

January 2021

HERE FOR YOU

We have an amazing team at JP Accounting & Tax Services who are here for you. We are ready to assist you in any way we can, so you can thrive and advance in the months ahead. As we move forward, we will provide updates through our website and email communications.

Contact Us

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Happy New Year!

Welcome to our first Newsletter of 2021. Our goal is to help keep you updated on our latest news and keep you informed with vital tax tips.

What's Included in this Newsletter:

- COVID-19 Office Procedures
- Online Portal & E-Signature
- Key Dates & Reminders
- CRA Information Letters Regarding CERB
- 2020 T1 CRA Tax Updates
- Employee Home Office Expenses
- Canada's Economic Response Plan
 - i. Helpful Links
 - ii. Support Benefits for Individuals
 - iii. Support Benefits for Businesses

COVID 19 - Office Procedure Impact

To ensure the health and safety of our clients, staff and their families, we are open for business however we are working on a virtual or teleconference appointment basis only. Please give us a call at 905-471-7979 to book yours today. We have a secure drop box located at the back of our new office location 195 Main Street North Markham, ON L3P 1Y4. The drop box is available 24 hours a day/7 day a week.

Online Portal & E-Signature

To better serve our clients, JP Accounting & Tax Services is now offering an online portal as a convenient and secure option to exchange documentation. The portal also offers E-Signature capability which CRA has extended approval to use this coming tax season. An email invite with step-by-step instructions will be sent out soon to our email contact list. If you would like more information or if you would like to ensure we have your correct email address, please send your enquiry to: portal@jpaccountingtax.com

Key Dates and Reminders

CEWS Application Deadline (periods 1-5)	January 31, 2021
RRSP Contribution Deadline	March 1, 2021
CEBA Application Deadline	March 31, 2021
Personal Tax Return Filing Deadline	April 30, 2021
Personal Tax Return Payment Deadline	April 30, 2021
Self-Employed Tax Return Deadline	June 15, 2021
Self-Employed Tax Return Payment Deadline	April 30, 2021
Christmas: Closes Thurs Dec 16, 2021 (11:30am), Reopens Mon Jan 3, 2022 (8:30am)	

As of January 25th, 2021, CRA has not issued any extensions for 2020 income tax filings

CRA Information Letters Regarding CERB

Over 400,000+ people have received letters indicating they may have a CERB overpayment. These "educational" letters have been sent out indicating more information may be required from recipients to determine if they met the eligibility criteria for CERB. CRA has indicated that those who have received a letter should not interpret it as a determination that they were ineligible for receiving CERB funds. Please contact CRA at 1-800-959-8281 if you have received a letter and are looking for further information or clarification on your eligibility.

2020 Tax Updates

TFSA limit for 2021	TFSA limit for 2021 is \$6000
Maximum RRSP contribution	Maximum contribution for 2021 is \$27, 830; for 2020 it is \$27, 230
TFSA limit	In 2021, the annual limit is \$6,000, for a total of \$75,500 for someone who has never contributed and has been eligible for the TFSA since its introduction in 2009. The annual limit for 2020 is also \$6,000, for a total of \$69,500 in room available in 2020 for someone who has been eligible since 2009
Maximum pensionable earnings	For 2021, the maximum pensionable earnings amount is \$61,600 (\$58,700 in 2020), and the basic exemption amount remains \$3,500 for 2020 and 2021
Maximum EI insurable earnings	The maximum annual insurance earnings (Federal) for 2021 is \$56,300, up from \$54,200 in 2020
Lifetime capital gains exemption	The lifetime capital gains exemption is \$892,218 in 2021, up from \$883,384 in 2020
Home buyers' amount	Did you or a family member buy a home? He or she may be able to claim up to \$5,000 of the purchase cost, and get a non-refundable tax credit of up to \$750
Medical expenses threshold	For the 2021 tax year, the maximum is 3% of net income or \$2,421, whichever is less. For 2020, the max is 3% or \$2,397
Basic personal amount	The basic personal amount for 2021 is \$13,808 for taxpayers with net income of \$151,978 or less. At income levels above \$151,978, the basic personal amount is gradually clawed back until it reaches \$12,421 for net income of \$216,511. The basic personal amount for 2020 ranges from \$12,298 to \$13,22
Age amount	You or your spouse may claim this amount if they were 65 years of age or older on December 31 of the taxation year. The maximum amount they can claim in 2021 is \$7,713, up from \$7,637 in 2020
OAS recovery threshold	If you or your spouse's net world income exceeds \$79,845 in 2021 or \$79,054 in 2020, he or she may have to repay part of or the entire OAS pension

Employee Home Office Expenses

- Employees will generally be able to claim a home office expense deduction if you worked from home in 2020 due to the COVID-19 pandemic and, more than 50 per cent of the time from home for a period of at least four consecutive weeks in 2020.
- Where the employee qualifies, you can use a detailed calculation, or the temporary flat rate method. If you use the flat rate method, no T2200 is required. However, if you use a detailed calculation, you must obtain a regular T2200 form or a shortened pandemic version of the form (Form T2200S) from your employer.
- Under the flat rate method, you can claim \$2 per day for each day worked at home up to a maximum of \$400 (i.e. 200 days).
- The CRA has also announced that internet access costs are eligible, but only if the detailed calculation approach is used.

