



CESTNICK

TAX MATTERS

The Twelve Claims for Taxes, updated for this pandemic holiday season

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You're no doubt familiar with the song The Twelve Days of Christmas. A few years ago I introduced another, only slightly less popular song, called [The 12 Claims for Taxes](#)

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- Move over golf clubs. This year, I'm looking for tax savings. - PUBLISHED DEC 13, 2018 6:00PM EST

– which is sung to the same tune. This year, I'd like to introduce the pandemic version. I hope that you'll enjoy singing this with your family – perhaps around the dinner table, or by the open fire as you roast chestnuts (outdoors only, and two metres apart).

A carpet and a fake tree. If you're working from home and have bought things to make your workspace nicer, I've got good news and bad news. The bad news? The taxman won't let you deduct the cost of capital improvements or decorative items. The good news? Any supplies you've paid for can be deducted if you didn't receive a

reimbursement. More on this in a minute.

Two pairs of gloves. Maybe you've purchased gloves, masks, or other personal protective equipment to wear. Can you claim a deduction for these? The answer is yes if you've needed these items for work and your employer has not reimbursed you, or if you're self-employed and have needed these for work. Otherwise, the taxman is a real Scrooge and won't allow a deduction.

Three French lessons. Many Canadians are taking courses to upgrade skills if they've lost work or are looking to qualify for new positions. It doesn't have to be French lessons per se – it could be any skill. You may be able to claim a tax credit for tuition if the courses are at a post-secondary level, or you're enrolled to obtain or improve skills in an occupation.

Four calling friends. Many of us won't be visiting with friends and family face-to-face this Christmas and holiday

season. Generally, calls to friends and family aren't deductible, but mobile phone airtime and a portion of your basic mobile phone service can be deducted if you incurred these costs for work.

Five onion rings. If your true love sends you food, or you order food by way of a delivery service, these costs are not deductible if they are personal in nature. But one half of business-related meals are deductible. Our office had a holiday party this past week where we arranged for food delivery at lunch to all our staff. We ate together by video conference. Will we deduct this cost? You bet.

Six bills you're paying. If you're working from home, the taxman has announced that you have two methods to make a claim for home office expenses for 2020. The simple method is to claim two dollars for every day you work from home, to a maximum of \$400 (no verification from your employer is required). The second method (which may provide a larger deduction) is to claim a portion of your actual costs of heat, hydro, water, rent, repairs and maintenance. This will require you to file Form T777 or T777S with your tax return, and your employer to sign Form T2200 or T2200S.

Seven months of granting. Perhaps you've been eligible for the Canada Emergency Response Benefit (CERB) for up to seven four-week periods. Don't forget, this amount is taxable – and no taxes have been deducted from the payments, so you could owe taxes when you file your 2020 tax return. Consider making contributions to your registered retirement savings plan (even if you have to borrow the money) to create a

deduction to offset the CERB taxable income.

Eight maids a-moving. Some folks have moved to reduce living costs or find new work. You can claim moving costs if you earn income in your new location and your new home is 40 kilometres closer to your new place of work than your old home. Check out Form T1-M for a list of deductible expenses.

Nine hobbies growing. It seems that many Canadians have taken up new hobbies or get reacquainted with old ones during the pandemic. The cost of your hobbies is not generally deductible. But if you turn it into a part-time business, where you have a reasonable expectation of profit, you'll be able to deduct any reasonable costs incurred for the purpose of earning income from that activity.

Ten times the streaming. Many of us have incurred costs to increase our internet speeds (whether it's a new router or a faster package with our internet service provider). These costs could be deductible if you incurred them for work or business purposes and have not been reimbursed.

Eleven bankers griping. In 2020, many Canadians managed to defer loan and mortgage payments – probably to the chagrin of many bankers (who, to be fair, have been willing to accommodate during the pandemic). In the end, this will cost more in interest. Interest is deductible if it's paid or payable in the year and was incurred to borrow money used to produce income from investments or a business.

Twelve teachers teaching. If you're a teacher, it's possible that you've

incurred additional costs for supplies this year due to the pandemic. This may entitle you to the Eligible Educator School Supply tax credit that could allow you to claim up to \$1,000 of supplies used in your teaching if you weren't reimbursed for these costs.

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