

K Liu Accounting Services Inc.

2022 Tax Season Guide

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K Liu Accounting Services Inc.

Our Role in Being Your Professional Tax Advisors

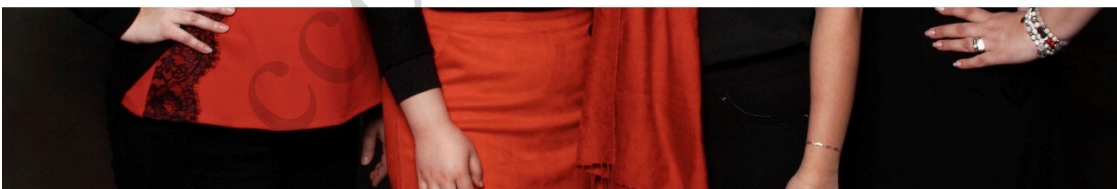
Minimize taxes paid on current & prior returns.

Maximize tax advantages to best suit your family unit, as a whole.

Achieving Financial Goals through proactive and strategic tax planning for you, your family, and your business's investments, retirements, and successions.



K Liu Accounting Services Inc.



As our team at K Liu Accounting Services Inc. grows along with you, we strive to always be your service provider of choice, for many more New Years to come!

Being an ever-evolving organization focused on **Lean Principles**, **Technology Advancements**, and **Cloud-First Strategies**; we aim to provide our clients with the highest quality standards of cost-effective, time-saving, efficient, and worry-free service experience. We pride ourselves in being your service provider of choice and professional partner in life planning & success!

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K Liu Accounting Services Inc.

Our Five-Year Business Strategy is to Provide You with Simple, Easy, Anywhere Access

As We Continue to Emphasis

Service Quality

Integrity

Professionalism

Efficiency

Accuracy

Sustainability

in Our Service Model

We understand and recognize in this fast-changing world today, **simplicity is the ultimate sophistication**. As you face exciting new changes in your world, your family, and your life, we want to provide you with **Time Freedom** to be able to enjoy these moments to the fullest, while providing you with the fulfilling service experience you deserve!

Our Commitment in the Five Principles of LEAN

Providing our Clients with a

Complete,

Seamless,

Value-Focused Service Experience!

1... Identify **Maximum Client Value**

2... Identify **Value-Added Activities & Eliminate Waste** in Achieve Maximum Client Value

3... Enhance & Reconfigure Process Flow to Create
Seamless Value Flow from Beginning to End of Client Service Experience

4... Adopting a Pull System focused on establishing & Supporting
Client's **Current & Foreseeable Long-Term Needs**

5... Pursue Perfection with Continuous Improvement

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COVID-19 Tax Impact & Missed Opportunities

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COVID-19 Support – Summary of Benefits

	Amount	Max. period	Period Available	Taxable?	Slip	Withholdings?
Multiple period federal payments						
CRB (Canada Recovery Benefit)	\$1,000/2-week or \$600/2-week	54 weeks	Sept 27, 2020 to Oct 23, 2021	Yes	T4A	10%
CRSB (Canada Recovery Sickness Benefit)	\$500/week	6 weeks	Sept 27, 2020 to May 7, 2022	Yes	T4A	10%
CRCB (Canada Recovery Caregiving Benefit)	\$500/week	44 weeks	Sept 27, 2020 to May 7, 2022	Yes	T4A	10%
CWLB (Canada Worker Lockdown Benefit)	\$300/week	28 weeks	Oct 24, 2021 to May 7, 2022	Yes	T4A	10%
EI (Employment Insurance) regular benefits	varies	up to 45 weeks	duration of the year	Yes	T4E	Yes
Specific federal payments						
CCB (Canada Child Benefit) Young Child Supplement	up to \$300 per child under 6 (per payment)	4 payments	N/A	No	N/A	N/A
OAS top-up (for those born on or before June 30, 1947)	\$500	1 payment	N/A	Yes	T4A	No
Business/property federal support						
CRHP (Canada Recovery Hiring Program)	various	48 weeks	June 6, 2021 to May 7, 2022	Yes	N/A	No
CEWS (Canada Emergency Wage Subsidy)	various	84 weeks	Mar 15, 2020 to Oct 23, 2021	Yes	N/A	No
CERS (Canada Emergency Rent Subsidy)	various	56 weeks	Sept 27, 2020 to Oct 23, 2021	Yes	N/A	No
Wage and Rent Subsidy - Tourism and Hospitality Recovery Program (THRP)	various	28 weeks	Oct 24, 2021 to May 7, 2022	Yes	N/A	No
Wage and Rent Subsidy - Hardest-Hit Business Recovery Program (HBRP)	various	28 weeks	Oct 24, 2021 to May 7, 2022	Yes	N/A	No
CEBA (Canada Emergency Business Account)	forgivable portion of loan (25% of first \$40,000 and 50% of remainder)	N/A	Deadline to apply ended on June 30, 2021	Yes	N/A	No
Other support						
Social assistance	various	N/A	N/A	Yes/No	T5007	N/A
Other support	various	N/A	N/A	Yes/No	N/A	N/A

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Individual

CERB Repayment – Individuals who have already repaid CERB due to their net income being less than \$5,000 (but meeting all other eligibility criteria), will need to apply to the Minister of Employment & Social Development in writing ([Form T180](#)) to receive a reimbursement of their repayment. CRA estimated that approximately 30,000 individuals could benefit from this [remission order](#). *For the debt to be remitted, individuals will need to file their 2019 and 2020 tax returns before December 31, 2022.*

Individual Interest Relief – One-year waiver of interest on taxes payable for the 2020 tax year (that is, until April 30, 2022) for individuals who meet the following conditions. The relief will be automatically applied and CRA will not apply individual benefits such as GST/HST credit or Canada Child Benefit against the individual's 2020 tax balance owing. *The personal tax filing deadline is not extended.*

- have total taxable income of \$75,000 or less in 2020; and
- have received COVID-19 support benefits in 2020 (any of CERB, CESB, CRB, CRCB, CRSB, EI, or similar provincial emergency benefits).

Canada Worker Lockdown Benefit (CWLB) – On December 22, 2021, the Department of Finance has expanded the CWLB to include workers in regions where provincial or territorial governments have introduced capacity-limiting restrictions of 50% or more and reduced the minimum number of consecutive days a lockdown order needs to be in place to 7 consecutive days. The benefit would be \$300 per week and payable for the full duration of any lockdown.

Canada Recovery Benefits Act – On October 21, 2021, the Department of Finance confirmed the CRB will end on October 23, 2021. However, the CRCB and CRSB were extended to May 7, 2022, with an increase of two weeks to the maximum claims (to 44 weeks for CRCB and 6 weeks for CRSB). Effective January 3, 2021, eligibility was removed for benefits to individuals during mandatory quarantine or self-isolation following a return from international travel (not including individuals that are exempt from mandatory quarantine under the Quarantine Act). *CRB applicants must repay 50% of income earned in that year above \$38,000, up to the total amount of CRB received by them in the year.*

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Individual

Enforcement and Adjustments – Overpayments must be repaid and can be satisfied by set-off or garnishment. The government may reassess an application within 36 months of benefit payment, or 72 months if there has been a false or misleading statement or representation in the opinion of the Minister. Reviews of eligible decisions can be requested within 30 days. Interest is payable on debt due unless it arose as a result of an erroneous payment or overpayment.

Penalty – Penalty may be imposed if Minister is of the opinion that person has committed a violation. A violation occurs where the person knowingly makes, in relation to an application, a representation that is false or misleading or makes an application for, and receives, the benefit knowing that they are not eligible to receive. Penalty for a violation cannot be assessed if more than three years have passed for the day the act occurred. The amount can be as much as 50% of the benefit (or expected benefit), to a maximum of \$5,000 for a particular applicant. Additional penalties and imprisonment of up to 6 months may be applicable for an “offence” involving false identity information, intent to steal another person’s benefit, knowingly making three or more representations that are false or misleading.

Business

COVID-19 Income Reporting & Accrual

- Proprietors must report assistance from COVID-19 related measures from the federal, provincial, or territorial government on Line 8230 (Other Income) of the T2125 Statement of Business or Professional Activities
- Additional T4 Reporting Requirements for **2020 ONLY**

	Employment Income Period	CERB/CEWS Periods
Code 57	March 15 to May 9	1, 2
Code 58	May 10 to July 4	3, 4
Code 59	July 5 to August 29	5, 6
Code 60	August 30 to September 26	7

Canada Recovery Hiring Program (CRHP) Extension – On November 24, 2021, The Government of Canada has extended CRHP to May 7, 2022, with further possible extensions to July 2, 2022, and increased the maximum subsidy rate to 50%

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Business

CEBA

The Canada Emergency Business Account (CEBA) was intended to support businesses and non-profits by providing interest-free, partially forgivable loans of up to \$60,000 (\$40,000 original and \$20,000 expansion) to assist with expenses that cannot be avoided or deferred. Repaying the loan on or before **December 31, 2022**, will result in 25% (up to \$10,000) of the first \$40,000 of the loan, plus 50% or any additional loan (up to a further \$10,000) being forgiven.

On October 26, 2020, the condition requiring an active business chequing/operating account on March 1, 2020 was removed. Applications could then be made after opening a business chequing/operating account.

The forgivable portion of the loan is taxable in the year in which the borrowed amount is received, regardless of whether all conditions have been met to allow forgiveness or not (Paragraph 12(1)(x)). An election could be made to defer come inclusion from the year of receipt to the following year to offset the related expenditure incurred (Subsection 27 12(2.2)). The election must be submitted by the taxpayer in a letter attached to the tax return filed for the year in which the expenditure was incurred.

Repayment terms

The following terms apply to all CEBA loans (original loan and expansion loan):

Interest:

- 0% per annum interest until December 31, 2022; and
- 5% per annum interest starting on January 1, 2023, with the interest payment frequency determined by the financial institution.

Repayments & Maturity:

- no principal repayment required before December 31, 2022; and
- if the loan remains outstanding after December 31, 2022, only interest payments are required until the full principal is due on December 31, 2025.

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Business

Hardest-Hit Business Recovery Program (HBRP)

Eligibility requires revenue declines of at least 50% for both the following: current month; and an average of the first 13 CEWS periods (March 15, 2020 to March 13, 2021), referred to as the 12-month revenue decline.

The 12-month revenue decline would be calculated as the average of all revenue decline percentages from March 2020 to February 2021 (claim periods 1-13, excluding either claim period 10 or 11, which used the same comparative periods). Any periods in which an entity was not carrying on its ordinary operations for reasons other than a public health restriction (for example, because it is a seasonal business) would be excluded from this calculation.

The HBRP would be based on the qualifying remuneration (the same amounts previously eligible for CEWS) and qualifying rent expense (the same amounts previously eligible for CERS) at a rate based on the current-month revenue decline.

At the minimum revenue decline of 50%, the subsidy would be 10%, rising to a maximum of 50% where the revenue decline is 75% or more. For periods after March 12, 2022, these subsidy rates would be halved. The rates are summarized in the chart below:

Hardest-Hit Business Recovery Program (HBRP) Subsidy Rates

Current-month revenue decline	Periods 22 – 26 October 24, 2021 to March 12, 2022	Periods 27 – 28 March 13, 2022 to May 7, 2022
75% and over	50%	25%
50 – 74%	$10\% + (\text{revenue decline} - 50\%) \times 1.6$ (e.g., $10\% + (60\% \text{ revenue decline} - 50\%) \times 1.6 = 26\% \text{ subsidy rate}$)	$5\% + (\text{revenue decline} - 50\%) \times 0.8$ (e.g., $5\% + (60\% \text{ revenue decline} - 50\%) \times 0.8 = 13\% \text{ subsidy rate}$)
0 – 49%	0%	0%

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Business

Tourism and Hospitality Recovery Program (THRP)

THRP would target the tourism and hospitality sector, with examples including hotels, restaurants (including food truck, cafeteria, caterer, coffee shop, food concession), bars, pubs, nightclubs, festivals, travel agencies, tour operators, convention centres, convention and trade show organizers, and businesses involved in organizing, promoting, hosting, supporting, or participating in events that meet the artistic or cultural interests of their patrons, including live performances or exhibits intended for public viewing. But not including operations of a facility primarily engaged in retailing food or beverage products, such as a supermarket or a convenience store.

