2021 TAX FILING SEASON NEWSLETTER

HANSON Crossborder Tax Inc.

As we collectively reflect on 2020 and prepare for the 2021 tax filing season, we hope your family and loved ones are safe and sound, despite the incredible challenges we faced in the past year and that remain today. We sheltered in place trying not to get the Covid-19 virus, saw some of the worst market volatility in history, received and continue to receive fiscal stimulus on both sides of the border similar to wartimes, witnessed another presidential election and yet another presidential impeachment, and watched in horror as an unsuccessful coup led by an angry mob tried to overtake the Capital building. Luckily, 2020 was not as eventful when it comes to new tax policies and requirements.

In our annual cross-border tax newsletter, we cover a few highlights of changes that took place or are set to take place involving both the Canadian and U.S. taxation landscape, trending topics and interesting facts to keep you in the know as we move (with caution) into the year ahead and the tax season to come.

Contents

Wishing all of you an uneventful tax season! We hope you will rely on us for assistance!

A Tale of two stimulus payments (and their tax treatment)

While Canadian residents who hold U.S. citizenship typically only experience the downside of being subject to taxation in two countries, pandemic-related stimulus payments have proven to be a welcome change.

Firstly, U.S. citizens or green card holders living north of the border are eligible for both countries' stimulus payments if they meet certain income threshold (on the U.S. side) or loss of income (on the Canadian side) criteria. In addition, the U.S. payments provided under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) are **tax exempt on both Canadian and U.S. tax returns.**

To be eligible for the U.S. stimulus payment of up to US$1,200 per adult and US$600 for a dependent child, individuals must have filed a U.S. tax return in either 2018 or 2019 with earnings of at least US$2,500 (or subject to other income or tax liability tests). In addition, adjusted gross income cannot exceed US$75,000 for single or US$150,000 for those who are married filing jointly, with a complete phase out of US$99,000 and US$198,000, respectively.

The second round of Internal Revenue Service (IRS) stimulus payments of US$600 per filer would have been deposited as of late 2020 and continues into the early 2021.

Unfortunately, the news isn't quite as good for recipients of $2,000 per month payments through the Canada Emergency Response Benefit (CERB), which is treated as taxable income in both Canada and the U.S.

To be eligible for CERB, individuals must:

- Be at least 15 years of age and hold a valid Social Insurance Number;
- Have stopped working due to the pandemic but are actively looking for work;
- Be working but have seen reduced employment/self-employment income due to the pandemic;
- Not be eligible for Employment Insurance;
- Have had employment and/or self-employment income of at least $5,000 in 2019 or in 2020; and
- Not have quit their job voluntarily.

CERB payments ended after 28 weeks of benefits or on October 3rd, whichever came first, and were replaced by the Canada Recovery Benefit (CRB) for those who are not eligible for Employment Insurance (EI).

As of September 27, there were changes to the EI program to make access to EI benefits easier for individuals who still need financial assistance. The changes are in effect for one year, and with the second wave and another lockdown upon us, it's likely more people will need to avail themselves of EI. Like CERB, EI benefits are also subject to taxation on both returns.

If you received the CERB through Service Canada, you shouldn't need to apply for EI. Your file will automatically be reviewed for eligibility and you will be contacted if you don't qualify.

However, you will need to apply for EI if you:

- Have a Social Insurance Number that begins with "9"
- Are self-employed
- Stated on your CERB report that you had returned to work full time.

If you received CERB through Canada Revenue Agency (CRA), you can apply for EI after the end of your last CERB eligibility period.

CRB became effective on September 27, 2020 and it provides $500 a week for up to 26 weeks. It must be applied on a bi-weekly basis through on-line CRA MyAccount. To Qualify, an individual must lose at least 50% of their normal weekly income during the two-weeks in which they apply for the CRB. The "normal income" means average weekly income of:

- During 2019, or
- In the 12 months before an individual applies for the CRB.

A major difference between CERB/EI and CRB is that the latter is clawbacked and requires a repayment of benefits once an annual income reaches $38,000 in either 2020 or 2021.

CERB, CRB and EI benefits are treated as general income for U.S. foreign tax credit purposes and are eligible for a foreign tax credit paid on such income in Canada. None of the three is eligible for the foreign earned income exclusion and should not be reported on Form 2555.

IRS wants you to give to someone other than them!

