



TAX GUIDE

Money Saving Tips for Your 2021 Tax Return

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REVENUE CANADA AGENCY INFORMATION

The best way to get more info or contact CRA is online at:
canada.ca/en/revenue-agency.html

Scroll down for contact info; Telephone numbers are also posted on that page, with wait times. A search box helps you find information.



A MESSAGE FROM GREG McLEAN

Dear Friends and Neighbours,

With rising inflation driving up the cost of living and government taxes taking up more of your disposable income, it is now more important than ever that Canadians look carefully at the benefits that are available to them. This Tax Guide has been prepared to point out some of the less obvious benefits available to Canadians, and I hope it helps, but it is meant for you to consider these in addition to the more obvious deductions and credits. I know every bit helps.

You may have some technical questions, with which the Canada Revenue Agency will be able to assist (see above). If you have any problems reaching them or having your concerns addressed, please contact my office. Note that we are not able to deliver advice on specific income tax matters, but we can help facilitate contact with the correct officials.



SAVINGS FOR ALL CANADIANS

Here are some tax benefits that many people can claim:

GST Credit

Four times a year, this tax-free payment helps individuals and families with modest incomes offset all or part of their GST. If you have a spouse or common-law partner, only one of you can receive this credit. When you file your 2021 tax return, CRA will determine your eligibility and will advise those who are eligible to receive the credit, which is paid into your bank account.

Medical Expense Deductions

This credit applies to numerous eligible expenses you paid directly including home care services, dental work, premiums on extra insurance, and prescriptions (many more items—check it out). The amount you can claim is the

total of your expenses, minus \$2,421 or 3% of the claimant's income (whichever is less). There is no limit on the amount of eligible expenses a taxpayer can claim for him or herself, spouse, common-law partner, or child under 18.

Climate Action Incentive

Albertans claim the climate action incentive with their income tax return. The amount you receive depends on your personal situation and probably won't cover all the costs of the carbon tax but will likely be a few hundred dollars in total. Beginning in July 2022, amounts will be paid to you quarterly directly into your bank account rather than as a refund on your taxes.

Simplified Home Office Tax Credit

The federal government will extend the simplified flat-rate option to allow Canadians to deduct home office

expenses for the 2021 and 2022 tax years. In addition, the maximum amount that employees can deduct under the simplified method has been raised to \$500 from \$400.

If you worked more than 50% of the time from home for a period of at least four consecutive weeks in the year due to the COVID-19 pandemic, you can claim \$2 for each day you worked from home during that period. The maximum amount that can be claimed is \$500 per individual in 2021 and in 2022.

If it is to your benefit, you can continue to claim using the detailed method, which requires receipts and forms, but could yield greater benefits if you are eligible.

Canada Training Credit

Starting in 2020, the Canada Training Credit (CTC) is available for eligible



SAVINGS FOR ALL CANADIANS (cont'd)

tuition and other fees paid for certain courses taken in 2020 and subsequent tax years. Beginning with the 2019 tax year, an eligible individual can accumulate \$250 in each year toward their CTC limit, up to a maximum of \$5,000 in a lifetime. This credit can be accessed the following year to help cover up to half of eligible tuition and fees associated with training. Note that it is

only available for individuals between the ages of 26 and 65 who reside in Canada, with income between \$10,000 and the top of the third tax bracket (\$151,978). Contact CRA to check eligibility.

Digital News Subscription

If you have a digital (or partly-digital) subscription to a newspaper such as the

Herald, Sun, National Post or Globe and Mail (certain others also qualify) you can access a non-refundable tax credit for the subscription cost (or portion that applies to digital access). Claim it on line 31350 of your T-1 for years 2020 to 2024, for 15% of the total cost up to a maximum of \$500. You can split the credit with a family member, roommate, co-worker etc. if you share the cost.



SAVINGS FOR FAMILIES



Here are some tax benefits for families with children or dependents:

Child Care Expense Deductions

You can claim payments you have made to someone who has looked

after your child while you either earned an income from employment, operated a business alone or as an active partner, attended school or conducted research. You can claim up to \$8,000 per child who is under

the age of seven, \$5,000 for each child aged 7 to 16, and \$11,000 for any children who are eligible for the Disability Tax Credit.

Canada Caregiver Credit

You can claim \$2,295 under the Canada Caregiver Credit if you support a spouse, a common-law partner or a dependent with a physical or mental impairment.

