



CRA Tax Relief: New \$400 Work From Home Tax Write-Off

Description

The work situation in Canada changed due to the COVID-19 pandemic. Many are working or conducting business at home. Fortunately for people converting home spaces into make-shift offices can claim the work-from-home deduction. It's a welcome [tax relief](#) from the Canada Revenue Agency (CRA).

Statistics Canada reports that about 3.3 million Canadians had begun working from home since the coronavirus outbreak. Before the *Fall Economic Statement 2020* on November 30, 2020, the rules to claim this deduction was tedious, if not stringent.

Now, new and simplified rules will apply, so many Canadians working from home can be eligible for the tax deduction. Likewise, the CRA sets a maximum of \$400, but only for the 2020 tax year. There's no announcement yet if this particular deduction will continue in the 2021 income year.

Temporary flat rate

Using the temporary flat rate method of claiming, Revenue Minister Diane LeBouthillier said it's easier to claim the work-from-home tax deduction. Whereas before, it's ineligible, the CRA allows home internet access fees as part of the expanded expenses list.

New rules

Under the new rules, you should be working from home more than 50% of the time for at least four consecutive weeks this year. The reason for the change in the work environment is, of course, due to the pandemic.

Eligible employees can opt for a simplified deduction. You can claim \$2 for each day you worked from home during that period, plus any other days you worked from home, not exceeding \$400. It will require your employer to sign a special form.

Furthermore, more than one person staying at the same address can claim the work-from-home deduction provided each one qualifies. Note that expenses related to the use of vehicles for work don't qualify as tax deductions.

New simplified forms

The CRA allows larger claims for home office expenses where the existing detailed method to claim a deduction applies. The CRA introduced two new simplified forms (T2200S and T777S) and a calculator. You can check which document applies to you.

Earn \$400 with minimal effort

If claiming the work-from-home deduction is easier now, earning \$400 passive income is less tedious, too, through [dividend investing](#). High-yield income stock **Keyera** ([TSX:KEY](#)) pays an 8.48% dividend. A \$4,725 investment will produce an income of \$400.68. It's tax-free in a Tax-Free Savings Account (TFSA).

The \$5 billion midstream energy company plays a vital role in Canada's energy sector. For 20 years now, Keyera has been providing services to oil and gas producers in the Western Canada Sedimentary Basin. It operates 18 active gas plants, all of which are well-maintained and with long economic life spans.

Keyera attracts dividend investors because of the high yield offering. The energy stock is down 27% year-to-date, so the current share price of \$22.64 is a good entry point. Analysts covering this dividend king recommend a buy rating and forecast the price to climb 33% to \$30 in the next 12 months.

Increased claimants in the future

Many Canadians were already working from home before the pandemic. The number grew in 2020, so the simplified procedure to claim the tax deduction is very timely. Next year, the CRA expects the claimants to increase significantly.

CATEGORY

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