



# TAX GUIDE

Read this guide before completing your  
2021 tax return!



**DOUG SHIPLEY**

MP | BARRIE—SPRINGWATER—ORO-MEDONTE



# A Message from Your Member of Parliament

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The last two years have been challenging for everyone. As we move forward with the recovery from the COVID-19 pandemic, it is important that we continue to support our neighbours and local businesses.

Tax season can be stressful in the best of times, so whether you are an individual or business owner, it's important that you receive the benefits you are entitled to. As you prepare to file your 2021 taxes, please take some time to review this tax guide which outlines programs that may offer some relief to you, your family, and your business.

As always, my staff is available to discuss any questions or concerns that arise. Please don't hesitate to reach out!

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Shipley". The signature is fluid and cursive.

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## SUPPORT FOR INDIVIDUALS IMPACTED BY COVID-19

If you need financial assistance, have lost a job, are unable to work or are taking care of family members due to the COVID-19 pandemic, there are programs to help you.

### Employment Insurance (EI) program

- As of January 1, 2022, the maximum yearly insurable earnings amount is \$60,300. This means that you can receive a maximum amount of \$638 per week.

If you are not eligible for EI, you may be eligible for these new benefits:

### Canada Worker Lockdown Benefit (CWLB)

- The Canada Worker Lockdown Benefit provides \$300 a week to eligible workers who are unable to work due to a temporary local lockdown anytime between October 24, 2021 and May 7, 2022.
- The benefit is only available when a COVID-19 lockdown order is designated for your region.

### Canada Recovery Sickness Benefit (CRSB)

- The Canada Recovery Sickness Benefit provides \$500 (\$450 after taxes withheld) per week for up to a maximum of six weeks, for workers who:
  - are unable to work for at least 50% of the week because they contracted COVID-19;
  - are in self-isolation for reasons related to COVID-19;
  - have underlying conditions, are undergoing treatments or have contracted other sicknesses that, in the opinion of a medical practitioner, nurse practitioner, person in authority, government or public health authority, would make them more susceptible to COVID-19.

### Canada Recovery Caregiving Benefit (CRCB)

- The CRCB provides \$500 per week for up to 26 weeks per household for workers:
  - unable to work for at least 50% of the week because they must care for a child under the age of 12 or family member because schools, day-cares or care facilities are closed due to COVID-19; or
  - because a child or family member is sick and/or required to quarantine or is at high risk of serious health implications because of COVID-19.



**NOTE:** If you received the Canada Recovery Benefit (CRB) or other benefits in 2021, they are considered taxable income by CRA. Since there were no source deductions, you may be taxed up to 15-20% of benefits received.

## SUPPORT FOR SMALL BUSINESSES IMPACTED BY COVID-19



Small businesses are the engine of the economy and many have been devastated by the economic downturn. Business support programs are listed below.

### Wages and Hiring Support

You may be eligible for a subsidy to cover part of your employee wages in order to re-hire workers, help prevent further job losses, and ease your business back into normal operations.

For each applicable claim period, eligible employers can claim one of the following, whichever gives the highest amount:

- Tourism and Hospitality Recovery Program
- Hardest-Hit Businesses Recovery Program
- Canada Recovery Hiring Program
- Canada Emergency Wage Subsidy

### Rent and Property Expenses Support

You may be eligible for a subsidy to cover part of your commercial rent or property expenses through one of the following:

- Canada Emergency Rent Subsidy
- Tourism and Hospitality Recovery Program
- Hardest-Hit Businesses Recovery Program

More information on supports for business can be found at: <https://www.canada.ca/en/department-finance/economic-response-plan.html>



## SAVINGS FOR ALL CANADIANS

Here is a list of some tax benefits that you can claim:

### Goods and Services Tax (GST) Credit

Four times a year, this tax-free payment helps individuals and families with modest incomes offset all or part of the GST they pay.

If you have a spouse or common-law partner, just 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.

### Medical Expense Deductions

This credit applies to a number of eligible expenses including home care services, laser eye surgery and orthopedics. The amount you can claim is the total of your expenses, minus approximately \$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 himself or herself, a spouse or common-law partner, or a child under 18.

