

2021 BUDGET HIGHLIGHTS

Basic Personal Amount – The basic personal amount is a non-refundable tax credit that all taxpayers are eligible to claim. The amount, currently at \$13,808 for 2021, is set to rise annually with inflation.

Home Buyers Plan (HBP) – The HBP helps first time home buyers save for a down payment by allowing them to withdraw up to \$35,000 from a registered retirement savings plan to purchase or build a home without having to pay tax on the withdrawal.

Beginning in 2020, individuals who experience a breakdown of a marriage or common law partnership-in the year of making a withdrawal or in any of the four preceding calendar years – will be able to access the Home Buyers' Plan, even if they do not meet the first-time home buyer requirement.

Ontario extends seniors' renovation tax credit The seniors Home Safety Tax Credit is a temporary fully refundable tax credit for the **2021 & 2022** year worth 25% of up to \$10,000 per year on eligible expenses to make homes "safer and more accessible." Expenses would be eligible if they are paid or become payable in 2021 & 2022. The expenses must relate to renovations that improve safety and accessibility or help a senior be more functional or mobile at home. Eligible claimants must retain receipts and claim the SHSTC in their 2021 & 2022 personal tax returns.

Ontario staycation for your 2022 taxes SAVE THOSE RECEIPTS! Ontario residents can claim 20% of their eligible Ontario tourism expenses up to \$1,000 as an individual or \$2,000 as a family, to get back up to \$200 as an individual or \$400 as a family.

- For a stay of less than a month at an eligible accommodation such as a hotel, motel, resort, lodge, bed-and-breakfast establishment, cottage, campground in Ontario between January 1 and December 31, 2022
- Incurred for leisure (e.g., a non-business purpose);
- Paid by the Ontario tax filer, their spouse or common-law partner, or their eligible child, as set out on a detailed receipt;
- Not reimbursed to the tax filer, their spouse or common-law partner, or their eligible child, by any person, including by a friend or an employer; and
- Subject to Goods and Services Tax (GST)/Harmonized Sales Tax (HST), as set out on a detailed receipt

Tax Breaks for Seniors. Old Age Security (OAS) is being increased by 10% for seniors older than 75 yrs of age earning less than \$79,054. The change meant an increase of \$729 annually in OAS starting in July 2020. The Liberals also provided an enhancement to the survivor benefit of the Canada Pension Plan(CPP). The max pensionable earnings have increased to \$58,700 up from \$57,400. In addition, a surviving spouse, over the age of 65 and not otherwise receiving CPP benefits, is able to get 60% of their deceased spouse's pension. This means an increase of \$2,080 annually. Survivors between 60-64 yrs of age are eligible for 37.5%.

The low-income individuals and families (LIFT) tax credit. The LIFT credit is designed so that someone working full-time making minimum wage pays no provincial tax. It works out to tax relief of up to \$850 or 5.05% of your employment income, whichever is lower, for individuals and up to \$1,700 for couples. Those who qualify will get a tax reduction of \$450 on average, the government estimates.

Childcare access and relief from expenses (CARE). This refundable tax credit aims to help families with children up to age 16 and income of up to \$150,000. The credit is in addition to the provincial and federal childcare expense deductions and includes a broad range of child-care options, such as day camps and boarding schools. Eligible families stand to receive up to \$6,000 per child under the age of seven, up to \$3,750 per child between the ages of seven and 16, and up to \$8,250 per child with a severe disability.

[Real Estate Agents allowed to Incorporate](#) Effective October 1, 2020, the Real Estate and Business Brokers Act was updated to allow real estate agents to incorporate. Real estate agents who wish to incorporate are limited to forming a particular type of corporation called “Personal Real Estate Corporation (PREC). Creating and operating this type of corporation involves certain requirements not imposed on other corporations.

[Enhanced Support for Teachers](#) The Government proposes to increase the rate of refundable tax credit available to teachers and childhood educators on the purchase of eligible supplies up to \$1,000, to 25 percent (from 15 percent). Additionally, there will no longer be a requirement teaching supplies be used in a school or regulated childcare facility to be considered eligible. The list of eligible supplies will also be expanded to include certain electronic devices. This measure will apply to the 2021 and subsequent taxation years.

[Tax-Free Savings Accounts – Contribution limit](#) – The annual contribution for TFSA has been maintained at \$6,000 for 2022. The annual contribution limit has changed several times since it was introduced in 2009 *see table below*

Years	TFSA Contribution limit	Total
2009-2012	\$5,000 per year	\$20,000
2013-2014	\$5,500 per year	\$11,000
2015	\$10,000 for year	\$10,000
2016 -2018	\$5,500 per year	\$16,500
2019-2022	\$6,000 per year	\$24,000
	Total	\$81,500

[Ontario Jobs Training Tax Credit](#) The Ontario Jobs Training Tax Credit is a temporary, refundable personal income tax credit that helps workers get training that may be needed: for a career shift, for re-training, to sharpen their skills. The credit provides up to \$2,000 per year in relief for 50% of a person’s 2021 or 2022 eligible expenses. Requirements are the same as the Canada Training Benefit. Eligible expenses include: occupational skills courses, occupational trade or professional exams, postsecondary education courses.

