



presents

Income Tax Preparation for Sole Proprietors & Partnerships

Present by Carey McMaster



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Agenda

Reporting Business Income

Reporting Costs of Goods Sold

Reporting Business Expenses

Calculating Business-Use-of-Home Expenses

Calculating Capital Cost Allowance (CCA)

Calculating Motor Vehicle Expenses

Sources of Income

Business	Professional	Farming	Fishing
Product/Service Trades Manufacturing Day Care Commission Sales	Medical Doctor Dentist Lawyer Accountant Veterinarian Chiropractor	Livestock/Poultry Tree Farming Fruit Growing Bee Keeping Market Gardening Nursery/Greenhouse Hydroponics Feedlot	Fish Shellfish Crustaceans Marine Animals
Form T2125	Form T2125	Form T2042	Form T2121

Reporting Income on T1 General Income Tax and Benefit Return

Self-employment income (see Guide T4002):

Business income	Gross	13499			Net	13500			20
Professional income	Gross	13699			Net	13700	+		21
Commission income	Gross	13899			Net	13900	+		22
Farming income	Gross	14099			Net	14100	+		23
Fishing income	Gross	14299			Net	14300	+		24
Add lines 20 to 24.		Net self-employment income			=		+		25

Gross & Net
Income ONLY

Step 2 – Total income

As a resident of Canada, you need to report your income from all sources inside and outside Canada.

Employment income (box 14 of all T4 slips)	10100			1				
Tax-exempt income for emergency services volunteers (see line 10100 of the guide)	10105							
Commissions included on line 10100 (box 42 of all T4 slips)	10120							
Wage-loss replacement contributions (see line 10100 of the guide)	10130							
Other employment income (see line 10400 of the guide)	10400	+		2				
Old age security (OAS) pension (box 18 of the T4A(OAS) slip)	11300	+		3				
CPP or QPP benefits (box 20 of the T4A(P) slip)	11400	+		4				
Disability benefits included on line 11400 (box 16 of the T4A(P) slip)	11410							
Other pensions and superannuation (see line 11500 of the guide and line 31400 of the return)	11500	+		5				
	11600	+		6				
	11700	+		7				
	11900	+		8				
	12000	+		9				
	12100	+		10				
	12200	+		11				
	12500	+		12				
	12600	+		13				
	12700	+		14				
Support payments received (see Guide P102) Total	12799			15				
Registered retirement savings plan (RRSP) income (from all T4RSP slips)	12900	+		16				
Other income (specify)	13000	+		17				
Taxable scholarships, fellowships, bursaries, and artists' project grants	13010	+		18				
Add lines 1 to 18.		=		19				
Self-employment income (see Guide T4002):								
Business income	Gross	13499		Net	13500			20
Professional income	Gross	13699		Net	13700	+		21
Commission income	Gross	13899		Net	13900	+		22
Farming income	Gross	14099		Net	14100	+		23
Fishing income	Gross	14299		Net	14300	+		24
Add lines 20 to 24.	Net self-employment income			=		+		25
Line 19 plus line 25				=				26
Workers' compensation benefits (box 10 of the T5007 slip)	14400							27
Social assistance payments	14500	+						28
Net federal supplements paid (box 21 of the T4A(OAS) slip)	14600	+						29
Add lines 27 to 29 (see line 25000 in Step 4).	14700	=			+			30
Line 26 plus line 30	Total income			=	15000			31

Statement of Business Activities

T2125 Statement of Business or Professional Activities

For best results, download and open this form in [Adobe Reader](#). See [General information](#) for details.

You can **view** this form in:

PDF [t2125-21e.pdf](#)

PDF fillable/saveable [t2125-fill-21e.pdf](#)

Last update: 2022-02-25

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t2125.html>

CRA Guide for Completing Income Reporting Forms



Canada Revenue
Agency

Agence du revenu
du Canada

Self-employed Business, Professional, Commission, Farming, and Fishing Income

2020

<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4002.html>

Reporting Self-employment Income

2021

JANUARY

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

NOVEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Part 1 - Identification

Part 1 – Identification									
Your name							Your social insurance number		
Business name							Business number		
Business address					City		Prov./Terr.	Postal code	
Fiscal period	From	Date (YYYYMMDD)		to	Date (YYYYMMDD)		Was this your last year of business? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Main product or service						Industry code (see the appendix in Guide T4002)			
Accounting method (commission only)		<input type="checkbox"/> Cash <input type="checkbox"/> Accrual		Tax shelter identification number		Partnership business number		Your percentage of the partnership %	
Name and address of person or firm preparing this form									

Part 2 – Internet Business Activities

Part 2 – Internet business activities

If your web pages or websites generate business or professional income, fill in this part of the form.

