

PARO TAX TIPS FOR 2021

Tax Returns

Please make sure
to check out the
Resident Financial Primer
for more detailed
financial and tax
information.

IMPORTANT DATES

- The RRSP Contribution Deadline for 2021 is March 1, 2022
- 2021 Personal Income Tax Returns are due on or before May 2, 2022 as April 30th falls on the weekend this year

HIGHLIGHTS – 2021 TAX DEDUCTIONS AND CREDITS

Deductions:

Union Dues and Professional Fees: You can deduct PARO dues and fees paid to join professional organizations such as the CPSO, CFPC or RCPSC.

RRSP: The deadline for 2021 contributions is March 1, 2022. Keep in mind that it is most beneficial to contribute to your RRSP as early in the year as possible to receive the greatest benefit from tax-free compounding of your money.

RRSP Home Buyer's Plan: You can withdraw up to \$35,000 from your RRSP to use towards a down payment if you are buying a home in the next year.

Moving Expenses: If you move at least 40 kilometres closer to your new place of work and / or study (full-time post secondary education in Canada), certain moving expenses are tax deductible.

Childcare Expenses: If you and your spouse both work, generally the lower income earner can deduct the costs incurred for childcare, though there are maximum amounts per child.

Employment Expenses: If you have unreimbursed expenses that are incurred or required by employment, you might be able to claim them on your income tax return. If, due to COVID-19, you have used a part of the home for working purposes **at least half of the time for four consecutive weeks or more**, you can take a portion of the eligible home office expenses and claim them as part of the Employment Expenses for Working At Home deduction. You will need a signed T2200 form from your employer to support a detailed claim. There is an alternate temporary flat rate calculation however, it may not be as beneficial. More information about the flat rate can be found [here](#). We suggest that you consult your tax advisor about the specific requirements before you file the claim.

**Note: When you have other employment expenses and receive a T2200 form, the temporary flat rate method cannot be used. However, you are then able to claim the other employment expenses as tax deductions.*

Credits:

Canada Employment Amount: This credit is the lesser of \$1,257 and the employment income for the year and is available to anyone with employment income.

Interest on Student Loans: you can claim a tax credit for the interest paid on eligible student loans.

Tuition Amounts: The Federal Tuition Credit is available for 2021, which is 15% of the tuition amounts as shown on your T2202. Any unused tax credits can be carried forward to be used against future tax amounts payable.

Please read the [Resident Financial Primer](#) for more details.

Eligible Medical Expenses: You can only deduct eligible medical expenses over a particular threshold. The threshold is the lower of 3% of your net income or \$2,421.

Charitable Donations: Donations made to registered Canadian charities are eligible for a tax credit.

First Time Home Buyers' Tax Credit: This is a non-refundable tax credit of \$5,000 for first time home buyers.

Canada Caregiver Credit: The Canada Caregiver Credit provides a \$7,276 credit for each infirm dependant, defined as an eligible relative with impaired physical or mental functions who is dependent on the caregiver. See [Resident Financial Primer](#) for more details.

Canada Training Credit: The Canada training credit is a new refundable credit available for eligible tuition and other fees paid for courses taken in 2020 and subsequent taxation years.

Ontario Job Training Tax Credit: The Ontario government announced in the 2021 budget that the temporary credit would be available for the 2021 year, and they are also proposing to extend it to 2022 as well.

Digital News Subscription Tax Credit: You may claim a non-refundable tax credit worth up to \$75 related to digital news subscriptions paid in 2021 to qualified Canadian journalism organizations.

Tax Free Savings Account (TFSA): If you haven't contributed to your TFSA, your annual limit for 2021 is \$6,000. **The annual limit is \$6,000 for 2022 as well.**

New for 2022

Proposed Ontario Staycation Tax Credit: Starting in 2022, the Government of Ontario is proposing a new, temporary Staycation tax credit. This refundable credit would provide Ontario residents with support for eligible 2022 Ontario accommodation expenses of up to \$1,000 for an individual and \$2,000 for a family (the maximum refundable credit for these expenses being \$200 and \$400 respectively).

PLANNING AHEAD

Incorporation: Self-employed medical professionals have the ability to incorporate. When you are transitioning into practice, you may want to plan in advance and discuss the details with your tax advisor. Whether incorporation is right for you in the future will depend on your specific situation. See [Resident Financial Primer](#) for more details.

Charitable Donations: Donations made to registered Canadian charities are eligible for a tax credit.

First Time Home Buyers' Tax Credit: This is a non-refundable tax credit of \$5,000 for first time home buyers.

The information provided in "Tax Tips" is general in nature and is not intended to provide specific tax advice. You should consult your own tax advisor for specific advice based on your tax situation.

