

The graphic features a stylized white maple leaf on the left, with several curved white lines extending from its base towards the right, set against a dark grey background.

Northern Residents Deductions for 2019

The purpose of this information sheet is to provide you with general information about the northern residents deductions and answer some frequently asked questions.

What are the northern residents deductions?

The northern residents deductions consists of a residency deduction (for living costs) and a deduction for travel benefits.

These deductions provide relief to those who live in a prescribed zone and recognize that such individuals are often faced with a higher cost of living, environmental hardships, and limited access to services.

For more information about the northern residents deductions, go to canada.ca/taxes-northern-residents or call 1-800-959-8281.

What form should you use?

Use **Form T2222, Northern Residents Deductions for 2019**, to calculate your northern residents deductions. It also contains instructions to help you complete the form.

Can you claim the residency deduction?

You, and all the members in your household, can claim the residency deduction if you have lived in one or more **prescribed zones for a continuous period of at least 6 consecutive months**. That period can begin or end in the tax year for which a tax return is being filed.

If you lived in a **northern** zone, you can claim the basic amount of \$11 for each day that you lived in this zone.

If you lived in an **intermediate** zone, you can claim the basic amount of \$5.50 for each day that you lived in this zone.

You can claim an additional residency amount if you maintained and lived in a **dwelling** in the northern or intermediate zone during that time and you are the **only person** in your household claiming the basic residency amount.

A **dwelling** is a self-contained domestic establishment. Generally, this is a complete and separate living unit with a kitchen, bathroom, sleeping facilities, and its own private access. To help you determine if you lived in a dwelling in the prescribed zone, refer to Step 2 of the instruction sheet of Form T2222.

Example 1

Katie and her husband John moved from Vancouver, British Columbia to their new house in **Yellowknife, Northwest Territories** on March 15, 2019. Yellowknife, Northwest Territories is located in a prescribed **northern** zone based on the list available at canada.ca/taxes-northern-residents.

Katie and John **lived in the prescribed zone for a continuous period of at least 6 consecutive months** (March 15, 2019 to December 31, 2019 = 8.5 months [292 days]). Therefore, Katie and John are each entitled to claim the basic residency amount for 292 days in 2019. However, John does not need to claim the northern residents deductions for 2019 because he did not have taxable income in 2019.

Katie can claim \$11 for each day that she lived in Yellowknife (292 days) and an additional residency amount of \$11 per day because she maintained and lived in a house (which is considered a dwelling) during the 8.5 months and she is the only person in her household claiming the basic residency amount.

Katie will complete the “**Zone A**” section in Step 2 - Calculate your residency deduction of Form T2222.

Example 2

Assume the same facts as in Example 1, however Katie and John move to **Vanreana, Alberta** instead. Vanreana is located in a prescribed **intermediate** zone based on the list available at canada.ca/taxes-northern-residents. Therefore, Katie and John are each entitled to claim the basic residency amount for 292 days in 2019 as Katie and John **lived in a prescribed intermediate zone for a continuous period of at least 6 consecutive months**. Katie can claim \$5.50 for each day that she lived in Vanreana (292 days) and an additional residency amount of \$5.50 per day as she maintained and lived in a house (which is considered a dwelling) during the 8.5 months and she is the only person in her household claiming the basic residency amount. Katie will complete the “**Zone B**” section in Step 2 - Calculate your residency deduction of Form T2222.

Can you claim the deduction for travel benefits?

If you received travel assistance (such as airline tickets or a trip on the company owned plane) from your employer or a travel allowance or a lump-sum payment from your employer and you actually incurred expenses to travel for personal reasons, you can claim a deduction for travel benefits for that trip. You can only claim this deduction for a trip that you or your household members (who lived with you at the time of the trip) actually took for vacation, family or medical reasons and that started from a prescribed zone. You cannot claim this deduction for travel required by your employer or related to your employment.

Note

In addition to living in a prescribed northern or intermediate zone for at least 6 consecutive months, in order to claim the deduction for travel benefits, **you and your employer cannot be related and you must have included, in your income, the taxable travel benefit amount received** from your employment in the prescribed zone. Usually your employer includes this amount in box 32 or 33 of your T4 slip or in box 028 or box 116 of your T4A slip.

