CRA Update: Work-From-Home COVID-19 Tax Break

Description

While the COVID-19 pandemic shut down businesses, many employees found themselves working from home. Fortunately, the CRA provides tax benefits to deduct home-office expenses.

To qualify for the deduction, the CRA requires one of the following:

1. The workspace is where you do your work more than 50% of the time; or
2. The workspace is used only to earn employment income and used on a regular and continuous basis for meeting clients, customers, or others in the course of your employment.

With thousands of Canadians working from home, many stay-at-home workers may be wondering if they qualify for the deduction.

There is good news.

Although there are strict requirements taxpayers must meet to claim the benefit, the CRA may be considering cases on an individual basis.

In an article recently published in *The Globe and Mail*, Denise Batac, partner at Crowe Soberman LLP's tax group, advised Canadians who are new to the work-from-home experience to keep detailed records of their work-related expenses.

Ms. Batac says "the more than 50-per-cent rule" extends to the taxation year. However due to the pandemic, people may be working from home for only a portion of the year. Therefore, the CRA will consider cases on an individual basis.

Who qualifies for the deduction?

According to the CRA, there are three types of workers who may qualify. These include employees, commissioned salespeople, and self-employed workers.

Deductible expenses typically include home maintenance and supplies and utilities, such as heating and electric. Commissioned salespeople and self-employed workers can claim property taxes and home insurance. Self-employed workers may also claim a portion of their mortgage and capital cost allowance.

For more detailed information about whether you can deduct certain expenses, consult the CRA directly or seek advice from an accounting professional.

COVID-19 Economic Response Plan

In mid-March, the Government of Canada began rolling out its COVID-19 Economic Response Plan. These measures are designed to help Canadians who have been financially impacted by the global COVID-19 pandemic. Since the rollout, new measures have been introduced and previously announced programs have been enhanced.

If you have received payment as part of the government's COVID-19 Economic Response Plan, you may consider investing a portion of the money.

Consider an investment in **Enbridge** (TSX:ENB)(NYSE:ENB), the largest pipeline operator in North America. The company moves approximately 25% of the crude oil produced in North America and transports almost 20% of the natural gas consumed in the U.S.

Enbridge

As of this writing, shares of Enbridge are trading at $42.16. At this price, the dividend yield is a hefty 7.76%.

Enbridge has consistently grown its dividend for 24 consecutive years. The stability of its dividend comes from the fact that more than 95% of Enbridge's cash flow comes from low-volatility sources directly tied to its pipeline operations.

While recent volatility has disrupted the sector, pipeline stocks have proven to be very profitable over the long term. For example, Enbridge stock traded for less than $4 per share in 1995. Today, those shares are well above $40.

If you are a long-term investor looking for reliability, it's hard to beat Enbridge.

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