Eligibility for the THRP would require revenue declines of at least 40% for both of the following: the current month (determined under the existing CEWS and CERS rules); and the average of the first 13 CEWS periods (March 15, 2020 to March 13, 2021), referred to as the 12-month revenue decline.

The 12-month revenue decline would be calculated as the average of all revenue decline percentages from March 2020 to February 2021 (claim periods 1-13, excluding either claim period 10 or 11, which used the same comparative periods). Any periods in which an entity was not carrying on its ordinary operations for reasons other than a public health restriction (for example, because it is a seasonal business) would be excluded from this calculation.

The THRP would be based on the qualifying remuneration (the same amounts previously eligible for CEWS) and qualifying rent expense (the same amounts previously eligible for CERS) at a rate based on the current-month revenue decline.

At the minimum revenue decline of 40%, the subsidy would be 40%, equal to the revenue decline, rising to a maximum of 75% where the revenue decline is 75% or more. For periods after March 12, 2022, these subsidy rates would be halved. The rates are summarized in the chart below:

Tourism and Hospitality Recovery Program (THRP) Subsidy Rates

Current-month revenue decline	Periods 22 – 26 October 24, 2021 to March 12, 2022	Periods 27 – 28 March 13, 2022 to May 7, 2022
75% and over	75%	37.5%
40 – 74%	revenue decline	1/2 of revenue decline
0 – 39%	0%	0%

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Business

Tourism and Hospitality Recovery Program (THRP) – Cont'd

Public health lockdowns – broader support: Organizations that are subject to a qualifying public health restriction are proposed to be eligible for support at the same rates applicable for the Tourism and Hospitality Recovery Program (see above), regardless of sector. This would require having one or more locations subject to a public health restriction lasting for at least seven days in the current claim period that requires them to cease activities that accounted for at least 25% of total revenues during the prior reference period. This would not require meeting the 12-month revenue decline, only a current-month decline. It would be available to all affected organizations, regardless of sector.

Canada Emergency Rent Subsidy (CERS)

Increased cap on qualified rent expense: Under CERS, qualified rent expenses were limited to \$75,000 per location and an aggregate of \$300,000 for all locations within an affiliated group. The aggregate monthly cap is proposed to be increased from \$300,000 to \$1,000,000 for the HBRP and THRP.

Modified Rent and Wage Subsidies

CEWS have transitioned to “COVID-19 wage and hiring support for businesses,” or “wage subsidies.” CERS have transitioned to “COVID-19 rent and property expense support for businesses,” or “rent subsidies.” Both the wage subsidy and the rent subsidy are available under any of the following three gateways:

Tourism and Hospitality Recovery Program – available to qualifying tourism or hospitality entities with a prior year revenue decline and a current period revenue decline of at least 40%.

OR

Local Lockdown Program – available for businesses in all sectors, subject to a qualifying public health restriction, that have a current period revenue decline of at least 40%; discussed on the same webpage as the Tourism and Hospitality Recovery Program.

OR

Hardest-Hit Business Recovery Program – available to entities with a prior year revenue decline and a current period revenue decline of at least 50%.

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Business

Timing & Inclusion of Wages

An eligible employer's payroll frequency (whether biweekly, semi-monthly, monthly, etc.) has no effect on the calculation of eligible remuneration paid for purposes of the wage subsidy claim. If an employer's payroll cycle does not align with the wage subsidy for the claim periods, they will have to do a manual calculation to reflect the remuneration paid in respect of that claim period. Averages of daily wages paid cannot be used. Eligible remuneration to be used for the claim must be earned in the applicable period, even if it is paid at a later date. CRA believes that the subsidy application can only be filed after all related eligible remuneration for the applicable period has been paid to the employees.

CRA indicated that it would generally be reasonable to consider that an annual bonus was earned throughout the fiscal period to which it relates (so, therefore, divided by 52 to determine the weekly amount for a business that operated for the whole year)

To determine whether a commission is paid in respect of a particular week, the complete set of facts, including the employment contract, must be reviewed. For example, a car salesperson who received a commission in respect of car sales will be considered to receive those commissions "in respect of the week" in which the sales occurred.

A payment in lieu of earnings for a period of reasonable notice of termination that is made under the explicit or implied terms of an individual's employment is considered salary or wages from employment. However, it is not considered to have been paid in respect of a week and, therefore, is not eligible for CEWS. Salary continuance payments to an employee who is being terminated but who remains on payroll and remains entitled to benefits (such as a pension) available only to employees would be eligible remuneration. The employee would not be considered furloughed. A retiring allowance is not eligible remuneration.

While salary and wages paid to an employee retroactively can generally be considered eligible remuneration paid in respect of those weeks, where salary and wages are only reflected by journal entry with a credit to the due to shareholder loan account, such amounts are not considered eligible remuneration

Location of Employment

Eligible employees must have been employed in Canada; this requires the employee to perform at least some of their duties in Canada during the period in order to meet these criteria.

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Business

Timing & Taxation

CEWS payments are government assistance received at the end of the qualifying period of which they relate. CEWS income must be included within the tax year which CEWS period ends, even if the payments are received in the following tax year. This may require CEWS to be accrued and may require amendments of prior year's tax returns to include the correct CEWS amount.

Late Original Applications

New applications and increases to claims would not be accepted after the hard program deadlines. However, CRA may accept a late application if:

- the applicant attempted to file by the deadline but there was 1 an identified outage of CRA secure portals that prevented it.
- the applicant attempted to file by the deadline, but their account was temporarily suspended or there was some other account limitation that prevented the filing on time.
- the applicant attempted to file by the deadline, but there was undue delay on the part of CRA in receiving and processing the wage subsidy application on time.
- the applicant relied on inaccurate information provided by CRA that directly affected the ability to file on time.
- the applicant made an error in filing the application prior to the filing deadline as a result of an arithmetic error, transposition error, or unintended omission of additional business activities or employment expenses.
- the applicant relied upon inaccurate information provided by CRA that directly affected the ability to file the amended wage subsidy application on time.
- there was an identified outage of CRA secure portals that prevented filing the amended application prior to the deadline.
- there was undue delay by CRA in processing an application or providing required guidance impacting the particular application.

A request for an upward adjustment can be submitted through the online portal, or by contacting Business Enquiries if the original filing used the web application. Where no application was filed, the taxpayer or representative must call the Business Enquiries phone line. If the claim is determined to be eligible, it can then be submitted using My Business Account, Represent a Client, or the web application. Any late request must be made within 30 days following the later of April 21, 2021 and the applicable filing deadline. If the late-filed application is rejected, a Notice of Determination will be issued. Recourse can then be sought on My Business Account through "Register a formal dispute."

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What's New for 2022 Tax Season

CHANGES TO 2021

NEW, ENHANCED, EXTENDED, CHANGES

Individual

1. **The Importance of Filing Your Tax Return (even if the deadline has passed)** ([learn more](#))
 - a. You may be eligible for a refund
 - b. You may be eligible for benefits or credit payments
 - c. You could be at risk of interrupting or losing eligibility for your COVID-19 benefits.
2. **2021 Federal and Provincial Tax Brackets** ([learn more](#))
3. **Enhanced Basic Personal Amount** Each year, certain personal income tax and benefit amounts are indexed to inflation using the Consumer Price Index data as reported by Statistics Canada. The 2021 increase brings the federal basic personal amount to \$13,808. ([learn more](#))
4. **Extension & Increase to Working from Home Deduction** - The simplified rules (temporary flat rate method) for deducting home office expenses is extended to 2021 and 2022, and the maximum temporary flat rate is increased to \$500 (from 10 \$400 in 2020). ([learn more](#))

WORKING FROM HOME – OVERVIEW COMPARISON

	Temporary Flat Rate Method (T775 Option 1)	Detailed Method – Only Working from Home Expenses (T775 Option 2)	Detailed Method – Any Other Employment Expenses (T777)
Employer certification required?	No	Yes – T2200S	Yes – T2200
Receipts required?	No	Yes	
Eligible employees	Worked from home due to COVID-19 and worked more than 50% of the time from home for at least four consecutive weeks in the year. ¹		Worked from home due to COVID-19 or employer requirement and a) worked more than 50% of the time from home for at least four consecutive weeks in the year. ² or b) the home work space was used only to earn employment income, and was used on a regular and continuous basis for meeting clients, customers, or other people in the course of their employment duties.
Computation	\$2/day worked from home; max \$500 (in 2021)	Claim the actual amounts paid, supported by documents/receipts.	
Can you also claim other employment expenses, if eligible?	No		Yes
Can the work space also be used for personal purposes?	Yes – no change to the claim ³	Yes – as in the past, expenses prorated for space and hours used for employment purposes ⁴ .	
Impact of employer reimbursement	Full claim permitted unless all expenses are reimbursed.	Reimbursements will reduce expenses eligible for deduction.	

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What's New for 2022 Tax Season – Cont'd

CHANGES TO 2021

NEW, ENHANCED, EXTENDED, CHANGES

Individual

5. **Cost of Personal Protective Equipment** Employees can deduct the cost of supplies used up in the course of their employment when certain conditions are met. Supplies are defined by CRA as those materials that are used directly by employees in their work and for no other purposes. Employees must personally pay for these costs, their contract of employment must require them to provide and pay for the supplies, and these supplies cannot be reimbursed by the employer. In addition, the supplies must be used directly in their work and Form T2200, Declaration of Conditions of Employment must be completed and signed by the employer. At tax audit time, it will be up to employees to demonstrate to CRA tax auditors that the supplies were used directly in their work, rather than just for personal use, which may be a tough task. That signed form T2200 must also be on hand.
6. **Enhanced Canada Workers Benefit** - This refundable tax credit has been enhanced, including increasing the phase-out thresholds and introducing a “secondary earner exemption.” This allows secondary earners (spouse or common-law partner with lowest working income) to exclude up to \$14,000 of their working income when calculating the benefit. ([learn more](#))
7. **Increase to Canada Child Benefit (CCB)** continues to be indexed to inflation. Maximum a parent can receive in 2021 is \$6,833 (\$6,765 in 2021) per child under age 6 and \$5,765 (\$5,708 in 2021) per child ages 6-17. ([Online CCB calculator](#))
8. **Expanding Access to Deductions for Child Care Expenses and Disability Supports Deduction for 2020 and 2021 Taxation Years** Earned income for purposes of these deductions will include employment insurance and Quebec parental insurance
9. **Clarifying Definition of Shared-Custody Parent for purposes of Canada Child Benefit** ([learn more](#))
10. **Establishing a Federal Minimum Wage of \$15/hour** on December 29th ([learn more](#))
11. **Suspension of Accumulation of Interest Payable on a Guaranteed Student Loan** during the period that begins on April 1, 2021, and ends on March 31, 2023 ([learn more](#))
12. **One-time \$500 OAS Payment for Older Seniors** is a taxable amount (no deductions were withheld) to OAS pensioners who will be 75 or over as of June 30, 2022, will be reported in box 205 of the T4A. This will not be reported on the T4A(OAS). ([learn more](#))
13. **Canada Worker Lockdown Benefit (CWLB)** is a taxable amount reported in box 211 of the T4A. ([learn more](#))
14. **COVID-19 Benefit Repayments** Individuals are now allowed the option to claim a deduction in respect of the repayment of a COVID-19 benefit amount for the year when the benefit was received, rather than the year in which the repayment was made. Federal COVID-19 benefits (CERB, CESB, CRB, CRCB or CRSB) repaid in 2021 that were received by the taxpayer in 2020 will be reported in box 201 of the T4A slip or on the T4E slip along with other employment insurance (EI) payments. ([learn more](#))
15. **Canada Recovery Benefit (CRB)** Individuals whose 2021 adjusted net income exceeds \$38,000 will be subject to a repayment (much like OAS claw backs) on the T1 of up to the amount of their CRB. ([learn more](#))

