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Dear Personal Tax Client:

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The following checklist has been prepared to assist you with the compilation of the information necessary for the preparation of your 2021 personal income tax return. It is intended for use as a guide only and not all points on the checklist will apply to all taxpayers. Additional copies are available at our website at www.crawfordss.com.

Climate Action Incentive (CAI)

The Government of Canada has announced this credit will be paid as a quarterly benefit. If you are eligible for the CAI you will automatically receive the payments four times per year starting in July 2022. This credit will no longer be paid as part of your tax return.

Home Office Expenses if you worked from home in 2021

Flat Rate Method may be used if you worked more than 50% of the time from home, for at least 4 consecutive weeks in 2021 due to the COVID-19 pandemic. The allowable claim using this method is \$2 per day up to a maximum of \$500. If using the Flat Rate Method you cannot claim any other employment expenses. If your employer reimbursed you for all your home office expenses, you cannot use this deduction. No documents are required to support this claim however Canada Revenue Agency may review the claim to validate eligibility.

Detailed Method applies to eligible employees working from home **due to COVID-19 and eligible employees normally required to work from home under a contract of employment**. You can claim in home office expenses if you worked from home for at least 4 consecutive weeks due to COVID. Under this method your home workspace is where you mainly (more than 50% of the time) work. You will require a signed T2200S, "Declaration of Conditions of Employment For Working From Home Due to COVID" or a signed T2200, "Declaration of Conditions of Employment" from your employer.

Employees working from home are able to claim the percentage of expenses paid that are related to the work space used. Those expenses include electricity, heating, water, reasonable home internet access fees, maintenance and minor repair costs (expenses related to work space only, claim the total amount, expenses related to the work space as well as other areas of the home i.e. minor furnace or air conditioner repairs or the purchase of household cleaning products claim the percentage that relate to the work space only). If you rent your home, you can claim a reasonable portion of the rent related to the work space. Only commission employees can claim the work space portion of home insurance, property taxes and lease of a cell phone. No employees are able to claim mortgage interest as an employment expense.

In addition to the home office expenses you may be able to claim office supplies and phone expenses, only if your employer requires you to pay them and you are not reimbursed for those expenses.

For employees working from home due to the pandemic and who are not required to pay for office supplies, the Flat Rate Method may be the appropriate choice.

Childcare Access and Relief from Expenses Tax Credit (CARE)

This is a refundable tax credit available to taxpayers who were resident in Ontario on the last day of the year and claimed an amount as a child care expense deduction on Federal form T778.

Home Accessibility Expenses

You can claim an amount for eligible expenses for a qualifying renovation of an eligible dwelling, if you are a qualifying individual or an eligible individual. A **qualifying individual** is an individual who is eligible for the disability tax credit for the year, or an individual who is 65 years of age or older at the end of a year. An **eligible individual** is a relative who the qualifying individual resides with. A **qualifying renovation** is a renovation or alteration that is of an enduring nature and is integral to the eligible dwelling (including the land that forms part of the eligible dwelling). The renovation must:

- allow the qualifying individual to gain access to, or to be mobile or functional within the dwelling; **or**
- reduce the risk of harm to the qualifying individual within the dwelling or in gaining access to the dwelling.

Sale of a principal residence

The sale of a principal residence, while it may not be subject to tax, must be reported, along with any principal residence designation, on your tax return. You are required to report basic information, i. e. date of purchase, proceeds on sale and the address of the property. Penalties for failure to report this information are significant.

Investment Documents

Holders of investment portfolios are reminded that their financial institutions will include information regarding capital gains, losses etc. in the December information package received in January of 2022. If you hold “**specified foreign property**” with a cost of over \$100,000 in total, at any time during the year, you must receive information regarding that property. This information is required for your 2021 tax preparation.

Yours truly,

CRAWFORD SMITH & SWALLOW
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

