



2020 PERSONAL INCOME TAX ORGANIZER

Dear Client:

RE: 2020 PERSONAL INCOME TAX ORGANIZER

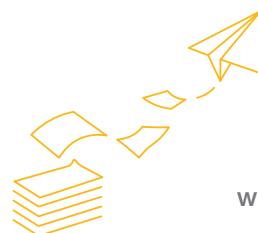
Our 2020 Personal Income Tax Organizer is now available. Click [here](#) to access the form or copy and paste the URL into your browser:
https://crowe.formstack.com/forms/2020_personal_tax_organizer

This tool is designed to assist you in gathering the reporting information and documents necessary for the preparation of your 2020 tax return.

Please complete the form and send all the necessary information and documentation to us as soon as possible as we need time to prepare, process, check and deliver your tax return by the filing deadline of April 30, 2021. Please ensure that all documentation provided is complete. This will allow for quicker processing and efficiency.

For security purposes, all documentation, slips and receipts should be uploaded to our **Client Portal** which can be accessed [here](#). If you need help setting up or accessing the portal, please do not hesitate to contact your advisor, or their assistant. We are here to help.

Note that if you or your spouse carried on a business in the year, you have until June 15, 2021 to file your personal income tax return. However, any tax liabilities that you or your spouse have are due April 30, 2021.



New personal tax measures for 2020 that can affect your tax return:

RRSP Limits

The maximum RRSP contribution limit for 2020 is \$27,830. Your RRSP deduction for 2020 is generally calculated as 18 per cent of your 2019 earned income, less 2020 pension adjustments to a maximum of \$27,830, plus any unused RRSP deduction room carried forward from prior years.

TFSA Limits

The TFSA annual contribution limit for the 2020 tax year has increased to \$6,000. The cumulative contribution limit is \$69,500.

Home Buyers' Plan Withdrawal Limit

The Home Buyer's Plan limit for the 2020 tax year remains at \$35,000 for the 2020 tax year. Amounts withdrawn under the Home Buyer's Plan must be repaid to an RRSP over a period not exceeding 15 years, starting in the second year following the year in which the withdrawal was made to prevent any income inclusion. The Home Buyer's Plan applies to first-time home buyers.

First-Time Home Buyers' Amount

The first-time home buyers' amount is a \$5,000 federal non-refundable tax credit that you may qualify for if you purchased a home in the year and both of the following conditions apply:

1. You or your spouse or common-law partner acquired a home; and
2. You did not live in another home owned by your or your spouse or common-law partner in the year of acquisition or in any of the preceding four years.

Interest Paid on Student Loans

Interest paid in 2020 or the preceding five years on qualifying student loans can normally be claimed as a non-refundable tax credit. Interest paid on a Canada Apprentice Loan amount for registered Red Seal apprentices can also be claimed.

Canada Caregiver Credit

For 2017 and subsequent taxation years, the Infirm Dependent tax credit, the Caregiver tax credit and the Family Caregiver tax credit have been replaced by a new 15 per cent non-refundable Canada Caregiver Credit (CCC). The amount in respect of which the CCC is calculated is \$7,140 and may be claimed for the care of an infirm dependent relative. The credit amount is phased out when the net income of a dependent exceeds \$23,906.

Ontario Childcare Access and Relief from Expenses Credit

In 2019, the province of Ontario introduced the Ontario Childcare Access and Relief From Expenses (CARE) tax credit for low and moderate income families that pay child care expenses. The CARE is a refundable tax credit that is only available to families with household income under \$150,000.

The CARE tax credit is in addition to the existing Child Care Expense Deduction. Families could receive up to \$6,000 per child under the age of seven, up to \$3,750 per child between the ages of seven and 16, and up to \$8,250 per child with a severe disability.

Canada Workers Benefit

For 2019 and subsequent taxation years, the Working Income Tax Benefit is replaced by the Canada Workers Benefit (CWB) which is a federal refundable tax credit. The amount of the CWB will be computed as 26 per cent of earned income over \$3,000, to a maximum credit of \$1,381 for single individuals without children and \$2,379 for families (couples and single parents).

The maximum credit is reduced by 12 per cent of adjusted net income over \$13,064 for single individuals without children and \$17,348 for families.

In addition, in 2019, the government introduced an amendment to clarify that kinship care providers would be considered the parents of a child in their care for the purposes of the CWB. As a result, kinship care providers would be eligible for the CWB amount available for families, provided all other eligibility requirements are met.

Adoption Expenses

You can claim an amount for eligible adoption expenses related to the adoption of a child who is under 18 years of age. For the 2020 taxation year, the maximum amount of eligible expenses for each child remains at \$16,255. Parents can claim these adoption expenses in the tax year that includes the end of the adoption period for the child.