Helpful links to Canada's Economic Response Plan (CRB, CEWS, CEBA & CERS)

WE RECOMMEND YOU TO CHECK THE CANADA.CA WEBSITE DIRECTLY FOR COMPLETE DETAILS AND UPDATES

- ❖ **Canada's Economic Response Plan:** <https://www.canada.ca/en/department-finance/economic-response-plan.html#individuals>
- ❖ **CRB:** <https://www.canada.ca/en/revenue-agency/services/benefits/recovery-benefit.html>
- ❖ **CEWS:** <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html>
- ❖ **CEBA:** <https://ceba-cuec.ca>
- ❖ **CERS:** <https://www.canada.ca/en/revenue-agency/services/subsidy/emergency-rent-subsidy.html>

Support Benefits for Individuals

Canada Recovery Benefit (CRB) provides \$500 per week for up to 26 weeks to workers who have stopped working or had their income reduced by at least 50 per cent due to COVID-19, and who are not eligible for Employment Insurance (EI).

Canada Recovery Sickness Benefit (CRSB) provides \$500 per week for up to two weeks for workers who are unable to work for at least 50 per cent of the week because they contracted COVID-19 or are self-isolating due to COVID-19.

Canada Recovery Caregiving Benefit (CRCB) provides \$500 per week for up to 26 weeks per household for eligible Canadians unable to work for at least 50 per cent of their scheduled work week because they are caring for a child under 12 years old or a family member due to one of the following reasons:

- They require supervised care because their school, daycare, day program or care facility is closed or unavailable due to COVID-19.
- Their regular care services are unavailable due to COVID-19.

- They are sick with COVID-19 or have COVID-19 symptoms, at risk of serious health complications if they get COVID-19 or self-isolating due to COVID-19.

According to the CRA, amounts received under all three benefits are taxable and a 10% withholding tax will be applied at source. T4A slips will be issued reflecting the total CRA administered COVID-19 benefits received and taxes withheld at source.

Support for Businesses

Canada Emergency Wage Subsidy (CEWS)

The CEWS program—which helps employers that experienced revenue declines due to COVID-19 cover wages re-hire terminated employees, prevent further job loss and facilitate normal operations— this could be extended to June 2021. This benefit consists of a base subsidy for all eligible employers, as well as a top-up subsidy for qualifying applicants.

Temporary Wage Subsidy (TWS)

The CRA released its 10 per cent Temporary Wage Subsidy Self-identification Form (PD27) for Employers in July. TWS was a three-month measure which allowed employers to reduce the amount of federal, provincial or territorial tax owed to the CRA.

- ❖ Most employers will need to file the PD27 and the CRA has provided additional guidance for common scenarios on its website. It also encourages claimants to submit PD27 Forms as soon as possible to avoid year end discrepancy notices.

Canada Emergency Rent Subsidy (CERS)

Under the new proposed CERS, which will provide mortgage and rent support to qualifying businesses who have suffered a revenue drop due to COVID-19 until June 2021, up to 65 per cent of eligible expenses will be subsidized until Dec. 19, 2020. The subsidy is provided directly to tenants, while also supporting property owners. In addition, a top-up of 25 per cent is available for those businesses that must temporarily shut down due to a mandatory public health order.

Canada Emergency Business Account (CEBA)

The application deadline for the CEBA, which provides interest-free loans to eligible businesses of up to \$20,000, in addition to the original CEBA loan of \$40,000, has been extended to Dec. 31, 2020. 50% of additional financing received is forgivable if repaid by Dec. 31, 2022.

Small Business Support Grant

The Province of Ontario is providing up to \$20,000 for eligible businesses impacted by the provincewide shutdown.

Eligible small businesses include those which:

- Were required to close or significantly restrict services due to the Provincewide Shutdown being imposed across the province effective December 26.
- Have experienced a minimum of 20 per cent revenue decline in April 2020 compared to April 2019.

For complete details and eligibility requirements, please visit: <https://www.app.grants.gov.on.ca>

Please call the office for more information ...We are here to help!