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What's New for 2022 Tax Season – Cont'd

CHANGES TO 2021

NEW, ENHANCED, EXTENDED, CHANGES

Individual

16. **Disability Tax Credit Application** A substantially updated T2201 Disability Tax Credit Certificate form has been released and a new [digital application tool](#) has been made available to assist medical practitioners complete Part B of the Form.
17. **Employment Benefits – COVID-19** CRA administrative relief for tax-free employer-provided benefits relating to COVID-19 commuting, parking costs and reimbursements of employee purchased home office equipment from 2020 has been extended to December 31, 2022. ([learn more](#))
18. **Registered Education Savings Plan (RESP)** Taxpayers have the opportunity to save for their children's opportunities in a RESP (Registered Education Savings Plan) for 31 years after the plan is first opened. Students must use the funds no later than after the 35th year after the plan was first opened or the plan expires (unless otherwise specified). There is no annual contribution limit, but there is a lifetime limit of \$50,000. Because the government adds two annual incentives to increase these savings to the plan, it makes sense to accumulate savings with contributions limited to \$2500 a year as explained below ([learn more](#)):
 - a. **Canada Education Savings Grant (CESG)** The grant rate is increased on the first \$500 of contributions made to a RESP by low-income families in years before the child turns 17.
 - b. **Canada Learning Bond (CLB)** A beneficiary is entitled to \$500 of CLB for the first eligible year. In subsequent years, the beneficiary may be eligible for an additional \$100 per year, up to and including the year the beneficiary turns 15.
19. **Registered Disability Savings Plan (RDSP)** For 2021 and subsequent taxation years, a proposal in place to remove the existing time limitation on the period that an RDSP may remain open after its beneficiary becomes DTC-ineligible; and elimination of the requirement for a licensed medical doctor or nurse practitioner to certify in writing that the beneficiary is likely to become DTC-eligible in future in order for the plan to remain open. ([learn more](#))
20. **Home Buyer's Plan** will be available for individuals who experience a relationship breakdown (marriage or common-law relationship) in the year of making a withdrawal or in any of the four preceding calendar years, will be able to access the Home Buyers' Plan, even if they do not meet the first-time home buyer requirement. ([learn more](#))
21. **Expanding Eligibility for GST/HST Rebate** for new housing ([learn more](#))
22. **Employment Insurance (EI) Training Support Benefit** is expected to launch in late 2020. Workers who go back to school may qualify to collect Employment Insurance benefits. ([see details](#))
23. **Amendments to Employment Insurance (EI) Act** extend maximum number of weeks for which benefits may be paid because of prescribed illness, injury or quarantine from 15 to 26; facilitate access to unemployment benefits for a period of one year by: reducing number of hours of insurable employment required to qualify for unemployment benefits to a national threshold of 420 hours, reducing amount of earnings for self-employment that a self-employed person is required to have to be eligible to access special unemployment benefits, providing increase in maximum number of weeks for which regular unemployment benefits may be paid to a seasonal worker if certain conditions are met. ([learn more](#))

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Individual

24. **Digital News Subscription Tax Credit** available to individuals for their income tax return for the years 2020 to 2024 ([learn more](#))
25. **Canada Training Credit** is available for eligible tuition and other fees paid for courses taken in 2020 and subsequent taxation years. Credit will be lesser of the individual's Canada training credit limit for the taxation year, and half of the eligible tuition and fees paid to an eligible education institution in respect of the year. The provision of this credit is very complicated due to the limitations on the calculation of the allowable credit. ([see details](#))
26. **Taxpayer Relief for Canadians Facing Extreme Weather Events** for individuals, businesses and first responders in BC and Eastern Canada may be unable to file or pay on time can submit taxpayer relief request ([learn more](#))
27. **RRSP & TFSA Contribution Room & Limit** ([annual contribution limits by year](#))
28. **German Social Security** If you receive German social security pension it's reportable in Canada, but you may qualify to claim a partial exempt portion. You will have filing obligations in Germany. Taxpayers have had trouble getting Canada to recognize the allowable foreign tax credits; but they are properly claimable on income that is taxed both in Canada and Germany. Starting January 14, 2022 and onwards, the German Tax Office will no longer cash cheques that are not issued in euros and cheques that are issued in euros that are not drawn via a German bank. Taxpayers can pay taxes to the German Tax Office by Credit Card directly to the Finanzamt Neubrandenburg or payment by wire transfer.
29. **Electronic Notice of Assessments & (Re)Assessments** CRA will begin the process of switching to electronic NoAs/NoRAs in 2022. CRA stated that taxpayers whose returns are Netfiled or Efiled will receive their NoA/NoRA electronically through CRA My Account. If the return is filed on paper, the NoA/NoRA will be provided through CRA MyAccount if the taxpayer provided CRA with an email address or by mail if no email address was provided. CRA also stated that first-time filers will receive a NoA by mail regardless of how their first tax return is filed.
30. **Mandatory Email** in February 2022, My Account users will be required to have an email address on file with the CRA. Provided with option to receive CRA correspondence by mail or receive an email notification when new correspondence is available for viewing. Some email notifications will be required, others will be optional notifications
31. **Increasing Ability of Financial Institutions** to Easily Share Financial Data with CRA through Electronic Delivery of Requirements for Information

What's New for 2022 Tax Season – Cont'd

CHANGES TO 2021

NEW, ENHANCED, EXTENDED, CHANGES

Individual

32. Potential Changes

- a. **Increase to Eligible Educator School Supply Tax Credit** - This refundable tax credit was increased from 15% to 25% of up to \$1,000 in eligible expenditures, and the list of eligible supplies was expanded to include some durable goods and electronic devices, such as webcams, microphones, speakers, and data storage devices. (included in Bill C-8 which has not passed as of January 24, 2022; however, it is included in the 2021 CRA T1 return forms) ([learn more](#))
- b. **Post-Doctoral Fellowship Income** This income is considered “earned income” for RRSP purposes for 2021 and subsequent years. This measure was also proposed to apply to the 2011 through 2020 taxation years, where the taxpayer submits a request in writing to CRA for an adjustment to their RRSP room for the relevant years. This should be reported in box 210 of the T4A. (proposed in Budget 2021 but not included in draft legislation as of January 24, 2022; discussion included in the 2021 T1 Guide but uncertain whether CRA will assess as if passed)
- c. **Federal Climate Action Incentive (CAI) Payments** (Alberta, Manitoba, Ontario, and Saskatchewan only). In 2021 and onwards, the government will deliver the CAI as quarterly payments and, therefore, it will not be claimed on the personal tax return. Individuals who reside outside of a census metropolitan area (CMA) and expect to continue to reside outside of the CMA on April 1, 2022 remain eligible for the 10% supplement. (only included in draft legislation which has not passed as of January 24, 2022; however the credit has been removed from the 2021 T1 return)([see details](#))
- d. **Carbon Tax Credit for Farmers** (Alberta, Manitoba, Ontario, and Saskatchewan only) – Individuals, corporations, and trusts (including those carrying on a farming business through a partnership) that are actively engaged in either the management or day-to-day activities of earning income from farming and incurring total farming expenses of \$25,000 or more in the taxation year, would be eligible for a \$1.47 credit per \$1,000 in expenses in 2021. (included in Bill C-8 which has not passed as of January 24, 2022, and has not been discussed in the T1 Guide)
- e. **Expanded Northern Residents Deduction** Access to the travel component was expanded by introducing the option to claim, in respect of the taxpayer and each “eligible family member,” a standard amount of \$1,200 (\$600 for those in intermediate zones) that may be allocated across eligible trips. This allows individuals with no employment benefits to claim this deduction. (included in 44 Bill C-8 which has not passed as of January 24, 2022; however, the 2021 T2222 instructions appear to allow it)
- f. **Expanded Disability Tax Credit Eligibility** The government intends to provide broader access to the DTC by expanding the definition of mental functions and loosening the restrictions on the 14 hour/week of therapy requirements (life sustaining therapy eligibility) for 2021 and subsequent years. (proposed in Budget 2021 but not included in draft legislation as of January 24, 2022; discussion included in the 2021 T1 Guide but uncertain whether CRA will assess as if passed)

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Individual

- g. **Career Extension Tax Credit** In the 2021 Federal Election, the Liberals promised, if re-elected, to introduce a new non-refundable career extension tax credit for taxpayers over age 65 who earn at least \$5,000 from employment. The annual benefit will be up to \$1,650 (presumably 15% of their employment income to a maximum of \$5,000). No legislation has been introduced to enact this credit.
33. **Provincial Updates**
- a. **Alberta**
- i. Dividend tax credit for eligible dividends decreased from 10% to 8.12%.
 - ii. Short-term rentals will be subject to tourism levy effective April 1, 2021.
 - iii. Innovation Employment Grant commenced January 1, 2021. It supports small and medium sized businesses investing in research and development. ([learn more](#))
- b. **British Columbia**
- i. Tax brackets and personal amounts indexed by 1.1%.
 - ii. Extending Book Publishing Tax Credit for five years to March 31, 2026.
 - iii. Paralleling the federal government relief for self-employed persons not required to repay CERB based on an understanding that the criteria required previous earnings calculated on the gross method. They would also not be required to repay the BC Emergency Benefit for Workers.
 - iv. Paralleling the federal extension of the period in which expenditures must be incurred (12 months) in respect of mining flow-through share tax credit, the provincial credit is likewise modified.
 - v. Increasing the home-owner grant phase-out to \$1.625 million from \$1.525 million for 2021.
 - vi. Deadline for existing owners of BC real estate to submit a transparency report disclosing beneficial ownership information with the Land Owner Transparency Registry was extended from November 30, 2021 to November 30, 2022.
 - vii. Vancouver Empty Home Tax which is assessed annually will increase from 1.25% to 3% of the assessed value of the property in 2021.
 - viii. The training tax credits have been extended until December 31, 2022.
 - ix. The farmers' food donation tax credit has been extended until December 31, 2023.

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Individual

c. Manitoba

- i. Tax brackets indexed by 1.0%.
- ii. Basic personal amount increased to \$9,936 for 2021, \$10,075 in 2022.
- iii. New Refundable Teaching Expense Tax Credit.
- iv. Changes to:
 1. Education Property Tax Credit (EPTC) – multi-year phase out initiated
 2. Seniors School Tax Rebate
 3. Seniors Tax Credit for Homeowners
- v. Credits extended:
 1. Book Publishing Tax Credit (permanent)
 2. Cultural Industries Printing Tax Credit (to end of 2024)
 3. Community Enterprise Development Tax Credit (to end of 2022)
- vi. Increasing the small business venture capital tax credit maximum eligible investment from \$450,000 to \$500,000 and the maximum credit from \$67,500 to \$120,000.
- vii. Increasing the payroll thresholds applicable to the health and post-secondary education tax levy as of January 1, 2022, as follows:
 1. 0% – \$1,750,000 or below
 2. 4.3% – \$1,750,000 to \$3,500,000
 3. 2.15% – over \$3,500,000
- viii. Introducing a teaching expense tax credit, paralleling the federal version, to provide a 15% refundable credit on up to \$1,000 in eligible teaching supply purchases, available in 2021.
- ix. Making PST applicable on audio and video streaming services, goods sold by third parties through online marketplaces, and accommodations booked through online platforms, effective December 1, 2021.
- x. Launch of Retrain Manitoba, a \$12.5-million workforce skills development grant program. Employers can apply for reimbursement of up to \$2,500 per employee, with a maximum of \$75,000 per employer, for in-person and online industry-recognized training courses provided by a third-party trainer, both inside and outside of Manitoba. Courses with start dates from April 1, 2021 to August 31, 2022 are eligible.
- xi. Education and Property Tax Credit has been reduced to a maximum of \$525 for 2021 and will gradually fade out over multiple years. Education and Property Tax Rebate was introduced in 2021.
- xii. A new one-time refundable Manitoba senior's economic recovery credit has been introduced for eligible seniors.
- xiii. The mineral exploration tax credit has been extended until the end of 2023.

