

On December 14, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, released the Economic and Fiscal Update 2021.

Below are some highlights of certain tax measures included in the Economic and Fiscal Update 2021.

Small Businesses Air Quality Improvement Tax Credit

The government proposes a refundable Small Businesses Air Quality Improvement Tax Credit of 25 per cent on eligible air quality improvement expenses incurred by small businesses to make it more affordable for them to invest in safer and healthier ventilation and air filtration. Businesses would receive the credit on eligible expenses incurred between September 1, 2021, and December 31, 2022, related to the purchase or upgrade of mechanical heating, ventilation, and air conditioning (HVAC) systems and the purchase of standalone devices designed to filter air using high efficiency particulate air (HEPA) filters, up to a maximum of \$10,000 per location and \$50,000 in total.

Extending the Canada Recovery Caregiving Benefit and the Canada Recovery Sickness Benefit

The government has introduced legislation to extend the caregiving and sickness benefit until May 7, 2022, and increase the maximum duration of benefits by two weeks. This would extend the caregiving benefit from 42 weeks to 44 weeks and the sickness benefit from four weeks to six weeks.

The government is also proposing the flexibility to extend the Canada Recovery Caregiving Benefit and the Canada Recovery Sickness Benefit until July 2, 2022, should public health considerations warrant it.

The Canada Worker Lockdown Benefit

The proposed Canada Worker Lockdown Benefit will provide income support at a rate of \$300 per week to workers whose employment is interrupted as a result of a specific government-imposed public health lockdown and who are unable to work due to such restrictions. The benefit would be available until May 7, 2022, with retroactive application to October 24, 2021, should the situation warrant it.

The government is also proposing the flexibility to extend the Canada Worker Lockdown Benefit until July 2, 2022, should public health considerations warrant it.

Enhancing the Home Office Expense Deduction

As workplaces around the country continue to grapple with the return to the office, many Canadians continue to work from home for all or part of their jobs.

To continue to support Canadians working from home due to the pandemic, the government will extend the simplified rules for deducting home office expenses and increase the temporary flat rate to \$500 annually. These rules will apply to the 2021 and 2022 tax years.

Enhancing Support for Teachers

To support teachers and early childhood educators in Canada, the government proposes to expand and enrich the Eligible Educator School Supply Tax Credit to allow them to claim a refundable tax credit worth 25 per cent (up from 15 per cent) of up to \$1,000, and to ensure that purchased supplies may be eligible no matter where they are used.

The government also proposes to expand the list of eligible teaching supplies to include electronic devices such as graphing calculators, digital timers, and tools for remote learning.

Extending Credit Support for Businesses

The Highly Affected Sectors Credit Availability Program has been providing government-guaranteed, low-interest loans of up to \$1 million to organizations that have seen significant revenue losses as a result of the pandemic.

To ensure that businesses continue to have access to the credit they need to maintain their operations and invest in their recovery, the government is extending the Highly Affected Sectors Credit Availability Program to March 31, 2022. This program was set to expire on December 31, 2021.

If you would like to review the full Economic and Fiscal Update 2021 document, [click on the link](#).