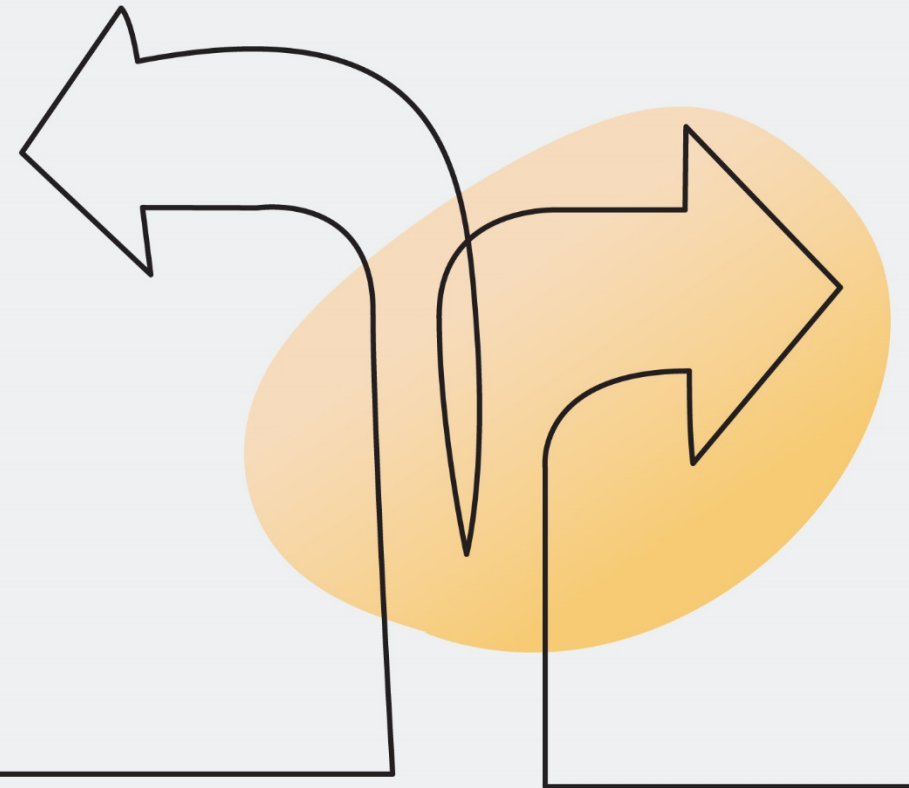




# Concordia University Covid-19 Employment Relief Measures

September 24, 2020



# CONTEXT

- The COVID-19 pandemic is an **evolving situation**.
- The **information provided to you previously may have or continue to evolve** as the Canada Revenue Agency (CRA) and Revenu Québec (RQ) clarify their positions.
- **Concordia can provide you with information but cannot offer tax advice.**
- For personal financial or tax questions, seek the help of a financial advisor.
- The information contained in this presentation is current based on information available from CRA and RQ today.
- FAQ's: on Cspace will be updated based on this presentation.
- This session is being recorded and will be posted on Cspace.