How many Internet web pages and websites does your business earn income from? Enter "0" if none

Provide up to five main web page or website addresses, also known as uniform resource locator (URL):

http://

http://

http://

http://

http://

Percentage of your gross income generated from the web pages and websites.

(If no income was generated from the Internet, enter "0".) %

A collage of various Canadian banknotes, including a red 20-dollar note, a purple 10-dollar note, a green 20-dollar note, and an orange 50-dollar note, overlapping each other. The text is overlaid on this background.

Reporting Business Income

Reporting Costs of Goods Sold

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Calculating Capital Cost Allowance (CCA)

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2021 Revenue

Period	Sales	HST	Returns	Allowances	Discounts
Q1	\$10,000.00	\$1,300.00	value of the merchandise customers bring back after purchase	amount you give to dissatisfied customers	deduction from the usual cost of something
Q2	\$ 8,000.00	\$1,040.00			
Q3	\$12,000.00	\$1,560.00			
Q4	\$15,000.00	\$1,950.00			
YTD	\$45,000.00	\$5,850.00			

Part 3A – Business Income

-  For business, professional, and commission income use Form T2125
-  For farming income use Form T2042
-  For fishing income use Form T2121

Part 3A – Business income	
Gross sales, commissions, or fees (include GST/HST collected or collectible)	50,850.00 3A
GST/HST, provincial sales tax, returns, allowances, discounts, and GST/HST adjustments (included in amount 3A)	5,850.00 3B
Subtotal: Amount 3A minus amount 3B	45,000.00 3C
If you are using the quick method for GST/HST, your calculation is as follows:	
GST/HST collected or collectible multiplied by the applicable quick method remittance rate	3D
GST/HST collected or collectible multiplied by the applicable quick method remittance rate	3E
Subtotal: Amount 3D minus amount 3E	3F
Adjusted gross sales: Amount 3C plus amount 3F (enter on line 8000 of Part 3C)	45,000.00 3G

Part 3C – Gross Business or Professional Income

Part 3C – Gross business or professional income

Adjusted gross sales (amount 3G) or adjusted professional fees (amount 3O)	8000	45,000
Reserves deducted last year ... (see page 56 for “Allowable Reserves”)	8290	
Other income (specify)*: (grants, recovered bad debt, prizes, etc.	8230	
Subtotal: Line 8290 plus line 8230		3P
Gross business or professional income: Line 8000 plus amount 3P	8299	45,000

Report the gross business or professional income from line 8299 on the applicable line of your income tax and benefit return as indicated below:

- business income on line 13499
- professional income on line 13699
- commission income on line 13899

* You may have received assistance from COVID-related measures from the federal, provincial or territorial governments. For more information, go to canada.ca/cra-coronavirus.

Reporting Income on T1 General Income Tax and Benefit Return

Self-employment income (see Guide T4002):

Business income	Gross	13499	45,000.00	Net	13500	20
Professional income	Gross	13699		Net	13700 +	21
Commission income	Gross	13899		Net	13900 +	22
Farming income	Gross	14099		Net	14100 +	23
Fishing income	Gross	14299		Net	14300 +	24
Add lines 20 to 24.		Net self-employment income		=		25

Gross & Net
Income ONLY

Step 2 – Total income

As a resident of Canada, you need to report your income from all sources inside and outside Canada.

