



CESTNICK

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TAX MATTERS

## Use this checklist when filing your tax return this year

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Our federal government tells us we need to protect ourselves from identity theft. If someone steals your personal information, they could, for example, file your tax return before you do and claim your tax refund. I like Jimmy Kimmel's advice: "Honestly, if somebody wants my identity so badly that they'll file my tax return for me, go crazy. You can mow my lawn while you're at it, too."

Okay, so maybe your personal information hasn't been stolen, but there are a number of other things you need to be aware of when you file your return. Today I want to share a checklist of things to go through.

- Review last year's tax return. Check out your tax return from 2019 and make a list of the types of income you reported, deductions you claimed and the tax slips you should expect for this year. It's amazing how this task will ensure you don't forget something – and may even uncover something you forgot last year. A friend of mine did this and found a deduction that he forgot

to claim. He made an adjustment to his previous tax return and got a refund.

- Make sure you report all your income. If you make a mistake and fail to report an income amount of \$500 or more on your 2020 tax return, and made the same mistake in any of 2017, 2018 or 2019, the taxman will assess a penalty in addition to the taxes on that income that you will be required to pay. The federal and provincial penalties will each be the lesser of: (1) 10 per cent of the amount you failed to report in 2020, or (2) 50 per cent of the difference between your understated tax and any taxes withheld at source on the income you failed to report. Revenue Quebec will calculate its own penalties.
- Deal with pandemic benefits properly. If you received COVID-19 benefits, they may be taxable. I'm thinking specifically of the

Canada Emergency Response Benefit (CERB), Canada Recovery Benefit (CRB), Canada Recovery Caregiving Benefit (CRCB), Canada Recovery Sickness Benefit (CRSB), and Canada Emergency Student Benefit (CESB). You may have received taxable provincial benefits as well. You should have received a T4A slip reporting all these taxable amounts. If you repaid any benefits before Dec. 31, 2020, your T4A slip should reflect these repayments, but if you repaid any amounts after that date, you'll receive a T4A slip in 2021 to allow a deduction for this repayment when you file your 2021 tax return next year.

- Deduct home office expenses. If you worked from home last year at least half the time for four consecutive weeks or more, you can claim a deduction for home office expenses. Check out my [article](#) from last week where I explained how to make this claim. You can either use the flat-rate method (\$2 a day of working from home to a maximum of \$400) or the detailed method of claiming expenses – whichever is better for you.
- Claim the Canada Training Credit. New for 2020, the refundable [Canada Training Credit](#) (CTC) can provide tax relief if you've incurred training fees (tuition or other course fees). If you're at least 25 years old and less than 65 at the end of any year you will accumulate \$250 of "CTC room" (a similar concept to RRSP contribution room), to a maximum of \$5,000 in your lifetime. If you don't use your CTC room, or limit, in a year, it can be

carried forward. If you incur training costs, you can claim a tax credit equal to the lesser of (1) half your eligible tuition or course fees, or (2) your CTC limit for the year. The accumulation of CTC room started in 2019, when those who were eligible received \$250 in that year, which could have been used in 2020 – the first year Canadians can claim the credit. Eligible tuition and fees for the CTC include those for which the usual tuition credit is available. But you can't double-dip: If you claim the CTC, you can't also claim the tuition tax credit for the same costs. Your Notice of Assessment will show your CTC limit at the end of each calendar year.

- Claim the digital subscriptions credit. Also new for 2020 is the [digital news subscription tax credit](#) (DNSTC). You can claim up to \$500 annually for subscriptions with a qualified Canadian journalism organization for subscriptions between 2020 and 2024. The actual tax credit is 15 per cent of the amount you claim, which can save taxes of up to \$75 (15 per cent of \$500) federally. I've been asked if digital subscriptions to The Globe and Mail qualify, and the answer is yes (the digital access, home delivery and digital, and Globe2Go subscriptions qualify).

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