

# 2022 TAX PLANNING CHECKLIST

## EMPLOYEES

The following checklist provides tactics you should consider as part of your year-end tax planning. If you need further explanation, please contact Chaplin & Co. LLP, Chartered Professional Accountants at 416 667 7060 or [cpa@chaplinco.com](mailto:cpa@chaplinco.com).

- Income deferral** - Defer the receipt of certain employment income if your personal tax rate will be lower in 2023 than in 2022.
- Job-related courses** - Ask your employer to pay for job-related courses directly rather than paying you additional remuneration. If you pay for post-secondary courses related to your current employment, you can claim the **Education Tax Credit**.
- Canada Employment Credit** - there will be a non-refundable credit to help alleviate the cost of certain employment related expenses
  - Employee loans** - Ensure that any interest you intend to pay relating to employee loans for 2021 is paid on or before January 30, 2022. This will reduce any taxable interest benefit you may face in 2021.  
  
Ensure that any interest you intend to pay relating to employee loans for 2022 is paid on or before January 30, 2023. This will reduce any taxable interest benefit you may face in 2022.
- Home office** - If you work out of your home try to arrange your employment terms so that you can deduct expenses related to your home office. Your employer must sign form T2200 as evidence of this requirement.  
  
There is a simplified T2200 if you are required to work from home because of COVID-19. The deduction will be \$500 in 2021 and 2022.
- GST/HST rebate** - Claim a GST/HST rebate to recover GST/HST included in employment expenses you have deducted (e.g. home office expenses, supplies and automobile expenses).
- Employee home purchase loans** - Consider taking out or negotiating an employee home purchase loan to take advantage of the low prescribed rate.
- Deductible expenses** - If you are remunerated at least in part by commission, consider leasing rather than purchasing your cellular phone, computer or fax machine. You are not entitled to claim capital cost allowances on these items.
- Reduce withholding** - Consider applying to CRA early in year for a waiver from tax withholdings at source if you expect to have substantial tax deductions.
- Company car** - If you have a company car, you may be able to reduce your operating cost benefit and/or your standby charge benefit. To reduce your operating cost benefit on a company car:
  - reimburse your employer for some or all of the operating costs.
  - reimburse your employer for 100% of the personal use portion of the actual operating costs.
  - minimize your personal driving.To reduce your standby charge benefit:
  - reduce the number of days the car is available to you.
  - have your employer sell the automobile and repurchase it or lease it back.
  - you should keep automobile records to identify personal and business kilometers.
- Compensation packages** - When negotiating an employee compensation package, consider employee benefits which are not subject to tax.
- Retirement allowance** - Consider making direct transfers of retiring allowances to an RRSP (up to the deductible amount) to avoid withholding tax.
- Tradespeople's tools** - Deduct up to \$500 of tools [cell phones and computers will not qualify for this deduction]
- RRSPs** -
  - contribute by March 1, 2022 to be able to claim deduction in previous tax year.
  - to maximize your 2023 RRSP contribution of \$30,780 your 2022 earned income must be \$171,000.