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WE MIND YOUR
BUSINESS

SPECIAL EDITION

Applications are open for the new Ontario Small Business Support Grant, which helps small businesses that are required to close or significantly restrict services under the Province wide Shutdown effective **December 26, 2020**.

What you'll get

Starting at \$10,000 for all eligible businesses, the grant provides businesses with funding to a maximum of \$20,000 to help cover decreased revenue expected as a result of the Province wide Shutdown.

The business must demonstrate they experienced a revenue decline of at least 20 per cent when comparing monthly revenue in April 2019 and April 2020. This time period was selected because it reflects the impact of the public health measures in spring 2020, and as such provides a representation of the possible impact of these latest measures on small businesses.

New businesses established since April 2019 are also eligible provided they meet the other eligibility criteria.

Businesses will be able to use the support in whatever way makes the most sense for them. For example, some businesses could use the support to pay employee wages, while others may need support maintaining their inventory.

Eligibility

To receive the grant, a small business must:

- be required to close or restrict services subject to the Province wide Shutdown effective 12:01 a.m. on December 26
- have fewer than 100 employees at the enterprise level
- have experienced a minimum of 20 per cent revenue decline comparing April 2020 to April 2019 revenues. New businesses established since April 2019 are also eligible provided they meet the other eligibility criteria

Businesses that are not eligible include those that were already required to close prior to the introduction of modified Stage 2 measures on October 10, 2020, and essential business permitted to operate with capacity restrictions (e.g., discount and big box stores selling groceries, supermarkets, grocery stores, convenience stores, pharmacies, and beer, wine and liquor stores).

[Small businesses not in operation in April 2019 or April 2020 will be able to select alternative months for comparing revenue decline through the application portal.](#)

Businesses will have to have a business number in order to be eligible. If a business does not have a business number, they will be directed to apply for a business number before they can proceed with their application.

They also need to have information about the revenue decline and number of employees available and would have to attest to the information provided in their application.

Once the application is successfully submitted an eligible business can expect to receive payment within approximately 10 business days. Applications with incomplete or incorrect information, or that require additional review, will experience a delay and will not receive payment within 10 business days.

[Ontario's Main Street Relief Grant: PPE support](#)

[Eligibility](#)

To be eligible, your business must have two to nine employees and be in one of the following sectors:

- retail
- accommodation and food services
- repair and maintenance
- personal and laundry services
- gyms and yoga studios

[What you'll get](#)

Eligible small businesses will get one-time grants of up to \$1,000.

[Property tax and energy cost rebates](#)

Businesses that are, or were, required to shut down or significantly restrict services due to provincial public health measures can apply for rebates, provided in the form of grants, to help with their fixed costs.

Businesses struggling to pay their energy bills as a result of COVID-19 may also be eligible for the COVID-19 Energy Assistance Program for Small Business

(CEAP-SB), which you can apply to through your utility provider.

Eligibility

All small businesses that are eligible for the Ontario Small Business Support Grant are also eligible for these property tax and energy bill rebates.

In addition, businesses are eligible if they:

- are, or were, required to close or significantly restrict services as a result of being under Control, Lock down or Province wide Shutdown in the COVID-19 response framework: keeping Ontario safe and open
- were required to close or significantly restrict services as a result of being under "modified Stage 2" restrictions in the previous framework

Eligible businesses in regions that are or were subject to Control restrictions or previously modified Stage 2 restrictions include:

- restaurants and bars
- gyms, facilities for indoor sports and recreational fitness activities
- performing arts and cinemas
- bingo halls, gaming establishments, casinos, conference centers and convention centers
- community centers, multi-purpose facilities, and museums
- personal care services (with the exception of oxygen bars)
- racing venues
- meeting or event space
- in-person teaching and instruction

In addition, eligible businesses in regions subject to Lock down measures in the previous COVID-19 response framework: keeping Ontario safe and open, include:

- retail required to close for in-person shopping
- shopping malls
- personal services
- driving instruction
- tour and guide services
- photography services
- campgrounds
- cannabis retail stores

In addition, eligible businesses in regions subject to the Province wide Shutdown measures, include:

- hardware stores (including big box stores) required to close for in-person shopping
- drive-in cinemas
- garden centers

- outdoor sports and recreation facilities
- day camps for children
- pet/animal food and services
- ski hills
- outdoor markets (excluding grocery)
- safety, medical and assistive devices retail (excluding pharmacies)
- rental and leasing services
- domestic services
- vehicle and equipment repair services
- veterinary services
- cell phone and computer providers & repairs
- media industries including film and television production (excluding radio/television broadcasting)
- before- and after- school programs

Businesses will not be eligible if they are:

- within the areas subject to public health restrictions, but were not required to close or significantly restrict services
- owned by the federal, provincial, or a municipal government, or by a person holding federal or provincial office

What you'll get

Eligible businesses could get rebates for:

- municipal and education property taxes
- energy costs, including electricity and natural gas (or where natural gas is not available, propane and heating oil)

Funding will cover the entire length of time that regionally targeted public health restrictions are in place.

Most businesses can expect to receive their rebate payments within a few weeks of submitting a complete application.

What you'll need to apply

Business and banking information

You will need your business and banking information to apply, including:

- general business information (for example, CRA business number)
- banking information (for example, banking institution, account number, branch code)

Receipts for PPE

You will need to submit receipts or proof of costs for PPE purchased since March 17, 2020.

This includes:

- gloves, gowns, face shields, eye protection, masks, sanitizer, sanitizing wipes
- thermometers, temperature monitors or cameras
- physical changes, including the installation of hand sanitizer stations and plexiglass dividers
- signs to guide or inform customers and employees

Bills and/or invoices

To apply, you will have to submit proof of costs.

