



Quarterly Exchange

Spring 2021



Chan & Mai Wealth Management
TD Wealth Private Investment Advice
Unit 306, 5811 Cooney Road
Richmond, BC V6X 3M1
Office tel: 604-482-5145
Toll free: +1 866-928-6561

TD Wealth



2021 Tax Checklist



Your tax filing may be different this time around because of the COVID-19 pandemic. One piece of advice: Start estimating now whether you may or may not owe money to the government.

The COVID-19 pandemic continues to have an outsized influence on our lives. But as we contend with lockdown, restrictions and vaccination plans, some aspects of normal life carry on: It's tax season and whether you dread looking for receipts, or anticipate getting a tax refund after you file, this year's tax returns may not be like anything you've done before.

This year, your taxes may be more complicated than usual. The federal government offered a slew of COVID-19 pandemic relief options in 2020 and altered some tax rules. As well, many of us saw significant changes to our lifestyles, income and spending over the past year. For these reasons and more, some experts suggest it could be a mistake to leave your tax filing until the last minute.

"The COVID-19 pandemic has changed the way we all live and for many of us it'll change the way we do our taxes too. Everyone should begin getting

organized around their taxes early and be prepared to dive deeper into what you may claim or owe," says Georgia Swan, a Tax and Estate Planner with TD Wealth.

She says even if your income stayed the same this past year, you might want to think about whether there are tax credits or other opportunities available to you that you haven't used before which would, in turn, change how you file 2020's tax returns. Here are some tax planning considerations to keep in mind before you file.

Remember the filing deadlines

Last year, the government pushed back the deadlines for filing taxes due to the COVID-19 pandemic. However, there is no grace period announced for this year and we are back on a normal schedule for deadlines. The tax filing deadline for individual returns is April 30. If you're self-employed or have a spouse or a common-law partner who is self-employed, the deadline to file your taxes is June 15 — but if tax is owed, the payment deadline is April 30. For a Trust with a December 31 year end, the deadline for filing a tax return is March 31. Otherwise trust returns are due 90 days after year end.

Keep these key numbers at hand:

RRSP

For 2020, the maximum RRSP contribution is 18% of your 2019 earned income up to a maximum of \$27,230. In addition, you may have unused contribution room from previous years that may be carried forward.

TFSA

For 2021, the annual limit is \$6,000 and, for someone who has never contributed and has been eligible for contribution since 2009, the maximum contribution is \$75,500.

The basic personal amount (BPA)

For 2020, the basic personal amount (BPA), a non-refundable tax credit that can be claimed by all individuals, was raised to \$13,229 for those with net income of \$150,473 or less. The benefit is reduced for incomes above that level.

Maximum pensionable earnings

For 2020, the maximum pensionable earnings amount is \$58,700. The basic exemption amount is \$3,500.

To find out your personal RRSP and TFSA limits for the tax year, you can log into My Account on the Canada Revenue Agency (CRA) website, or use the MyCRA app, to view your personal income tax and benefit information online. You can also get more information from the CRA's Outreach Liaison Officer Services.

Manage CERB or other benefits tax-wise

Many people are used to getting tax refunds from the government, but Swan says, some of us may be owing taxes for the first time if they applied for the Canada Emergency Response Benefit (CERB). The government withheld 10% in taxes for the Canada Recovery Benefit (CRB), the Canada Recovery Sickness Benefit (CRSB) and the Canada Recovery Caregiving Benefit (CRCB). However, no tax was deducted on CERB payments and CERB will be reported as taxable income to recipients on a T4A slip issued by CRA.

Because of this, Swan says, everyone should find out if they need to pay tax this year, and when they need to pay it, as penalties and interest can accrue if you are late. You may need time to find the money if you owe tax. Taxes owed are due on the date when taxes are filed, April 30, but the government has recently announced some temporary relief from interest charges: Canadians who received COVID-19 related benefits and had a



total taxable income of \$75,000 or less will not have any interest charged on overdue taxes due until April 30, 2022.

Swan says the best course of action can be to calculate your taxes early and contact your tax professional or the CRA for guidance.

(Some people realized they did not need CERB and have paid the funds back to the government already: If you realized that you were not entitled to some of the benefits that you received and you paid the emergency benefits back prior to December 31, 2020, repaid amounts will be deducted from the amount reported on your 2020 T4A slip.)

