

Changes for the 2020 tax-filing season

The Canada Revenue Agency made some changes for the 2019 tax filing and future seasons. Here is a summary of the salient changes:

Changes to the income tax and benefit return –Line numbers that were three or four digits were changed to five digits for the 2019 filing year (for example, line 150 on the return is now line 15000). The former Federal Schedule 1 is now part of the return (the T1 jacket)

Benefits and credits

Canada training credit limit – Eligible workers of at least 25 years old and less than 65 years old at the end of 2019 and later years, and who meet certain conditions will accumulate \$250 a year, up to a lifetime limit of \$5,000 to be used in calculating their Canada Training Credit, a new refundable tax credit available for 2020 and future years.

Based on the information on their return, the CRA will determine their Canada training credit limit for the 2020 tax year and provide it to them on their notice of assessment for 2019.

For 2020 and future years, an individual may be able to claim a Canada Training Credit equal to their Canada Training Credit Limit for the year or 50% of their eligible tuition and fees paid to an educational Institution in Canada, whichever is less.

Canada workers benefit – The Canada workers benefit, formerly the working income tax benefit, is a refundable tax credit available to eligible individuals and families who work, but earn low income. As of February 2020, a simplified version of the advance payments application will be available.

Climate action incentive payment – The federal fuel charge will no longer apply in New Brunswick as of April 2020. This means that residents of New Brunswick will no longer receive climate action incentive payments.

Eligible individuals who are residents of Alberta may now claim the climate action incentive payment. The climate action incentive payment may still be claimed by eligible individuals who are residents of Saskatchewan, Manitoba, or Ontario.

A 10% supplement is available to eligible individuals in these provinces who are residents of small or rural communities. The climate action incentive payment is first used to reduce any balance owing, and then it may create or increase a refund.

Canada Pension Plan (CPP) enhancement – On January 1, 2019, Canadians began contributing more to the Canada Pension Plan. A deduction is available for the enhanced contributions to the CPP. Annual contribution rates will rise modestly over seven years.

Changes for individuals and families

Withdrawals have increased under the Home Buyers' Plan – The maximum amount that can be withdrawn from a registered retirement savings plan under the Home Buyers' Plan increased from \$25,000 to \$35,000 for withdrawals made after March 19, 2019.

Cannabis as a medical expense – Certain cannabis products bought for a patient for medical purposes are eligible for the medical expense tax credit.

The patient must:

- be a holder of a medical document as defined in the Cannabis Regulations
- be registered as a client of the holder of a licence for sale; and
- make their purchases from the holder of a licence for sale they are registered with.

Tuition and enrolment certificate – The new T2202, Tuition and Enrolment Certificate replaces T2202A, Tuition and Enrolment Certificate for the 2019 and following tax years. Flying schools and clubs will now report information on the new T2202.

Kinship care providers – For 2009 and later years, for the Canada workers benefit and the former working income tax benefit, a care provider may be considered to be the parent of a child in their care, regardless of whether they receive financial assistance from a government under a kinship care program. As a result, the care provider may be entitled to claim the child as an eligible dependent for purposes of claiming the benefit.

Also, for these years, financial assistance payments received by care providers under a kinship care program are not included in income and not included when determining entitlement to benefits and credits based on income.

Communal organizations – For 2014 and later tax years, business income earned by the trust that is allocated to a member of the communal organization is deemed to be income from a business carried on by that member. This may allow members of a communal organization to claim the Canada workers benefit for 2019 and later years and the working income tax benefit for the 2014 to 2018 tax years.

Changes for businesses and self-employed individuals

Claim capital cost allowance on zero-emission vehicles – If the taxpayer is self-employed or claiming employment expenses, he or she may be able to claim an enhanced capital cost allowance on zero-emission vehicles. Starting in 2019, there is a temporary enhanced first-year capital cost allowance of 100% for eligible zero-emission vehicles.

To be eligible for this enhanced first-year capital cost allowance, one of the requirements is that the vehicle must be new (it must not have been used to acquired for use for any purpose by anyone else), and must have been acquired after March 18, 2019, and become available for use before 2024.