If you are eligible for the Canada Caregiver Credit and the person you are supporting has a net income of between \$7,368 and \$24,604, you may be able to claim an additional amount up to a maximum of \$7,348.

Child Disability Benefit

To recognize the additional costs that can add up when caring for a child with a severe disability, families can continue to claim the Child Disability Benefit. It is an amount of up to \$2,915 per eligible child.

Adoption Expense Tax Credit

This credit is a 15% non-refundable tax credit that allows adoptive parents to claim eligible adoption expenses relating to the completed adoption of a child under the age of 18. Currently, the maximum is \$16,729.

SAVINGS FOR SENIORS



Here are some benefits targeted to seniors:

Home Accessibility Tax Credit

Seniors and persons with disabilities who are eligible for the Disability Tax Credit can qualify for tax relief of 15% on up to \$10,000 in eligible expenses. To be eligible, expenses must be incurred in relation to a renovation allowing for better mobility and functionality or reducing the risk of harm.

Doubling the Pension Income Amount

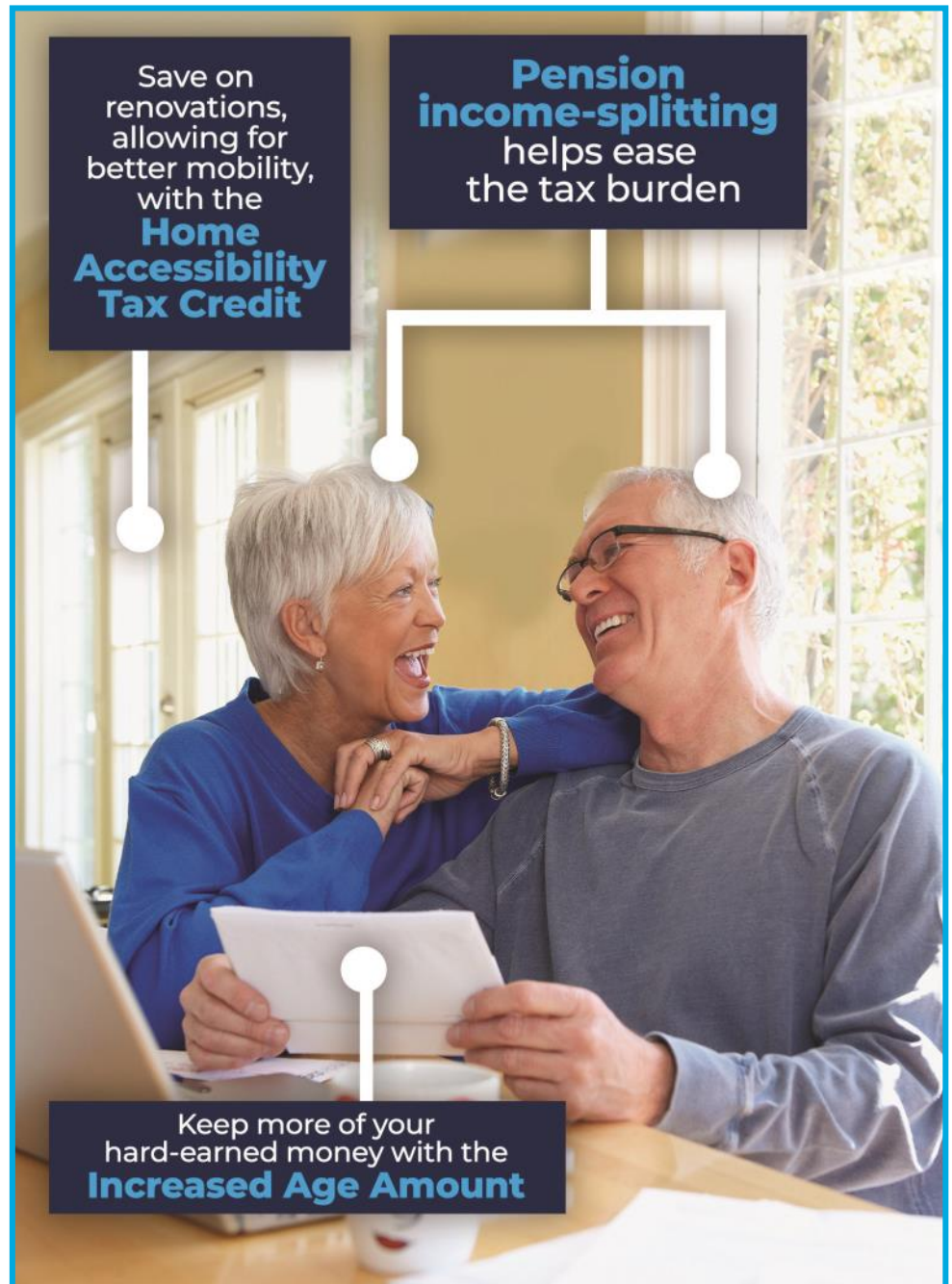
Years ago, a non-refundable pension income credit was introduced to apply to the first \$1,000 of eligible pension income. A lot has changed since then, which is why the previous Conservative government increased the maximum amount of eligible pension income that can be claimed to \$2,000.