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Individual

- d. [New Brunswick](#)
 - i. Tax brackets and personal amounts indexed by 1.0%.
 - ii. New Brunswick low-income tax reduction income levels increased.
- e. [Newfoundland and Labrador](#)
 - i. No proposed changes to corporate rates; however, personal tax rates were proposed to increase, effective January 1, 2022, for those earning over \$135,973.
 - ii. New Physical Activity Tax Credit has been proposed, effective for 2021 and subsequent years, which will provide a refundable tax credit on eligible expenses of up to \$2,000 per family.
- f. [Northwest Territories](#)
 - i. Tax brackets and personal amounts indexed by 1.1%.
- g. [Nova Scotia](#)
 - i. Equity Tax Credit for equity investments in community economic development investment funds extended to March 1, 2023.
- h. [Nunavut](#)
 - i. Tax brackets and personal amounts indexed by 1.1%.
- i. [Ontario](#)
 - i. Tax brackets and personal amounts indexed by 0.9%.
 - ii. Minimum wage increased to \$15 per hour effective January 1, 2022
 - iii. New Refundable Ontario Seniors' Home Safety Tax Credit.
 - iv. A one-time top-up for Childcare Access and Relief from Expenses (CARE) Tax Credit equal to 20% for 2021 only.
 - v. Ontario Apprentice Training Tax Credit eliminated.
 - vi. Introduction of the Refundable Temporary Ontario Jobs Training Tax Credit for 2021. The credit is modelled after the Canada training credit and will be calculated as 50% of eligible expenses to a maximum credit of \$2,000.
 - vii. Temporary doubling of the Regional Opportunities Investment Tax Credit to 20% from 10%. This credit is available to CCPCs that make qualifying investments (in excess of \$50,000 and up to \$500,000 in a year) in certain regions of Ontario.
 - viii. Ontario jobs training tax and Ontario seniors' home safety tax credits will be extended to 2022 (from 2021)
 - ix. Temporary Ontario staycation tax credit will be implemented for 2022, providing a 20% tax credit on eligible accommodation expenses in Ontario, to a maximum of \$1,000 (a \$200 credit) for an individual or \$2,000 (a \$400 credit) for a family.

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Individual

- x. Ontario government announced the first phase of regulatory changes which would allow real estate professionals to incorporate and be paid through Personal Real Estate Corporations (PRECs).
- xi. Toronto Vacant Home Tax commencing in 2022, with the first payments due in early 2023. The tax will be based on occupancy status during the preceding year, charged at a rate of 1% of the current value assessment. A home will be considered vacant if it is unoccupied for more than six months. The release does not address whether properties used for short-term rentals will be considered unoccupied. Exemptions are planned for situations including death of the owner, homes under renovations, snowbirds, and owners in medical care.
- j. Prince Edward Island
 - i. Increase of the basic personal amount to \$11,250 from \$10,500 and increase to the low-income tax reduction threshold to \$20,000 from \$19,000, both effective January 1, 2022.
 - ii. Increase to the spousal and eligible dependent amounts to \$9,555, reduced by the spouse or dependent's income in excess of \$955.
 - iii. New Non-Refundable Children's Wellness Tax Credit
 - iv. Reduction of small business corporate tax rate to 1% from 2% January 1, 2022.
 - v. Reduction to the dividend tax credit on non-eligible dividends from 15% of the gross-up to 10% of the gross-up. This will increase the top marginal tax rate on non-eligible dividends from 46.21% in 2021 to 47.05% in 2022 and subsequent years. The basic personal amount has changed.
- k. Quebec
 - i. Home-Support Services Tax Credit will be increased by 1% annually (from 35% in 2021 to 40% in 2026) for low-income seniors and those with diminished autonomy.
 - ii. Small Business Tax Rate will be reduced from 4.0% to 3.2% effective March 26, 2021. Corresponding reductions to the tax credit for non-eligible dividends will be made for dividends received after December 31, 2021.
 - iii. In respect of eligibility for the small business tax rate, the number of remunerated hours from the prior year can be used for taxation years that ended after June 30, 2020, but before July 1, 2021, upon application to the Minister.
 - iv. Investment and Innovation Tax Credit will be temporarily doubled until January 1, 2023. The credit rates will be 20% (high economic zones), 30% (intermediate economic zones), or 40% (low economic zones).
 - v. Enhancing the refundable tax credit for childcare expenses as of the 2021 year by increasing the limit for qualifying childcare expenses and increasing the tax credit rate. This is intended to allow parents of children who attend a non-subsidized daycare to benefit from net childcare costs relatively equal to costs of subsidized daycare, regardless of family income.

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Individual

- vi. Introducing an extraordinary cost of living allowance that will be disbursed automatically to all eligible households of \$400 for couples, \$275 for persons living alone and \$200 for single persons living in shared accommodations. In addition, another allowance provided as a refundable tax credit will be available to low- and middle-income households of \$200/adult and \$75/person living alone. To access this second benefit, the household must have received the refundable solidarity tax credit for July 2021 to June 2022.
 - vii. Increasing the senior assistance amount from \$209 to \$400 per senior aged 70 or older starting in 2021.
 - viii. Enhancing the refundable tax credit for home support services for seniors from 35% to 40% effective January 2022 to help those aged 70 or older.
 - 1. Saskatchewan
 - i. Tax brackets and personal amounts indexed by 1.0%
 - ii. Non-refundable home renovation tax credit (new for 2021); include expenses from October 2020 – December 2021
 - iii. Refundable Active Families Benefit Tax Credit effective January 1, 2021, for families with net income of \$60,000 or less to provide up to \$150 per child (an additional \$50 for those with a disability).
 - iv. Extending the Saskatchewan technology start-up incentive for five years, carry forward periods increasing from four to seven years, the maximum credit per year being set at \$2.5 million, and the maximum amount that a particular eligible business can raise under the program increasing from \$1 million to \$2 million.
 - v. \$150 annual tax on electric vehicles will commence October 1, 2021 to cover roadway maintenance costs that are normally supported through fuel taxes.
 - vi. New Saskatchewan Renovation Tax Credit was introduced. This non-refundable 10.5% tax credit will provide a credit on up to \$20,000 of eligible home renovation expenses to a Saskatchewan taxpayer's principal residence (located in Saskatchewan)
 - vii. Bill 2 temporarily reduces the small business tax rate to 0% from 2% effective October 1, 2020. It will then increase to 1% on July 1, 2022 and 2% on July 1, 2023. The Bill also adjusts the dividend tax credit to consider the corporate tax rate changes.
 - m. Yukon
 - i. Tax brackets and personal amounts indexed by 1.1%
34. **Canadian government commits to investment of \$90.6 million in their five-year plan to combat tax avoidance**

What's New for 2022 Tax Season – Cont'd

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Business

- The Importance of Filing Your Tax Return (even if the deadline has passed)** ([learn more](#))
 - You may be eligible for a refund
 - You may be eligible for benefits or credit payments
 - You could be at risk of interrupting or losing eligibility for your COVID-19 benefits.
- Bill C-208 provides Tax Relief for Transfer (Sell) of Shares to Adult Children or Grandchildren** on qualified small business corporation shares (QSBC) and shares of capital stock of a family farm or fishing corporation, by excluding these transfers to a corporation owned by taxpayer's child or grandchild 18 years of age or older from the anti-avoidance rule in Section 84.1. This bill would also reduce the limitation on transfer of business assets between corporations owned by siblings. (expect further amendments to be announced) ([learn more](#))
- Zero-emission Vehicles** The first year 100% CCA claim for zero-emission automotive equipment and vehicles has been amended from only those that are purchased "new," to include those that are purchased "used," on an arm's length basis. While this change is applicable to vehicles purchased on or after March 2, 2020, it was only passed into law in 2021.
- Automobile Deduction Limits** increase to 61 cents per kilometre for the first 5,000 kilometres driven and 55 cents for each additional kilometre. For Yukon, NWT, and Nunavut, increase to 65 cents for the first 5,000 kilometres driven and 59 cents for each additional kilometre.
- Automobile Expense Benefits Rates**
 - The ceiling on capital cost for CCA of most passenger vehicles increases to \$34,000 and the limit for zero-emission vehicles increases to \$59,000.
 - Limit on leasing costs increases to \$900 per month.
 - Prescribed rate used to determine taxable benefit related to the personal portion of automobile operating expenses paid by employer increased to 29 cents per kilometre.
 - For the 2020 and 2021 taxation years, employee will be allowed to use their 2019 automobile usage to determine eligibility for the reduced standby charge. Only employees with an automobile provided by the same employer as in 2019 would be eligible for the option
- Professional Work-in-Progress** For business years that begin after March 21, 2017, professional taxpayers may no longer exclude from income their work in progress. A phase-out of the provision was implemented over a period of five years to soften the effects of this change. These professionals include accountants, dentists, lawyers, medical doctors, veterinarians, and chiropractors would include work in progress on a 20% per year basis for each fiscal year ending after March 21, 2017.
- Incorporation Costs** Effective January 1, 2017, the first \$3,000 of incorporation costs will be deductible as a current expense rather than being added to a new CCA class for eligible capital property
- Increasing Focus on Unreported Online Business** targeting "PowerSellers", online merchants, sale of various electronics (cameras and computers), Cryptocurrency transactions & mining, earnings from gamers and online influencers

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Business

9. **Increasing Ability of Financial Institutions** to Easily Share Financial Data with CRA through Electronic Delivery of Requirements for Information
10. **Multi-Unit Residential Properties** election to be made available for conversion of property from rental property to residential property and vice versa, to not be deemed as disposition for change of use of property that occurred after March 18, 2019. Allowing deferral of capital gain taxes on the property until a future disposition. The proposal also includes properties being converted to or from a principal residence, to gain the ability to designate property as a principal residence for up to four more years before or after the period for which you can otherwise claim the tax exemption for a principal residence.
11. **Temporary GST/HST Relief** on supplies of certain face masks and face shields
12. **New E-Commerce GST/HST Requirements**
 - a. **GST/HST Requirements for Short-Term accommodations** in Canada facilitated through digital platforms, required to register for the GST/HST and to collect and remit GST/HST on their taxable services to consumers in Canada ([learn more](#))
 - b. **GST/HST Requirements for Non-Resident Vendors Supplying Digital Products or Services** to consumers in Canada, required to register for the GST/HST and to collect and remit GST/HST on their taxable supplies to consumers in Canada ([learn more](#))
 - c. **GST/HST Requirements for Distribution Platform Operators and Non-Resident Vendors** required to register for GST/HST and to collect and remit GST/HST on certain supplies of goods shipped from a fulfillment warehouse or another place in Canada, ([learn more](#))
 - d. **Treating Virtual Currency as a Financial Instrument for Purposes of GST/HST** ([learn more](#))
13. **Expanding Eligibility for GST/HST Rebate** for new housing ([learn more](#))
14. **Employee Stock Options** deduction limit ([see details](#))
15. **T5013 Filing Exemption** For the 2021 fiscal year, farm partnerships made up entirely of individuals (those who file T1s) do not have to file a T5013 return. This exemption does not apply to farm partnerships that include a trust or a corporation. ([learn more](#))
16. **CPP Enhancement** increasing 2021 CPP employer rates to 5.45% & 2022 CPP employer rates to 5.70% ([learn more](#))
17. **EI Premium Rates** remains the same for 1.58% for 2021 and 2022 ([learn more](#))
18. **Accelerated Investment Incentive / Capital Cost Allowance (CCA)** allows businesses in Canada to deduct the cost of their investments more quickly, thus increasing the attractiveness of making capital investments: First year CCA claims are now tripled @ 150% of normal CCA claim (excluding class 53, 43.1, 43.2) & Class 53 @ 100% for purchases from November 20, 2019 to December 31, 2023. Note, accelerated CCA will not apply if the asset is rolled over from non-income producing to income-producing or if the asset was acquired from a non-arm's length party ([learn more](#))

