

TAX NEWSLETTER

Hughesman Morris Liversedge, CPA's

March 2021

Last year was definitely one we will not forget. Lots of tax deadline changes and new programs implemented to assist individuals during the year. We at Hughesman Morris Liversedge, Chartered Professional Accountants are here and ready to help you understand how 2020 has impacted you and the deductions applicable in every situation.

The tax filing and payment deadline is Friday April 30th for most individuals. For individuals that received Covid benefits (CERB, CRB, etc.) interest will not be charged until April 30, 2022 on any unpaid balance if your net income was under \$75,000. For individuals (and their spouse) with self-employment income the filing deadline is extended

to June 15th (payment is still due April 30th).

You can drop off your tax documents to our office or securely send them to us electronically using the CitrixFiles link in our email footers or by calling our office to receive the secure link. We are also pleased to offer RightSignature to assist in securely and digitally signing your necessary tax documents from wherever you are.

Our firm is proud to be serving you again this year. If you need a consultation or would like to discuss your tax situation or plans with a partner, please call our office to schedule a meeting. We wish you a successful year!

Covid policies and protocols

We are following the policies and protocols as set out by WorkSafe BC to ensure our clients and staff are safe. To allow for effective and safe business operations:

- A maximum of two households will be allowed in our front office at a time
- Masks are required to be worn at all times
- We offer client meetings via zoom or telephone, but if you need an in-person meeting please contact us to arrange

Please note that seating has been limited to allow our staff to properly sanitize the office space.

OUR STAFF

We are thrilled to announce that Brian Liversedge has joined the partnership! Brian has been providing exceptional accounting service to our clients for the past 11 years, and we're proud to welcome him as the newest partner at Hughesman Morris Liversedge.

Part of the first batch of students in the newly minted Chartered Professional Accounting program, Brian obtained his CPA designation in early 2016. He brings robust experience in the areas of personal and corporate tax, non-profits, estates and financial statement preparation to name a few, and we look forward for the chance for you to meet and work with him (even if it is behind a mask for now!)

Having grown up on the Saanich Peninsula, Brian appreciates all that our community has to offer. He sits on the Board of Directors as the Treasurer for the Peninsula Celebrations Society. Outside of work you might find him kayaking off the water of Sidney or perhaps on a surfboard off the Westcoast of Vancouver Island.



LOCAL COMMUNITY SUPPORT

Community initiatives this past year

We pride ourselves on our commitment to, and enjoyment of, supporting local community organizations. This past year we had to pivot and change what our support of the community looked like as we couldn't host any in-person events. We put our heads together and pivot we did! We are happy to announce that during 2020 we supported 20 different community causes.

Our annual pancake breakfast was missed this year, but our raffle draws were a huge success. We were able to raise \$6,564 for the children at Sidney Elementary School. We know that we could not support our community without you supporting us. Thank you for believing in us and supporting with us the community we all know and cherish.



EMPLOYMENT EXPENSES

Did you work from home this past year?



This year we anticipate an increase in the number of clients who are eligible to claim employment expenses as a result of working from home due to the pandemic. You are eligible to deduct home office expenses you paid (unless they were or will be reimbursed by your employer) if you meet the following conditions:

- You worked more than 50% of the time from home for a period of **at least four consecutive weeks**
- The expenses were directly related to your work

There are two options available this year for claiming home office expenses, 1) temporary flat rate method and, 2) detailed method. Under the flat rate method, you can claim \$2 for each day that you worked from home during the four-week period, plus any other days up to a maximum of \$400 (or 200 days). Under the detailed method you can claim a percentage of your eligible home expenses related to your employment (the % is calculated based on the size of your workspace).

As an employee, eligible expenses to claim under the detailed method include rent, utilities, condo fees, home internet, home maintenance, office supplies, employment use of cell phone and long-distance calls for employment purposes (employees who earn commission income can also claim property taxes and home insurance). If you own your home then the best method will likely be option one, but if you rent then your deduction will likely be higher under option 2. If you are deducting home office expenses under the detailed method, make sure to have your employer fill out the [Declaration of Conditions of Employment for Working at Home due to COVID-19](#).

TAX FACTS

Do you know about these?

Canada Emergency Response Benefit (CERB) income. Fact: If you received the CERB, then you will be required to report it on your tax return as it is taxable income. For those who applied through Service Canada, a T4E tax slip will be issued and those who applied through Canada Revenue Agency, a T4A tax slip will be issued. You should receive the applicable tax slip by the middle of March.

Other taxable COVID-19 benefits. Fact: The Canada Emergency Student Benefit, the Canada Recovery Benefit, the Canada Recovery Sickness Benefit and the Canada Recovery Caregiving Benefit are all taxable benefits as well and you will receive a T4A tax slip indicating the amount you must report on your tax return.

Digital news subscription tax credit. Fact: New starting this year until 2024 you can claim a 15% non-refundable tax credit for fees you paid for a digital news subscription from a

qualified Canadian journalism organization (up to \$500). The maximum tax credit is \$75.

RRSP contributions for first-time home buyers. Fact: There is a tax savings opportunity here. If you are a first-time home buyer, consider contributing your down payment (up to \$35,000) to your RRSP; holding it in there for at least 90 days, and then withdrawing it tax free under the Home Buyer's Plan. This will provide you with a refund on your tax return (usually much needed for first-time home buyers) and you have 17 years to pay the withdrawn amount back to your RRSP.

Investment fees. Fact: If you pay investment fees to have your non-registered account managed, you can deduct them on your tax return.

Home Accessibility Tax Credit (HATC). Fact: If you are 65 or older and incurred expenditures to make your

home more accessible, those costs may be eligible for the home accessibility tax credit. Some examples include installing easy open cupboards in your kitchen/bathroom, replacing carpet with hardwood floors, adding railings/grab bars.

Canada training credit (CTC). Fact: New starting in 2020 you can claim this refundable tax credit when you pay eligible tuition fees. The CTC is a \$250 credit per year that started to accumulate in 2019 for individuals aged 26 to 64. Each person has a maximum lifetime limit of \$5,000 that can be claimed. To accumulate the CTC in 2020, you must have total working income of between \$10,100 and \$150,473. If you are eligible to claim the CTC, we will automatically claim it on your tax return for you.

We look forward to working with you in preparing your tax returns and investing time into tax saving strategies. We value the time it takes to prepare accurate tax returns. There will be a \$50 rush fee for tax returns dropped off after April 15th that are expected to be filed by April 30th and for self-employed individuals the fee applies for tax returns dropped off after May 31st that are expected to be filed by June 15th.



CHARTERED PROFESSIONAL ACCOUNTANTS |

CONTACT

Elaine Hughesman, CPA, CA
elaine@sidneyaccountants.ca
Janine Morris, CPA, CA
janine@sidneyaccountants.ca
Brian Liversedge, CPA
brian@sidneyaccountants.ca

Phone: 250-656-3991
Toll-free: 1-800-286-1212
Fax: 250-656-6486