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Commissions included on line 10100 (box 42 of all T4 slips)	10120	
Wage-loss replacement contributions (see line 10100 of the guide)	10130	
Other employment income (see line 10400 of the guide)	10400 +	2
Old age security (OAS) pension (box 18 of the T4A(OAS) slip)	11300 +	3
CPP or QPP benefits (box 20 of the T4A(P) slip)	11400 +	4
Disability benefits included on line 11400 (box 16 of the T4A(P) slip)	11410	
Other pensions and superannuation (see line 11500 of the guide and line 31400 of the return)	11500 +	5
	11600 +	6
	11700 +	7
	11900 +	8
	12000 +	9
	12100 +	10
	12200 +	11
	12500 +	12
	12600 +	13
	12700 +	14
Support payments received (see Guide P102) Total	12799	15
Registered retirement savings plan (RRSP) income (from all T4RSP slips)	12900 +	16
Other income (specify)	13000 +	17
Taxable scholarships, fellowships, bursaries, and artists' project grants	13010 +	18
Add lines 1 to 18.	=	19
Self-employment income (see Guide T4002):		
Business income	Gross 13499	Net 13500 20
Professional income	Gross 13699	Net 13700 + 21
Commission income	Gross 13899	Net 13900 + 22
Farming income	Gross 14099	Net 14100 + 23
Fishing income	Gross 14299	Net 14300 + 24
Add lines 20 to 24.	Net self-employment income	= 25
Line 19 plus line 25	=	26
Workers' compensation benefits (box 10 of the T5007 slip)	14400	27
Social assistance payments	14500 +	28
Net federal supplements paid (box 21 of the T4A(OAS) slip)	14600 +	29
Add lines 27 to 29 (see line 25000 in Step 4).	14700 =	30
Line 26 plus line 30	Total income	15000 = 31

Parts 3D, 4 & 5

For Parts 3D, 4 and 5, if GST/HST has been remitted or an input tax credit has been claimed (HST/GST REPORTING), **do not include GST/HST** when you calculate the cost of goods sold, expenses or net income/loss.

GST – Good & Services Tax

HST – Harmonized Sales Tax



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Part 3D – Costs of Goods Sold and Gross Profit

1. **Completed** 2. **When completed**

Part 3D – Cost of goods sold and gross profit

If you have business income, fill in this part. Enter only the business part of the costs.

Gross business income (line 8299 of Part 3C)						45,000	3Q
Opening inventory (include raw materials, goods in process, and finished goods)	8300	0,00	3R				
Purchases during the year (net of returns, allowances, and discounts)	8320	50,000	3S				
Direct wage costs	8340		3T				
Subcontracts	8360		3U				
Other costs	8450		3V				
		50,000	3W				
Subtotal: Add amounts 3R to 3V							
Closing inventory (include raw materials, goods in process, and finished goods)	8500	22,500					
Cost of goods sold: Amount 3W minus line 8500							
	8518	27,500				27,500	
Gross profit (or loss): Amount 3Q minus line 8518							
					8519	17,500	



Reporting Business Income

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Part 4 – Net Income (Loss) Before Adjustments

Part 4 – Net income (loss) before adjustments			4A
Gross business or professional income (line 8299 of Part 3C) or Gross profit (line 8519 of Part 3D)			
Expenses (enter only the business part)			
Advertising	8521		4B
Meals and entertainment	8523		4C
Bad debts	8590		4D
Insurance	8690		4E
Interest and bank charges	8710		4F
Business taxes, licences, and memberships	8760		4G
Office expenses	8810		4H
Office stationery and supplies	8811		4I
Professional fees (includes legal and accounting fees)	8860		4J
Management and administration fees	8871		4K
Rent	8910		4L
Repairs and maintenance	8960		4M
Salaries, wages, and benefits (including employer's contributions)	9060		4N
Property taxes	9180		4O
Travel expenses	9200		4P
Utilities	9220		4Q
Fuel costs (except for motor vehicles)	9224		4R
Delivery, freight, and express	9275		4S
Motor vehicle expenses (not including CCA) (amount 16 of Chart A)	9281		4T
Capital cost allowance (CCA). Enter amount i of Area A minus any personal part and any CCA for business-use-of-home expenses	9936		4U
Other expenses (specify):	9270		4V
Total expenses: Total of amounts 4B to 4V			9368
Net income (loss) before adjustments: Amount 4A minus line 9368			9369

Part 5 – Your Net Income (Loss)

Part 5 – Your net income (loss)

Your share of line 9369 or the amount from your T5013 slip, Statement of Partnership Income

5A

GST/HST rebate for partners received in the year

9974

Total: Amount 5A plus line 9974



5B

Other amounts deductible from your share of net partnership income (loss) (amount 6F)

9943

Net income (loss) after adjustments: Amount 5B **minus** line 9943

5C

Business-use-of-home expenses (amount 7P)

9945

Your net income (loss): Amount 5C **minus** line 9945

9946

Report the net income amount from line 9946 on the applicable line of your income tax and benefit return as indicated below:

- business income on line 13500
- professional income on line 13700
- commission income on line 13900

Part 6 – Other Amounts ...