### Climate Action Incentive

Canadians who live in a province where the Carbon Tax applies – Alberta, Saskatchewan, Manitoba and Ontario – can claim the climate action incentive with their income tax return. The amount you receive depends on your province of residence and your personal living situation. You may qualify for a 10% supplement if you are a resident of a small or rural community. Beginning in July 2022, amounts will be paid on a quarterly basis.

### Simplified Home Office Tax Credit for 2021

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. You can then also claim any additional days you worked at home in the year due to the COVID-19 pandemic. The maximum amount that can be claimed is \$500 per individual in 2021 and in 2022.

### Canada Training Credit

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

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## SAVINGS FOR FAMILIES



Here is a list of some tax benefits you can claim:

### 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.

The dollar limits that parents can claim are up to \$8,000 per child who is under the age of seven, \$5,000 for each child aged 7 to 16 (and for infirm children over the age of 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.

### Registered Disability Savings Plan

Registered Disability Savings Plan (RDSP) helps to ensure long-term financial security for Canadians and families who are dealing with a severe disability.

### 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.



Claim childcare  
expenses up to

**\$8,000**

(for children under  
the age of seven)

Claim adoption  
expenses up to

**\$16,729**

Claim home  
care services,  
laser eye surgery,  
orthopedics  
and more





## SAVINGS FOR SENIORS

Here is a list of some tax benefits you can claim:

### 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.

### Pension Income Amount

You may be eligible to claim up to \$2,000 if you reported eligible pension income.

### 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

Generally, each individual Canadian pays taxes on their full income earned. 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.

### Converting RRSPs to RRIFs

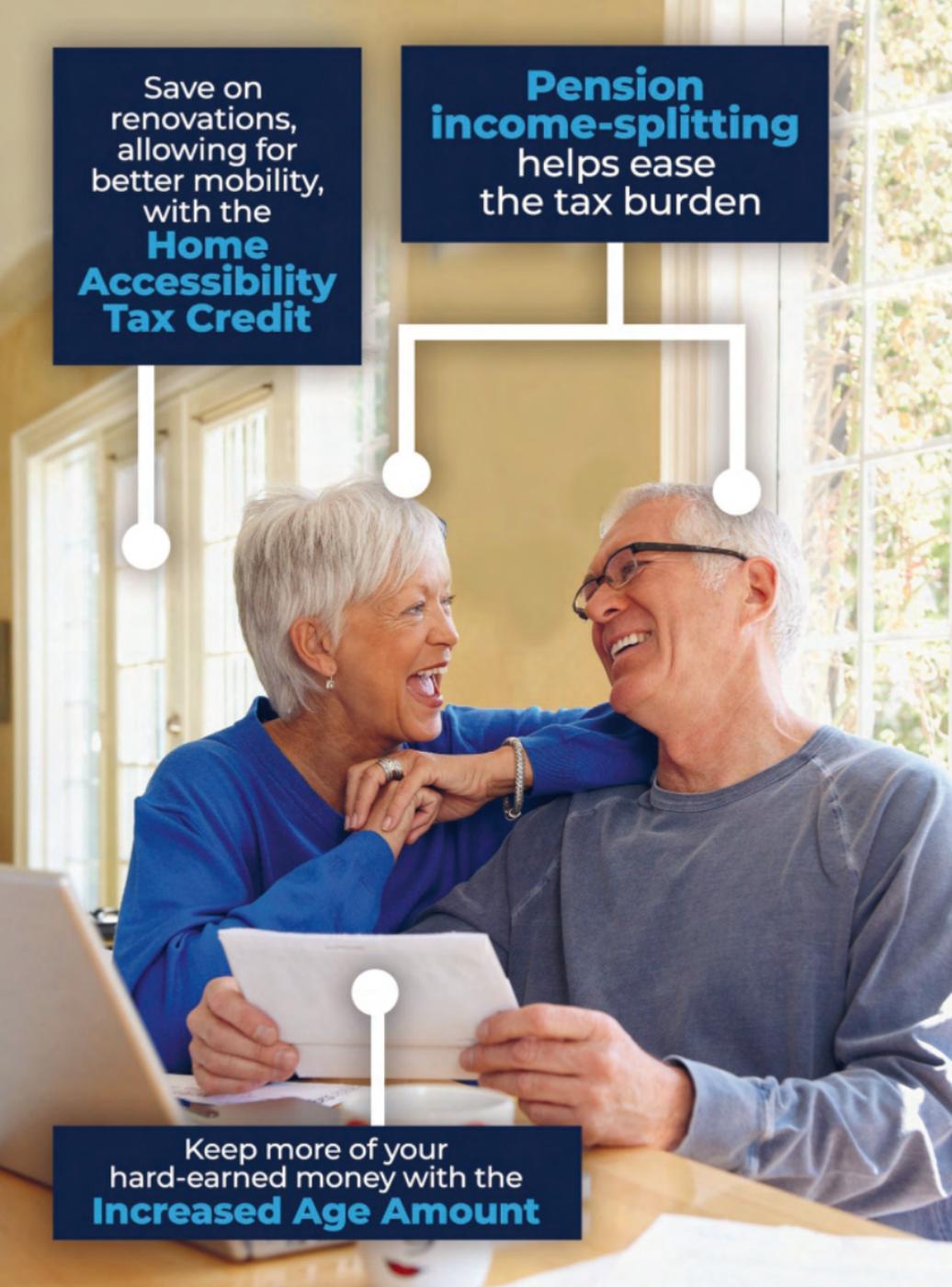
Registered Retirement Savings Plans (RRSPs) provide one of the best opportunities for Canadians to save for the future. Since RRSP contributions are not taxable below your RRSP deduction limit, they are an ideal way to plan for retirement. However, some Canadians have been restricted by the way RRSPs are structured. Even though they chose to work past 69 years of age, it was a requirement to convert their RRSP into a Registered Retirement Income Fund (RRIF) and begin making withdrawals.

