



Northern Residents Deductions for 2021

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 consist of a residency deduction (for living costs) and a travel deduction. If you qualify, you can claim the full amount of these deductions if you lived, on a permanent basis, in a prescribed **northern** zone, or 50% of these deductions if you lived in a prescribed **intermediate** zone.

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 2021, to calculate your northern residents deductions. It also contains instructions to help you complete the form.

Can you claim the residency deduction?

You can claim the residency deduction if you have lived, on a permanent basis, in one or more prescribed zones for a continuous period of **at least six consecutive months**. That period can begin or end in the tax year for which you are filing a tax return.

If you lived in a prescribed **northern** zone, you can claim the basic amount of \$11 for each day that you lived in this zone. If you lived in a prescribed **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 prescribed 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, 2021. Yellowknife 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 six consecutive months** (March 15, 2021, to December 31, 2021 = 9.5 months [291 days]). Therefore, Katie and John are each entitled to claim the basic residency amount for 291 days in 2021. However, John does not need to claim the northern residents deductions for 2021 because he did not have taxable income in 2021.

Katie can claim \$11 for each day that she lived in Yellowknife (291 days) and an additional residency amount of \$11 per day, because she maintained and lived in a house (considered a dwelling) during the 9.5 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 Vanreina, Alberta, instead. Vanreina 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 291 days in 2021 as they lived in a prescribed intermediate zone for a continuous period of **at least six consecutive months**. Katie can claim \$5.50 for each day that she lived in Vanreina (291 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 9.5 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 travel deduction?

You can claim a travel deduction if you have lived, on a permanent basis, in one or more prescribed zones for a continuous period of **at least six consecutive months**. That period can begin or end in the tax year for which you are filing a tax return. You can claim a travel deduction for trips for which you or a member of your household (or, under proposed changes, an eligible family member) incurred travel expenses.

Generally, you can only claim this deduction for a trip taken for vacation, family, or medical reasons and that started from a prescribed zone. Under proposed changes, you can claim this deduction only for yourself and an eligible family member.

Notes

Under proposed changes, you may be able to claim the travel deduction for your or your eligible family member’s personal travel, even if neither you nor they received a taxable travel benefit for that trip. You can claim up to two trips that you and each eligible family member (see the next section) took for non-medical personal reasons, and any number of trips that you or an eligible family member took for medical purposes. However, no more than two non-medical personal trips taken by each person (you or an eligible family member) can be claimed in total for the year by all taxpayers. For each trip, you can now use either a portion of a \$1,200 standard amount per person or the value of the taxable travel benefit received from employment (if any) for that trip to calculate your travel deduction.

If anyone (you or an eligible family member) uses the standard amount to calculate a travel deduction for a particular individual, the maximum total amount that may be claimed for all trips taken in the year by that individual is \$1,200, whether the trips were medical or non-medical, and regardless of who (you or an eligible family member) is claiming the travel deduction. It is an amount per person, **not** per trip.

If anyone (you or an eligible family member) uses the taxable travel benefit received from employment to calculate a travel deduction in a year for an individual, then nobody (including the individual) can use any part of that individual’s \$1,200 standard amount to calculate a travel deduction for a trip taken by that individual.

The **maximum** deduction that you can claim for each eligible trip is the **lowest** of the following three amounts:

- the value of the taxable travel benefit received from employment **or**, under proposed changes, the portion of your or your eligible family member's \$1,200 standard amount that you allocate to their trip, whichever option you choose
- the actual amount spent on the trip (keep all 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

Note

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

Who is an eligible family member?

Under proposed changes, this is someone who lived with you at the time of the trip and was one of the following:

- your spouse or common-law partner
- your or your spouse's or common-law partner's child under the age of 18
- another individual who is wholly dependent for support on you, your spouse or common-law partner, or both, and who is either:
 - your or your spouse's or common-law partner's parent or grandparent
 - related to you and wholly dependent by reason of mental or physical infirmity

What are taxable travel benefits?

These benefits include any of the following that you received from employment and are included in your income from your employment in the prescribed zone:

- travel assistance such as airline tickets or a trip on the company-owned plane
- a travel allowance or a lump-sum payment

You and your employer **cannot** be related. 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.