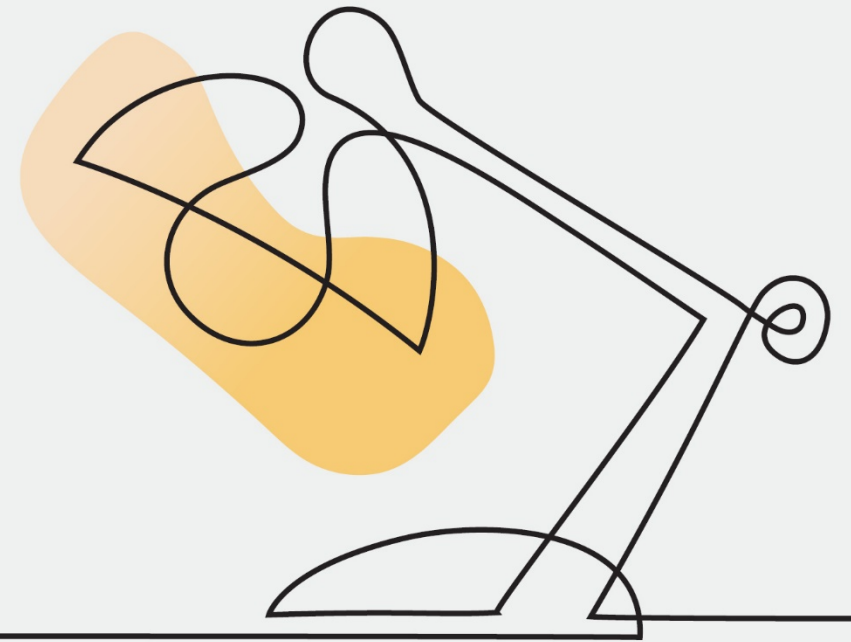
# Agenda

## Topic

- I. Home office expenses and supplies
  - Information which Concordia University will provide to you to support your claim
  - Examples of potentially deductible home office expenses and supplies
  - How home office expenses integrate with reimbursements from Concordia University
- II. Overview of Concordia University COVID-19 One-time Reimbursement
- III. Documentation retention guidelines for expenses incurred
- IV. CRA/RQ guidelines on reimbursements vs. taxable benefits
- V. Examples of reimbursement of expenses incurred
  - Capital vs. non-capital expenses
  - Personal use expenses
  - Case Study
- VI. Q&A Session



# Home Office Expenses and Supplies



# Deductibility of Home Office Expenses

In order to deduct home office expenses an employee must be issued the appropriate documentation and report as follows:

## **Federal – CRA**

Employer – Form T2200 (Short) (Draft) – must be retained by employee – no need to submit to CRA

Employee – Form T777 – complete and file with tax return

## **Quebec - RQ**

Employer – Form TP-64.3-V, "General Employment Conditions" – file with tax return for paper filing - (N/A for electronic filing)

Employee – Form TP-59-V, "Employment Expenses of Salaried Employees and Employees Who Earn Commissions" – file with tax return

# Draft Form T2200

**Canada Revenue Agency** **Agence du revenu du Canada** **Declaration of Conditions of Employment for Working at Home During COVID-19** **Protected B when completed** [Clear Data](#)

The **employer** must complete this form for the employee to deduct home office (work-space-in-the-home, supplies) expenses from their income. This form is for employees who were **required** by their contract of employment to work from their home during COVID-19.

The **employee** does **not** need to attach this form to their return, but they must keep it in case we ask to see it later. For more information about claiming employment expenses, see Guide T4044, Employment Expenses.

**Part A – Employee information**

Last name	First name	Tax year	Social insurance number
Home address		Business address	
Job title and brief description of duties			

**Part B – Conditions of employment**

A formal contract is not required. A verbal agreement between the employer and employee will be accepted.

1. Did this employee's contract of employment require them to pay their own home office expenses while carrying out their duties of employment? (Tick **"yes"** even if you provide a reimbursement for some or all such expenses.) ☐ Yes ☐ No

If you answered **"no"** above, the employee is **not** entitled to claim home office expenses due to COVID-19 and **you are not required to answer any other questions**.

2. Was this employee required to work from a work space in their home for one or more periods of four continuous weeks or more in 2020 during COVID-19? ☐ Yes ☐ No

If **yes**, enter the period or periods this employee worked from home and whether your employee mainly (more than 50% of the time) worked from the work space in their home during each period.

**Period Dates**

From	Year	Month	Day	to	Year	Month	Day
From				to			

**Did your employee mainly work from their home in this period?**

<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> No

If you answered **"no"** for a period, the employee is not entitled to deduct work-space-in-the-home expenses for that period.