Increasing the Age Amount

The Age Amount allows seniors to claim up to \$7,637 on their 2021 tax return, depending on the individual's net income.

Pension Income-Splitting

Pension income-splitting allows any Canadian resident who receives qualifying pension income to allocate to their spouse (or common-law partner), with whom they reside, up to one-half of that income. By doing so, a pensioner and their family can dramatically reduce their tax load.



SAVINGS FOR WORKING CANADIANS



These benefits are targeted to working Canadians and employers:

Canada Workers Benefit

This benefit is a refundable tax credit that supplements the earnings of low-income workers to ensure they aren't penalized for getting a job.

Canada Employment Amount

The Canada Employment Amount provides most employees in the public and private sectors (excluding the self-employed) with help to offset the cost of

work-related expenses such as home computers, uniforms and supplies. If you qualify for this amount, you can claim up to \$1,257 on your 2021 tax return.

Apprenticeship Job Creation Tax Credit

Employers who employ an eligible apprentice in a skilled trade in the first two years of an apprenticeship contract can be eligible to receive a non-refundable tax credit equivalent to 10% of the salaries and wages paid to the apprentice. This can translate into tax

savings for an employer of up to \$2,000 per eligible apprentice.

Lower Taxes for Local Business Owners, Farmers and Fishermen

When ownership of a family farm, local business, or fishing enterprise passes from one generation to the next, the properties – or shares – are subject to a Capital Gains Tax. Previously, the first \$500,000 of the value was tax-free. The lifetime capital gains exemption is now \$892,218 for the 2021 tax year.



SAVINGS FOR WORKING CANADIANS (cont'd)

Eligible Educator School Supply Tax Credit

Eligible educators can claim a 15% refundable tax credit on up to \$1,000 of supply purchases per year. Some examples include flashcards, arts supplies, writing materials, books for the classroom and more.

Volunteer Firefighters' Tax Credit

This is a 15% non-refundable tax credit based on an amount of \$3,000 for volunteer firefighters who perform at least 200 hours of service per year. The option to claim the exempt amount of up to \$1,000 for honoraria will remain in lieu of the credit, if desired.

Search and Rescue Volunteer Tax Credit

This is a 15% non-refundable tax credit based on an amount of \$3,000 to acknowledge the valuable contributions of ground, air and marine search and rescue volunteers, who perform at least 200 hours of service per year. The option to claim the exempt amount of up to \$1,000

for honoraria will remain in lieu of the credit, if desired.

Tradespersons' Tools Deduction

This tax deduction helps tradespeople who are often required to pay for their tools and equipment up front out of their own pockets.

Meal Expenses of Long-Haul Truck Drivers

The Canadian tax system generally limits business-related meal, entertainment, and other expenses to be deductible only up to 50%. The previous Conservative government raised the deductible portion of meal expenses for long-haul truck drivers to 80%.

Lowering of the Small Business Tax Rate

In 2015, the previous Conservative government introduced a tax measure to lower the small business tax rate from 10.5% to 9% by 2019. A reduced small business tax rate of 9% is now in effect.



SAVINGS FOR HOME BUYERS

Here are some tax benefits that new homebuyers can claim:

Home Buyers' Amount

The credit allows first-time home buyers to claim \$5,000 on qualifying home

purchases. It's also available to those who are not first-time buyers but who are eligible for the Disability Tax Credit (DTC) if they purchase a more accessible or functional home.

Home Buyers' Plan

Under the Home Buyers' Plan, Canadians can withdraw \$35,000 from their Registered Retirement Savings Plans (RRSP) for a down payment on their first home.



GREG McLEAN

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I WELCOME YOUR FEEDBACK

I value your feedback on my priorities in Ottawa, your views on how the government is performing, and any comments or questions.

PLEASE TAKE THE SURVEY AND INCLUDE YOUR COMMENTS:

GregMcLeanMP.ca/survey