To encourage donations to charities in a year where fundraising events were near impossible, and as part of the CARES Act, IRS introduced a deduction provision where US$300 in cash donations can be claimed as an "above-the-line" deduction to reduce both adjusted gross income and taxable income. This deduction is in addition to the standard deduction.

Donations must be made to qualified U.S. or Canadian charities as defined in Section 501(c)(3) of the Internal Revenue Code (IRC), for as long as you have the related country's source income and they must be cash donations (i.e. not the garbage bag full of clothes you dropped off at Value Village) made before December 31, 2020.

Also, U.S. tax filers who do itemize personal deductions can temporarily claim itemized deductions for cash donations up to 100% of their adjusted gross income. This change is in place for two years. In Canada, the threshold for credit is 75% of net income, which is unchanged from previous years.

Speaking of simplification…there are new and improved trusts' reporting procedures for Canadian RESPs and RDSPs

Historically, foreign trusts including RESPs and RDSPs had to be reported by U.S. taxpayers on the highly complex Forms 3520, *Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts,* and 3520-A, *Annual Information Return of Foreign Trust With a U.S. Owner*. On March 2, 2020, a new revenue procedure was issued to eliminate the requirement for these forms.

Revenue Procedure 2020-17 provides an exemption from information reporting requirements for qualifying "tax-favored foreign retirement trusts" and "tax-favored non-retirement savings trusts" of eligible U.S. individuals. It also provides relief for individuals who have been assessed penalties for failing to file or late filing the aforementioned forms.

U.S. taxpayers must still report the income earned in these tax-favored accounts on their U.S. income tax return Form 1040, *US Individual Income Tax Return,* and disclose the maximum balance on Form 8938, *Statement of Specified Foreign Financial Assets,* as well as on FinCEN Form 114, *Report of Foreign Bank and Financial Accounts (FBAR)*. Steep penalties can be levied for non-compliance.

If you are a U.S. citizen in Canada and in the past, you shied away from holding an RESP or RDSP on behalf of a beneficiary, you can now become a subscriber of one without extensive IRS reporting on those accounts for as long as you recognize income earned by the accounts annually and reflect your ownership on FBAR and FATCA.

Need to hit up your IRA for COVID-related loan?

On June 19th, IRS released guidance for individuals needing to take loans…from themselves. As outlined in Notice 2020-50, qualified retirement plan participants can take distributions and loans from eligible plans – with favorable tax treatment – if their financial situation has been negatively impacted by the pandemic and receive favorable tax treatment.

Under section 2202 of the CARES Act, a coronavirus-related distribution will not be subject to the 10% additional tax under IRC Sec. 72(t) for taking early distributions or the 25% additional tax for "certain distributions from SIMPLE IRAs" under IRC Sec. 72(t)(6). The Notice also states that "if the distribution is eligible for tax-free rollover treatment and is recontributed to an eligible retirement plan within the three-year period beginning on the day after the date on which the distribution was received", it will not be included as income.

Through the CARES Act, the allowable plan loan amount as stated in IRC Sec. 72(p) has increased from $50,000 to $100,000. The Act also allows for the suspension of payments on plan loans that are outstanding on or after March 27, 2020 and made to qualified individuals. U.S. taxpayers have the option to report coronavirus-related distributions ratably over a three-year period or report the full amount as income in the distribution year through an irrevocable election on their tax return.

It is unknown whether Canada will consider such loans outstanding beyond 2020 as taxable distributions. If you borrowed and have no intention to repay the entire loan by April 15, 2021, please contact us for further discussion.

Working from home just got easier…at least on your tax form

Working from home…some people's lifelong dream. And then a pandemic hits, and most of us are suddenly working from home. (Some of us alongside our spouses and school-aged kids. I can't think of a better application for the saying, "Be careful what you wish for".)

Fortunately, CRA has taken some pity and made it easier to claim home office expenses on the 2020 personal income tax return for people who had to work from home due to COVID-19 (therapy sessions, not included). There are three methods available to employees to claim home office expenses.

To be eligible for the **new temporary flat rate**, an employee had to work from home more than 50% of the time for at least four consecutive weeks due to COVID-19. Under this method, you To can claim a flat rate of $2 per day for each day worked from home up to a maximum of $400

To support the deduction, you are required to file the simplified version of Form T777, *Statement of Employment Expenses*, known as T777S. Your employer is required to provide you with a simplified version of Form T2200, *Declaration of Conditions of Employment*, known as Form T2200S.

