

March 2021

Dear Valued Clients and Friends

Let me start by thanking you for your continued trust in BDCA, which necessarily involves handling your personal and confidential information. We are committed to securely and accurately filing your tax returns on a timely basis. If you have the opportunity to refer us to your friends, family or business associates, we would be very appreciative.

This whirlwind of a year has definitely posed significant challenges and changes for us all. In the world of tax, for example, COVID-related grants and subsidies have introduced considerable complexity in terms of who qualifies to receive them, navigating the application processes and how they are treated for tax purposes.

Firm Update

Office: 200 Yorkland Boulevard continues to remain open daily, with 24 hour security to allow entry only to tenants and their guests. We maintain safety, at all times requiring social distancing and the wearing of masks in our offices. BDCA maintains a rotating schedule to minimize the number of staff in the office at any one time.

Staff: Normally CPA students write their final examination as one large group in auditoriums/gyms. In 2020, each writer had their own hotel room to securely and safely complete the exams. We are proud to announce that Prabhjot Sandhu (“PJ”) successfully passed his CPA exams. As a qualified training office and PJ’s employer, we are ecstatic about his significant achievement.

Services: BDCA now formally offers business valuation services. Mark Korol leads this division. He is a licensed business valuator who is a CFA, CPA, and ABV. He has a background as a Research Analyst on Bay Street as well as a CFO for several growth companies involving buying and selling businesses. He has been with BDCA for the last two years.

Other: Since introducing it, our online, secure portal “Egnyte” has proved a success for securely exchanging documents with clients. Please continue to use it to safely upload your documents to your personal tax folders. If you are not presently using Egnyte and would like to learn more about it, please contact Natalie Williams, our Office Administrator, at 416-490-1042 x 0.

CRA Update and Related

During 2020, CRA continued to target medical expenses, foreign tax credits and marital support payments for audit, requesting documentation to substantiate these claims. Will they cease these audits? We can only wait and see. We are pleased to have successfully represented our clients in these matters – the key is to ensure that your documentation is complete and organized. That’s one of the reasons we ask you to complete the Tax Checklist annually.

We continue to experience lengthy CRA telephone wait times, averaging anywhere from half an hour to two hours. We strongly encourage you to register for CRA’s My Account service to be able to obtain info surrounding your taxes most efficiently and avoid as much as possible the need to call them.

Do you think you will have difficulty paying your 2020 personal income tax balance with CRA? Well... if you earned \$75,000 taxable income or less and received one of the CRB, CERB, CESB etc., CRA will automatically grant you interest relief until April 30, 2022; however, late filing penalties will apply where returns are sent in after April 30, 2021 (June 15, 2021 for self-employed individuals and their spouses).

New Tax Fast Facts:

Digital news subscription credit

- Up to \$500 for amounts paid in 2020 for qualifying subscription expenses
- Paid to qualified Canadian journalism organizations that do not hold a licence to broadcast, for a digital new subscription to content that is primarily original news

Canada training credit

- May claim an amount equal to your Canada Training Credit Limit (*from 2019 NOA*) or 50% of your eligible tuition and fees paid to an educational institution in Canada, whichever is less
- The credit reduces the amount that can be claimed for the tuition tax credit

Medical expenses

- These continue to expand annually with this year including certain cannabis products purchased for a patient for medical purposes. [Select here](#) for the complete list of eligible medical expenses

Home Office Credit

- If you worked at home more than 50% of the time for at least a month (4 consecutive weeks) due to covid-19, you qualify. Choose the simplified flat rate method or the detailed method on our checklist. See schedule 1a for further information re the detailed method or please [select here](#) to view the webinar on our website re these new rules. Ensure to remember to attach your employer completed T2200s if you choose the detailed method.

Federal Taxable Benefits for ***Individuals*** reported on T4As:

- Canada Emergency Response Benefit
- Canada Emergency Student Benefit
- Canada Recovery Sickness Benefit
- Canada Recovery Benefit
- Canada Recovery Caregiving Benefit

T4Es will be issued for EI related benefits

CRB Clawback: If you received the Canada Recovery Benefit, you may have to be repay all or a part of it, if your net income after certain adjustments is more than \$38,000.

Federal taxable benefits for the ***Self-Employed***:

- Canada Emergency Rent Subsidy (CERS)
- Canada Emergency Business Account (CEBA) - Need to include in taxable income the forgivable portion of the loan granted in 2020
- Canada Emergency Wage Subsidy (CEWS)

How much marginal tax will you pay in Ontario on various levels of income? It varies, based on the type of income:

2020		<u>Ordinary</u>	<u>Capital</u>	<u>Eligible</u>	<u>Non-Eligible</u>
<u>From</u>	<u>To</u>	<u>Income</u>	<u>Gains</u>	<u>Dividends</u>	<u>Dividends</u>
\$ -	\$ 44,740	20.05%	10.03%	-6.86%	9.24%
\$ 44,741	\$ 48,535	24.15%	12.08%	-1.20%	13.95%
\$ 48,536	\$ 78,783	29.65%	14.83%	6.39%	20.28%
\$ 78,784	\$ 89,482	31.48%	15.74%	8.92%	22.38%
\$ 89,483	\$ 92,825	33.89%	16.95%	12.24%	25.16%
\$ 92,826	\$ 97,069	37.91%	18.96%	17.79%	29.78%
\$ 97,070	\$ 150,000	43.41%	21.71%	25.38%	36.10%
\$ 150,001	\$ 150,473	44.97%	22.49%	27.53%	37.90%
\$ 150,474	\$ 214,368	48.19%	24.10%	31.97%	41.60%
\$ 214,369	\$ 220,000	51.97%	25.99%	37.19%	45.95%
\$ 220,001	and up	53.53%	26.77%	39.34%	47.74%

CRA has already updated their personal tax filing system and are now accepting 2020 returns. Please organize and send us your information (including the Tax Checklist) as soon as you are certain it's complete (**and as far in advance of the April 30 filing deadline as possible**), so we can file your return to expedite your refund or notify you of the balance owing (you may need time to plan how you are going to pay it).

Sincerely,

BDCA PROFESSIONAL CORPORATION



Barbara Da Fonseca, CPA, CA