3. Did you or will you reimburse this employee for any home office expenses? ☐ Yes ☐ No

If **yes**, enter the amount and type of expense you will, or will, reimburse to the employee:

Amount	Type of expense	Included on T4 slip
\$		<input type="checkbox"/> Yes <input type="checkbox"/> No
\$		<input type="checkbox"/> Yes <input type="checkbox"/> No
\$		<input type="checkbox"/> Yes <input type="checkbox"/> No

T2200 (Rev. 1-20) (On formulaire en français) Page 1 of 2

## Declaration of Conditions of Employment for Working at Home During COVID-19

The **employer** must complete this form for the employee to deduct home office (work-space-in-the-home, supplies) expenses from their income. This form is for employees who were **required** by their contract of employment to work from their home during COVID-19.

The **employee** does **not** need to attach this form to their return, but they must keep it in case we ask to see it later.

For more information about claiming employment expenses, see Guide T4044, Employment Expenses.

### Part A – Employee information

Last name	First name	Tax year	Social insurance number
Home address		Business address	
Job title and brief description of duties			

### Part B – Conditions of employment

A formal contract is not required. A verbal agreement between the employer and employee will be accepted.

1. Did this employee's contract of employment require them to pay their own home office expenses while carrying out their duties of employment? (Tick **"yes"** even if you provide a reimbursement for some or all such expenses.) ☐ Yes ☐ No

If you answered **"no"** above, the employee is **not** entitled to claim home office expenses due to COVID-19 and **you are not required to answer any other questions**.

2. Was this employee required to work from a work space in their home for one or more periods of four continuous weeks or more in 2020 during COVID-19? ☐ Yes ☐ No

If **no**, go to question 3.

If **yes**, enter the period or periods this employee worked from home and whether your employee mainly (more than 50% of the time) worked from the work space in their home during each period.

#### Period Dates

From	Year	Month	Day	to	Year	Month	Day
From				to			

**Did your employee mainly work from their home in this period?**

<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> No

If you answered **"no"** for a period, the employee is not entitled to deduct work-space-in-the-home expenses for that period.





## Declaration of Conditions of Employment for Working at Home During COVID-19

The **employer** must complete this form for the employee to deduct home office (work-space-in-the-home, supplies) expenses from their income. This form is for employees who were **required** by their contract of employment to work from their home during COVID-19.

The **employee** does **not** need to attach this form to their return, but they must keep it in case we ask to see it later.

For more information about claiming employment expenses, see Guide T4044, Employment Expenses.

### Part A – Employee information

Last name Doe	First name Judy	Tax year 2020	Social insurance number 
Home address		Business address	
Job title and brief description of duties			

### Part B – Conditions of employment

A formal contract is not required. A verbal agreement between the employer and employee will be accepted.

1. Did this employee's contract of employment require them to pay their own home office expenses while carrying out their duties of employment? (Tick "**yes**" even if you provide a reimbursement for some or all such expenses.) ..... ☒ Yes ☐ No

If you answered "**no**" above, the employee is **not** entitled to claim home office expenses due to COVID-19 and **you are not required to answer any other questions**.

2. Was this employee required to work from a work space in their home for one or more periods of four continuous weeks or more in 2020 during COVID-19? ..... ☒ Yes ☐ No

If **no**, go to question 3.

If **yes**, enter the period or periods this employee worked from home and whether your employee mainly (more than 50% of the time) worked from the work space in their home during each period.

### Period Dates

From 

Year	Month	Day
<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>

 to 

Year	Month	Day
<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>

From 

Year	Month	Day
<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>

 to 

Year	Month	Day
<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>

**Did your employee  
mainly work from their  
home in this period?**

☒ Yes ☐ No

☐ Yes ☐ No

If you answered "**no**" for a period, the employee is not entitled to deduct work-space-in-the-home expenses for that period.

3. Did this employee's contract of employment require them to pay for supplies that they used directly in their work?

- stationery, ink cartridge, postage, etc. ....
- use of a cell phone .....

☒ Yes ☐ No

☒ Yes ☐ No

4. Did you or will you reimburse this employee for any home office expenses? .....

☒ Yes ☐ No

If **yes**, enter the amount and type of expense you did, or will, reimburse to the employee:

Amount	Type of expense
\$ <u>500</u>	<u>Home Office Equipment or Supplies</u>
\$ _____	_____
\$ _____	_____

**Included on T4 slip**

☐ Yes ☒ No

☐ Yes ☐ No

☐ Yes ☐ No



## General Employment Conditions

Any salaried employee or employee earning commissions who wishes to claim a deduction for employment expenses must have this form completed by the employer. This form and form TP-59-V, *Employment Expenses of Salaried Employees and Employees Who Earn Commissions*, must be enclosed with the employee's income tax return.