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Business

19. **New CCA Class 56 added to existing CCA Class 54 (30% rate), 55 (40% rate) created for Zero-Emission Vehicles** – Class 56 will allow off-road vehicles and equipment to qualify for the same enhanced CCA if they meet the zero-emission requirements. Neither hybrid vehicles nor vehicles requiring human or animal power for propulsion would be eligible. These assets would be added to Class 56 if acquired on or after March 2, 2020 and before 2028 and would be eligible for the same accelerated CCA as zero-emission vehicles eligible for inclusion in Classes 54 and 55, including deduction of the full cost in the year of acquisition for purchases on or before December 31, 2023. ([learn more](#))
20. **Taxpayer Relief for Canadians Facing Extreme Weather Events** for individuals, businesses and first responders in BC and Eastern Canada may be unable to file or pay on time can submit taxpayer relief request ([learn more](#))
21. **Potential Changes**
 - a. **Small Business Air Quality Improvement** a 25% Tax Credit (to a maximum of \$10,000 per qualifying location) ([learn more](#))
 - b. **Reducing Credit Card Transaction Fees** in particular, for small businesses such that they can benefit from pricing similar to large businesses ([learn more](#))
22. **Canadian government commits to investment of \$90.6 million over the next five years to combat tax avoidance**

OTHER CHANGES & IMPORTANT TIPS

1. **Comprehensive Indexation adjustment for personal income tax and benefit amounts** ([see details](#))
2. **Basic Personal Amounts (BPA) are rising annually with inflation** – BPA is a non-refundable tax credit that all taxpayers are eligible to claim, it is the amount you can earn without paying any income tax ([Non-refundable personal tax credit table](#))
3. **Federal & Provincial Individual Income Tax Rates** for 2021 & 2022 ([see details](#))
4. **Employment Insurance (EI) rates & maximum changes** ([see table](#))
5. **Canada Pension Plan (CPP) rates & maximum changes** ([see table](#))
6. **Buy, Build, Sell or Renovate a Home** what you need to know ([learn more](#))
7. **New to Canada** what you need to know ([learn more](#))
8. **Making Changes to your Business** What you need to know ([learn more](#))
9. **Annual Money Purchase (MP), Defined Benefit (DB), Registered Retirement Savings Plan (RRSP), Deferred Profit Sharing Plan (DPSP), Tax-Free Savings Account (TFSA), and Year's Maximum Pensionable Earnings (YMPE) limits & maximum changes** ([see table](#))
10. **Voluntary Disclosure Program Changes** – A Second Change to Correct Your Taxes with potential penalties & prosecution relief ([see details](#))

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OTHER CHANGES & IMPORTANT TIPS

11. **A Look into Budget 2022** ([see details](#))
12. **Reassessment Periods**
 - a. Standard = 3 years from original Notice of Assessment
 - b. T1135 Foreign Income Verification Statement = 6 years if taxpayer failed to report income from a specified foreign property (SFP) and [Form T1135](#) was not filed on time, or where a SFP was not identified properly on the form.
13. **Voluntary Disclosure Program (VDP)** – A Second Change to Correct Your Taxes with potential penalties & prosecution relief ([see details](#))
14. **Request for Taxpayer Relief** – When VDP is not applicable to the tax situation, a fairness request may be made using [Form 4288](#)
15. **CRA Initiatives/Projects**
 - a. **Underground Economy**
 - i. focusing on finding hidden income through the use of data analytics used to predict industry sector where tax evasion or non-compliance is more likely. There are now 35 underground economy specialist teams across Canada who have advanced training in identifying unreported income.
 - ii. Reducing the social acceptability of participating in the underground economy, focusing on the demand side to reduce consumer willingness to accept services such as cash-only home renovations.
 - iii. Four industries accounted for over half of the underground economy, being residential construction (26.2%), retail trade (12.3%), finance, insurance, real estate, rental and leasing, and holding companies (10.3%), and accommodation and food services (9.1%). CRA's release indicated they will focus on these sectors. Undeclared wages and tips were the largest share of unreported income (42.4%).
 - iv. Construction Industry compliance review can be accessed through audits of Home Accessibility Tax Credit Claims
 - v. Cryptocurrency – CRA has issued unnamed person requirement to obtain the identity of every client of cryptocurrency trading platform: Coinsquare. CRA states that they consider cryptocurrency trading to carry a high risk of tax evasion. Coinsquare had not yet decided whether they would challenge the requirement before the Courts. The Federal Court website shows the application (T-1114-20) was filed by CRA on September 18, 2020.
 - vi. CRA focus on Video Game Streamers and Online Influencers – CRA is reviewing social media accounts to see whether video game streamers' and online influencers' income is consistent with paid endorsements and other signs of income
 - b. **CRA Enforcement and collections activities stepping up** – Delinquent taxpayers will be encouraged to pay earlier; CRA will also work towards solutions for those who cannot pay the full amounts owing when they become due. CRA's standard 6 or 10-year collections limitation period can be extended or restarted when certain events occur, which can extend the collection period for the tax debt to continue to exist and interest to continue to accrue until tax debt is paid in full after the standard collection limitation period.

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What's New for 2022 Tax Season – Cont'd

FRAUD CAUTION – PLEASE READ

- **CRA Enhanced Security**
 - Multi-factor authentication to access CRA login services <https://www.canada.ca/en/revenue-agency/services/e-services/cra-login-services/multi-factor-authentication-access-cra-login-services.html>
 - Telephone agents are unable to validate the authenticity of a person calling on behalf of an authorized firm/business/group when they are not associated to the firm in CRA's records.
 - Beginning in January 2021, all individuals calling CRA to receive taxpayer information on behalf of an authorized firm/business/group will need to provide their RepID to the telephone agent, who will then verify their association to the authorized firm or business.
 - Tax Tip: [How to tell you've been contacted by the CRA](#)
- **Fraudulently Collected GST/HST-** Business should consider verifying GST/HST registration of the vendor/service provider, especially where the GST/HST amounts are large. To do so, go to <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/confirming-a-gst-hst-account-number/terms-conditions-use.html>
- **Straddle-loss Tax Schemes** involving purchase of two or more forward contracts that offset each other (when one is in a gain position, and the other would be in an equivalent loss position). The loss position is closed at year-end, reducing income and taxes, with the gain triggered shortly in the new year, effectively deferring income. This process can be repeated so that income is deferred indefinitely. In some cases, an exit strategy may be involved which eliminates tax permanently ([learn more](#))
- **CEWS Tax Schemes** promoters, tax representatives and tax preparers deceiving taxpayers by promising to reduce the taxes they owe or increase the benefits they receive, falsely submitting or inflating Canada Emergency Wage Subsidy (CEWS) claims ([learn more](#))
- **Tax Sheltering Gifting Schemes** Promoters, including some representatives, tax preparers and investment professionals, are encouraging their clients to participate in gifting schemes to reduce the amount of income tax they owe and in some cases profit from the returns. ([learn more](#))
- **Telemarketing Requirements** - In a [November 10, 2020 News Release](#), the Canada Radio-television and Telecommunications Commission (CRTC) announced a number of enforcement actions against real estate agents, investment brokers, and mortgage brokers due to their engagement of telemarketers who failed to follow the requirements of the [National Do Not Call List](#) in accordance with the [Unsolicited Telecommunication Rules](#). It is highly recommended to register your number to the [National Do Not Call List](#), where you can also file a complaint on Telemarketing breaches that you may be experiencing

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Personal Income Tax Checklist – 2021 Returns

SECTIONS:

- A. Information – All Clients Must Provide
- B. Questions To Answer
- C. Additional Information – New Clients Must Provide
- D. Other

2021 saw the continuation of the COVID-19 pandemic, along with the related government supports and tax issues. For example, some may have changed how they carried on their employment duties or business operations, including working from home or using their vehicle for employment or business reasons. We have outlined the key tax issues in the checklist below. Please let us know if you have received other support or incurred other costs related to your income-earning activities due to the COVID-19 pandemic.

A. Information – All Clients Must Provide

1. All **income, support and benefits** received under **COVID-19** relief programs. Some of these benefits are taxable while others are not. Official tax slips may have been issued for some, but not all. For support where no slip is available, details surrounding the amount and types of payment are required. Please provide **details** on all **federal, provincial/territorial and other support** received. Please also provide any details on any **repayments** of these **benefits**.

Key **COVID-19** related **federal personal support programs**:

	Taxable?
Employment Insurance (EI) program	Yes
Canada Recovery Benefit (CRB)	Yes
Canada Recovery Sickness Benefit (CRSB)	Yes
Canada Recovery Caregiving Benefit (CRCB)	Yes
Canada Emergency Student Benefit (CESB)	Yes

Key **COVID-19** related **federal government support for business, rental or other income**:

	Taxable?
Canada Emergency Wage Subsidy (CEWS)	Yes
Canada Emergency Rent Subsidy (CERS)	Yes

Canada Recovery Hiring Program (CRHP)	Yes
Canada Emergency Business Account (CEBA)	Yes*

* The forgivable portion of the interest-free loan under the CEBA is taxable. Please provide the details.

As no slips are provided specific to these programs, please provide the amounts received and the period to which they relate.

2. All **information slips**, such as: T3, T4, T4A, T4A(OAS), T4A(P), T4E, T4PS, T4RIF, T4RSP, T5, T10, T2200, T2202, T101, T1163, T1164, TL11A, B, C and D, T5003, T5007, T5008, T5013, T5018 (subcontractors) and corresponding provincial slips.
3. Details of **income** or receipts for which no T-slips have been received, in respect of items such as:
 - a) other employment income (including any severance or termination pay, retiring allowance, tips or gratuities received, details on stock option plans and Form T1212),
 - b) business, professional, partnership and rental income (including all amounts received from the sharing economy, such as AirBnB, VRBO, Uber, etc),
 - c) alimony, separation allowances, child maintenance (including divorce/separation agreement),
 - d) pensions (certain pension income may be split between spouses),
 - e) interest income earned but not yet received (such as amounts from Canada savings bonds, deferred annuities, term deposits, treasury bills, mutual funds, strip bonds, compound interest bonds),
 - f) scholarships, fellowships and bursaries, and
 - g) any other income received (e.g. director fees, executor fees, etc).
4. Details of **other investments**, such as:
 - a) capital gains/losses realized (this may be obtained, in some circumstances, from your investment advisor)

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Personal Income Tax Checklist – 2021 Returns – Cont'd

- b) real estate, or oil and gas investments – including financial statements,
- c) bitcoin or other cryptocurrency transactions, and
- d) any other investments.

5. Details of **other expenses**, such as:

- a) business, professional, investment and rental expenses (including capital purchases, such as vehicles and equipment, including the invoice or bill of sale), and
- b) employment related expenses – provide Form T2200, signed by your employer, as well as the invoices and receipts for required employment expenses. See item 6 for details on working from home.

6. Details related to **working from home**.

Due to the COVID-19 pandemic, many individuals worked from home during 2021. In some cases, a deduction may be available.

Temporary flat rate method (simple) – Last year, a temporary flat rate claim method was available for employees that worked from home more than 50% of the time for at least four consecutive weeks due to COVID-19 and were not fully reimbursed for their expenses. \$2/day could be claimed for each day that they worked from home. The government announced in the December 14, 2021 Fiscal and Economic Update that this temporary flat rate method would be available again this year, with the cap increased to \$500. Please provide the number of days that you worked from home if you met this test. In 2020, no employer certification was required.

Detailed method – Taxpayers were alternatively permitted to make a claim based on actual expenses incurred.

To be deductible under this method, one of the following has to be met:

- the home was where the individual mainly (more than 50% of the time) did their work, or
- the individual used the space exclusively to earn business/employment income, and used it on a regular and ongoing basis for meeting clients, customers or other people in respect of the business/employment.

Employees must also provide a T2200. Last year employees could provide a T2200S instead; however, it has not yet been announced whether this form will be used again this year.

If these tests are met, even for a portion of the year, a reasonable claim can be made.