Part 6 – Other amounts deductible from your share of net partnership income (loss)

Claim expenses you incurred that were not included in the partnership statement of income and expenses, and for which the partnership did not reimburse you. These claims must not be included in the claims already calculated for the partnership.

List details of expenses:

Expense amounts

	6A
	6B
	6C
	6D
	6E
Total other amounts deductible from your share of the net partnership income (loss): Add amounts 6A to 6E (enter this on line 9943 of Part 5)	6F



Reporting Business Income

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Reporting Business Expenses

Calculating Business-Use-of-Home Expenses

Calculating Capital Cost Allowance (CCA)

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Part 7 – Calculating Business-Use-of- Home Expenses

Part 7 – Calculating business-use-of-home expenses	
Heat	1,995.94 7A
Electricity	2,150.15 7B
Insurance	2,633.04 7C
Maintenance	7D
Mortgage interest	3,588.28 7E
Property taxes	3,053.74 7F
Other expenses (specify):	7G
Subtotal: Add amounts 7A to 7G	13,421.15 7H
Personal-use part of the business-use-of-home expenses	11,743.51 7I
Subtotal: Amount 7H minus amount 7I	1,677.64 7J
Capital cost allowance (business part only), which means amount i of Area A minus any portion of CCA that is for personal use or entered on line 9936 of Part 4	7K
Amount carried forward from previous year	7L
Subtotal: Add amounts 7J to 7L	7M
Net income (loss) after adjustments (amount 5C) (if negative, enter "0").	7N
Business-use-of-home expenses available to carry forward: Amount 7M minus amount 7N (if negative, enter "0")	7O
Allowable claim: Amount 7M or 7N above, whichever is less (enter your share of this amount on line 9945 of Part 5)	1,677.64 7P



Reporting Business Income

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Capital Cost Allowance

You might acquire a depreciable property, such as a building, furniture, or equipment, to use in your self-employment activities.

The CCA you can claim depends on the type of property you own or purchase.

See pages 66 and 67 of T4002(E) Rev. 20 if you have farming and/or fishing capital items such as land, boat, farm equipment.

Commonly used CCA classes

Class	Rate (%)	Brief description
1	4	Most buildings you bought after 1987.
8	20	Property that you use in your business that is not included in another class.
10	30	Motor vehicles and some passenger vehicles.
10.1	30	A passenger vehicle not included in Class 10.
12	100	Tools, medical and dental instruments and kitchen utensils, acquired for less than \$500. (If \$500 or more, include the cost in Class 8)
50	55	General-purpose electronic data-processing equipment (commonly called computer hardware) and systems software for that equipment.

Calculation of Capital Cost Allowance

Area A – Calculation of capital cost allowance (CCA) claim

1 Class number	2 Undepreciated capital cost (UCC) at the start of the year	3 Cost of additions in the year (see Areas B and C below)	4 Cost of additions from column 3 which are AIIPIs or ZEVs (property must be available for use in the year) Note 1	5 Proceeds of dispositions in the year (see Areas D and E below)	6* UCC after additions and dispositions (col. 2 plus col. 3 minus col. 5)	7 Proceeds of dispositions available to reduce additions of AIIPIs and ZEVs (col. 5 minus col. 3 plus col. 4). If negative, enter "0" Note 2	8 UCC adjustment for current-year additions of AIIPIs and ZEVs (col. 4 minus col. 7) multiplied by the relevant factor. If negative, enter "0" Note 3	9 Adjustment for current-year additions subject to the half-year rule. 1/2 multiplied by (col. 3 minus col. 4 minus col. 5). If negative, enter "0"	10 Base amount for CCA (col. 6 plus col. 8 minus col. 9)	11 CCA rate %	12 CCA for the year (col. 10 multiplied by col. 11 or a lower amount)	13 UCC at the end of the year (col. 6 minus col. 12)
10	N/A	8,000.00			8,000.00			4,000.00	4,000.00	30	1,200.00	6,800.00

