 |
| Detailed Support | None Required | Yes (Invoices and Receipts) |
| Claim | \$2/day, to a maximum of \$400, for days worked from home either full or part-time | Reasonable amounts paid by the employee for expenses incurred related to working from home, prorated for space and hours used for employment purposes |

| Method | Temporary Flat Rate Method | Simplified Detailed Method |
|----------------------|---|--|
| Employee Eligibility | <ul style="list-style-type: none"> Worked from home more than 50% of the time for a period of at least four consecutive weeks in 2020 due to COVID-19 Pandemic Not claiming any other employment expenses; and Was not reimbursed for all home office expenses by employer | <ul style="list-style-type: none"> Worked from home more than 50% of the time for a period of at least four consecutive weeks in 2020 due to COVID-19 Pandemic; or Used the space exclusively to earn income and used it on a regular basis for meeting clients, customers or other people in respect of employment. |

C. ELECTRONIC SIGNATURE

The Canada Revenue Agency has extended their temporary administrative measure to allow for electronic signatures for the 2021 tax filing season. Our office will continue to use DocuSign to allow for you to electronically sign your 2020 personal tax documents if you choose. If you know you would like to sign your personal tax return electronically, please check the box on the bottom right of your Personal Tax Checklist Envelope. If you have any questions about electronic signatures, please contact our office at admin@dickson.ca.

D. SECURE TRANSMISSION OF CONFIDENTIAL INFORMATION

Our office uses ShareFile for secure transmission of confidential documents. This service allows us to send and receive encrypted documents. If you would like to send us your tax documents using ShareFile, please contact our office at admin@dickson.ca.

E. MEDICAL RECEIPTS

Most pharmacies and health care providers can summarize your medical receipts for the tax year, if requested. Obtaining a summary of your receipts will help ensure that all eligible medical expenses are included on your tax return.

Common eligible medical expenses include:

- Attendant care expenses
- Dental services
- Hearing aids
- Medical services provided by qualified medical practitioners such as Acupuncturist, Chiropractor, Dietician, Physiotherapist, Naturopath, etc.
- Premiums paid to private health service plans
- Prescription drugs and medications

If you are unsure if your medical expenses are eligible to claim, please contact our office.

F. REPORTING THE SALE OR CHANGE IN USE OF YOUR PRINCIPAL RESIDENCE

Sale of Principal Residence

If you sell your principal residence for more than you paid, there is a capital gain. This capital gain is reduced or eliminated by the application of the principal residence exemption, which is a formula involving the number of years you owned the residence and the number of years it was your principal residence.

Taxpayers are required to report the sale of a principal residence when filing their income taxes for the year of disposition. Failure to report the disposition can lead to penalties up to \$8,000.

If you disposed of your principal residence or a former principal residence during the year, we will need the following information to report the sale and advise you on the most effective income tax solution:

- date of acquisition;
- selling proceeds; and
- if it was not your principal residence the entire time you owned it, we will contact you with questions regarding:
 - the acquisition costs and costs of renovations and improvements;
 - the years you lived in the residence(s); and
 - the cost and value of any other residence(s).

Change in Use of Principal Residence

If you move from your principal residence and then rent the residence, or if you move into a property that you were previously renting, you have a change in use. A change in use is a taxable event and may have tax implications. There are elections available and decisions to be made that will likely mitigate some of these tax ramifications. If you had a change in use of a residence, please advise us and we will work with you to develop a tax effective solution.

G. FAILURE TO REPORT INCOME PENALTY

There are punitive penalties for failure to report income that was on an information slip provided to the CRA. The most common slips include, but are not limited to, T3s, T4s, T4As, T4RSPs, other T4 slips, T5s, and T5013s.

We are diligent with our follow up if income was reported in the prior year and we do not see a slip for the current year. However, if you have a new investment, bank account, or financial institution in 2020, we may not know to look for slips you may have received. Please be careful that all slips are received, or inform us of any missing, or possibly missing slips.

H. FOREIGN PROPERTY REPORTING

If you owned foreign property with a cost of over \$100,000 CDN at any time during 2020, you may be required to report it to the CRA on *Form T1135 – Foreign Income Verification Statement*.

The following are some common examples of specified foreign properties to be reported if the aggregate cost exceeds \$100,000 CDN per taxpayer:

- Foreign bank accounts (this does not include foreign currency held at a Canadian bank);
- Foreign investment accounts (which could include Canadian securities)
- Shares of non-resident corporations (which could be held within a Canadian bank); and
- Real property owned outside of Canada, such as a rental property (this does not include vacation properties used exclusively for personal use).

For example, if a taxpayer owns shares in a non-resident corporation with a cost of \$55,000 CDN and a foreign bank account with \$60,000 CDN cash, they would need to file a T1135 as they own a total of \$115,000 CDN worth of foreign property.

It is important to ensure the Form T1135 is accurate and filed annually on time when applicable. Late filings may be subject to penalties of \$25 per day that the return is late, from a minimum of \$100 up to a maximum of \$2,500.

If you acquired foreign property during 2020 or believe the reporting may apply to you, please contact our office and we will provide a more detailed information sheet. The information sheet is also available on our website at <https://dickson.ca/client-centre/>. If further clarification is required, please contact our office to talk to one of our professionals.

I. TFSA CONTRIBUTION LIMIT

There is an annual limit of how much you may contribute to your TFSA account. The TFSA contribution limit for 2020 is \$6,000 and the cumulative limit since 2009 is \$75,500. It is important to ensure that you do not exceed your limit, as there is a penalty of 1% per month on the amount of excess contributions. More information regarding your limit is available to you on CRA's "My Account" service, or you may contact our office if you would like to discuss your contribution limit.

J. RRSP CONTRIBUTION LIMIT

There is an annual limit on how much you may contribute to your RRSP account. It is important to ensure that you do not exceed your limit, as there is a penalty of 1% per month on excess contributions of over \$2,000. Your 2020 RRSP contribution limit was provided to you on your 2019 Notice of Assessment. Information regarding your limit is available to you on CRA's "My Account" service, or you may contact our office if you would like to discuss your contribution limit.