Forestry workers, transport employees, salaried musicians and salaried tradespeople probably do not need to complete this form.

For information about employment expenses or the forms to be completed, see the guide *Employment Expenses* (IN-118-V).

Be sure to provide all the information requested.

### Identification of the employee

Last name Doe	First name Judy
------------------	--------------------

Taxation year	2	0	2	0
---------------	---	---	---	---

Social insurance number
-------------------------

### Identification of the employer

Name of employer Concordia University	Identification number	File T Q
Address	Postal code	
Contact person	Area code	Telephone

## Questions concerning the employment

1. Did the employee's duties and employment contract require the employee to incur expenses to earn employment income? ..... ☒ Yes ☐ No  
If **no**, the employee cannot deduct employment expenses. Consequently, you do not need to complete or sign this form.

2. Employee's period of employment: from 

--	--	--	--	--	--	--	--

 to 

--	--	--	--	--	--	--	--

3. Employee's title or position: \_\_\_\_\_

## Remuneration, allowance or reimbursement of expenses

4. Was the employee remunerated, in whole or in part, by commissions or similar amounts based on sales made or contracts negotiated? ..... ☐ Yes ☒ No

If **yes**, provide the following information:

(a) Amount of remuneration received: \$ \_\_\_\_\_

(b) Type of property sold or contracts negotiated: \_\_\_\_\_

5. Did the employee receive a per-kilometre allowance? ..... ☐ Yes ☒ No

If **yes**, provide the following information:

(a) Rate per kilometre: \_\_\_\_\_ /km

(b) Total number of kilometres travelled: \_\_\_\_\_ km

(c) Total allowance: \$ \_\_\_\_\_

(d) Portion of that amount included in box A of the employee's RL-1 slip: \$ \_\_\_\_\_

(e) If the allowance does not cover all the kilometres travelled for the employment, indicate the types of trips covered by the allowance: \_\_\_\_\_

6. Did the employee receive an allowance or a reimbursement for expenses? ..... ☐ Yes ☒ No

If **yes**, enter the amounts received by the employee and the portion of these amounts included in box A of the employee's RL-1 slip:

	Allowance	Reimbursement	Portion included in box A of the RL-1 slip
(a) Motor-vehicle expenses:	\$ _____	\$ _____	\$ _____
(b) Travel expenses:	\$ _____	\$ _____	\$ _____
(c) Other expenses. Specify: _____	\$ _____	\$ _____	\$ _____

7. Was the employee entitled to be reimbursed for office rent, the salary or wages of an assistant or substitute, or supplies used directly in the performance of his or her duties? ..... ☒ Yes ☐ No

If you paid such expenses, provide the following information:

(a) Type of expenses paid: <u>Home Office Equipment and Supplies</u>	
(b) Amount of expenses paid:	\$ <u>500.00</u>
(c) Portion of this amount included in box A of the employee's RL-1 slip:	\$ <u>0.00</u>

### Motor-vehicle expenses and travel expenses

8. Was the employee required to perform some or all of his or her duties away from your place of business, or at various locations? ..... ☐ Yes ☒ No

If **yes**, provide the following information:

(a) Percentage of work hours spent at your place of business:	_____ %
(b) Percentage of work hours spent at customers' premises or on the road:	_____ %
(c) Percentage of work hours spent at the employee's home:	_____ %

9. Did the employee's duties require the employee to spend at least 12 consecutive hours away from the municipality or metropolitan area where your place of business (to which the employee ordinarily reported for work) is located? ..... ☐ Yes ☒ No

If **yes**, where was the employee required to perform his or her duties? \_\_\_\_\_