For property tax rebates, this includes your property tax bills (or proof of costs associated with property taxes).

For energy cost rebates, this includes a digital copy of the first energy bill (including electricity, natural gas, propane or other) you received on or after the day modified Stage 2, Control, Lock down or Province wide Shutdown restrictions were put in place in your region. You can also submit other energy bills if your business is heated by propane or heating oil.

Apply online

Fill out an online application to apply for PPE support, property tax rebates, energy cost rebates or the Ontario Small Business Support Grant.

You will be able to complete a single form to apply for any - or all - of these programs.

<https://www.app.grants.gov.on.ca/msrf/#/>

NEW HOME OFFICE EXPENSE RULES

Keep in mind that these rules are a deduction not a credit. A deduction reduces the overall amount of income that you pay tax on, and therefore will reduce your overall income tax liability.

One of the key changes for 2020 is that if you chose to work at home because of COVID-19 (instead of being required to work from home), you may still qualify for a deduction in 2020.

Option #1: The "temporary flat rate"

Do you qualify?

- Did you work more than 50% of the time from home for a period of at least 4 consecutive weeks in 2020 due to the COVID-19 pandemic?

- A "work day" includes days you worked full time or part-time hours from home, but does not include sick days, vacation days, or other leaves of absence.

What can you get?

- You can claim \$2/day for each day you worked from home up to a maximum of \$400/individual.

This option is "simplified" because you do not have to provide any calculation of your work space, or keep supporting documents. In addition, your employer does not have to complete and sign a Form T2200 or T2200S.

Remember that this option is only available for 2020 (at this time).

You should still be filling out a Form T777S, and attaching it with your tax return. This form does not have to be signed by an employer.

Option #2: The "detailed method"

Do you qualify?

- Did you work from home in 2020 due to the COVID-19 pandemic, or your employer required you to work from home? AND
- Did you work more than 50% of the time at home for a period of at least four consecutive weeks in 2020? AND
- Do you have a completed and signed Form T2200 or T2200S from your employer? AND
- Were the expenses used directly in your work during the period?

What can you get?

This is very similar to the "old" home office expense rules, but there are a few key changes:

- There is an expanded list of eligible expenses.
- There is a simplified form that can be used for 2020 (the T2200S). This form does not have to be included with the tax return, but needs to be kept by the employee. And the employee still needs to complete and fill out a Form T777S.
- For the 2020 year only, CRA will accept electronic signatures on the form (to avoid the need to meet up in person and sign documents).

WHAT IF YOU ARE A BUSINESS OWNER AND NOT AN EMPLOYEE?

Keep in mind that the above rules apply only to employees. If you are self-employed (i.e., sole proprietor, unincorporated employee, partner in partnership), different rules apply. You are permitted to deduct expenses for the business use of a work space in your home as long as you meet one of the following conditions:

(1) it is your principal place of business; or

(2) you use the space only to earn your business income and use it on a regular and ongoing basis to meet your clients, customers or patients.

The Form T2125 "Statement of Business Activities" needs to be filled out and filed with your tax return - this form requires you to fill in expense information, including information regarding work from home expenses.

The Form T2125 can be found here: <https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2125.html>.

But what if you have a corporation and happen to be an employee of that corporation? What options do you have for claiming home office expenses? The rules are not really clear in this regard. It looks like you would have three options:

- Option #1: If you are an employee of the corporation (and remitting the necessary source deductions, issuing a T4 etc.) then arguably you could fall under the employment expense rules noted above. However, it will be interesting to see if CRA would challenge a claim for expenses in this instance as you would be signing both as employer and employee (in the case of the "detailed expense" option). This seems contrary to the intention behind the expanded rules for 2020.
- Option #2: Charge a flat rate rental amount to the corporation - keep in mind, that the amount of rent received would have to be "reasonable", and would be considered taxable income. If this option is chosen, there should be a formal written rental arrangement, and documentation to support the amount of rent paid.
- Option #3: Charge the corporation on an expense-by-expense basis. This option requires meticulous documentation, and support that each expense is truly a "business" expense that you personally incurred on behalf of the corporation.

CONCLUDING THOUGHTS

If your employer reimbursed you for some expenses, it does not prohibit you from using the detailed method. However, you cannot claim for the expenses you were already reimbursed. Interestingly enough, reimbursement does not prohibit you from using the temporary flat rate.

It is always important to be accurate in filing your tax returns. However, in 2020, this requirement will be even more important. We are anticipating increased audit activity arising out of the 2020 tax year. Now is the time to start gathering your documentation and thinking about what you need to include on your return for the year.

In particular:

- Did you receive any government benefits this past year due to the COVID pandemic? If so, are those benefits taxable? (I am guessing the answer is yes.)
- Were you reimbursed by your employer for any home office expenses? If so, the reimbursement is likely a taxable benefit and will show up on your T4.
- If you were required to work from home (or chose to work from home) in

2020, do you qualify for the deduction? If so, which version do you want to choose? [If you are choosing the detailed method, then start gathering your paperwork now, and seek signatures from your employer on the appropriate forms.](#) Get your audit folder ready now while all of this is fresh in your mind. Have your work space calculation, supporting receipts and signed forms in one place - either electronic or in paper.

For more information on the work from home expense - including links to all the necessary forms, check out the Government of Canada site:

<https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-229-other-employment-expenses/work-space-home-expenses.html>

Disclaimer:

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Please stay safe and follow advices by medical professionals only.



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