

## Fact Sheet Tax Changes for 2020 and 2021

- The **Basic Personal Amount (BPA)** has increased from \$12,298 to \$13,229 for 2020 for individuals with a net income of \$150,473 or less. It will be gradually reduced for individuals between \$150,473 and \$214,368. For those who have a net income above \$214,368, their BPA will be \$12,298.
- **Canadian Journalism** organizations can now register as qualified donees, which will allow them to issue tax receipts for donations to their organizations.
- **Canada Pension Plan**
  - Rates increased in 2021 from 5.1% to 5.25%. The maximum annual employee and employer contribution increased from \$2,748.90 to \$2,898 in 2021.
  - In 2020, taxpayers who are entitled to CPP **will automatically be sent their pension when they turn 70**; no application is required.
- **Canada Recovery Benefit (CRB)** has replaced CERB and will be available until September 25, 2021. The payment received will be \$500 a week for a maximum of 26 weeks with a 10% tax withholding, which will not be enough to eliminate a tax balance due. Furthermore, it is subject to a 50% clawback if the recipient's net income exceeds \$38,000.
- **Canada Emergency Response Benefit (CERB)**: the Canada Revenue Agency will issue T4A slips for those who received CERB in 2020. There was no tax withholding, so many recipients will have a tax liability, if their income exceeds the basic personal amount.
- In 2020, the **Canada Training Credit** is introduced. It is non-taxable and accumulates at \$250 per year, to a maximum of \$5,000. The taxpayer must be between 25 and 65 years old and earn income of at least \$10,000 from employment, self-employment or taxable scholarships, and have earnings less than \$147,667 in 2019.
- CRA has introduced a new simplified **Home Office Expense** claim for employees working from home. The employee must have worked from home for more than 50% of the time for a minimum of four consecutive weeks. There are two options on form T777s. Option 1 allows the taxpayer to claim \$2 a day for every day worked from home in 2020. Option 2 allows the taxpayer to calculate their home office expenses using the detailed method, provided their employer fills out and signs form T2200s. Keep in mind that if you have previously been claiming home office expenses using form T2200 for the same employer, you cannot switch to the simplified method. See the links below for more details on eligible expenses and the forms that need to be filled out.
  - T777s: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t777s.html>
  - T2200s: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2200s.html>
- The flat rate for **meal claims** for transport employees and other individuals that can claim meal expenses (i.e. medical travel, moving expenses) has increased from \$17 to \$23 in 2020.
- **Personal Protective Equipment** such as, hand sanitizer and face masks are not a medical expense. However, they can be deducted as a business expense if self employed. Also, they are deductible as an employment expense if the employee was not reimbursed and the employer completes and signs form T2200.