10. Was the employee required to supply a motor vehicle? ..... ☐ Yes ☒ No

11. Under the employment contract, was the employee required to incur travel or motor-vehicle expenses? ..... ☐ Yes ☒ No

If **yes**, provide particulars: \_\_\_\_\_

## Cost of supplies, expenses related to an office in the home and other expenses

12. Under the employment contract, was the employee required to purchase supplies used directly in the performance of his or her duties? ..... ☒ Yes ☐ No

If **yes**, provide particulars: Office supplies

13. Under the employment contract, was the employee required to pay salary or wages to an assistant or substitute? ..... ☐ Yes ☒ No

14. Did the employee have an office at your place of business? ..... ☒ Yes ☐ No

15. Under the employment contract, was the employee required to maintain an office outside your place of business? ..... ☒ Yes ☐ No

**If yes, and if the employee maintained the office in his or her home, check the appropriate box or boxes.**

☒ The employee performed his or her duties primarily (more than 50%) at that office.

☐ The employee used that office exclusively to earn employment income, and to meet clients or other people on a regular and ongoing basis in the normal course of his or her duties.

16. Under the employment contract, was the employee required to incur **other expenses** not mentioned in this form? ..... ☐ Yes ☒ No

If **yes**, provide particulars: \_\_\_\_\_

## Expenses of a sharesman

17. If the employee is a sharesman or a sharesman's helper, was he or she required under the employment contract to incur or share certain expenses? ..... ☐ Yes ☒ No

If **yes**, provide particulars: \_\_\_\_\_

## Certification by the employer

I certify that all the information provided on this form is accurate and complete.

\_\_\_\_\_  
Signature of employer or authorized person

\_\_\_\_\_  
Title or position

\_\_\_\_\_  
Date



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# Amended Form T2200 (Short) in 2020

## **Conditions to be met for issuing T2200 for deducting costs related to a 'work space' and home office supplies**

Work space deductions are subject to one of the following conditions:

- the work space is where the employee 'principally' (more than 50 per cent of the time) performs the duties of their office or employment, or
- the work space is used 'exclusively' for the purpose of earning employment income and it is used on a regular and continuous basis to meet with customers or clients in the course of performing employment duties

Required use of an home office work space must be part of written or verbal agreement



# Home Office Expenses in 2020

## **Types of expenses potentially deductible by an employee as “work space expense” which are not otherwise reimbursed from the employer:**

- Employment use of home office in relation to overall home for electricity, heating, condo fees for operating costs and maintenance costs
- Reasonable portion of rent if property is rented
- Workspace does not need to be a dedicated “office” – but must factor in any personal use to ensure only employment use is included ( $\% \text{ of employment use space} / \text{total space} \times \% \text{ of employment hours of use in comparison to personal use}$ )

Expenses that are **NOT** deductible to an employee that is not in commission sales:

- Capital cost allowance on a home or capital equipment (i.e. computer)
- Property tax or house insurance
- Mortgage interest



# Home Office Supplies in 2020

**Types of expenses *potentially* deductible by an employee as “home office supplies” directly used in their employment duties:**

- ✓ Stationery items (such as pens, pencils, paper clips and charts)
- ✓ Stamps
- ✓ Toner
- ✓ Ink cartridges
- ✓ Directories
- ✓ Long-distance telephone call or internet charges incurred for work
- ✓ Cell phone airtime charges incurred for work