The adoption period:

- begins when an application is made for registration with a provincial or territorial ministry responsible for adoption (or with an adoption agency licensed by a provincial or territorial government) or when an application related to the adoption is made to a Canadian Court, whichever is earlier; and
- ends when an adoption order is issued by, or recognized by, a government in Canada for that child or when the child first begins to live permanently with you, whichever is later.

Donations of Cultural Property

The Government of Canada provides certain enhanced tax incentives to encourage donations of cultural property to certain designated institutions and public authorities in Canada, to ensure that such property remains in Canada for the benefit of Canadians.

The enhanced tax incentives include a charitable donation non-refundable tax credit which is calculated on the fair market value of the property donated. In addition to the credit, any capital gain in respect of the disposition of the property to the registered charity (where the fair market value of the property exceeds its cost amount) is exempt from taxation.

For donations made on or after March 19, 2019, the government no longer requires that the property donated be of national importance to qualify as a donation of cultural property. The property donated only needs to be of outstanding significance by reason of its close association with Canadian history or national life, its aesthetic qualities, or its value in the study of the arts or sciences.

Lifetime Capital Gains Exemption

For dispositions of qualified small business corporation shares in 2020, the lifetime capital gains exemption has increased to \$883,384.

For dispositions of qualified farm or fishing property, the lifetime capital gains exemption is maintained at \$813,600 for dispositions before April 21, 2015 and \$1,000,000 for dispositions after April 20, 2015.

COVID-19 Tax Measures NEW

Please refer to our [Covid-19 Resource Hub](#) for further details pertaining to all Covid-19 measures.

Canada Emergency Response Benefit (CERB)

The CERB gave financial support to employed and self-employed Canadians who were directly affected by COVID-19 during the 2020 taxation year. The CERB was available to individuals meeting the following criteria:

- Was over 15 years of age;
- Had stopped working due to COVID-19;
- Was eligible for employment insurance benefits or had exhausted employment insurance benefits.

Eligible recipients of the CERB program were eligible to receive \$2,000 for a four week period during the period between March 15 and September 26, 2020. The CERB program was terminated on September 26, 2020.

The CERB payments received for 2020 are fully taxable and must be reported in your 2020 tax return.

Canada Recovery Benefit (CRB)

The CRB provides support to employed and self-employed individuals who are directly affected by COVID-19 and are not entitled to employment insurance benefits. **To be eligible, CRB applicants must meet several conditions, including having earned a minimum of \$5,000 of income in 2019, in 2020, or in the 12 months preceding their first application for this benefit — either from employment, self employment. EI, maternity or parental benefits or from Quebec Parental Insurance Plan (QPIP) benefits - and be actively looking for work.**

Under the CRB, eligible recipients receive \$1,000 for every 2-week period with \$100 of tax withheld in respect of each payment. As a result, CRB provides eligible recipients with \$900 every 2 weeks. Individuals can apply anytime between September 27, 2020 and September 25, 2021. Recipients must apply for additional CRB benefits after every 2-week period.

The CRB payments received during 2020 are fully taxable and must be reported on your tax return. Depending on your total income for 2020, the 10 per cent tax withheld from your CRB payments may not be the only tax you will pay in respect of these payments.

Canada Recovery Sickness Benefit (CRSB)

The CRSB is available to employed and self-employed individuals who are unable to work due to COVID-19 sickness and/or self-isolation or have an underlying health condition putting them at greater risk of getting COVID-19. Eligible recipients can receive \$500 for every 1-week period with \$50 of tax withheld upon each payment. As a result, CRSB provides eligible recipients with \$450 every week. Individuals can apply anytime between September 27, 2020 and September 25, 2021.

The CRSB payments received during 2020 are fully taxable and must be reported on your tax return. Depending on your total income for 2020, the 10 per cent tax withheld from your CRSB payments may not be the only tax you will pay in respect of these payments.

Canada Recovery Caregiver Benefit (CRCB)

The CRCB is available to employed and self-employed individuals who are unable to work because they must care for their child under 12 years or a family member who needs supervised care. This applies if the individual who requires supervised care has their school, regular program or facility closed. Eligible recipients can receive \$500 for every 1-week period with \$50 of tax withheld upon each payment. As a result, CRSB provides eligible recipients with \$450 every week. Individuals can apply anytime between September 27, 2020 and September 25, 2021.

The CRCB payments received during 2020 are fully taxable and must be reported on your tax return. Depending on your total income for 2020, the 10 per cent tax withheld from your CRCB payments may not be the only tax you will pay in respect of these payments.

Canada Emergency Student Benefit (CESB)

The CESB provided support to post-secondary students, graduates and high school graduates who were unable to find work due to COVID-19. Eligible recipients received \$1,250 for a 4-week period for a maximum of 16 weeks between May 10 and August 29. Recipients with disabilities or those with disabled benefits could receive an extra \$750 for each 4-week period up to a total additional benefit of \$2,000.

The CESB payments received during 2020 are fully taxable and must be reported on your tax return.

