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Your Guide to Tax-Saving Strategies

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TAXSTRATEGY

Filing Your Return

What You Must Know

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It's April 2022, and another tax year is over and tax returns are due. Time to pull out your box of receipts and get everything over to your accountant. I'm sure like most accountants at this time of year, yours are likely pulling many all-nighters to get things prepared in time. So why not consider making their lives a little bit easier by reading up on what's new this year.

A few refreshers might help to get you started. The tax-filing deadline for most individuals is April 30, 2022; however since this year April 30 falls on a Saturday, you have until May 2 to file your 2021 return (i.e. CRA receives it electronically

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or it is postmarked by no later than May 2, 2022)

For those of you that are self-employed, your filing deadline is June 15, 2022.

Regardless of when your filing date is, however, the payment deadline is April 30, 2022 (including for any balances owing). But since April 30, 2022 is a Saturday, the CRA has confirmed that your payment will be considered paid on time if received or processed at a Canadian bank on or before May 2, 2022.

What's new for 2022?

The CRA has highlighted some new things to consider when filing your 2021 tax return:

Canada workers benefit –

The Canada workers benefit rates and income thresholds have changed for 2021. A new “secondary earner exemption” has also been introduced.

Climate Action Incentive payment – The Government of Canada has announced its intention to deliver the Climate Action Incentive (CAI) as a quarterly benefit payment. If you are a resident of Alberta, Saskatchewan, Manitoba, or Ontario, and you are eligible, you will automatically receive your CAI payments four times a year, starting in July 2022. To receive your payments, you have to file a tax return even if you have not received income in the year. Residents of small and rural communities may qualify for the supplement if they currently reside outside of a census metropolitan area (CMA) and expect to continue to reside outside of a CMA on April 1, 2022.

Home-office expenses –

As in previous years, you may be eligible to claim a deduction of up to \$500 annually for home office expenses in the 2021 tax year using the temporary flat rate method, as long as you worked more than 50 per cent of the time from home for a period of at least four consecutive weeks due to COVID-19. This method can also be used if your employer provided you with a choice of working from home due to COVID-19 during this period.

Zero-emission vehicles –

The definition of zero-emission vehicle has changed for vehicles acquired after March 1, 2020. A vehicle may still qualify as a zero-emission vehicle if the

vehicle was subject to a prior capital cost allowance or terminal loss claim, provided that the vehicle was not acquired by the taxpayer on a tax-deferred “rollover” basis or previously owned or acquired by the taxpayer or a non-arm’s length person or partnership.

Support for farmers – The Government of Canada outlined in Budget 2021 the objective of returning a portion of the proceeds from the price on pollution to farmers in jurisdictions that do not have a carbon-pricing system. The designated provinces are currently Ontario, Manitoba, Saskatchewan and Alberta. For 2021, under proposed legislation, farmers who incur eligible farming expenses of \$25,000 or more, which are all or partially attributable to designated provinces, may be able to receive a credit of \$1.47 per \$1,000 in eligible farming expenses.

Educator School Supply Tax Credit – The government has expanded and enriched the Eligible Educator School Supply Tax Credit to allow teachers to claim a 25 per cent refundable tax credit for purchases up to \$1,000 on eligible teaching supplies bought during the tax year. The government also proposes to expand the list of eligible teaching supplies to include electronic devices such as graphing calculators, digital timers, and tools for remote learning. These enhancements would take effect starting with the 2021 tax year.

Eligible educators, regardless of their income level, who buy teaching supplies may qualify for a refundable tax credit of up to \$250 each year. Teaching supplies are consumable supplies

such as crayons, glue and paper, as well as certain prescribed durable goods such as:

- books, games and puzzles;
- containers (such as plastic boxes or banker boxes);
- educational support software;
- calculators (including graphing calculators);
- external data storage devices;
- web cams, microphones and headphones;
- multimedia projectors;
- wireless pointer devices;
- digital timers;
- speakers;
- electronic educational toys;
- video streaming devices;
- printers;
- laptop, desktop and tablet computers, provided that none of these items are made available to the eligible educator by their employer for use outside of the classroom.

Northern residents deductions – If you live in a “prescribed zone,” you will be eligible for the northern residents deductions (if you permanently live in a prescribed zone for a continuous period of at least six consecutive months, beginning or ending in the tax year). The residency deduction is based on how many days you lived in a prescribed zone during the tax year. When these changes take effect, the travel deduction is being expanded to be available to eligible northern residents who take a trip, even if their employer does not provide travel benefits for personal travel. Eligible individuals living in a prescribed northern zone can claim the full amount

of these deductions, and those living in a prescribed intermediate zone can claim 50 per cent of these deductions.

What’s new with the CRA?

Notice of assessment or reassessment – In 2023, the CRA will start the process of switching to providing a notice of assessment or reassessment electronically (which means, no skinny brown envelope in your mailbox anymore).

If you file your return using NETFILE or EFILE, you will receive your notice of assessment or reassessment electronically through your NETFILE software, from your EFILE service provider, or through My Account by providing your email address.

If you file a paper return, you will receive your notice of assessment or reassessment electronically through My Account, if you provided an email address to the CRA or still by mail, if you did not provide an email address to the CRA.

Note: First-time filers will receive a notice of assessment by mail regardless of how they file their first tax return.

My Account – Effective February 2022, as a fraud-prevention initiative, it will be mandatory to provide an email address to access My Account. This will allow the CRA to inform taxpayers in real time of changes made to their account. Taxpayers will have the option of selecting if they would like to receive their CRA correspondence by paper mail, or to be notified by email, when CRA correspondence is available for viewing electronically in My Account.

Multi-factor authentication has also been added to your CRA account to clamp down on fraud.

File my Return – This service has been improved to include the use of a PIN. Users of the service who have a PIN and enter it will be able to find out their estimated refund or balance owing, as applicable.

NETFILE and EFILE – NET-

FILERS filing a tax return with their current NETFILE access code will receive a new randomly-generated and unique code displayed on their notice of assessment for use on the following year's (2022) tax return. This code will now change annually.

Community Volunteer Income Tax Program (CVITP)

– If you have a modest income

and don't think your tax situation is very complicated, you can also get assistance from a CVITP volunteer who may be able to complete and file your tax returns for free. Services are currently being offered both in-person and through virtual means such as video-conferencing. To find a clinic, please visit the CRA website. 