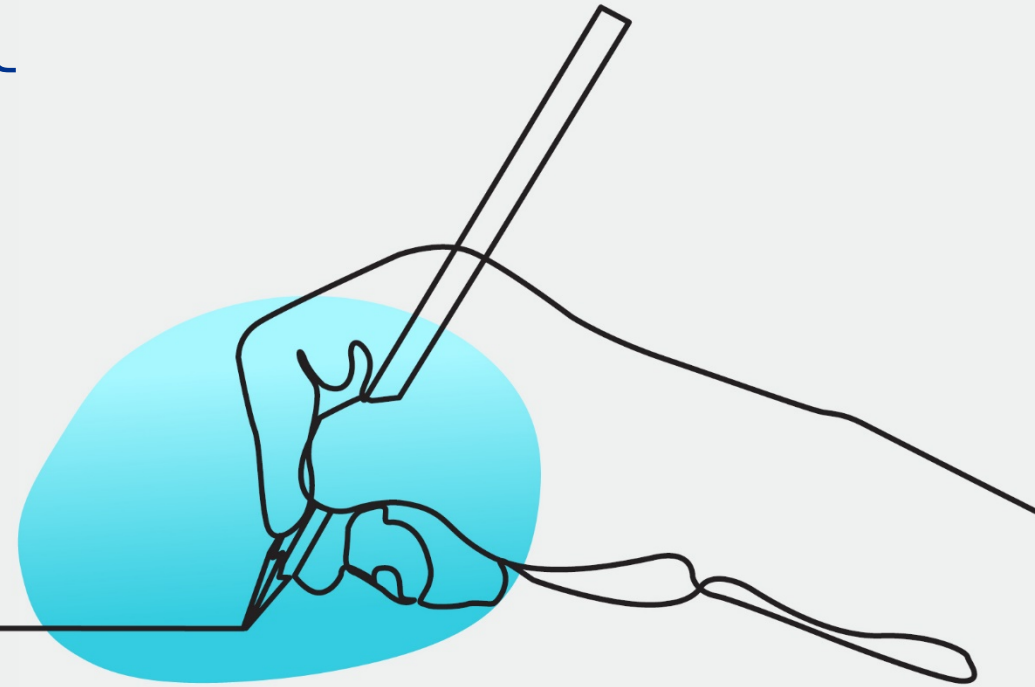
# Home Office Supplies in 2020

Types of expenses **NOT** deductible by an employee as “home office supplies”:

- Briefcases
- Calculators
- Monthly basic fees for home telephone
- Monthly access fees for home Internet service
- Cell phone connection or licensing fees
- Costs to buy or lease a cell phone, computer, or printer
- Capital cost allowance on a cell phone, fax machine, computer etc.
- Interest paid on money borrowed to buy any capital item



# Overview: Concordia University COVID-19 One-time Reimbursement



# COVID-19 One-time Reimbursement

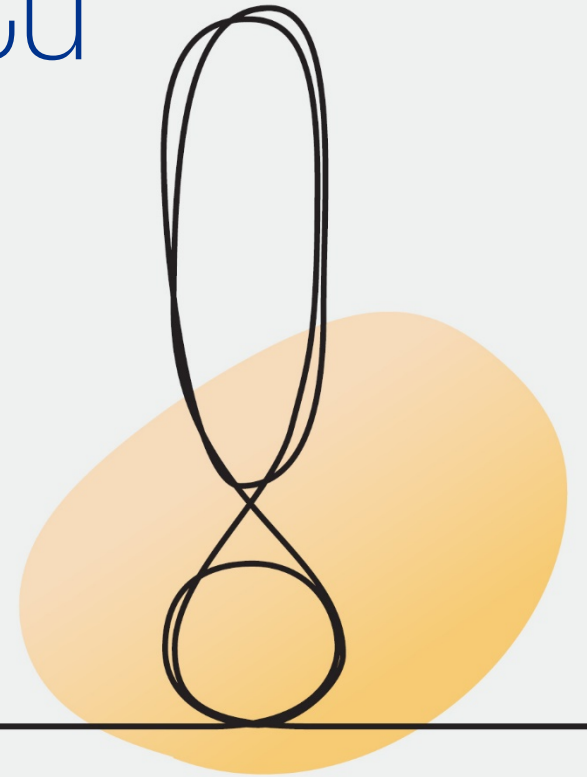
- One-time non-taxable reimbursement of \$500 to support remote work environment
- Eligible for faculty and staff employed with CU as of Sept 1/20 (and part-time faculty working during summer)
- Intended to cover costs associated with outfitting and operating remote work arrangement

# COVID-19 One-time Reimbursement

- We will outline examples of intended expenditures which are being reimbursed
- Receipts do not need to be submitted – **but must be retained and accessible upon request** – more to come on this