To claim actual amounts paid in home office expenses, you can also use **the detailed method**. Both Forms T2200S (from your employer) and T777S (from you) and supporting documentation are required along with calculations around the size of your home office in relation to the utilities used to support that space. CRA provides a handy **calculator tool** to help you do the math.

If you worked from home in 2020 and wish to claim expenses from outside the home, such as motor vehicle costs, professional fees, food and beverage, you will continue to file **the standard** Form T777 and employer-provided Form T2200 along with supporting documentation (e.g. receipts, mileage, etc.).

The following table provides an overview of the two new methods:

	Temporary Flat Rate	**Detailed**
Eligibility requirements	• You worked from home more than 50% of the time for a period of at least four consecutive weeks in 2020. • You are claiming home office expenses only (i.e., not vehicle, food and beverage, etc.). • Your employer did not reimburse you for expenses (if your employer reimbursed a portion of the expenses, you can still use this method).	• You worked from home more than 50% of the time for a period of at least four consecutive weeks in 2020. • You were required or chose to work from home
Claim Amounts	$2 for every day worked from home in 2020 due to the COVD-19, to a maximum of $400	Actual expenses
Requirements for Supporting Documentation	No supporting documentation required	Detailed expenses with receipts
Filing Requirements	Form T777S Form T2200S	Form T777S Form T2200S

A new president may bring back old (and higher) tax rates

With the massive, ongoing expense of stimulating the economy and the Congress now in the hands of a Democrat majority, there is little doubt that President Biden's playbook presented during the presidential campaign on tax increases will become a law, at least in part.

No one knows at this point the specifics of what will be enacted or the timing, but here are some of President-Elect Biden's proposals that might feel like impeachable offences:

- Increase the top income tax rate from 37% back to President Obama's top rate of 39.6% for individual U.S. taxpayers with worldwide income of more than US$400,000.
- Decrease the U.S. estate tax exemption from the current amount of US$11.7 million (2021 rate) to the pre-2018 amount of either US$5 million or US$3.5 million, adjusted for inflation.
- Decouple the lifetime gift-tax exemption and the U.S. estate tax and set the lifetime gift-tax exemption at US$1 million.
- Increase the top tax rate on capital gains and dividends from 23.8% to 39.6% for U.S. taxpayers with a worldwide income of US$1 million or more.
- Increase the corporate tax rate from 21% to 28%.
- Double the tax rate on global intangible low-taxed income (GILTI) for Canadian corporations with U.S. individual or corporate shareholders, which will see the rate increase from 10.5% to 21%. Additionally, GILTI tax (and related foreign tax credits) are to be computed on a country-by-country basis as opposed to a worldwide average.
- Increase high-tax exemption from 18.9% to 25.2% (which devalues the corporate Small Business Deduction on the Canadian side) or completely eliminate it.

Biden's proposal also sees tax paid on inherited property being assessed at the purchase price rather than on the fair market value of the property at the time of death, similar to the deemed disposition treatment on death recognized in Canada. Currently, under the TCJA, the property is inherited at market value and there is no tax due unless the estate is over US$11.7 million.

It must be noted that, except for a few, most of these changes will unlikely be too meaningful to Americans in Canada where individual tax rates are higher. Nevertheless, changes to GILTI, estate and corporate tax rates may require a revision to tax planning.

What's in your cyber-wallet? Tax agencies want to know

As more and more people fill their digital purses with cryptocurrencies like Bitcoin, Ethereum, and an alphabet soup of many others, IRS and CRA are becoming more and more determined to make sure you are reporting on your virtual income. In fact, Canada, the U.S., Australia, the U.K. and the Netherlands have come together to form the Joint Chiefs of Global Tax Enforcement (aka the J5) in a joint effort to keep us accountable when it comes to cryptocurrency.

