



Canadians Who Work From Home: You Can Get up to \$500 Back on Your Taxes

Description

Ah, working from home. There's nothing quite like it, right? There's no traffic to stress over, more flexibility in your schedule, and the freedom to wear what you want — er, below camera.

But working from home can help you on your taxes, too. This year, the CRA will allow you to deduct up to \$500 off your taxable income if the pandemic forced you to work from home in 2021. Let's take a look at this tax break and see if it can apply to your situation.

How does it work?

If you worked from home in 2021 because of the pandemic, then you can deduct \$2 for every day you worked remotely. For those who worked from home every day, that comes out to \$500 (or 250 working days).

The tax rebate is basically a tax deduction. You'll take \$500 off your taxable income, reducing how much you owe in overall taxes.

One caveat: if your employer covers your work-from-home expenses, then you won't qualify for this tax break. Otherwise, you can deduct \$2 for each day you worked from home.

Why is the CRA doing this?

It started in 2020. As more Canadians started working from home, the CRA understood that home expenses were likely going up. Electricity, water, heating, internet fees, even the "wear and tear" of a house were likely costing Canadians more money.

As a way to help Canadians with these costs, the CRA set up a simplified home office tax deduction, giving Canadians a certain amount of money back for each day they worked at home.

In February 2022, the CRA announced they would continue this simplified method, though now they're

giving up to \$500, which is up from \$400 in 2021.

What if my expenses are more than \$500?

The CRA gives you two methods for claiming this deduction. You can use the flat-rate method, which gives you \$2 for every day you worked from home. Or you could do the “long-form” method, which takes more time but might give you a higher rebate.

If you worked more than 250 days from home last year, or your expenses exceeded \$500, I would do the long-form method. It will take time (loads of time), but in the end, it might be worth the time spent.

In fact, some Canadians might *have* to do the long-form method. The short-form method applied to Canadians who work from home because of the pandemic. But if your job requires you to work from home (as in, you worked from home before the pandemic), you’ll have to use the long-form method to claim your deduction.

For those doing the short-form method, be sure you calculate how many days you worked from home. Both part-time and full-time days count, but sick days, off days, and vacation time do not.

Finally, if you’re not sure about your taxes this year, don’t hesitate to reach out to a tax pro. It might not be a bad idea, especially if you had a side hustle or freelancing gig last year.

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sporrello

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