# Documentation Retention Guidelines for Expenses Incurred





# Documentation Retention Guidelines

- Employees must retain the supporting documentation for eligible reimbursement until **2023**
- Employees who are not able to absorb the reimbursement in an allowable category should consider reporting the receipt in their income for tax purposes
- Employees who leave the employ of the University may wish to submit their documentation so as not to create any income requirement after departure





# CRA / RQ Guidelines on Reimbursements vs. Taxable Benefits



# Tax Authorities Guidelines on Reimbursements

- Typically required to submit receipts to support that cost has been “reimbursed”
- Normally – if employee retains ownership of a “capital item” that is reimbursed this is considered a taxable benefit
- In normal times the employer would retain ownership of a capital item so no benefit arises (i.e. computer or cell phone)

# Tax Authority Guidelines

**The pandemic is anything but normal!!**

Revenu Quebec have posted the following FAQ on their website:

*Q - When an employer gives an employee money to buy equipment needed for teleworking, is it considered a taxable benefit for the employee?*

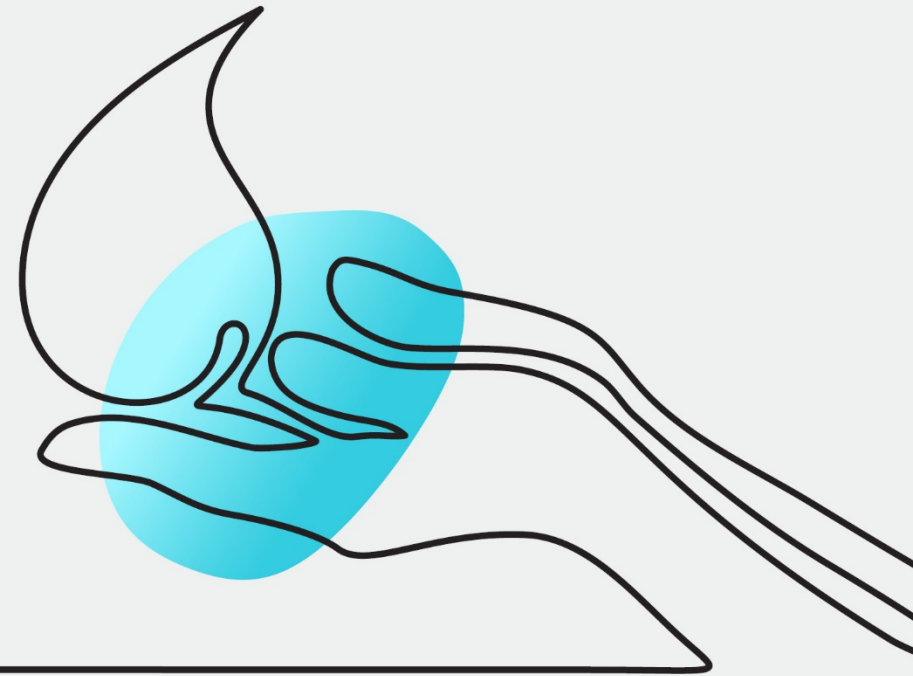
*A - Given the exceptional circumstances caused by COVID-19, we do not consider the total or partial reimbursement of up to \$500 for necessary **computer or office equipment** that an employee purchased for teleworking as a taxable benefit for the employee. We consider that the employer gains the most from the purchase.*

# Tax Authority Guidelines

- The CRA communicated in writing their “exception” to this position for Covid-19 at a recent conference as follows:  
*“In the context of the COVID-19 crisis, CRA is willing to accept a reimbursement of an amount not exceeding \$500 for the purchase of personal computer equipment to be principally for the benefit of the employer.”*
- Verbally the CRA have suggested that “personal computing equipment” may be more broadly interpreted to include items to outfit a home office



# Examples of Reimbursement of Expenses Incurred





# Examples of Non-Taxable Reimbursable Items

## Category 1 (prioritized) - Capital Expenses to support remote work arrangement

- Computer, printer, scanner, keyboard/mouse, monitor
- Office chair, desk, cabinet, desk light

