



March 2022

Personal Tax updates

Work from Home

The simplified guidelines introduced in 2021 (2020 taxation year) for employees working from home due to COVID-19 have been extended. In 2021 the temporary flat rate method allows eligible employees to claim a deduction of \$2 for each day worked from home in 2021 due to COVID-19, up to a maximum of 250 days or \$500.

Home office expense for office equipment due to Covid

The maximum reimbursement limit per employee for home office equipment is \$500 and this limit is for the entire period (i.e., March 15, 2020 to December 31, 2022). Per CRA website: “For example, if an employee purchases a computer for \$400 in 2020 and an office chair for \$250 in 2021 that they will keep after the pandemic and were fully reimbursed, the amount over \$500 (that is, \$150) must be included in the employee’s income in 2021.”

When Employer provides parking, it’s not considered a benefit

When a regular place of employment is closed due to COVID-19, including situations where employees have been sent home by the employer or have been given the option to work from home on a full-time basis due to the pandemic, employer-provided parking at the regular place of employment will not be considered a taxable benefit by the CRA.”

Covid benefit payments

The CRA website explains, “Individuals can choose to claim a deduction for repayments made before January 1, 2023 of certain COVID-19 benefit amounts which they were not entitled to receive (or chose to repay) on their income tax and benefit return (the return) for the year they received the benefit rather than on the return for the year they repaid the benefit. It also allows them to split the deduction between those two returns as long as the total deduction is not more than the total amount repaid

For Example, if you are repaying a CERB amount you received in 2020, you can either choose to:

- file your 2021 tax return with the amounts on your 2021 tax slip
- change your tax return for 2020 to claim the deduction (make sure your amounts are not also deducted from your 2021 tax return)

Taxpayer relief on interest

Per CRA web site, please note that in February 2021, the Government announced targeted interest relief for Canadians who received financial assistance benefits related to COVID-19. Once individuals have filed their 2020 income tax and benefit return, they will not be required to pay interest on any outstanding income tax debt for the 2020 tax year until April 30, 2022. This will give Canadians more time and flexibility to pay if they have an amount owing. However, taxpayers must file their tax returns by the filing deadline. Taxpayers do not need to make a request for the interest relief.

Change in climate Action Claim (CAI)

Starting with the 2021 tax year, the CAI will be paid quarterly starting in July 2022 with a double payment (covering the two quarters beginning in April and July 2022), instead of being claimed on the tax return. This applies only to Alberta, Manitoba, Ontario and Saskatchewan.



Important reminders for 2022:

RRSP- March 1, 2022

Tax payment due date- April 30, 2022

Tax filling due date- Individual's- April 30, 2022

Tax filling date- Self Employed or Self- Employed spouse– June 30, 2022

Bonus payout for businesses- 180 dates after year end- example year end Dec 31, 2021 should be paid out by June 30, 2022

Corporate Tax Filling: 6 months from year end of the corporation

T3010- Charity Return Filling- 6 months from year end of the charity



We hope Covid-19 Pandemic will soon be of the past and so we can now start to focus on the road to recovery. Cash flow has been a major challenge for small businesses and to try to recover from it seems very hard. With a few cash managements changes it may help.

Something to consider:

It takes planning to recover from a crisis. You need a strategy and a solid plan. The short checklist below is an attempt to help you in your planning. It does not have to be complicated but it should be a list that will help you meet expected deadlines.

1 You need to analyze what your cash flow should be for the next 3 months. By putting down all the expenses you have on hand and what additional expenses is to be expected.

2 Review your available cashable resources. Cash on hand, cashable investments, inventory if any that can be either returned for cash or you know that it will sell in the next 3 months.

3 Finally meet with your business partners including your accountant to plan out the strategy, involve your employees too and seek their suggestions on how they can help.

Once you have a plan try to go through the process systematically and document it step by step. Monitor the implementation of your plan and evaluate your progress. Update the plan from time to time, as necessary.

(Information contained in this newsletter is not meant to be a tax advise or comprehensive summary of tax matters. We wish to bring what we believe to be important issues to the attention of our valued clients and readers.)



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