For the 2020 taxation year, U.S. taxpayers are expected to disclose cryptocurrency transactions (gain or loss recognized on the disposition) on their individual tax return (Form 1040). CRA also considers cryptocurrency to be reportable income and it's important to note that CRA issued audit letters to many Canadian cryptocurrency users for the 2019 taxation year. Generally, digital currency is treated as a capital asset, similar to any publicly traded security. If you receive digital currency for your services, it is treated as employment or self-employment income, measured at the value on the date it is actually or constructively received. Further, the value of the service may also be subject to HST, which would have to be remitted in fiat money and not bitcoin…yet. Finally, if you are a U.S. person and a shareholder of a Canadian company, holding or receiving digital currency may result in your company becoming a Passive Foreign Investment Company or PFIC (due to its capital asset nature).

At this time, i.e. for the 2020 and prior tax years, there is no requirement to report the value of your digital currencies on any of the Canadian or U.S. disclosure forms, such as Form T1135, *Foreign Income Verification Statement*, Form FinCEN 114, *Report of Foreign Bank and Financial Accounts (FBAR)* or Form 8938, *Statement of Specified Foreign Financial Assets*. However, we are aware that the Treasury is in process of updating the FBAR form and its filing instructions to include cryptocurrency if it is held in overseas exchanges.

Changes to Canadian trust reporting requirements – CRA wants to know it all

The Canadian government announced new tax reporting requirements for certain trusts for the 2021 and subsequent tax years.

Currently, a trust is only required to file a T3 return if it owes taxes or distributes some or all of its income or capital to its beneficiaries and inactive trusts or trusts with no income or taxes owing are typically not required to file a T3 return. Under the new requirements, trusts that are resident or deemed resident in Canada and are considered an express trust (i.e. created with express intent, usually in writing), must file a yearly T3 return whether or not is was active or earned income.

The scope of what must be reported has also expanded to include the name, address, date of birth (for a natural person), jurisdiction of residence and taxpayer identification number (TIN) for each settlor, trustee, beneficiary and person who exerts control or can override trustee decisions over the allocation of income or capital of the trusts.

Trusts that must file a T3 return and fail to do so or do not provide all of the newly required information, face a penalty of $25 for each day of delinquency. There is a minimum penalty of $100 and a maximum penalty of $2,500. Gross negligence penalties may also apply for making a false statement, omission or failure to file. In addition, penalties equal to 5% of the total maximum value of all properties held by the trust in the taxation year, with a minimum penalty of $2,500, may be assessed for making a false statement or failing to file.

The new rules do not apply to certain trusts, including but not limited to those governed by registered plans (e.g., RDSPs, RESPs, RPPs, RRIFs, RRSPs, TFSAs, etc.), graduated rate estates, qualified disability trusts, lawyers' general trust accounts, trusts that qualify as non-profit organizations or registered charities, and trusts that have been in existence for less than three months.

Change in due date for reporting of foreign affiliate and controlled foreign affiliate…yet again.

If you are a Canadian resident individual or a corporation and have at least 10% interest in a non-Canadian corporate entity, including U.S. C corporation, S corporation, LLC, LLP or LLLP, this update is for you, so be aware. There are new deadlines for Form T1134, *Information Return Relating to Controlled and Not-Controlled Foreign Affiliates*, beginning with the 2020 taxation year.

Foreign affiliates are defined as non-resident corporations with a Canadian taxpayer owning at least 10% of the non-resident corporation's shares, either directly or indirectly. Foreign affiliates are controlled if there is a majority ownership of the votes ("de jure") or if a person has strong direct or indirect influence even though they do not have the votes ("de facto").

In previous years, the deadline for filing Form T1134 was 15 months a Canadian taxpayer's tax year end. Beginning in the 2020 taxation year, the deadline is reduced to 12 months from the entity's tax year end, and for subsequent tax years, the form must be filed within 10 months from the taxpayer's tax year end.

Form T1134 due dates for a Canadian entity with a December 31 tax year would be:

Tax Year Ending	Months After Year End	Filing Due Date
December 31 209	15 months	March 31, 2021
December 31, 2020	12 months	December 31, 2021
December 31, 2021	10 months	October 31,2022

The new Form T1134 for tax years after 2020 are also expanded from six to 12 pages and will require significantly more disclosures. Failure to file a required form can bring penalties of $25 per day for each day of delinquency, with a minimum of $100 and a maximum of $2,500. Penalties for gross negligence can increase to $1,000 per month to a maximum of $24,000 for each Form T1134 not filed. CRA offers a Voluntary Disclosure Program (VDP) for requesting leniency and potentially reducing penalties and interest.