## Category 2 - Current Expenses to support remote work arrangement

- Paper, pens, erasers, clips, post notes
- Upgrade portion of internet costs to increase data related to business use
- Cell phone minutes/usage related to business use
- Portion of Electricity/Maintenance costs usage related to your home office
- Portion of Rent related to your home office

\*Note that current home office expenses cannot also be deducted for tax purposes if they are reimbursed

# Expense Issues

- The reimbursement can be considered to apply to a portion of the cost of an allowable item
  - Example – Chair bought for \$800 and \$500 reimbursement covers a portion of cost
- The portion of CU reimbursement that cannot be absorbed in Category 1 and 2 should be self-reported as employment income in 2020
- Excess allowable current costs not part of reimbursement may be deductible as a home office expense or supply

# Case Study Facts

Judy Doe incurs the following direct costs related to her remote work arrangement:

- Buys a new chair for her office for \$400 (tax included)
- Buys a new office computer monitor for \$140 (tax included)
- Incurs business usage of cell phone costs of \$350
- Pays rent on her apartment of \$900/mo (includes electricity, etc)
- Judy works at her kitchen table which is 16% of the overall apartment space and she estimates business use of this area to be 50%
- Judy works from home for 9.5 months (March 15 – Dec 31)

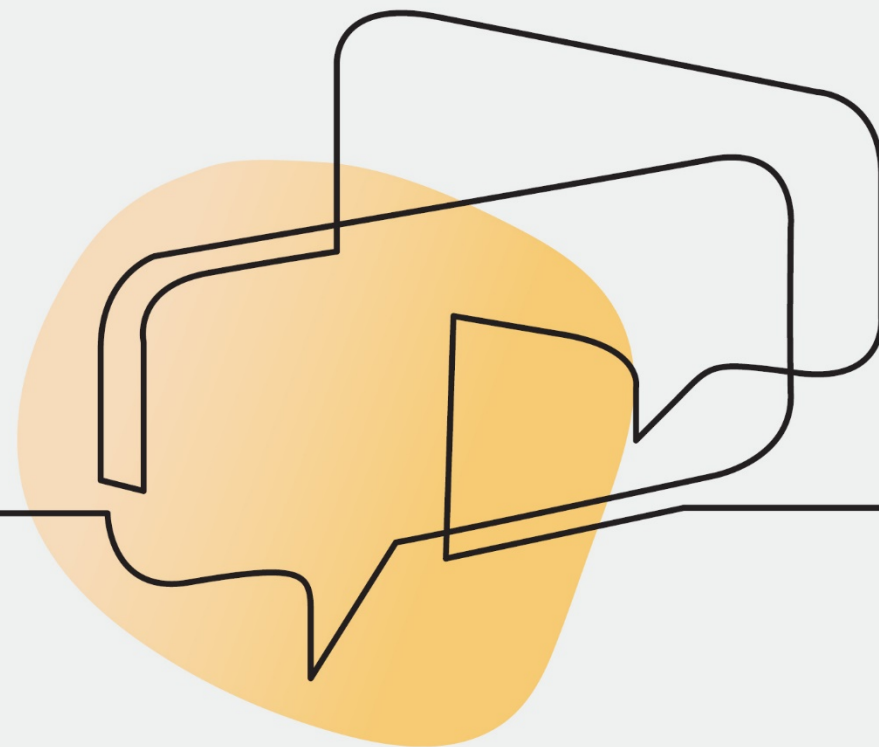
# Case Study Results

Planning for Judy to optimize her reimbursement and tax position:

1. \$500 CU COVID-19 One-time Reimbursement will cover cost of Chair and \$100 of cost of Computer monitor – non-taxable
2. The excess cost of monitor \$40 will not be deductible as a home office supply as it is a capital item
3. Business usage cell phone costs of \$350 deductible as home office supply
4. Rent cost of \$684 deductible as a home office expense ( $\$900 \times (16\% \times 50\%) \times 9.5 \text{ months}$ )



# Q&A





# Merci

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