



Wealth Management  
Fickling Wealth Management  
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# Expert Contributor

## Timely Tax Preparation Reminders

BY CAROL FICKLING

With the 2020 personal income tax return filing deadline fast approaching, it is a great time to see if you're taking advantage of all of the tax benefits you may be entitled to this season. The following information outlines what to consider when preparing your 2020 personal tax return.

### 1. FILING DEADLINES

Your personal 2020 tax return is due April 30, 2021. If you or your spouse were self-employed, you will have until June 15, 2021. Regardless of your filing deadline, your taxes owing for 2020 should be paid on or before April 30, 2021. A late-filing penalty is a minimum of 5% of the balance owing on your return.

### 2. PENSION INCOME SPLITTING

Consider splitting up to 50% of your eligible pension income with your spouse to lower your overall family tax bill. If one spouse

passes away during the year, it's still possible to split eligible pension income.

### 3. COVID-19 SUPPORT MEASURE

If you received any benefits relating to the government's support, keep in mind that some of these benefits are taxable. The Canadian Emergency Response Benefit (CERB) is taxable and tax was not withheld at source.

### 4. TAX CREDITS AND DEDUCTIONS

- A federal donation tax credit of 15% is available on the first \$200 of charitable donations. For amounts over this level, the credit increases to 29% to 33%.
- Medical expense tax credit has to be more than 3% of your net income or \$2,397, whichever is less. Any amount over this threshold is eligible for the non-refundable credit.
- If you are suffering from a prolonged or severe mental or physical impairment, you may be eligible to claim the Disability Tax Credit (DTC). To determine eligibility, you'll need to complete the CRA Form T2201, Disability Tax Credit Certificate, with a medical practitioner and submit it to CRA for approval
- Whether you regularly work from home or have recently started working from home due to the COVID-19 pandemic, consider the rules regarding the deductibility of home office expenses on your personal income tax return. Speak with a qualified tax advisor to determine if you can make a claim.
- Child care expenses you incurred to earn employment or business income i.e. caregivers, day nursery schools, daycare centres, and educational institutions (for the part of the fee that relate to child care services) qualify for the deduction. The maximum is \$8,000 per child under the age of 7 and \$5,000 per child between ages 7 and 16 and \$11,000 for children who are eligible for DTC.

While there are numerous tax planning strategies you may implement during the year, this article only mentions a few. For more information about the tips mentioned, please feel free to reach out to me.

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