Area A – Calculation of capital cost allowance (CCA) claim

1 Class number	2 Undepreciated capital cost (UCC) at the start of the year	3 Cost of additions in the year (see Areas B and C below)	4 Cost of additions from column 3 which are AIIPIs or ZEVs (property must be available for use in the year) Note 1	5 Proceeds of dispositions in the year (see Areas D and E below)	6* UCC after additions and dispositions (col. 2 plus col. 3 minus col. 5)	7 Proceeds of dispositions available to reduce additions of AIIPIs and ZEVs (col. 5 minus col. 3 plus col. 4). If negative, enter "0" Note 2	8 UCC adjustment for current-year additions of AIIPIs and ZEVs (col. 4 minus col. 7) multiplied by the relevant factor. If negative, enter "0" Note 3	9 Adjustment for current-year additions subject to the half-year rule. 1/2 multiplied by (col. 3 minus col. 4 minus col. 5). If negative, enter "0"	10 Base amount for CCA (col. 6 plus col. 8 minus col. 9)	11 CCA rate %	12 CCA for the year (col. 10 multiplied by col. 11 or a lower amount)	13 UCC at the end of the year (col. 6 minus col. 12)
10	6,800.00								6,800.00	30	2,040.00	4,760.00

Note 2: The proceeds of disposition of a ZEPV that has been included in Class 54 and that is subject to the \$55,000 capital cost limit will be adjusted based on a factor equal to the capital cost limit of \$55,000 as a proportion of the actual cost of the vehicle. For dispositions after July 29, 2019, you will have to adjust the actual cost of the vehicle for any payments or repayments of government assistance that you may have received or repaid in respect of the vehicle. For more information on proceeds of disposition, read "Class 54 (30%)" in Guide T4002.

Note 3: The relevant factors for properties available for use before 2024 are 2 1/3 (Classes 43.1, 54 and 56), 1 1/2 (Class 55), 1 (Classes 43.2 and 53), 0 (Classes 12, 13, 14 and 15) and 1/2 for the remaining AIIPIs.

For more information on AIIPIs, see Guide T4002 or go to canada.ca/taxes-accelerated-investment-income.

Area B – Equipment additions in the year

1 Class number	2 Property description	3 Total cost	4 Personal part (if applicable)	5 Business part (column 3 minus column 4)
10	Work Trailer	8,000.00		8,000.00
Total equipment additions in the year: Total of column 5		9925		8,000.00

Capital Cost Allowance – “NEW RULES”

- **Accelerated Investment Incentive** – Providing an enhanced first-year allowance for certain eligible property that is subject to the CAA rules
 - applying the prescribed CCA rate for a class **to up to one-and-a-half times** the net addition to the class for the year
 - suspending the existing CCA half-year rule
- **Full Expensing for Manufacturers and Processors** – immediate write off the full cost of machinery and equipment used for the manufacturing or processing of goods (class 53).
- **Full Expensing for Clean Energy Investments** – immediate write off the full cost of specified clean energy equipment (classes 43.1 & 43.2).

For more information on AIIP, go to canada.ca – Accelerated Investment Incentive

CAA— Old Rules vs New Example

Old Rules

Example: Purchased a work trailer for \$8,000, you can deduct 15% in the first year (\$1,200). The following year, you are allowed to deduct 30% of the reducing balance (\$2,040).

Computation:

Year 1: $\$8,000 \times 1/2 \times 30\% = \$1,200$

Year 2: $(\$8,000 - \$1,200) \times 30\% = \$2,040$

Total deductions = \$3,240

New Rules

Example: You purchase a trailer for \$8,000. In the first year, you can deduct up to \$3,600 (45%) and then 30% of the reducing balance (\$1,320) in the second year.