Net Investment Income Tax (NIIT) - open up your purse again

IRS updated its Internal Revenue Manual (IRM) for purposes of Form 8960, *Net Investment Income Tax*, or NIIT, on November 27, 2020, in which it addressed a common practice by Americans abroad to reduce the tax to zero. Such reduction is typically done by one of the two methodologies - through either a claim that NIIT is a social security tax and thus is exempt from remittance under a bilateral totalization agreement, e.g., Americans in Canada who are already funding the CPP, or by an application of a foreign tax credit. IRS has reiterated that none of these two options are valid and it plans to change the "aggressively filed" returns to collect the tax.

Expatriation and gifting

As more and more U.S. citizens are thinking about expatriation these days, it is important to consider the tax obligations that can go along with that exercise. For example, exit tax is one of the main deterrents for individuals wanting to expatriate or give up their green cards. It is critical to plan for expatriation and to consider strategies to reduce exit tax in order to avoid a potentially massive going away "present" from IRS. Exit tax is only imposed on covered expatriates. It is not a concern if you are a non-covered expatriate on the expatriation day.

To be considered a non-covered expat, individuals must meet one of the three tests, one of which is the Net Worth Test. Such test is met if the net worth on the day of expatriation does not exceed $2 million. For wealthy individuals, this can be a difficult test to meet. However, an often-effective strategy is for the individual wanting to expatriate is to gift assets to their spouse in order to bring the value of total assets below the $2 million threshold.

Note that while interspousal gifts are unlimited and not subject to gift tax, this doesn't apply when gifting is to a non-U.S. citizen spouse. In this case, a U.S. donor spouse will want to apply the Unified Credit to eliminate gift tax. The gift must also take place in the year before expatriation as the credit is not available in the year of expatriation. The Unified Credit eligibility must also be accompanied by certain elections and additional reporting on the U.S. income tax return.

There is a number of other tax strategies, including an election by non-U.S. citizen spouse to be treated as citizen for one year. Talk to your advisor if you're planning to expatriate to ensure you take the least expensive route.

Tax implications of working remotely for a U.S. employer

The year 2020 has seen a social "revolution" with regard to how we work. For many employees, the daily commute to the office has become a thing of the past, replaced with a home office substitute. It is unknown whether this change will be adopted on a permanent basis, post pandemic. If it does, then we project that the Canadian labour market may see a further shortage of qualified professionals who are being lured by more progressive U.S. employers with better pay and better technology while saving on immigration costs and office space for employees working from their home offices in Canada.

If you or your family member is already one of these employees, remember that there are a multitude of cross-border implications including employment law, payroll reporting and remittances, income taxes, Social Security taxes, etc. Unfortunately, many employers and employees misunderstand or naively assume that there are no significant differences in requirements between the two countries and experience a rude awakening.

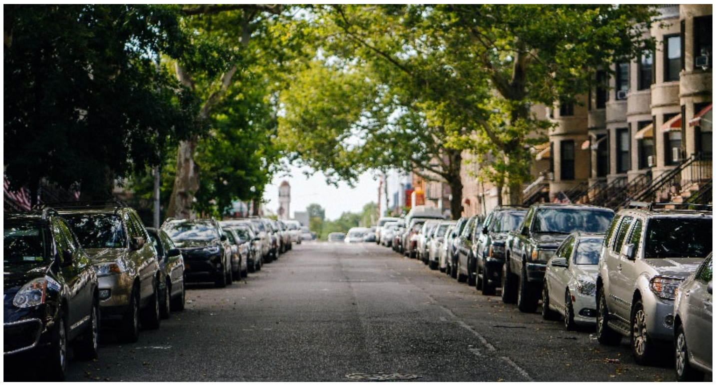
There are several options available on how to manage the employer and employee risks on both sides of the border. We would be happy to discuss it with you…before it is too late, and problems and penalties can no longer be prevented.

U.S. disclosures for Canadian owners of U.S. LLC.

As of the 2018 taxation year, Canadian owners of U.S. LLCs are required to report the LLC's transactions to IRS. While a single-member LLC isn't required to file a U.S. income tax return if there is no income generated by the LLC, most distributions from and contributions to a foreign-owned LLC are now reportable on Form 5472, *Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*.