The age limit for converting RRSPs to RRIFs is 71. Canadians have the freedom to choose when they convert their RRSPs.

Save on renovations, allowing for better mobility, with the **Home Accessibility Tax Credit**

**Pension income-splitting** helps ease the tax burden

Keep more of your hard-earned money with the **Increased Age Amount**



A young man with dark hair, wearing a light blue t-shirt and grey overalls, is looking down at a workbench. An older man with dark hair, wearing a blue and white plaid shirt, is leaning over the workbench, smiling and looking at the young man. They are in a workshop with wooden walls and various tools hanging on the wall. A white circle is on the wall behind the young man, and a white line connects it to the text box.

Employers can  
save up to  
**\$2,000 per  
eligible  
apprentice**

**Claim tools and  
meal expenses**

A yellow helicopter is hovering in a snowy mountain landscape. In the foreground, three rescue workers in red jackets are crouching in the snow. The background shows a snowy mountain range with evergreen trees.

**Supporting  
volunteer  
firefighters,  
and search and  
rescue personnel**



Here is a list of some tax benefits that you can claim:

## 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.

For those low-income working Canadians with a disability who face even larger barriers to workforce participation, this benefit provides an additional supplement.

## Canada Employment Amount

The Canada Employment Amount provides most employees of the public and private sector (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 (registered with the federal, provincial, or territorial government) 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. This exemption has increased to \$800,000. (As it is indexed for inflation, the lifetime capital gains exemption is \$892,218 for the 2021 tax year.) Specifically for farm and fishing businesses, the limit is \$1 million.

In 2021, Bill C-208 was passed in Parliament which intends to make it easier for families to transfer their business or farm to their children.

## 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.



## SAVINGS FOR WORKING CANADIANS (cont'd)

### 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

Meal and beverage expenses of long-haul truck drivers are deductible at a higher rate than other transportation employees. During eligible periods of travel in 2021, the deductible portion of meal expenses for long-haul truck drivers is up to 80%.

### Small Business Tax Rate

For Canadian-controlled private corporations claiming the small business deduction, the tax rate of 9% is in effect.



## SAVINGS FOR HOME BUYERS

Here is a list of some tax benefits that you can still claim:

### Home Buyers' Amount

The credit allows first-time home buyers to claim an amount of \$5,000 on qualifying home purchases. It's also available to those who are not first-time home buyers but who are eligible for the Disability Tax Credit (DTC) when 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.





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