

# Did you receive a benefit like CERB? Here's how to minimize the tax you pay on that

By Rosa Saba Business Reporter  
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If you received any COVID-19 benefits from the government during 2020, chances are you're wondering how they will affect your tax filing and return.

Here are three tax experts with advice on how to prepare for the upcoming tax season, and what to expect if you received the Canada Emergency Response Benefit (CERB), the Canada Recovery Benefit, the Canada Recovery Sickness Benefit or the Canada Recovery Caregiving Benefit.

## Check your tax forms

If you received any COVID-19 benefit, you'll be receiving a T4A from the government that states how much you were paid and how much, if any, was withheld for tax purposes. This will be very similar to the T4 you would receive from an employer, said Janet Gray, an Ottawa-based certified financial planner with national firm Money Coaches Canada. It will be entered under line 13000 as "other" income.

"The tax software has been updated, the tax returns have been updated, so it's just now a matter of plugging and playing the numbers," she said.

Though all the benefits will likely appear on one T4A, said partner at Campbell Lawless LLP Brian Quinlan, but you'll enter each benefit separately under 13000 — there will be a specific box for each benefit. Meanwhile, any taxes withheld from those benefits would need to be included under line 43700, which covers the total income tax deducted in 2020.

Gray suggests checking your T4A to make sure it matches up to what you received, and what was withheld. That way, in case there are any inconsistencies, you can call the Canada Revenue Agency ahead of the March-April rush, she said.

However, H&R Block senior tax expert Lisa Gittens said in an email that for those who received CERB through Service Canada, and not the CRA, those payments will be included on box 14 of their T4E slip instead and labelled as CERB benefits.

Gittens said in addition to the taxes owed on COVID-19 benefits, for anyone who received the Canada Recovery Benefit, it will be clawed back at a rate of 50 per cent for each dollar they made (excluding the benefit itself) over \$38,000.

She also noted that there were a number of one-time-only benefits, including top-ups to the GST/HST credit payment and Canada Childcare Benefit, as well as payments for seniors and people with disabilities, which do not need to be counted as income.

## **Prepare for the worst**

Many Canadians are likely already aware, but it bears repeating that the COVID-19 benefits are taxable, said Gittens.

“For those nine million Canadians who received the Canada Emergency Response Benefit (CERB), they’ll have to remember that no income tax was deducted at source. This means that when they file their returns, they can expect to see taxes owing,” she said.

The other emergency benefits — the Canada Recovery Benefit, Canada Recovery Sickness Benefit, and Canada Recovery Caregiving Benefit — were all taxed 10 per cent at the source, she said.

However, many people will still have to pay additional taxes above that 10 per cent, said Gray.

Gittens said it’s always a good idea to try doing a practice run ahead of filing so you know what to expect, and also to save up if possible for a potential tax bill.

## **Claim everything**

If you’re worried about a bigger tax bill, it’s important you explore all your options when it comes to deductions and credits. For example, if you worked from home due to COVID-19, you can claim some of your expenses as a credit that will lower your taxable income, said Gray — but if you’re claiming detailed expenses above the \$400 flat rate introduced by the government, you’ll need your receipts. She suggests using the government’s online calculator to help figure out what you’re eligible for.

As well, you should make sure to claim any charitable donations or medical expenses, said Gray.

If your income was significantly lower in 2020, you may qualify for extra credits or benefits as a result, added Quinlan — the GST/HST credit, the Canada Child Benefit and more:

“People’s income may be lower, so therefore the medical-expenses threshold will be lower. So people that weren’t able to claim a credit for medical expenses (before) may be able to this year,” he said.

You can also make RRSP contributions until the end of February to bring down your taxable income, he said, and if you moved during COVID-19 for work you may be able to claim some of your moving expenses too.