

What you need to know for the 2021 tax-filing season

This year, the COVID-19 pandemic may have affected your tax-filing situation and may also affect the way you usually file your income tax and benefit return. Over 30 million returns were filed last season, and the Canada Revenue Agency (CRA) wants to help you get ready to file your return this year.

Here's what you need to know for this tax-filing season, including filing options, COVID-19 benefits, and what's new.

Plan ahead this tax-filing season

If you choose to file a paper return, the COVID-19 pandemic may affect your ability to file a return, slow down your assessment, or affect your ability to get your refund, benefit, or credit payments. This year, we are encouraging you to file your return electronically and as soon as possible. Online filing opened on February 22, 2021. If you do submit a paper return, it may take 10-12 weeks for the CRA to issue you your assessment due to on-site processing limitations in tax centres.

Go digital this tax-filing season

To get your notice of assessment (NOA) and refund faster and avoid delays, the CRA encourages you to sign up for [direct deposit](#) and to [file online](#).

You now have another way to sign up for direct deposit. Many financial institutions offer CRA direct deposit through their websites. As of November 2020, more than 3 million individuals have enrolled for direct deposit through their financial institution.

Here are some other important stats for you to be aware of:

- 90% of tax and benefit returns were filed online in 2020. Online filing is easy and secure, and the fastest way to get your NOA and refund. Consider filing your return online this year.
- Over 3 million people registered for [My Account](#) from March to September 2020. This is over 2 million more than over the same period in 2019. Signing up for [My Account](#) is a great way for you to easily handle your tax and benefit affairs online. By signing up for [My Account](#), you'll have access to digital services that simplify your tax-filing experience, such as [Auto-fill my return](#), [Express NOA](#), and [Email notifications](#). You will also be able to use the [Auto-fill my return](#) and [Express NOA](#) services in certified tax software.
- More than \$36 billion dollars was refunded to Canadians for the 2020 tax season. Even if you made little or no income at all, you should still file a return because you may get a refund.

The CRA's [Get Ready page](#) has information about filing, deadlines, and CRA services to help you through tax-filing season.

Haven't filed in a while or have never filed a return?

If you have never filed a return before, haven't filed in a while, or would like to file returns for previous years, there are [different ways to file](#) your income tax and benefit return. To get started check out the [step-by-step guide](#) to help you fill out your return.

Filing if you received COVID-19 emergency benefits

The CRA and Service Canada processed more than 27 million [Canada Emergency Response Benefit \(CERB\)](#) applications, totaling more than \$81 billion in payments to Canadians. The CRA also processed more than 2 million [Canada Emergency Student Benefit \(CESB\)](#) applications that totaled more than \$2 billion in payments.

If you received [CERB](#), [CESB](#), [Canada Recovery Benefit \(CRB\)](#), [Canada Recovery Sickness Benefit \(CRSB\)](#), or [Canada Recovery Caregiving Benefit \(CRCB\)](#) payments, you will have to enter on your return the total of the amounts you received. You will receive a T4A (for benefits issued by the CRA) and/or a T4E (for benefits issued by Service Canada) tax slip in the mail with the information you need for your return. You can view tax slips online as of February 8, 2021 in [My Account](#). Residents of Quebec will receive both a T4A and RL-1 slip from the CRA, however, the RL-1 slip will not be available for viewing in [My Account](#).

The CRA recognizes that receiving these slips might generate questions for Canadians. Individuals who believe they received a T4A or a RL-1 by mistake or believe there may be discrepancy with the information provided on these slips should [contact the CRA](#).

If you received the CERB or CESB, no tax was withheld when payments were issued. If you received the CRB, CRSB, or CRCB, 10% tax was withheld at source. For Quebec residents who received the CRB, CRSB, and CRCB, 5% of the tax withheld will be reported on the T4A slip and the other 5% will be reported on the RL-1 slip.

Keep in mind that these benefits are taxable and that you may owe no tax, owe tax, or be entitled to a refund when filing your return depending on how much income you earned from all sources, and deductions and credits you are entitled to claim in 2020.

The CRA wants to add that some provinces or territories may have sent out pandemic related payments that are considered taxable income. These amounts should be entered on your tax return.

If your income is normally exempt from tax, your COVID-19 benefits may also be exempt from tax. If you received CRB, CRSB or CRCB payments in 2020, you can claim a refund of the 10% tax (5% for Quebec residents) that was withheld on these payments by filing a 2020 tax return.

There may be other impacts to filing your tax return that are specific to COVID-19 emergency benefit payments you received, or if you are a resident of Quebec.

Providing additional income support to Canadians

The Government of Canada has indicated from the outset that there would be no penalties or interest in cases where CERB needs to be repaid. However, we recognize that, for some individuals, repaying the CERB could present a significant financial hardship. For this reason, we will give Canadians more time and flexibility to repay based on their ability to pay. We will work with impacted individuals on a case-by-case basis. There is no deadline to repay COVID-19 emergency benefit payments.

If you mistakenly received COVID-19 emergency benefit payments, or your situation has changed since you first applied for one of these benefits, you can repay the CRA via [My Account](#), online banking, or mail.

Newly announced on February 9, 2021, [targeted interest relief is being provided to Canadians](#) who received COVID-related income support benefits. Once individuals have filed their 2020 income tax and benefit return, they will not be required to pay interest on any outstanding income tax debt for the 2020 tax year until April 30, 2022.

Self-employed individuals who applied for the CERB and would have qualified based on their gross income will not be required to repay the benefit, provided they also met all other eligibility requirements. The same approach will apply whether the individual applied through the CRA or Service Canada.

