



2020 Tax Tips 4 You – February 2021

Tax season is fast approaching! We would like to take this time to provide you with some helpful information regarding your personal income tax. Here at DMC we understand the importance of choosing an accountant, and that is why we do our best to provide you with the highest level of client service.

What Can We Do For You This Tax Season?

- ✓ Keep you informed about changes in the tax world
- ✓ Prepare and file your return with Canada Revenue Agency
- ✓ Help you plan for next year so that you can minimize tax
- ✓ Represent you with Canada Revenue Agency should the need arise
- ✓ Help take the fear and frustration out of the process
- ✓ Discuss changes that might impact your personal tax return
- ✓ Retain information for standard CRA information requests

Our Personal Tax Preparation Guarantee

- ✓ Turnaround time: we guarantee that after we have received all of your personal tax data, your return will be completed within ten business days, otherwise we will waive your fee
- ✓ Provided we have all of your information, we guarantee your return will be done correctly
- ✓ When you leave a message, we guarantee one of our tax team will return your call within one business day

What Will We Need From You?

- ✓ To do your best to accumulate your tax information in a timely and orderly manner
- ✓ Your fees to be paid upon picking up your tax return

These commitments to each other ensure that we can provide you with the most enjoyable, professional and timely experience. If you are not completely satisfied with our service, please let us know. We are committed to continuously improving our client service and your feedback will help us do just that!



Personal Tax Deadline

The deadline to file your return and pay your taxes is **April 30, 2021**. If you are self-employed, or have a spouse or common-law partner who is self-employed, the deadline to file your taxes is **June 15, 2021**. All taxes must be paid by April 30, 2021.

Q: Why do accountants look forward to the weekends?

A: Because they can wear casual clothes to work

We care about your safety and are taking all the necessary precautions to ensure COVID-19 guidelines are followed. At this time, our office is open for your convenience Monday to Friday from 8:30-5:00 PM. You can choose to drop your records off and have a tax preparer contact you or you can meet with someone in office. If you have any further questions please do not hesitate to contact us.





Basic Tax Return Preparation

Here's what you will receive:

- Federal and Provincial income tax returns
- Investment Income and expense as reported on T3 and T5 forms
- Child care deductions
- Donation schedule
- Foreign tax calculations
- Additional dependents schedule
- Alternative minimum tax calculations
- RRSP deduction calculations and carry-forward calculations
- We keep your tax return on file for at least seven years
- We maintain carry-forward information on RRSP, charitable donations, capital gains and losses and CNIL amounts
- Off-season representation*

*Off-Season Representation: Each year, after income tax returns are filed, Canada Revenue Agency requests various pieces of information used to review the returns. This information may consist of RRSP receipts providing reconciliation and proof of RRSP carry-forwards, donation and medical receipts, support of investment expense deductions, child care receipts, copies of business or rental income and expense statements, moving expense forms, etc. As part of our service, we are pleased to provide this information on your behalf.

Fees

The one surprise we don't want you to have is our fee. Our clients have told us that they want to know up front what the cost will be. For clients who require more than the basic tax return preparation, there will be additional charges based on the time required to complete the tax return. Your tax preparer will discuss these fees with you during the initial consultation.

Income Tax Preparation – Wondering What to Bring In?

- All your T3's, T4s, T5's, T4A's T4E's and interest slips from banks and investments
- Your **2019** Notice of Assessment from Revenue Canada that you should have received after you filed last year
- Correct birthdates for your family members
- Correct address and telephone numbers
- If your marital status and/or surname has changed, please inform the interviewer
- Your RRSP, union, charitable and medical receipts
- Tax instalments you may have already paid
- Child care receipts with Social Insurance Number and address of your caregiver
- Spousal support payment receipts
- Pension receipts
- Business, rental or commission income and expenses
- Employment expenses – signed T2200
- Investment expenses
- Capital Gains information
- Mileage log (if applicable)
- Tuition receipts (T2202 – Contact your educational institute if you have not received a T2202 and you went to school in **2020**)
- Banking information for CRA refunds

Canada Revenue Agency Audits

Canada Revenue Agency randomly selects individuals for tax audits. Should you be selected for an audit, we are available to assist you through this difficult process. Fees for this service are charged on an hourly basis.

Canada Revenue Agency Penalties

Canada Revenue Agency will impose penalties upon taxpayers, for failure to observe due care in reporting on their income tax returns. It is important to note that any missed slips not provided to DMC in order to prepare your personal tax return appropriately will be subject to a penalty imposed by the CRA. The penalty could be severe, up to 20% of the missed income amounts. It is important that you ensure you have all of your income slips prior to making your appointment with us.

2020 Tax Changes

Individuals and Families

Amounts Received Related to COVID-19

During the year, you may have received federal, provincial, or territorial government COVID-19 payments such as the Canada Emergency Response Benefit (CERB). These amounts are generally taxable and you will receive a slip, such as a T4A or T4E.

Interest Relief on 2020 Income Taxes Owed if you Received COVID-19 Benefits

Interest relief will be given to individuals who meet **all** of the following criteria:

- Total 2020 taxable income was \$75,000 or less
- You received at least one COVID-19 benefit in 2020
- You have filed your 2020 income tax return
- You owe income taxes for 2020

You will not have to pay interest on any amount owing from your 2020 taxes until April 30, 2022.

Home Office Expenses for Working at Home due to COVID-19

If you worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020, individuals may be eligible to deduct home office expenses (work-space-in-the-home expenses, office supplies, and certain phone expenses) if you worked from home in 2020 due to COVID-19. There are **two options**, a temporary flat rate method or the detailed method.

Temporary flat rate method to calculate your home office expenses for 2020 for which they were not reimbursed. You can claim \$2 for each day you worked from home. The maximum you can claim using the new temporary flat rate method is \$400 (200 working days) per individual.

Detailed method you must obtain a T2200S, *Declaration of Conditions of Employment for Working at Home Due to COVID-19* and have kept all supporting documents. You can now include a reasonable monthly home internet access fee as part of your work-space-in-the-home expenses.

Meal Rate

Since January 1, 2020, the meal rate for each meal has increased from \$17 to \$23 (includes sales tax).

Home Buyers' Plan

If you are not considered a first-time home buyer for the purposes of the HBP and you experience a breakdown in your marriage or common-law partnership, you may be able to participate in the HBP under certain conditions. Contact us for details of the conditions that apply.

Canada Training Credit

An individual who is at least 25 years old and less than 65 years old at the end of a calendar year can accumulate \$250 in their Canada training credit (CTC) limit for the next tax year, up to a maximum of \$5,000 in a lifetime. The refundable credit can be claimed for tuition and other fees paid for courses you took during the year.

Digital News Subscription Tax Credit

For 2020-2024 tax years, you may be able to claim a non-refundable tax credit for expenses if you paid for a qualifying digital news subscription with a qualified Canadian journalism organization.

Canadian Journalism Labour Tax Credit

If you are a qualifying member of a partnership, you may be able to claim this new, refundable tax credit. The partnership must be a qualifying journalism organization and allocate the credit to you.



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