Claim work from home expense deductions

Many of us were forced to work from home (and continue to do so) because of the COVID-19 pandemic. In response, the government has changed and simplified the rules around claiming deductions for home office expenses. The CRA has a new simplified process whereby if you worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020, you are able to claim a \$2 deduction per day for up to a maximum of 200 days worked at home, totalling \$400. Under the simplified process, the CRA is not asking you to provide receipts for the expenses incurred.

However, if you believe you may have spent more than that on your home office, a more detailed method of claiming deductions, including utilities like heat and hydro and even internet expenses, is available. The detailed method requires getting your

employer to provide a form T2200 or T2200S to verify you had to work from home. Also, if you use the detailed method, you should be prepared to keep your receipts and support for your calculation.

You may find more information on the CRA's website on simplifying the process. As well, the CRA has provided a comparison of the simplified and detailed method of claiming these expenses.

Snowbirds: Understand the U.S. residency rules

Canadians who regularly travel to the U.S. during the winter months should be alert to how the COVID-19 pandemic may have impacted their Canadian tax filing obligations, and perhaps also their U.S. tax status. In order to avoid being considered U.S. resident for U.S. tax purposes, individuals will want to avoid meeting the "substantial presence" test. This test is based on a complex calculation taking into consideration the number of days one is physically present in the United States in the current year, as well as in the three-year period that includes the current year.

For 2020, both the U.S. and Canada are providing relief regarding their respective tax residency rules in order to accommodate travellers who may have been stuck on the wrong side of the border in the wake of the pandemic lockdowns. To take

advantage of these rules, Canadians are required to file certain forms with the IRS, within certain deadlines, to make the claim for relief. If someone is in the U.S. currently or contemplating a trip, they should be aware that, at this time, relief has been extended only in respect of 2020.

U.S. residency tax laws can be complicated. It may be a good idea to consult a tax specialist to see where you stand and what your filing responsibilities are.


Look after the seniors in your life

You may have parents, grandparents or older friends whose social or advisor networks have been impaired because of the pandemic. You may want to consider letting them know how their taxes might be somewhat complicated this year and you may wish to help them organize their information, so they can be in a position to file before the deadline.

"Right now, nobody wants more complications in their lives but, unfortunately, we all have to ensure we get our tax documentation in on time and pay any taxes owing," says Swan. "It's best to deal with it now because the problem is only compounded if you also suffer the bigger problem of a penalty and running up interest on any debt to the CRA."

— Don Sutton, *MoneyTalk Life*





How to Protect Yourself and Your Loved Ones From Fraud

Seniors are a perennial target for fraud. But don't panic. Here are some ways you can help protect yourself.

Your phone rings and it's a number you don't recognize. You answer anyway and a distorted recording tells you to enter your Social Insurance Number to hear an important message about the date and time of COVID-19 vaccinations for your family. Your heart races and you are about to punch in the numbers when you think...hang on...this is a scam. Or is it?

Many Canadians may be savvy at spotting scams, but it is still a growing problem. According to the Canadian Anti-Fraud Centre, more than 40,000 Canadians were victims of fraud in 2020, a 50% increase from 2019.¹ Many seniors are vulnerable, often representing up to 30% of victims.² March is Fraud Prevention Month, and even if we think we're on our guard, it's always good to assess how secure you are, reevaluate your computer security, and see how online banking tools and services can help make you more secure.

Perhaps because of the frequency of fraudulent phone calls and emails that infiltrate our daily lives, Canadians have a high awareness of fraud.

Nearly half (44%) of the respondents in a recent TD survey believe they have been targets, including 39% who said they had spotted and avoided falling victim to fraud.³ Unfortunately, our locked-down life during the COVID-19 pandemic may be putting seniors in a more precarious position: A majority of Canadians (61%) draw a strong link between social isolation and vulnerability to fraud.⁴

During this pandemic, when many of us are uncertain about the future, there's evidence that scammers are exploiting fears with offers of vaccines and treatments.⁵

Tammy McKinnon, Senior Vice President, Financial Crimes and Fraud Management at TD Bank, says Canadians must continue to be vigilant when protecting their money, when answering the phone or surfing the internet.

"It may come as no surprise that fraudsters continue to target seniors as potential victims because they may be more isolated or unfamiliar with technology," she says.

