



Third Wave: Will the CRA Extend the \$400 Home-Office-Expense Deduction for 2021?

Description

The third wave of the pandemic is once again creating lockdown-like conditions. The second wave came in December 2020, and the third wave in April 2021. But the third wave is more contagious than the second wave, putting a [strain](#) on the healthcare facilities. And this time, it is not just the spike in hospitalization but the spike in younger people in intensive care units (ICUs). This is more stressful as there is a limited number of ICUs.

What is worrisome is in Brazil and Africa, the new variants are reinfecting people who were previously infected in the first strain and developed antibodies.

The solution to the third wave

Even if a country succeeds in controlling the spread, the virus is mutating and creating new variants that are deadlier. The only solution to the pandemic is the herd mentality. And to get that, you need to get more than 75% of the population vaccinated. Until then, people have to stringently follow social distancing rules to reduce the spread. But the fear of the virus is fading, and many people are going lax on rules.

Is work from home the new normal?

Last year, many companies moved their offices online, and their employees started working from home. There were many benefits to it. First, most employees didn't have to step out for work and were safe from the virus. Second, working from home helped them save on the commute time and child care expenses. However, having a home office increases utility bills and the purchase of stationery and other office supplies. Some employers reimbursed these expenses, partially or completely.

Back to the present, the government has already imposed a lockdown in Toronto as the third wave has spiked up hospitalization rate. Schools, offices, non-essential retail stores, and restaurants have been

closed. Other cities might follow if conditions worsen. It seems many people will resume working from home. Some companies permanently closed some branches and shifted the staff to remote working.

The CRA's home-office-expense deduction

Last year, the Canada Revenue Agency (CRA) created a temporary flat rate method for home-office-expense deduction in the light of the pandemic. I won't be surprised if the CRA extends this deduction to 2021.

Under this method, you can claim \$2/day for up to 200 days in the home-office-expense deduction. You don't need any form from the employer, bills, or do any tedious calculation. You have to submit Form T777S if you qualify.

To qualify, you should work from home because your employer asked you to due to the pandemic. You should have worked for more than 50% of your working hours from home for at least four consecutive weeks. When calculating the working day, exclude the sick leaves, vacation days, and weekends. For instance, you worked for three straight months (90 days) from home and took a five-day vacation. You can claim \$2 for the 85 days you worked full-time from home, which equates to \$170.

There is a [detailed method](#) as well. Use this method if you voluntarily started working from home and have a higher expense than \$2/day.

A virus stock to buy in the third wave

As the pandemic changes the new normal, the companies facilitating it will benefit. Last year, this group of companies was called virus stocks, and one of the most popular was **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). This omnichannel platform helps retail stores and restaurants work in a lockdown. Even though they have closed physical stores, online stores are open. They can still sell goods and complete food deliveries without coming in physical contact with customers.

That's the technology that is reshaping the new normal of doing business while maintaining social distancing. While you read this article, the stock has already surged 14.5% in seven trading days. This is the right time to buy before it makes a new high like last year when it surged almost 150%.

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