To make a claim, please provide details on the portion of your home that was used as a workspace (e.g. approx. square footage of work space versus other space). If the space was not used exclusively for business/employment purposes, provide the approx. time it was used for business/employment purposes. Also, provide the period that you worked from home and met one of the above tests, and the expenses incurred that related to working from home. Such expenses include, for example, home internet access fees, rent, utilities and office supplies.

7. Details and receipts for **other deductions and tax credits**, such as:

- moving expenses (please advise us if you have, or may have, immigrated or emigrated to/from Canada),
- child care expenses (if the services are provided by an individual, their SIN should be on the receipt),
- alimony, separation allowances, child maintenance (including divorce/separation agreement),
- adoption related expenses,
- interest paid on qualifying student loans,
- professional and union dues,
- medical expenses for you, your spouse and any dependent persons,
- charitable donations (including those to registered journalism organizations) and political contributions,
- clergy residence deduction information (including Form T1223),
- tuition fees for both full-time and part-time courses for you or a dependant – including mandatory ancillary fees and Forms T2202, TL11A, B, C and D where applicable,
- disability supports expenses (speech, sight, hearing, learning aids for impaired individuals and attendant care expenses),
- mining tax credit expenses,
- registered retirement savings plan and any other pension plan contributions and withdrawals (including withdrawals and repayments for the home buyers plan and lifelong learning plan),
- film and video production expenditures eligible for a tax credit,
- tools acquired by tradespersons and eligible apprentice mechanics,
- scientific research and experimental development expenses,

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- home accessibility tax credit – certain expenditures (up to \$10,000) may be eligible for a tax credit if made in relation to a renovation or alteration of your home to enhance mobility or reduce the risk of harm for an individual who is either, eligible for the disability tax credit, or 65 years of age or older at December 31, 2021. Examples of eligible expenditures include amounts relating to wheelchair ramps, walk-in bathtubs, wheel-in showers and grab bars,
 - eligible educator school supply tax credit – if you are a teacher or early childhood educator, please provide receipts (up to \$1,000) for eligible school supplies purchased in the year. An eligible supply expense is an amount paid in the year for supplies used or consumed in the school or regulated childcare facility in the performance of your employment. Supplies include consumable goods such as construction paper, flashcards, items for science experiments, art supplies, stationary items, and durable goods limited to games, puzzles, books, containers and educational support software. Certain electronic devices such as calculators, digital timers, laptops (if none were made available by their employer) and other tools for remote learning would also be eligible. Please also provide a certification from your employer attesting to the eligible supplies expense,
 - Canada training credit (CTC) – a refundable tax credit may be available to reimburse up to half of eligible tuition and fees associated with work-related training for individuals aged 25 to 64 years old at the end of the year. Please provide details on tuition and other fees related to training. Amounts refunded through the CTC will not also be eligible for the tuition tax credit. To get the credit this year, you had to meet a number of conditions in the 2020 year, such as filing a tax return, being resident in Canada throughout the year, being 25 to 64 years at the end of year, having at least \$10,100 from maternity/paternity benefits or working income and having net income that does not exceed \$150,473, and
 - digital news subscription tax credit – a 15% non-refundable tax credit based on up to \$500 of amounts paid for a qualifying digital news subscription (to access content that is primarily written news) will qualify for this credit.
8. Details on the **disposition of your principal residence or other real property**. Please provide: proceeds of disposition, a description of the property, and the year the property was acquired. If disposing of other real property, please provide the cost of the property in addition to the requirements listed above. This is required even if there is no gain on the disposition of the property.
- In addition, please indicate if you have a change-in-use of your property. This could include, for example, converting some or all of your principal residence into an income earning property, such as a rental suite. It could also include converting a property used for short-term rentals, such as AirBnB or VRBO, to long-term rentals.
9. Name, address, date of birth, social insurance number (SIN), and province of **residence** on December 31, 2021, if changed in the current year.
10. **Personal status** – single, married, common-law, separated, divorced or widowed. If there has been a status change in the year, please provide the date of the change.
11. List of **dependants/children** including their income, birth date, and SIN.
12. Details regarding residence in a prescribed area which qualifies for the **northern residents deduction**.
13. Details on 2021 income tax **instalments**, or payments of tax.
14. **2020 notice of assessment/reassessment** and any other correspondence from CRA (including correspondence received after the filing of this personal tax return).
15. Details of **foreign property** owned at any time in 2021 including cash, stocks, digital currency (such as Bitcoin), trusts, partnerships, real estate, tangible and intangible property, contingent interests, convertible property, etc. Required details include: description of the property, related country, maximum cost in the year, cost at year-end, income, and capital gain/loss for each particular property.
- For property held in an account with a Canadian securities dealer or Canadian trust company, please provide the country for each investment, fair market value of the investments at each month-end, income or loss on the property, and gain/loss on disposition of the property.
16. Details of **income** from, or **distributions to, foreign entities** such as foreign affiliates and trusts.
17. Copy of any **foreign tax returns** filed and any associated tax assessments.
18. If we are not preparing your **spouse or common-law partner's personal tax return**, please provide their return for review and tax planning.
19. **Internet business activities** – If you have business, professional, farming or fishing income, please indicate whether you have Internet business activities. According to CRA, Internet business activities include any activity where you earn income from your webpages, websites

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or Apps. Information only webpages and websites like directories or ads will not generally trigger this information requirement.

If you have Internet business activities, please provide:

- the number and address of webpages or websites that your business generates income from. If you have more than 5, provide the 5 that generate the most income, and
- the percentage of income generated from the Internet (if you do not know the exact percentage, provide an estimate).

B. Questions to Answer

If yes, please provide details

1. Did you receive interest, dividends, or benefits from a business in which a relative is a key party (in terms of ownership or involvement)?
2. Are you a U.S. citizen, Green Card Holder, or were you, or your parents born in the United States? You may have U.S. filing obligations.
3. Are you an indigenous person? Special tax rules may apply.
4. Are you or any of your dependants disabled? If so, provide Form T2201, Disability Tax Credit Certificate. The transfer rules allow claims for certain dependent relatives. In addition, are you, or would you like to provide support to a disabled person? Tax planning opportunities may be available, such as establishing a registered disability savings plan. Persons with disabilities may also receive tax relief for the cost of disability supports (e.g. sign language services, talking textbooks, etc.) incurred for the purpose of employment or education. If you or your dependants are disabled but do not have a Form T2201, please provide details so we can explore whether you are eligible for special credits or benefits.
5. Are you the caregiver for any infirm family members? Did you provide in-home care for an infirm dependent relative?
6. If you have children up to the age of 17, have you received the Canada child benefit (CCB)?
7. Have there been any other significant life events in the past year, such as the death or impairment of a loved one? There can be tax planning opportunities.
8. Did you incur costs to access medical intervention required to conceive a child which was not previously allowed as a medical expense? Amounts may be claimed in respect of any such expense for the previous 10 years (if amounts were incurred in 2011, a claim must be made by the end of 2021).

9. Did you purchase a new home in 2021? If so, you may be eligible for the new residential property GST/HST rebate. Also, are you a first-time home buyer in 2021? A federal tax credit based on \$5,000 (@15% = \$750) may be available.

10. Have you spent more than 200 hours acting as a volunteer firefighter or a search and rescue volunteer? You may be eligible for a federal tax credit.
11. Have you made any contributions to a gifting tax shelter?
12. Did you receive any significant prizes or awards from your, or a related person's place of employment?
13. Did you receive a retroactive lump-sum payment over \$3,000 (for example, spousal support)? In certain cases, some tax relief may be available.
14. Do you want your tax refund deposited directly into your account at a financial institution?
15. Are you a Canadian citizen?
16. Do you authorize CRA to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors?

C. Additional Information – New Clients Must Provide

1. All **CRA correspondence** for the past three years.
2. Details of previously claimed capital gain exemptions, business investment losses and cumulative net investment loss accounts.
3. A listing or copy of **receipts** for significant **capital assets** purchased previously, which are currently held.
4. Details of **carry-forward amounts** from previous years (ex. losses, donations, forward averaging amounts, RRSP).

D. Other

1. Instalments required for 2022? A **pre-authorized debit** arrangement is an online service-payment option which authorizes CRA to withdraw a pre-determined payment amount directly from a bank account on a specific date to **pay taxes**. This may help **avoid penalties** on late and/or missing instalment payments.
2. **MyCRA mobile App** – This web app allows you to access and view key portions of your tax information such as your notice of assessment, tax return status, benefit and credit information, and RRSP and TFSA contribution room.
3. CRA's **My Account** – Taxpayers can set up an online account with CRA that provides tax filing information and communications, in addition to information contained in MyCRA mobile App.

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Personal Income Tax Checklist – 2021 Returns – Cont'd

4. CRA Online Services – **Account alerts** – Individuals can register with CRA to be notified by email when CRA's record of an individual's address has changed, banking information for direct deposit has changed, or if mail sent by CRA was returned.
5. Additional **provincial/territorial credits** and programs may be available.

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Tax on Split Income (TOSI) – Quick Reference Chart

This chart is intended to be a general guide in determining exposure to the TOSI rules applicable to the 2018 and later taxation years (Section 120.4). The descriptions and titles are general references. The specific legislation should be reviewed for a complete and detailed understanding of each concept.

1. "Split Income" exposed to TOSI only includes the following receipt streams ¹:

Taxable Dividends (amounts in respect of taxable dividends, generally from private corporations only – Subparagraph (a)(i))	Shareholder Income Inclusions from Section 15 (e.g. shareholder benefits, loans, etc. – Subparagraph (a)(ii))	Obligations (income in respect of a debt obligation (e.g. interest, loan, fees, etc.) – Paragraph (d))	Capital Gains (Paragraph (e))	Partnership Income (Paragraph (b)) ⁴	Trust Income (Paragraph (c)) ⁴
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2. "Excluded Amounts" from TOSI may be applicable where any of the following are met ^{1,2}:

Category	0-17 at year-end	18-24 at year-end	25 or greater at year-end
Related Business	NA	Not derived directly or indirectly from a Related Business in respect of the individual for the year. Subparagraph (e)(i). See note 3.	
Reasonable Return	NA	A return on capital contributions , generally no greater than the prescribed rate (Safe Harbour Capital Return) . A higher return requires Am's Length Capital (numerous restrictions apply, including no use of borrowed funds). Paragraph (f).	A Reasonable Return based on contributions to the business which include: labour (work performed), capital (property contributed), risks assumed , amounts paid or payable from the business and any other relevant factors . Subparagraph (g)(i).
Excluded Business (Active Involvement)	NA	Derived directly or indirectly from an Excluded Business of the individual for the year. The individual must be "actively engaged on a regular, continuous and substantial basis" in the year (does not apply to capital gains), or in any five prior taxation years. Subparagraph (e)(i). The test is automatically met if working at least an average of 20 hours per week during the portion of the year in which the business operates. Paragraph 120.4(1.1)(a).	
Excluded Shares (Good Shares)	NA	NA	Income from, or capital gains from the disposition of, Excluded Shares. Various conditions must be met: less than 90% of business income for the previous year was from the provision of services; cannot be a professional corporation; all or substantially all income cannot be derived, directly or indirectly, from a related business other than a business of the corporation; and at least 10% of the votes and value must be owned by the recipient. Subparagraph (g)(i).
Disposition of Qualified Property	A taxable capital gain for the year from the disposition by the individual of property that is, at the time of the disposition, "qualified farm or fishing property" or "qualified small business corporation shares". Subparagraph (d). Does not apply if gain is deemed to be a dividend under Subsection 120.4(4) or (5) (deeming only applies to share sales by individuals under age 18 to non-arm's length purchasers).		
Spouse	Age 65 and Up – Income or a taxable capital gain that would be an excluded amount to a "spouse or common-law partner", who is at least 65 years old at year end, if it were included in their income for the year. Subparagraph 120.4(1.1)(c)(i).		
	Deceased – Income or taxable capital gain that would have been an excluded amount to a deceased "spouse or common-law partner", if it were included in their income for the year of death. Subparagraph 120.4(1.1)(c)(ii).		
	Divorce/Relationship Breakdown – Income or taxable capital gains from property acquired as part of a matrimonial property settlement (i.e. pursuant to a court order or written agreement on relationship breakdown). Paragraph (b) and Subsection 160(4).		
Inheritance	NA	General – Income or taxable capital gains from property inherited from "any person". The recipient will obtain benefits in respect of the Reasonable Return and Excluded Business exceptions. In particular, the Reasonable Return test will consider the factors applicable to the deceased. Similarly, the Excluded Business exception will be available to the heir if the deceased met the "five prior taxation year" test. Subparagraph 120.4(1.1)(b).	
		Inherited from a Parent – Income or taxable capital gains from property inherited from "a parent". Subparagraph (a)(i).	NA
		Inherited by a Student or Person with Disabilities – Income or taxable capital gains from property inherited where the recipient is a full-time student or is eligible for the disability tax credit. Subparagraph (a)(ii).	NA
Death	Deemed Disposition – A taxable capital gain arising from a deemed disposition on death. Paragraph (c) and Subsection 70(5).		