Again, while the foreign-owned LLC is disregarded for U.S income tax purposes, it is regarded as a separate corporation for the transactions with the owner and thus is required to file a pro forma Form 1120, *U.S. Corporation Income Tax Return,* with Form 5472 attached and must have an employer identification number (EIN) in order to do so. The pro forma Form 1120 requires only the name and address of the foreign-owned LLC, its EIN and the date of the LLC's formation, with "Foreign-owned U.S. DE" written across the top of Form 1120. Form 1120, with Form 5472 attached, must be mailed or faxed to IRS and is due by the 15th day of the fourth month after the end of the reporting entity's tax year.

The $25,000 penalty for failure to file, properly file and/or maintain books and records of is automatic and very difficult to abate.



Temporary changes to the automobile standby charge

On December 21, 2020, the Department of Finance announced temporary adjustments to the automobile standby charge for the 2020 and 2021 taxation years. The changes are intended to account for the fact that…well…people are using their automobiles much less for business purposes these days.

The standby charge reflects the benefit to employees for having an employer-provided vehicle where operating costs are covered by the employer (i.e. insurance, gas, maintenance) and the vehicle is available for personal use. Some employees are eligible for a reduced standby charge, which uses an adjustment factor for annual personal use.

Due to COVID-19 related lockdowns and substantially decreased business activity, employees who have an employer-provided car quite possibly used it more for personal rather than business reasons in 2020, making them ineligible for the reduced standby charge. And who knows how 2021 will go?

With the temporary change, 2019 automobile usage can be used to determine whether the vehicle was driven primarily for business in order to remain eligible for the reduced standby charge. To be eligible, employees must:

- Have been provided a vehicle by the same employer in 2019, 2020 and 2021
- Be required by the employer to use the vehicle for business purposes
- Use the vehicle for business purposes more than 50% of the time
- Not exceed 1,667 kilometres per 30-day period (for a total of 20,004 a year) for personal use.

The temporary change may also affect the calculation of the operating cost benefit for individuals with an employer-provided vehicle. For more information, see the backgrounder provided.

2020 CRA tax credits available: subscriptions to digital news and beyond

In an effort to help out news agencies and encourage Canadians to subscribe to digital news outlets, in 2020 CRA introduced the Digital News Subscription Tax Credit (DNSTC). If you have a subscription to a qualified Canadian journalism organization (QCJO), you could be eligible for a tax credit of up to $75 in 2021 if you spent $500 on qualifying subscriptions in 2020. This tax credit is available until 2024 and only digital subscriptions qualify. More than one person in a household can claim the DNSTC in a year, but the claiming parties will have to split the credit and the subscription expense cannot exceed $500.

The Canada training credit (CTB) is a new refundable tax credit intended to assist Canadians in upgrading their existing jobs skills and re-train for the new ones. Eligible workers can annually claim $250 and up to a lifetime limit of $5,000. The eligibility is based on several criteria, including Canadian residency, age, annual income, and tax compliance with CRA. The CTB can be used to refund up to half of the costs of training fees at post-secondary educational institutions that provide occupational skills training. The CTB claimed on the tax return reduces the tuition tax credit, transfer to a designated individual or a carryforward amount.

The Home Buyers' Plan (HBP) in the form of a tax-free loan taken against RRSP holdings by the first-time home buyers has increased from $25,000 to $35,000. In addition, HBP is now available to former spouses who experience a breakdown in their marriage or common-law partnership for as long as they meet other criteria for this program.

CANADA NUMBERS AT A GLANCE

2020 COMBINED FEDERAL AND ONTARIO PERSONAL TAX RATES

Taxable Income $	Salary/Interest %	Capital Gain	Eligible Dividends	Non-Eligible Dividends
First 44,740	20.05	10.03	-6.86	9.24
44,740 - 48,535	24.15	12.08	-1.20	13.95
48,535 - 78,783	29.65	14.83	6.39	20.28
78,783 - 89,482	31.48	15.74	8.92	22.38
89,482 - 92,825	33.89	16.95	12.24	25.16
92,825 – 97,069	37.91	18.95	17.79	29.78
97,069 – 150,000	43.41	21.70	25.38	36.10
150,000 - 150,473	44.97	22.48	27.53	37.90
150,473 - 214,368	48.19	24.09	31.97	41.60
214,368 - 220,000	51.97	25.98	37.19	45.95
over 220,000	53.53	26.76	39.34	47.74