Canada Emergency Business Account (CEBA)

The CEBA is an interest-free loan providing support to businesses, including sole proprietorships. The CEBA became available on April 9, 2020 and provided \$40,000 of loaned funds. As of December 4, 2020, the CEBA loan was increased to \$60,000. Sole proprietors who applied for the \$40,000 loan can apply for the additional \$20,000. Sole proprietors will have 33 per cent (up to a maximum of \$20,000) of the CEBA loan forgiven, to the extent they repay the loan balance by December 31, 2022. For example, if a sole proprietor took a CEBA loan of \$60,000 and repaid \$40,000 by December 31, 2022, the \$20,000 unpaid balance will be forgiven.

The forgivable portion of the loan is taxable to the proprietor in the year the loan is received, notwithstanding that the conditions of forgiveness (i.e. repayment by December 31, 2022) have not yet occurred. Therefore, if you received a CEBA loan of \$60,000 in the 2020 tax year, the \$20,000 forgivable portion is taxable to you in 2020. You may be eligible to elect under a specific provision of the Income Tax Act to reduce the amount of an outlay or expense that is made or incurred by you before the end of 2021, rather than directly including the amount in income. Speak to your Crowe Soberman advisor regarding this election and whether it applies in your circumstances.

Canada Emergency Rent Subsidy (CERS)

The CERS provides support to sole proprietorships that have experienced a drop in revenue due to COVID-19. The drop in revenue is calculated by comparing revenue during the application period with revenue from a previous baseline period. The revenue drop is calculated and determines the amount of CERS an applicant can receive. The CERS can be applied within 180 days from the end of a qualifying period. The first CERS period began on September 27, 2020. The CERS is taxable immediately before the end of the period to which it relates. For example, the CERS received in respect of the period of November 22 to December 19, 2020 will be taxable effective December 19, 2020, not when the amount has been received.

If you applied for CERS for qualifying periods in 2020, you may be required to report these payments in your 2020 taxable income. Speak to your Crowe Soberman advisor regarding the taxation of these payments.

Please refer to Crowe Soberman's [**CERS article**](#) for more details.

Canada Emergency Wage Subsidy (CEWS)

The CEWS provides support to sole proprietorships that had a payroll account on March 15, 2020 and experienced a drop in revenue. Each CEWS claim period is a specific period of 4 weeks beginning on a Sunday. Each 4-week period needs to be applied for and the applicant must confirm you are eligible and calculate the CEWS amount. The CEWS began on March 15, 2020. The last day to apply for each period is the later of January 31, 2020 and 180 days after the end of the qualifying period.

The CEWS is taxable immediately before the end of the 4-week period to which it relates, not when the amount has been received. If you applied for and were eligible for CEWS payments in 2020, these may be taxable to you in your 2020 tax return. Speak to your Crowe Soberman advisor regarding the taxation of these payments.

Please refer to Crowe Soberman's [**CEWS articles**](#) for more details.

Simplified Home Office Deduction Claim Due To COVID-19

The Canada Revenue Agency has introduced a new temporary flat rate method to simplify claiming the deduction for home office expenses for the 2020 taxation year. Individuals could use the simplified method if they worked more than 50 per cent of the time from home, for a period of at least 4 consecutive weeks in 2020 due to the COVID-19 pandemic. The claim is \$2 per day, for each day that an individual worked from home, up to a maximum of \$400 or 200 working days. The claim is made on an individual, not a household basis. As a result, each person working from home in the same dwelling can claim up to \$400. You do not need your employer to sign Form T2200 if the temporary flat rate method is used for the 2020 taxation year. If the temporary flat rate method is used, an individual cannot claim any other employment expenses.



Important for EFile

It is mandatory for all tax returns prepared by Crowe Soberman to be e-filed (certain exceptions are provided by CRA).

Filing your tax return electronically is fast, safe, easy and environmentally friendly.

The benefits of using Efile Online are:

- Individuals who have their returns e-filed can generally expect to have their returns and refunds processed within two weeks. You can get your refund even faster if you use direct deposit.
- Crowe Soberman receives an electronic acknowledgement that the return has been received.
- If you have to pay, you can e-file your return early and not pay the amount owing until April 30th. Your payment can be made by telephone, Internet banking, ATM or by using the remittance form. In many cases, taxpayers receive their notice of assessment before the payment is due.

Clients will be provided with a Jacket Outline unless otherwise specified in their 2020 Personal Income Tax Organizer.

Crowe Soberman will store your returns electronically in a secure environment that can be easily accessed when, or if, required.

Please note that it is the taxpayer's responsibility to maintain a complete copy of all income tax supporting information.

All completed returns will be delivered by way of our client portal, unless otherwise indicated in the organizer.

If you have any questions regarding the organizer or wish to discuss any aspect of your personal tax situation, please contact us at your earliest convenience.

CROWE SOBERMAN LLP
Chartered Professional Accountants