Notes:

- Income Tax Act references in part 1 refer to the definition of "Split Income" in Subsection 120.4(1) while those in part 2 refer to the definition of "Excluded Amount", unless otherwise indicated.
- The items in these columns list only the key elements of the particular exclusion. Other exceptions and conditions may apply.
- A Related Business (defined in Subsection 120.4(1)) in respect of a taxpayer includes any business, where another individual (the "source individual") related to the taxpayer does any of the following:
 - personally carries on the business at any time in the year;
 - is actively engaged in the business carried on by a partnership, corporation or trust at any time in the year;
 - owns shares of the corporation carrying on the business, or property the value of which is derived from shares of the corporation, having a fair market value not less than 10% of the fair market value of all of the shares of the corporation; or
 - is a member of a partnership which carries on the business.
- Specific rules apply in determining what types of partnership and trust income are subject to TOSI. In general, it includes similar income to those caught by other provisions (like taxable dividends), amounts derived from a related business, and rental income in which a related person is actively engaged.

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Important Dates & Tax Filing and Payment Deadlines

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/important-dates-individuals.html>

2021 Tax Year Filing Deadlines

February 21st

Efile system is currently closed for maintenance & re-opens on Monday February 21st.

Recommended Start Date for Client Appointments

It is highly recommended to schedule your tax preparation appointment once you are confident you have received all your tax documents to avoid re-filing charges. General deadline for issuing most Tax Slips is March 1st, with potential post delivery delays, it is best to schedule your tax preparation **Mid-March – April 30th**. Please note if you are expecting T3 tax forms for this tax year, the deadline to issue these forms is March 31st, it would be advisable to schedule your tax preparation in April if this applies to your situation.

What Can You Do Until Your Scheduled Appointment?

GET STARTED with Preparing for Your Upcoming Tax Preparation & Filing Appointment Today!!!

Get Started >

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Important Dates & Tax Filing and Payment Deadlines – Cont'd

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/important-dates-individuals.html>

Mid-March to April 30th

Please also take into consideration that most Tax Slips will not be issued until End of February, along with postal delivery time lapse, complete set of tax information may not be available to you until Mid-March. We **highly recommend for clients to wait until after Mid-March to schedule your Tax Preparation Appointment**, unless you are fully confident that you have received all your Tax Slips. If you are expecting T3 tax forms, the deadline to issue these forms is March 31st, it would be advisable to schedule your tax preparation in April if this applies to your situation.

Missing slips will create inaccurate tax filing results, which will trigger further reassessment with potential tax owing balance payback & penalties and interest, as well as potential T1 Adjustments request requiring additional service fee of \$70 per adjustment per tax year adjusted.

Schedule Your Appointment [ONLINE!](#)



March 1st

Deadline to Contribute to an RRSP, a PRPP, or an SPP
Deadline for Tax Slip Issuance e.g. T4, T5, T4A, etc.

May 2nd

Tax Payment Deadline for non-self-employed AND self-employed individuals and their spouse
Tax Filing Deadline for non-self-employed individuals

June 15th

Tax Filing Deadline for self-employed individuals and their spouse

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Important Dates & Tax Filing and Payment Deadlines – Cont'd

2022 TAX FILING AND INVESTMENT PLANNING MILESTONES CHECKLIST

<p>January:</p> <ul style="list-style-type: none"> • Speak to a tax advisor and HR department about reducing tax withholdings at source: <ul style="list-style-type: none"> ◦ File TD1 Tax Credits Return ◦ T1213 Request to Reduce Tax Withholdings at Source. • File Form RC201E for CWB prepayment after January 1 and before September 1 • Jan 4: Make a TFSA deposit for each adult in the family and replenish prior-year withdrawals. • Jan 5: CWB Advance, GST/HST Credit, apply for CRHP, THRP and HHBRP, Period 23. • Jan 20: CCB payment • Jan 27: Apply, amend or increase CERS, CEWS and CRHP claims for July 4 to July 31, 2021 (CERS Per. 11, CEWS & CRHP Per.18) • Jan 30: Make interest payment on inter-spousal loans for the immediately prior tax year. • Jan 31: T10 PAR slip due, which restores RRSP room in case of exit from DPSP or RPP 	<p>July:</p> <ul style="list-style-type: none"> • July 5: CWB Advance, GST/HST Credit, • July 20: CCB payment • Education Funding: Invest CCB into RESP • Disability Funding: Invest in RDSP • Income Estimation: Fall Quarterly Instalment payment review • Investors: Do a Portfolio Review • Businesses: business valuation, consider crystallizing CGE for farmers, CCPC • Pre-Retirement: Consider postponement of OAS and CPP • Retirees: Review RRSP meltdown strategies, RRIF income levels, OAS clawback review • Valuations: Financial Assets, Cottage/Home/Rental Property/Business for asset transfer strategy
<p>February:</p> <ul style="list-style-type: none"> • Feb 16: Retroactive claims for Canada Emergency Sickness and Caregiving Benefits can be made for Periods 61-63 • Feb 18: CCB Payment • Feb 24: Apply, amend or increase CERS, CEWS and CRHP claims for Aug 1 to Aug 28, 2021 (CERS Per. 12, CEWS & CRHP Per.19) • Feb 28: T4, T4A, T5 Slip filing deadline, receive enrollment notice if RRSP LLP withdrawal made in the prior year • Assemble self-reported casual income from tips, casual employment, no-slip interest income, receipts for discretionary deductions and credits 	<p>August:</p> <ul style="list-style-type: none"> • August 19: CCB payment • Back to school expense planning review • Audit risk management: Correct tax-filing errors and omissions 2012-2021
<p>March:</p> <ul style="list-style-type: none"> • March 1: RRSP contribution deadline, • March 2: Reconciliation deadline for claiming child care • March 15: quarterly tax instalment deadline • March 18: CCB Payment • March 24: Apply, amend or increase CERS, CEWS and CRHP claims for Aug 29 to Sept 25, 2021 (CERS Per. 13, CEWS & CRHP Per.20) • March 31: Tax filing due date for trusts with Dec. 31 year end, T3 slips due, File Form T1-OVP for Excess RRSP, PRPP, SPP Contributions 	<p>September:</p> <ul style="list-style-type: none"> • Sept. 15: Quarterly tax instalment due • Sept. 20: CCB Payment • Review: Cash Flow & Debt Management • Health Risk Management: Insurance needs review

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Important Dates & Tax Filing and Payment Deadlines – Cont'd

<p>April:</p> <ul style="list-style-type: none"> • Apr 5: CWB Advance, GST/HST Credit • April 15: US tax filing deadline. US persons in Canada Tax filing, Form 8938, 4868 • April 20: CCB payment • April 21: Apply, amend or increase CERS, CEWS and CRHP claims for Sept 26 – Oct 23, 2021 (CERS Per. 14, CEWS & CRHP Per.21) • April 30: T1 individual tax filing deadline, PLUS <ul style="list-style-type: none"> ◦ Deadline: interest relief ends on taxes due on 2020 T1 for pandemic support recipients with taxable income under \$75,000; interest will be charged after this date. ◦ Form T1135, Foreign Income Verification Statement ◦ T1ADJ - Late elections for pension income splitting for 2018 expire April 30, 2022 ◦ T400A: Notice of Objection File on the later of one year after filing due date or 90 days after receipt of Notice of Assessment or Reassessment or Determination 	<p>October:</p> <ul style="list-style-type: none"> • Oct. 1: Build or buy a home if Home Buyer Plan withdrawal made from RRSP last year • Oct. 5: GST/HST Credit payment, CWB advance • Oct. 15: US Tax filing (if Form 4868 extension of filing time has been filed) • Oct. 20: CCB Payment • Review: Family income splitting, make a spousal RRSP contribution, review inter-spousal loans • Capital Gains Review: Tax-loss harvesting to offset capital gains income • Donations Plan: Review transfers of securities to charity to avoid capital gains tax
<p>May:</p> <ul style="list-style-type: none"> • May 1: Interest is charged on tax balance due • May 7: Pandemic supports end, unless extension announced • May 19: Apply, amend or increase CRHP claims for Oct 24 to Nov 20, 2021 (CRHP Per.22) • May 20: CCB Payment • Will and estate planning review 	<p>November:</p> <ul style="list-style-type: none"> • Nov. 18: CCB payment • Nov 30: Finish Year End Planning Review <ul style="list-style-type: none"> • Review matured CSB, CPB, investment portfolios • Review donations strategies, transfer of shares to charity • Disability Plan: Make RDSP contributions for disabled persons, apply for matching grants and bonds • Year-End Education Funding Review – Top up RESP. Note waiver of interest on federal student & apprentice loans to March 2023. • Year-End RRSP Review – Over/under-contributions • Correct errors & omissions prior filed returns and benefits. Note: while retroactive payments for the CCB can be made for 10 years; these additional quarterly amounts must be applied for by the end of 2023.
<p>June:</p> <ul style="list-style-type: none"> • June 15: T1 proprietorship filing deadline, quarterly tax instalment remittance, Closer Connection Exception Statement for Aliens (IRS Form 8840); extension to file US tax return (IRS Form 4868) • June 20: CCB Payment • June 23: Estimated Timeline: Apply, amend or increase CRHP claims for Nov 21 to Dec 18, 2021 (CRHP Per.23) • June 30 - Form RC243 TFSA Return and RC243-Schedule A – Excess TFSA Amounts 	<p>December:</p> <ul style="list-style-type: none"> • Dec. 13: CCB payment • Dec. 15: final tax instalment remittances • Dec. 29: Final tax loss selling, transfer of shares to charity • Dec. 31: Farmers/fishers deadline for annual instalment remittance, last day to contribute to own RRSP if age 71 • Opt out of CPP for 2023 – File Form CPT30

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Summary of Our Tax Season Enhancements in Achieving Our 5-Year Strategy!

SYNC Canadian Cloud Storage Integration

[Learn More](#)

With the growing trend of movement to virtual/cloud data access and storage, we at K Liu Accounting Services Inc. have always taken security and data protection as a top priority, and our goal is to always be leading the industry trends in technology and security.

With this goal in mind, our entire process and system is fully protected with 2FA, and we have also taken our best foot forward and integrated Sync in our process as our primary client data sharing solution. Sync has been proven to have leading Canadian Data Security in the world of cloud data management, in comparison to some of the most popular systems e.g. One Drive, Google Drive etc. And the importance of data stored within Canada provides extra protection in meeting our Canadian Data Privacy and Protection regulations. SYNC also provides clients with real-time access to important financial details anywhere & anytime, all at your fingertips through [SYNC MOBILE APP & DESKTOP APP!](#) During your service engagement process, you will either receive a SYNC shared folder/file link invitation (free user accounts available with 5GB storage) to obtain access to your financial files completed with K Liu Accounting Services Inc. OR by email with password protected files.