[Ontario Business Registry](#) On October 18, 2021, the Ontario government launched the [Ontario Business Registry \(OBR\)](#). This online platform enables businesses and not-for-profit corporations to complete multiple transactions online, including registering, incorporating, and updating their information. Previously, Ontario corporations were required to file a Corporations Information Act Annual Return (“CIA Return”), together with their T2 Tax Returns with the Canada Revenue Agency under the Single Administration of Ontario Corporate Tax Initiative. CIA Returns were typically filed by accountants but could also be filed in a paper format directly with the Ontario Ministry or electronically through an authorized third-party service provider. **As of May 15, 2021, Ontario corporations will no longer file CIA Returns through the CRA and are now required to file Annual Returns directly with the Ontario Ministry, through the new Ontario Business Registry, or through an authorized third-party service provider.** To access the OBR you will need a company key. New incorporations will be assigned a company key while existing corporations will need to request a company key, which may take a week or more to come in the mail to the registered mailing address. Unfortunately, the ministry will not currently let our office file this for your corporation but are looking at changing that in the future.

[PROPOSED – Small Business Air Quality Improvement Tax Credit](#) The Government proposes a temporary Small Business Air Quality Improvement Tax Credit to encourage small businesses to invest in better ventilation and air filtration systems. This refundable tax credit would apply to qualifying expenses incurred between September 1, 2021 and December 31, 2022. The refundable tax credit rate of 25% will apply to qualifying expenditures up to a maximum of \$10,000 per qualifying location and a maximum of \$50,000 across all qualifying locations. The credit is available to unincorporated sole proprietors and Canadian-Controlled private corporations with taxable capital employed in Canada for the associated group of less than \$15 million in the immediately preceding taxation year.

COVID RELATED INFORMATION AND CHANGES

[Working from Home \(extended\)](#) To simplify the process for both taxpayers and businesses, the CRA will allow employees working from home in 2021 due to COVID-19 with modest expenses to claim up to \$500, based on the amount of time working from home, without the need to track detailed expenses, and will generally not request that people provide a signed form from their employers. This measure will help taxpayers access deductions they are entitled to receive and simplify the tax filing process. Here are the highlights;

- Employees will generally be able to claim a home office expenses deduction if they worked from home in 2021 due to COVID-19 and in particular, more than 50% of the time from home for a period of at least four consecutive weeks.
- Where the employee qualifies, they can use a temporary flat rate method or they can do a detailed calculation. A T2200 or T2200S is required to claim the detailed method.
- Under the flat rate method, the individual can claim \$2 per day for each day worked at home up to a maximum of \$500.
- The CRA has also announced that internet access costs are eligible, but only if the detailed method is used. It appears that CRA expects this cost to be prorated on the same basis as utilities such as electricity and heat.
- The T2200S is much shorter and an employer will only have to confirm whether the individual worked at home due to the pandemic, whether they were reimbursed for home office costs and whether those costs are reported on the employee's T4.

[Canada Emergency Rent Subsidy \(CERS\) and Lockdown Support programs](#) (Until October 2021), then from Oct 24/21 – May 7/22 THRP (Tourism and Hospitality Recovery Program) and HHBRP (Hardest-Hit Business Recovery Program). The government proposes to extend the current rate structure for the CERS and Lockdown Support programs to periods 24 to 25 (December 19, 2021, to February 12, 2022). Allow those entities to qualify if they are subject to a capacity limiting public health restriction of 50 percent or more and reduce the current-month revenue decline threshold requirement to 25 percent for those entities.

[Canada Recovery Sickness Benefit \(CRSB\)](#) (extended until May 7, 2022) \$500 per week for up to 6 weeks, for workers who are sick or must self-isolate for reasons related to COVID-19.

[Canada Recovery Caregiving Benefit \(CRCB\)](#) (extended until May 7, 2022) \$500 per week for up to 44 weeks, per household, for eligible Canadians unable to work because they must care for;

- A child under age 12 due to the closures of schools or daycares because of COVID-19
- A family member with a disability or a dependent because their day program or care facility is closed due to COVID-19
- A child, a family member with a disability, or a dependent who is not attending school, daycare, or other care facilities under the advice of a medical professional due to being at high-risk if they contract COVID-19

Yes, even more exciting tax updates and tips that you should know:

- **How long should I keep my tax/business records/receipts?** 7 years is the magical number to be safe.
- **Receipts for my business expenses** Be sure to keep ALL of your receipts! CRA will not accept bank statements or credit card statements as proof of payment to claim the expense. You must have the original receipts.
- Going forward, there is a **\$50,000 threshold on passive income** held in corporations. When passive income reaches \$150,000, a business owner will lose the Small Business Tax Rate. They'll be taxed as a large corporation at that time. The government numbers show that it's only the top one percent of income tax filers whose corporations will be affected by the changes.
- **Converting RRSP's to RRIF's early** – If you turned 65 this year, you may want to convert some of your RRSP's to a RRIF before December 31st to take advantage of the pension income tax credit, and perhaps also take advantage of pension splitting with your spouse.
- **Employer Health tax exemption will be maintained at \$1 million after 2020**
- **Guaranteed Income Supplement** – If you are receiving the Old Age Security income and your other incomes total less than \$19,464 (single) and \$25,728 (couple both receiving OAS) you may be eligible to apply for the supplement. Feel free to inquire for more information.
- **Mileage rate will increase** for 2022 to 61¢ for the first 5,000km driven and 55¢ per km after that

Corporate tax & HST Instalments

The Canada Revenue Agency requires corporations to make instalment payments for HST and corporate taxes payable when their prior year taxes payable were greater than \$3,000.00. If instalments are not remitted, you may be liable for interest on the instalments not paid or late payments.