Computation:

Year 1: $\$8,000 \times 45\% = \$3,600$

Year 2: $(\$8,000 - \$3,600) \times 30\% = \$1,320$

Total deductions = \$4,920

CAA– Old Rules vs New Example

Computer Purchase: \$2,000
Class: 50 CCA Rate: 55%



Computation – OLD Rules

Year 1

$$\$1,500 \times .5 \times 55\% = \$412.50$$

Year 2

$$(\$1,500 - \$412.50) \times 55\% = \$598.13$$

Total Deductions: \$1,010.63

Computation – NEW Rules

Year 1

$$\$1,500 \times 55\% \times 1.5 = \$1,237.50$$

Year 2

$$(\$1,500 - \$1,237.50) \times 55\% = \$144.38$$

Total Deductions: \$1,381.88

Part 4 – Net Income (Loss) Before Adjustments

Part 4 – Net income (loss) before adjustments			4A
Gross business or professional income (line 8299 of Part 3C) or Gross profit (line 8519 of Part 3D)			
Expenses (enter only the business part)			
Advertising	8521		4B
Meals and entertainment	8523		4C
Bad debts	8590		4D
Insurance	8690		4E
Interest and bank charges	8710		4F
Business taxes, licences, and memberships	8760		4G
Office expenses	8810		4H
Office stationery and supplies	8811		4I
Professional fees (includes legal and accounting fees)	8860		4J
Management and administration fees	8871		4K
Rent	8910		4L
Repairs and maintenance	8960		4M
Salaries, wages, and benefits (including employer's contributions)	9060		4N
Property taxes	9180		4O
Travel expenses	9200		4P
Utilities	9220		4Q
Fuel costs (except for motor vehicles)	9224		4R
Delivery, freight, and express	9275		4S
Motor vehicle expenses (not including CCA) (amount 16 of Chart A)	9281		4T
Capital cost allowance (CCA). Enter amount i of Area A minus any personal part and any CCA for business-use-of-home expenses	9936		4U
Other expenses (specify):	9270		4V
Total expenses: Total of amounts 4B to 4V			9368
Net income (loss) before adjustments: Amount 4A minus line 9368			9369

A collage of various Canadian banknotes, including a red 20 dollar note, a purple 10 dollar note, a green 20 dollar note, and an orange 50 dollar note, overlapping each other. The text is overlaid on this background.

Reporting Business Income

Reporting Costs of Goods Sold

Reporting Business Expenses

Calculating Business-Use-of-Home Expenses

Calculating Capital Cost Allowance (CCA)

Calculating Motor Vehicle Expenses

Chart A – Motor Vehicle Expenses

Chart A – Motor vehicle expenses

Kilometres you drove in the fiscal period that was part of earning business income	20,000	1
Total kilometres you drove in the fiscal period	25,000	2
Fuel and oil	2,000.00	3
Interest (use Chart B below)	2,200.00	4
Insurance	1,900.00	5
Licence and registration	60.00	6
Maintenance and repairs		7
Leasing (use Chart C below)		8
Electricity for zero-emission vehicles		9
Other expenses (specify):		10
.....		11
Total motor vehicle expenses: Add amounts 3 to 11	7,160.00	12
Business use part: $\left(\frac{\text{amount 1: } 20,000}{\text{amount 2: } 25,000} \right) \times \text{amount 12: } 7,160.00 = 5,728.00$		
Business parking fees		14
Supplementary business insurance		15
Allowable motor vehicle expenses: Add amounts 13, 14, and 15 (enter this total on line 9281 of Part 4)	5,728.00	16

Note: You can claim CCA on motor vehicles in Area A.

Chart B / Chart C

Chart B – Available interest expense for passenger vehicles and zero-emission passenger vehicles

Total interest payable (accrual method) or paid (cash method) in the fiscal period				2,200,00	17
<u>\$10*</u> × the number of days in the fiscal period for which interest was payable (accrual method) or paid (cash method)		365	=	3,650,00	18
Available interest expense: Amount 17 or 18, whichever is less (include this in amount 4 of Chart A above)				2,200,00	19

* For passenger vehicles bought after 2000.

