4 things to know about COVID-19 and your 2020 tax return

This year has been unpredictable. Many Canadians have faced challenges and changes due to the COVID-19 pandemic. With tax season around the corner, here are 4 ways that COVID-19 relief measures might impact your 2020 return.

1. Your taxes owing might be higher or lower than usual

If you received taxable COVID-19 relief measures such as the **Canada Emergency Response Benefit (CERB)** and the **Canada Emergency Student Benefit (CESB),** these amounts will be included in your income for 2020 and they might make your total income higher than last year. This means you could find yourself in a different tax bracket and you could have to pay more tax this year than you did last year.

Many Canadians also received **Employment Insurance (EI)** benefits once their CERB payments ended, which are also taxable. But don't worry - you'll receive a T4E slip showing your employment insurance you received or repaid this year, and that will help you figure out how much tax you owe. Keep in mind, if your net income is more than $67,750, you'll also be subject to a clawback. This means you'll need to repay a portion of your EI benefits to the Canada Revenue Agency (CRA).

2. You might have already paid tax on COVID-19 financial relief measures

Some federal COVID-19 relief measures, like the **Canada Recovery Benefit (CRB)**, the **Canada Recovery Sickness Benefit (CRSB)**, and the **Canada Recovery Caregiving Benefit (CRCB)**, were subject to 10% tax withholding. This means that 10% was sent to CRA before you received it, which reduces the amount of taxes you owe.

Keep in mind, the CRB (but not the other benefits) is also subject to a clawback if your net income is more than $38,000. This means you'll need to repay a portion of your benefit to the CRA.

3. Not all COVID-19 financial relief measures are taxable

Some of the COVID-19 emergency benefits were tax-free. For example, if you received an extra Canada Child Benefit payment, extra payments because of a disability, or an extra payment of the GST/HST credit, you won't be taxed on these amounts.

4. If you worked from home, you have new options for claiming your expenses

Many Canadians needed to work from home due to COVID-19, some for the first time. Whether you worked from your home office or your kitchen table, two new methods have been introduced to make it easier for you to claim your employment expenses this year: the **temporary flat rate method** and the **detailed method**.

You'll choose one of these methods to calculate your work-related expenses on a new form, the **T777S: Statement of Employment Expenses for Working at Home Due to COVID-19**. Eligible expenses might include long-distance calls you made for work, home Internet access fees, rent paid for your house or apartment, and utilities such as electricity and heat.

If you did not receive a signed *T2200S: Declaration of Conditions of Employment for Working at Home Due to COVID-19* from your employer: You can use the new, temporary flat rate method. Without a signed **T2200S** or any receipts, you can claim $2 for each day you worked from home, up to a maximum of $400.

If you received a signed *T2200S: Declaration of Conditions of Employment for Working at Home Due to COVID-19* from your employer: With a signed **T2200S**, you can use the detailed claim method on your tax return, as long as you also have receipts proving your expenses. The amount you can claim will depend on the size of your workspace, how many hours you worked there every week, and whether or not you shared the workspace with someone else in your home.

These methods are for employees who spent at least 50% of their hours working remotely during 4 consecutive weeks in 2020. This includes full-time and part-time hours.

Visit the CRA website for a guide on how to determine the size and use of your workspace. You can also use the CRA's calculator to find out exactly how much you can claim for your work-related expenses.