For more detailed information and support, please refer to the SYNC User Guide available
@ <https://www.sync.com/help/getting-started-with-sync/>

TaxFolder Client Portal & DEXT the FREEDOM tools

TaxFolder Client Portal ([learn more](#))

In our commitment to this strategy, we are providing all K Liu Accounting Service Inc. clients with a **FREE** TaxFolder Client Portal Account. TaxFolder has been proven to have leading Canadian Data Security in the world of cloud data management. And the importance of data stored within Canada provides extra protection in meeting our Canadian Data Privacy and Protection regulations. TaxFolder also provides clients with real-time access to important financial details anywhere & anytime, all at your fingertips through TAXFOLDER MOBILE BROWER & DESKTOP WEBSITE! During your service engagement process, your secure TaxFolder Client Portal will allow you to:

- ◆ UPLOAD your tax-related documents
- ◆ REVIEW & APPROVE preliminary tax documents
- ◆ SIGN required documents electronically
- ◆ ACCESS filed tax returns & financial reports completed with K Liu Accounting Services Inc.

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TaxFolder Client Portal & DEXT the FREEDOM tools

DEXT ([learn more](#))

K Liu Accounting Services Inc. Bookkeeping & Accounting process integrates DEXT. Offering access to Mobile APP and web browser with the ability to scan receipts/documents **ON-THE-GO** for real-time information sharing with your trusted service professional; seamless integration with QuickBooks Accounting Software to attached document images to accounting transactions to ensure audit-proof accounting records; cloud-storage for paperless document retention system.

Taking away all your document frustrations!

Eliminating waste from the tedious standard information retrieval process, and redirecting the time & efforts gained in **maximizing your service experience & value!**

As part of the implementation of this Award-Winning technology, we ask that you please review our [Document Management Policy](#) to make the most out of the advantages DEXT has to offer.

We understand that not all clients may be comfortable with TaxFolder Client Portal and DEXT APP, and our fully electronic communication policy may not be well suited for all clients; thus, we have the following optional add-on service features to allow us to continue providing full range of services that may be better suited for you or you may feel more accustomed to:

K Liu Accounting Services Inc. Office Appointment

On-Site/In-Home Mobile Service

\$25 per Appointment

flat rate for single or multiple client appointments; available on Saturdays ONLY; additional surcharge applies for locations outside of City of Winnipeg area & Ile Des Chene ***

Third Party Courier/Delivery Service

\$10 per one-way delivery

Secure Parcel Locker Drop Box

Available for client self-serve drop offs & pickups, please contact for more details on the Drop Box location & security code required for pickups

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K Liu Accounting Services Inc.

Enhanced Online Experience

BREEZE through Tax Season
with a few simple steps

[Learn More](#)



We have enhanced our online website experience to provide you with our new **OUR SERVICES** web page, providing you with access to all the tools & resources to get start you off on the right foot!

Our **ONLINE FORMS** have been specially designed for you to provide an enhanced simplified tax preparation experience!

Providing you with a [simple, easy, anywhere access service experience](#), while designed to [maximize tax-saving opportunities, minimize tax liabilities, and enhance tax planning strategies!](#)

Don't miss out on your annual **COMPLIMENTARY RRSP & TAX Planning Service!!!** Our **COMPLIMENTARY RRSP & TAX PLANNING INFORMATION GUIDE** will assist you in submitting the necessary information to help us determine the best suitable recommendations for you!

Along with TaxFolder Client Portal, you also have easy access to our **SECURE FILE SUBMISSION ONLINE UPLOAD PORTAL** made easily available to you throughout every step of your entire service experience.



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K Liu Accounting Services Inc.

Enhanced All-In-One Small Business Accounting Solutions

your ONE-STOP shop

[Learn More &
Request for FREE Quote](#)

LIMITED TIME OFFER

PROMO CODE: ADVISORYTRIAL

In our commitment to support our small business clients through COVID-19 pandemic, we are including

COMPLIMENTARY ONE-YEAR TRIAL OF ADVISORY PLAN FEATURES

(total value of \$4000 of professional service fees discounted)

to your 2022 K Liu Accounting Business Partnering Accounting Solutions Service Contract.

We feel it is more important than ever for our clients to be intricately connected and have real-time understanding and access to business financials during these uncertain times, and we want to encourage our clients to take advantage of our expertise and knowledge to help you in the ways we can for your business to PERSEVERE, GROW, AND THRIVE!

- MONTHLY Financial Reporting Frequency
(Income Statement, Balance Sheet, Aging Cust. Receivables & Vendor Payables)
- QUARTERLY Financial Review, Analysis, and Management Meetings Frequency
- UNLIMITED Business AND Personal Consultation Support and Mentorship & Respond on Behalf of Client as Authorized CRA Representative for CRA Inquiries (excluding Audit Support)

Our enhanced Business Partnering Accounting Solutions Package Plans have been designed to provide you with an

Affordable

All-In-One

Audit Proof

Comprehensive

Customizable

Small Business Focused

Time Freedom

Accounting Solutions for Your Business!

Starting @ \$360/month

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K Liu Accounting Services Inc.

In-Season Hours of Operation (Feb – Apr)

Tuesday – Saturday 10AM – 9PM

If you require an appointment outside of our regular office hours, we are glad to accommodate you!

Please complete our [After-Hours Service Booking Request](#)

2022 Tax Season Service Rates

Personal T1 Tax Return Filing Services *

\$70 Standard (includes simplified method of Home Office Expense claim + Available Promotional Codes)

\$190 with Real Estate Rental Income (including up to 2 rentals) and/or Commission & T2200 Employee Expense Deductions (Available Promotional Codes)

\$330 with Unincorporated Business, Self-Employed, Contractor(s), Farm, Real Estate Rental (more than 2 rentals) Activities (Available Promotional Codes)

Corporation Tax Form Preparation & Filing *

Starting @ **\$800 + Bookkeeping & Accounting Services** based client request (Available Promotional Codes)

Bookkeeping Services * (by-the-hour) @ **\$55 + taxes**

Accounting Services * (by-the-hour) @ **\$110 + taxes**

Business Partnering Accounting Solutions Package Plans * starting @ **\$360/month – Request for Quote Today for our all-inclusive bookkeeping, accounting, tax, and consultation solutions!**

Other Service Pricings Available * [ONLINE](#)

Business Accounting & Bookkeeping Training

Business Start-Up & Dissolution

Consultation – Individual, Business, COVID-19 Support Program Eligibility, Tax Strategies & Planning, APP Integration, etc.

QuickBooks ProAdvisor Setup & Training

QuickBooks & Accounting Monthly Support Service Packages

Miscellaneous Filing: GST/HST, PST, WCB, T-Slips, Payroll, etc.

***Above Service Appointment Options include:**

1. **Virtual/Remote Service using TaxFolder Client Portal & virtual conferencing call.**
[Get Started](#) by submitting our online Tax Preparation & Filing Service Request Form to gain access to your TaxFolder Client Portal to start uploading your tax documents
2. **Office Visit or Secure Document Dropoff @ K Liu Accounting Services Inc. residential office based at 96 Arpin Bay. Secure Parcel Locker Drop Box located at the front entrance.**
3. **[OR On-Site/In-Home Mobile Service at additional \\$25 service fee per Appointment](#)** – flat rate for single or multiple client appointments, additional surcharge applies for locations outside of the City of Winnipeg area & Ile Des Chene.

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Optional Add-On Services

On-Site/In-Home Mobile Service \$25 per Appointment flat rate for single or multiple client appointments; additional surcharge applies for locations outside of City of Winnipeg area & Ile Des Chene ***

Notice of Assessment Requests \$10 per assessment ***

*** Please note NOA can also be accessed through the complimentary self-serve option in your CRA My Account, please see further details on registration and account log in @ [CRA Login Services](#)

Printing Service \$1 per page

Third-Party Courier/Delivery Service \$10 per one-way

Secure Parcel Locker Drop Box

Available for client self-serve drop-offs & pickups, please contact for more details on the Drop Box location & security code required for pickups

Exclusive Client Promotional Codes

LOYALTY5 \$5 OFF

for returning clients with prior-year tax return filed by K Liu Accounting Services Inc. (automatically applied to your service invoice)

New Clients ONLY

AFFILIATE \$10 OFF

Personal T1 Tax Return Filing Service ***
(must be affiliated with an existing client: employee, subcontractor, or customer)

ALL Clients

VIRTUALSTUDENT \$10 OFF

Virtual Remote Personal T1 Tax Return Filing Service ***

DRIVER \$100 OFF

Business/Self Employed T1 Tax Return Filing Service for Front-line Delivery Contract Drivers ***

WORKFROMHOME \$70 OFF

Personal T1 Tax Return Filing Service with Detailed Method of Home Office Expense Deduction Claims ***

SUPPORTLOCAL 30 MINUTES OF FREE Virtual Consultation Service with

ANY K Liu Accounting Services Inc. Service Engagement***

CANNOT BE COMBINED with any other offers, above Promotional Codes EXPIRE December 31, 2022

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AVAILABLE CONSULTATIONS TAX STRATEGIES & PLANNING

Loans for Value – Income Splitting Tool

Loans for value are an effective approach to legally circumventing the attribution rules to permit income splitting between spouses or to minors. The prescribed rate declined to 1%, as low as the formula can go without negative returns on Treasury Bills, effective July 1, 2020 where it will remain until at least September 30, 2020. As a result, many advisors are again considering such loans.

Supporting Resources Available @

- <https://financialpost.com/personal-finance/taxes/theres-a-great-opportunity-for-income-splitting-coming-up>
- https://www.investmentexecutive.com/inside-track/_jamie-golombek/prescribed-rate-loan-planning/

RRSP/RRIF Planning on Death

It is NOT always most beneficial to fully Rollover RRSP/RRIF to a surviving spouse, in some cases, partial rollover may be more beneficial. This would be ideal if when passing spouse does not have enough income on the terminal return to soak up the marginal rates, partial rollover should be considered, and remaining RRSP/RRIF balances can then be taxed at Fair Market Value on living spouse's terminal return.

CRA discussed the general rule that the fair market value (FMV) of the assets in the RRSP (Subsection 146(8.8)) is included in income for the year of death. However, this amount can be reduced by any refund of premiums (defined in Subsection 146(1)), which includes most amounts paid to a surviving spouse after the death (Subsection 146(8.9)). CRA confirmed that this deduction is optional, so a lower amount could be deducted on the return of the deceased. As any amount deducted by the deceased must be reported by the surviving spouse (Subsection 146(8)), reducing the deduction will also reduce the income required to be reported by the survivor.

Similar provisions apply to a RRIF, with the FMV included in income of the deceased taxpayer (Subsection 146.3(6)), subject to the deduction of a designated benefit (defined in Subsection 146.3(1)) including amounts paid to the surviving spouse (Subsection 146.3(6.2)). Again, a lesser deduction could be claimed on the deceased's tax return, reducing the inclusion in the income of the surviving spouse.

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Passing on Property to Family

- Consider transferring smaller undivided interests annually to spread out the income inclusion using lower marginal rates.
- Consider whether the property should be designated as the principal residence and for which years. Note that complications and potential loss of principal residence claims may arise once there are multiple owners.
- Don't sell the property for less than fair market value (FMV). The parent will pay tax as if it were sold for FMV, but the children will only acquire a tax cost equal to their payment (Paragraph 69(1)(b)). A complete gift, however, will result in the children acquiring the property at a cost base equal to the FMV (Paragraph 69(1)(c)).
- If the children cannot afford the full cost, consider accepting a 1 promissory note which could be forgiven at the parents' discretion. Maintaining the loan while alive provides the parents with a certain level of control.

Bank Deposit Insurance

CDIC insurance is automatic and free for all depositors but is limited to \$100,000 for each type of account and each financial institution. Spreading funds out between multiple banks can maximize CDIC coverage.

The [CDIC website](#) reflects the following types of deposits:

- deposits (e.g., savings and chequing accounts) held in one name.
- deposits held in joint names.
- funds held in RRSPs.
- funds held in RRIFs.
- funds held in TFSAs.
- funds held in a trust (with \$100,000 of coverage per beneficiary); and
- deposits held to pay property taxes on mortgaged properties.

Supporting Resources Available @ <https://www.moneysense.ca/save/banking/cdic-coverage-canada-deposit-insurance-corporation/>

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