The **maximum deduction** for travel benefits you can claim for each eligible trip is the **lowest of the following 3 amounts**:

- The value of the taxable travel benefit received from your employer.
- The actual amount that you spent on your trip (keep all your receipts and other supporting documents).
- The lowest return airfare available at the time of the trip between the airport closest to your residence and the nearest designated city to that airport (the **nearest designated cities** are: Vancouver, BC, Calgary, AB, Edmonton, AB, Saskatoon, SK, Winnipeg, MB, North Bay, ON, Toronto, ON, Ottawa, ON, Montréal, QC, Québec, QC, Moncton, NB, Halifax, NS, St. John's, NL).

Travel expenses include air/train/bus fares, vehicle expenses, meals, hotel or motel accommodations, camping fees, and other incidental expenses such as taxis and road/ferry tolls.

Example 3

Katie and John moved from Vancouver, British Columbia to their new house in **Yellowknife, Northwest Territories** on March 15, 2019. **Yellowknife** is located in a prescribed **northern** zone based on the list available at canada.ca/taxes-northern-residents.

Katie started working at Smith Co. in Yellowknife and received a travel allowance from Smith Co. of \$5,000 in 2019. The \$5,000 travel allowance is included in box 32 of Katie's 2019 T4 slip from Smith Co. On November 1, 2019, Katie flew back to Vancouver, British Columbia to visit her mother and spent \$1,500 on travel expenses. Katie took one trip in 2019. The lowest return airfare available at the time of the trip was \$400.

The **first step** is to determine whether Katie's travel expense qualifies for the deduction for travel benefits. It appears that all 3 conditions are met:

- Katie lives in a prescribed northern zone for at least 6 consecutive months.
- Katie and Smith Co. are not related.
- The \$5,000 allowance received from Smith Co. is included in Katie's income.

The **second step** is to calculate the amount Katie can claim as a deduction for travel benefits. Katie will complete Step 3 of Form T2222. She will include her name as the person who took the trip in "Column 1" and the purpose of her trip (family reasons) in "Column 2".

The amount of the deduction for travel benefits is calculated as the **lowest of the following 3 amounts**:

- The value of the allowance received from Smith Co: \$5,000 (Column 3).
- The actual amount of Katie's trip: \$1,500 (Column 4).
- **The lowest return airfare available at the time of Katie's trip between the Yellowknife airport and the nearest designated city to that airport which is Edmonton: \$400 (Column 5).**

As Yellowknife, Northwest Territories is located in a prescribed **northern** zone based on the list available at canada.ca/taxes-northern-residents, Katie will enter **\$400** under the "Zone A" Column in Step 3.

Do you have all your receipts and other supporting documents?

Have all your supporting documents on hand (including the lowest return airfare available at the time of the trip) when you are completing Form T2222.

Keep all the receipts and documents to support your claim for **at least 6 years** in case your return is being reviewed.

Note

A travel itinerary or other proof of travel, including the receipts for accommodations may be required to support the travel part of a claim.

The Canada Revenue Agency needs additional information from you?

The Canada Revenue Agency (CRA) may ask for more information from you before your tax return can be assessed. **If you can't provide the information on time, contact the CRA to request an extension.**

Your tax return has been selected for review?

If your return is selected for review, you will be asked to provide your supporting documents to verify the amounts you claimed. **If you can't provide the information on time, contact the CRA at the number provided in the letter you received to request an extension.**

Note

If your return is selected for review and you do not provide all of the information necessary to support your claim or you do not provide it in a timely manner, the claim may be adjusted or denied. When this situation happens, it increases the likelihood of your claim being selected for review in a future year.

You have received additional information after your claim has been reviewed?

If your claim has been adjusted after being reviewed by one of our programs and you have additional information or documents related to the claim, the CRA will accept all new submissions and review your claim again for a possible adjustment.

Send any additional information or documents to the address indicated in our letter.

Frequently asked questions

Question 1

Can I claim the residency deduction even if I am not claiming the deduction for travel benefits?

Answer 1

Yes, you can claim a residency deduction even if you are not claiming a deduction for travel benefits. **Each deduction is calculated separately** in Step 2 (residency deduction) and Step 3 (deduction for travel benefits) of **Form T2222**.