2020 COMBINED TOP AND MARGINAL PERSONAL TAX RATES

Province	Taxable Income $	Salary/Interest %	Capital Gain	Eligible Dividends	Non-Eligible Dividends
British Columbia	220,00	53.50	26.75	36.54	48.89
Alberta	314,928	48.00	24.00	31.71	42.31
Saskatechewan	214,368	47.50	23.75	29.64	40.37
Manitoba	214,368	50.40	25.20	37.78	46.67
Ontario	220,000	53.53	26.76	39.34	47.74
Quebec	214,368	53.31	26.65	40.10	47.14
New Brunswick	214,368	53.30	26.65	33.51	47.75
Nova Scotia	214,368	54.00	27.00	41.58	48.28
Prince Edward Island	214,368	51.37	25.69	34.22	45.22
Newfoundland	214,368	51.30	25.65	42.61	44.59

TAX FREE SAVINGS ACCOUNT (TFSA) CONTRIBUTION LIMIT

Years	Contribution Limit $/ Year	Total
2009 - 2012	5,000/year	20,000
2013 - 2014	5,500/year	11,000
2015	10,000	10,000
2016 - 2018	5,500/year	16,500
2019 - 2021	6,000/year	18,000
		75,500

REGISTERED RETIREMENT SAVINGS PLAN (RRSP) CONTRIBUTION LIMIT

Years	Contribution Room $/Year	Earned Income Required in Prior Year (18%)
2015	24,930	138,500
2016	25,370	140,944
2017	26,010	144.500
2018	26,230	145,722
2019	26,500	147,222
2020	27,230	151,278
2021	27,830	154,611

Source: Taxtips.ca

U.S. NUMBERS AT A GLANCE

2020 FEDERAL ORDINARY INCOME TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
10%	0 - 9,875	0 - 14,100	0 - 19,750	0 - 9,875
12%	9,876 – 40,125	14,101 – 53,7000	19,751 - 80,250	9,876 – 40,125
22%	40,126 - 85,525	53,701 - 85,500	80,251 - 171,050	40,126 - 85,525
24%	85,526 - 163,300	85,501 - 163,300	171,051 - 326,600	85,526 - 163,300
32%	163,301 - 207,350	163,301 - 207,350	326,601 - 414,700	163,301 - 207,350
35%	207,351 - 518,400	207,351 - 518,400	414,701 - 622,050	207,351 - 518,400
37%	518,401 or more	518,401 or more	622,051 or more	518,401 or more

2020 LONG TERM CAPITAL GAINS TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
0%	0 - 39,999	0 – 53,599	0 - 79,999	0 - 39,999
15%	40,000 - 441,449	53,600 - 469,049	80,000 - 496,599	40,000 - 441,449
20%	441,450 or more	469,050 or more	496,600 or more	441,450 or more

2021 FEDERAL ORDINARY INCOME TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
10%	0 - 9,950	0 - 14,200	0 - 19,900	0 - 9,950
12%	9,951 - 40,525	14,201 - 54,200	19,901 - 81,050	9,951 - 40,525
22%	40,526 - 86,375	54,201 - 86,350	81,051 - 172,750	40,526 - 86,375
24%	86,376 – 164,925	86,351 - 164,900	172,751 - 329,850	86,376 – 164,925
32%	164,926 - 209,425	164,901 - 209,400	329,851 - 418,850	164,926 - 209,425
35%	209,426 - 523,600	209,401 - 523,600	418,851 - 628,300	209,426 - 523,600
37%	523,601 or more	523,601 or more	628,301 or more	523,601 or more

2021 LONG TERM CAPITAL GAINS TAX RATES

Tax Rate %	Single $	Head of Household $	Married Filing Jointly or Qualifying Widow	Married Filing Separately
0%	0 - 40,399	0 - 54,099	0 - 80,799	0 - 40,399
15%	40,400 - 445,849	54,100 - 473,749	80,800 - 501,599	40,400 - 445,849
20%	445,850 or more	473,750 or more	501,600 or more	445,850 or more

Short-term capital gains are taxed at Ordinary Rates, above

Source: Taxfoundation.org

U.S. - CANADA

CROSSBORDER TAX

HANSON
Crossborder Tax Inc.

WHERE COMPLEXITY
MEETS CLARITY

MEETINGS BY APPOINTMENT ONLY

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