Some qualifying self-employed individuals whose net self-employment income was less than \$5,000 may have already voluntarily repaid the CERB. The CRA and Service Canada will return any repaid amounts to impacted individuals.

Payment arrangement criteria has been expanded to give Canadians more time and flexibility to repay based on their ability to pay. Individuals who cannot make a payment in full are advised to contact the CRA to make a [payment arrangement](#).

Do not risk having your benefits and credits interrupted

Doing taxes on time is the best way to ensure your entitlement to benefits and credits, like the Canada child benefit (CCB), the Old Age Security (OAS) pension payments, and the goods and services tax/harmonized sales tax (GST/HST) credit, are not interrupted. Even if you owe tax, don't risk having your benefits and credits interrupted by not filing. If you cannot pay your balance owing, the CRA can work with you on a [payment arrangement](#).

Protecting you from scams and fraud

We recognize that there are significant effects on victims of scams, fraud, and identity theft and we are doing our best to protect Canadians and ensure they receive the benefits to which they are entitled.

It is important to protect yourself from scams, and to know when and how the CRA might contact you. The [Slam the scam](#) webpage provides information about how to protect yourself from fraud and understand the ways in which the CRA will contact you.

The CRA also provides information to Canadians on [securing their CRA accounts](#). As fraud prevention measures, we encourage you to:

- **Use unique and complex passwords.** Always use unique passwords for your CRA and online banking accounts. Do not reuse the same password for different systems.
- **Create a PIN.** We suggest you set up a personal identification number (PIN) in My Account or with the help of one of our call centre agents, to help confirm your identity for future calls with the CRA.
- **Sign up for [email notifications](#).** We recommend you enable "Email notifications". This service notifies taxpayers by email if their address or direct deposit information have been changed on CRA records. These notifications can act as an early warning for potential fraudulent activity.
- **Monitor your account for suspicious activity.** Check your online CRA accounts regularly for any suspicious activity. This includes unsolicited changes to your address and direct deposit information, or benefit applications made on your behalf.

What's new for 2021

Additional call agents to further increase call centre capacity – Throughout COVID-19, the CRA has seen a significant increase in call volumes. To help manage this, the 2020 [Fall Economic Statement](#) allocated additional funding to the CRA for call centre operations.

Using this investment, we've hired additional agents who will help with increased call volumes. We have also contracted a third-party service provider to assist with client service capacity issues. These agents will be able to answer general enquiries about emergency benefits, but they will not have access to taxpayers' personal information.

[New automated callback service](#) – When available, this new service lets callers ask for a callback instead of waiting on hold. Callers on the individual tax enquiries, benefits enquiries, and business enquiries lines may be given the option of a callback at certain times of the day and when wait times reach a certain length.

Extended call centre hours – Leading up to and throughout tax-filing season, our Individual enquiries line is open Monday to Friday from 9am to 9pm local time, and our extended Saturday hours will be 9am to 5pm as of February 27th.

Immediate Support for Families with Young Children – In the [Fall Economic Statement](#), the Government announced support for families with young children for 2021. To provide immediate support for families with young children, the Government **proposes** to provide, in 2021, four tax-free payments of \$300 per child under the age of six to families entitled to the Canada child benefit (CCB) with family net income equal to or

less than \$120,000, and \$150 per child under the age of six to families entitled to the CCB with family net income above \$120,000. Individuals who are entitled to receive a CCB payment in January, April, July and October, will receive these payments for children under the age of six. The first two payments would be based on the family's net income in 2019 while the last two payments will be based on the family's net income in 2020. Parents must file their tax returns for these years to receive all four payments.

Community Volunteer Income Tax Program (CVITP) virtual clinics – This year, volunteers may be able to complete and file your taxes virtually by videoconference, by phone, or through a document drop-off arrangement. Since May 2020, the CVITP has assisted more than 170,000 people with the filing of their income tax and benefit returns. If you cannot file electronically this year, we encourage you to seek a CVITP clinic through our [national directory](#). Go to canada.ca/taxes-help for information.

Home office expenses – If you worked more than 50% of the time from home for a period of at least four consecutive weeks in 2020, you may be eligible to claim a deduction for home office expenses in the 2020 tax year.

Multi-factor authentication – We've introduced a second layer of authentication that gives users of CRA login services more security and ensures only they can login to their account. After enrolling, users will need to enter a passcode that is sent to them via text or voice message each time they access their online CRA account.

Canada training credit – If you were at least 26 and less than 66 years old at the end of 2020 and you have a Canada training credit limit for 2020 on your latest notice of assessment or reassessment for 2019, you may be eligible to claim this refundable tax credit for up to half of your eligible tuition and other fees paid to an eligible educational institution in Canada for courses you took in 2020, or fees you paid to certain bodies for an occupational, trade or professional examination taken in 2020.

Digital news subscription tax credit – For the 2020 to 2024 tax years, you may be able to claim a non-refundable tax credit for expenses if you paid for a qualifying digital news subscription with a qualified Canadian journalism organization.

Canadian journalism labour tax credit – For 2019 and later tax years, if you are a qualifying member of a partnership, you may be able to claim this new, refundable tax credit. The partnership must be a qualifying journalism organization and allocate the credit to you.

Trust accounts registration online – The CRA is developing a new registration service that will allow most trusts to apply for a trust account number online. The new service is expected to be available in February 2021, and will be available through My Account, My Business Account, and Represent a Client.

Removal of drop boxes – Due to COVID-19, drop boxes have been closed at CRA offices except the Sudbury, Winnipeg, and Jonquiere Tax Centres. If you need to mail your tax return, please send it to your nearest [tax centre](#).