Question 2

Can I claim the residency deduction and travel benefit deduction if I lived in a prescribed zone from January 31, 2019 to April 15, 2019?

Answer 2

No. You must have lived in a prescribed zone for a period of time that was **continuous and lasted at least 6 consecutive months** beginning or ending in the tax year. This requirement applies to both the residency deduction and the travel deduction.

Question 3

I moved to Beaver Lake, Saskatchewan on November 30, 2019. Can I claim the residency deduction on my 2019 tax return?

Answer 3

The northern residents deductions are generally available when an individual lives in one or more prescribed zones for a continuous period of at least 6 consecutive months. This period can **begin or end in the tax year** for which a tax return is being filed.

At the end of the 2019 tax year you lived in a prescribed northern zone for one month. Therefore, at the time you file your 2019 tax return you do not yet qualify. File your 2019 tax return without claiming the residency deduction. When you qualify (May 31, 2020), you can ask us to adjust your 2019 tax return to allow a residency deduction of \$352 [$\11×32 days - November 30, 2019 to December 31, 2019] for the time you lived in the prescribed zone in 2019.

To adjust your 2019 tax return, follow the instructions in the Federal Income Tax and Benefit Guide under the heading "**How to change a return.**"

Question 4

Am I eligible to claim the northern resident deductions if I was absent from a prescribed zone for **medical reasons**?

Answer 4

Depending on the particular facts and circumstances, an extended absence from a prescribed zone may be considered **temporary**. You are required to determine if your absence from a prescribed zone is considered temporary. **Temporary** absences from a prescribed zone (e.g., vacations, medical leave or temporary work assignments) do not usually affect the continuity of your qualifying 6 month period. In such situations, you are still considered to live in a prescribed zone, even while you are not physically present in this zone.

Question 5

How do I know if my absence from a prescribed zone is **temporary**?

Answer 5

Whether your absence from a prescribed zone is considered temporary will depend on your specific facts. The longer the duration of an absence provides more of an indication that the absence is no longer temporary. Factors which may suggest that an absence is **temporary** could include:

- You intended to return to your residence when leaving the prescribed zone.
- You actually returned to your residence in the prescribed zone.
- Your family remained at the residence in the prescribed zone.
- You did not establish another residence outside the prescribed zone, change your mailing address, move household effects and belongings, etc.
- Your residence in the prescribed zone was available for your use throughout the absence period (e.g., the residence was not sold, rented, or otherwise occupied, and was maintained for your use at all times during the absence period).

Checklist for Northern Residents Deductions

If you are claiming the northern residents deductions (Form T2222), use the following checklist, to avoid mistakes that could cause delays to the process of your tax return.

Places of residence

- I have lived in one or more **prescribed zones for a continuous period of at least 6 consecutive months** beginning or ending in the year for which my tax return is being filed.

There are 2 zones, the **northern zone** and the **intermediate zone**. To find places located in the prescribed zones, go to canada.ca/taxes-northern-residents or call the CRA at **1-800-959-8281**.

- I have clearly indicated the **full address where I resided** in a prescribed zone (not simply a post office box number).

Deduction for travel benefits

- I have provided the **names and addresses of all individuals** who lived in my residence during the period(s).
- I have included in my income the **taxable travel benefit** received from my employer for the trip.
- I have all the **receipts and other documents** to support my travel expenses paid for the trip. Travel expenses include air/train/bus fares, vehicle expenses, meals, hotel or motel accommodations, camping fees, and other incidental expenses such as taxis and road/ferry tolls.
- I have the cost of the **lowest return airfare available at the time of the trip** between the airport closest to my residence and the nearest designated city to that airport (even if you did not actually travel by air or to that city).

The **nearest designated cities** are:

Vancouver, BC, Calgary, AB, Edmonton, AB, Saskatoon, SK, Winnipeg, MB, North Bay, ON, Toronto, ON, Ottawa, ON, Montréal, QC, Québec, QC, Moncton, NB, Halifax, NS, St. John's, NL.

For more information

- See **Form T2222, Northern Residents Deductions for 2019**.
- Go to canada.ca/taxes-northern-residents or call **1-800-959-8281**.