Chart C – Eligible leasing cost for passenger vehicles**

Total lease charges incurred in your current fiscal period for the vehicle					20
Total lease payments deducted before your current fiscal period for the vehicle					21
Total number of days the vehicle was leased in your current and previous fiscal periods					22
Manufacturer's list price					23
Use a GST rate of 5% or HST rate applicable to your province.					
Amount 23 or (\$35,294 + GST and PST, or HST on \$35,294), whichever is more	▶		× 85% =		24
$\frac{[(\$800 + \text{GST and PST, or } \$800 + \text{HST}) \times \text{amount 22}]}{30}$ ▶		– amount 21:		=	25
$\frac{[(\$30,000 + \text{GST and PST, or } \$30,000 + \text{HST}) \times \text{amount 20}]}{\text{amount 24}}$			=		26
Eligible leasing cost: Amount 25 or 26, whichever is less (enter in amount 8 of Chart A above)					27

** Includes a vehicle that would qualify as a zero-emission passenger vehicle if you owned it.

Part 4 – Net Income (Loss) Before Adjustments

Part 4 – Net income (loss) before adjustments			4A
Gross business or professional income (line 8299 of Part 3C) or Gross profit (line 8519 of Part 3D)			
Expenses (enter only the business part)			
Advertising	8521		4B
Meals and entertainment	8523		4C
Bad debts	8590		4D
Insurance	8690		4E
Interest and bank charges	8710		4F
Business taxes, licences, and memberships	8760		4G
Office expenses	8810		4H
Office stationery and supplies	8811		4I
Professional fees (includes legal and accounting fees)	8860		4J
Management and administration fees	8871		4K
Rent	8910		4L
Repairs and maintenance	8960		4M
Salaries, wages, and benefits (including employer's contributions)	9060		4N
Property taxes	9180		4O
Travel expenses	9200		4P
Utilities	9220		4Q
Fuel costs (except for motor vehicles)	9224		4R
Delivery, freight, and express	9275		4S
Motor vehicle expenses (not including CCA) (amount 16 of Chart A)	9281		4T
Capital cost allowance (CCA). Enter amount i of Area A minus any personal part and any CCA for business-use-of-home expenses	9936		4U
Other expenses (specify):	9270		4V
Total expenses: Total of amounts 4B to 4V		9368	
Net income (loss) before adjustments: Amount 4A minus line 9368		9369	

CRA Certified Remittance Software

Free or pay-what-you-want tax software

TurboTax Free for Android	2020, 2019, 2018	Mobile app	Intuit Canada
CloudTax	2020, 2019, 2018	Online	CloudTax Inc.
CloudTax for Android	2020, 2019, 2018	Mobile app	CloudTax Inc.
CloudTax for iPhone, iPad	2020, 2019, 2018	Mobile app	CloudTax Inc.
GenuTax Standard for Windows	2020, 2019, 2018, 2017	Desktop	GenuSource Consulting Inc.
H&R Block Online	2020, 2019, 2018, 2017	Online	H&R Block Canada Inc.
Wealthsimple Tax	2020, 2019, 2018, 2017	Online	SimpleTax Software Inc.
Wealthsimple Tax for iPhone, iPad	2020, 2019, 2018, 2017	Mobile app	SimpleTax Software Inc.
Wealthsimple Tax for Android	2020	Mobile app	SimpleTax Software Inc.
TurboTax Free	2020, 2019, 2018, 2017	Online	Intuit Canada
TaxTron for Web	2020, 2019, 2018	Online	Taxtron Inc.
TurboTax Free for Windows	2018, 2017	Desktop	Intuit Canada
TurboTax Free for iPhone, iPad	2020, 2019, 2018	Mobile app	Intuit Canada
StudioTax for iPhone, iPad	2020, 2019	Mobile app	BHOK It Consulting
StudioTax for Android	2020, 2019	Mobile app	BHOK It Consulting

CRA Websites & Telephone Numbers

Canada's COVID-19 Economic Response Plan	canada.ca/en/departement-finance/economic-response-plan
My Account	canada.ca/my-cra-account
E-services	canada.ca/cra-electronic-services
Questions and Answers on the Canada Recovery Benefit	www.canada.ca/en/services/benefits/ei/cewb-application/transition/questions
Frequently asked questions - Canada emergency wage subsidy (CEWS)	canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy/cews-frequently-asked-questions
Individual enquiries (Account specific questions about the Canada emergency response or recovery benefits and to get forms)	1-800-959-8281
Business enquiries (Information about COVID-19 benefits for Businesses, eligibility requirements, calculating the benefit, or how to apply)	1-800-959-5525
CRA's business subsidy payment arrangement line	1-833-615-2087
Service Canada - EI	1-800-206-7218