"One thing that can help is to realize, while there are individual thieves who can target you personally, we are also fighting sophisticated criminals. Something as seemingly innocent as

completing a quiz on social media can help scammers,” McKinnon says.

Here are several ideas to consider that may help you protect yourself from fraud.

Keep your online world secure

This means keeping your computer safe — and therefore your online accounts safe. This includes using strong, unique passwords, changing them often, not sharing passwords with anyone, and enabling two-factor authentication to add an extra layer of security to your accounts. Be wary of clicking links in emails — even if emails claim to be from the bank or the government. These organizations will never ask you to share your personal confidential information. People should update their computer’s anti-virus software to ensure they have the latest security updates.

Be suspicious

Fraudsters often play on your emotions. A common tactic in phone scams is for the caller to create a sense of urgency by claiming a family member is experiencing an emergency and needs “a quick \$500” to get out of trouble. If anyone is using high-pressure tactics to get money or to find out personal information, be highly mistrustful and take time to verify the story. Offers of large sums of money

or prizes are other common tactics fraudsters use to try and make you act before thinking.

Use bank-provided tools

Many banks have apps and alerts that allow you to see and verify your activity. For instance, many banking apps can text your phone if unusual activity is detected. Money management apps (like TD MySpend) can provide instant notifications on spending which can help customers recognize suspicious transactions quickly.

Consider hiring a helping hand

As people age, they may not have the time or the inclination to focus on the specifics of their day-to-day finances or lifestyle concerns like house maintenance and the paying of bills. Account security, too, can be another worry. One method to ensure these personal care matters are being looked after safely is through services like TD Care Connect, a private trust product offered by TD Wealth.

Susan Mabley, Associate Vice President, Private Trust, TD Bank, says the bank is aware that fraud is on the rise and is committed to finding ways to make seniors less vulnerable. She says with TD Care Connect, everything from ensuring bills get paid on time to arranging basic home care are in the hands of professionals who are committed to





making the lives of seniors secure and straightforward. If fraud or scams are a worry, Mabley says TD Care Connect can help ensure all activities associated with providing this service have the highest level of security.

“All transactions would go through TD Care Connect,” says Mabley, “which offers additional security to our clients. The active oversight of account activity by a trust officer provides little opportunity for frauds to occur.”

For more information on how to protect yourself from fraud, visit the Fraud Protection section of TD’s website. If you believe you have been a victim of fraud, contact the police and the institution involved, such as your bank. You may also wish to report it to the Canadian Anti-Fraud Centre where a database of current and previous frauds are tracked.

— Don Sutton, *MoneyTalk Life*



¹ Canadian Anti-Fraud Centre, Government of Canada, Jan. 26, 2021, accessed Jan. 27, 2021, antifraudcentre-centreantifraude.ca/index-eng.htm

² Report: What We Heard Report: Financial Crimes and Harms Against Seniors, Government of Canada, Aug. 19, 2019, accessed Jan. 27, 2021, www.canada.ca/en/national-seniors-council/programs/publications-reports/2019-what-we-heard-financial-crimes-harms.html

³ Canadians cite strong connection between social isolation and vulnerability to fraud – but the truth is, everyone is vulnerable, Canada Newswire, Mar. 3, 2020, accessed Jan. 27, 2021, newswire.ca/news-releases/td-fraud-prevention-month-818157366.html

⁴ “Do Canadians have a false sense of security when it comes to financial fraud?” TD Stories, TD Bank Group accessed Feb. 1, 2021, <https://stories.td.com/ca/en/article/do-canadians-have-a-false-sense-of-security-when-it-comes-to-financial-fraud?>

⁵ COVID-19 fraud alert, Anti-Fraud Canadian Centre, Government of Canada, Jan. 20, 2021, accessed Feb. 1, 2021, <https://antifraudcentre-centreantifraude.ca/features-vedette/2020/covid-19-eng.htm>

The information contained herein has been provided by TD Wealth and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual’s objectives and risk tolerance.

Chan & Mai Wealth Management is a part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc. which is a subsidiary of The Toronto-Dominion Bank. All trademarks are the property of their respective owners. © The TD logo and other trademarks are the property of The Toronto-Dominion Bank or its subsidiaries. TDPWM_News_121098-0321-6126215