Example 3

Katie and John moved from Vancouver, British Columbia, to their new house in Yellowknife, Northwest Territories, on March 15, 2021. 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 her employer of \$5,000 in 2021. The \$5,000 travel allowance is included in box 32 of Katie's 2021 T4 slip from Smith Co. On November 1, 2021, Katie flew back to Vancouver, British Columbia, to visit her mother and spent \$1,500 on travel expenses. Katie took one trip in 2021. 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 travel deduction. It appears that all three conditions are met:

- Katie lives in a prescribed northern zone for at least six 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 travel deduction. 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.

She calculates the amount of the travel deduction as the **lowest** of the following three amounts:

- the value of the allowance received from Smith Co.: \$5,000 (column 3) since that amount is more than her \$1,200 standard amount
- 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 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.

Example 4

Kim and her husband Ryan live in Whitehorse, Yukon and have a 16-year-old child named Maria. Kim has higher income than her husband and generally claims all travel expenses for the household.

Kim received a taxable travel benefit of \$1,500 from her employer for each of two non-medical trips she took by herself. She also received a taxable travel benefit of \$1,000 for a non-medical trip that Ryan took by himself. However, neither Kim nor Ryan received a taxable travel benefit from employment for another non-medical trip Ryan took by himself, or a non-medical trip that Maria took alone.

Under the proposed changes, Kim can claim up to two trips that she took for non-medical reasons. She decides to use the \$1,500 taxable travel benefit for the two non-medical trips she took in the year, since the amount of her taxable travel benefit is more than her \$1,200 standard amount. Therefore, Kim is eligible to claim up to the amount of her travel benefit of \$1,500 for each of her two trips.

For her Trip 1, Kim can claim the lesser of the following three amounts:

- the taxable travel benefit she received from her employer for the trip – \$1,500
- her actual expenses for the trip – \$1,300
- the lowest return airfare for the trip – \$750

Therefore, she can claim \$750 for this trip.

For her Trip 2, Kim can claim the lesser of the following three amounts:

- the taxable travel benefit she received from her employer for the trip – \$1,500
- her actual expenses for the trip – \$800
- the lowest return airfare for the trip – \$900

Therefore, she can claim \$800 for this trip.

Kim can also claim up to two non-medical trips taken by Ryan in the year. Kim decides not to use the \$1,000 taxable travel benefit she received from her employer for one of the trips Ryan took by himself, since the amount she received is less than Ryan's \$1,200 standard amount for the year. Instead, Kim uses part of Ryan's \$1,200 standard amount for the first trip that Ryan took, and the rest on the second trip he took.

For Ryan's Trip 1, Kim can claim whichever of the following three amounts is **less**:

- the portion of Ryan's \$1,200 standard amount that Kim allocates to the trip – \$400
- Ryan's actual expenses for the trip – \$400
- the lowest return airfare for the trip – \$600

Therefore, she can claim \$400 for this trip and can allocate the remaining \$800 balance (\$1,200 - \$400) of Ryan's \$1,200 standard amount to the other trip he took in the year.

For Ryan's Trip 2, Kim can claim whichever of the following three amounts is **less**:

- the remaining balance of Ryan's \$1,200 standard amount that Kim allocates to that trip – \$800
- Ryan's actual expenses for the trip – \$850
- the lowest return airfare for the trip – \$900

Therefore, she can claim \$800 for this trip.

Kim can also claim up to two non-medical trips taken by Maria, but there was only one such trip taken. Kim uses Maria's full \$1,200 standard amount for that trip.

For Maria's trip, Kim can claim whichever of the following three amounts is **less**:

- the portion of Maria's \$1,200 standard amount that Kim allocates to the trip – \$1,200
- Maria's actual expenses for the trip – \$1,500
- the lowest return airfare for the trip – \$900

Therefore, Kim can claim \$900 for this trip.

Here is how Kim completes Chart A on Form T2222:

		Individual 1	Individual 2	Individual 3	Individual 4
A	Enter the name of each individual, including yourself, whose travel you are claiming. See Step 3 in the instructions.	Kim	Ryan	Maria	
B	Enter the name of everyone (including yourself) who is claiming a deduction for trips taken by the individual in row A and the total portion of the \$1,200 standard amount allocated by each claimant for all trips by that individual.	Name 1	Kim	Kim	Kim
		Amount 1	\$0	\$1,200	\$1,200
		Name 2			
		Amount 2			
		Name 3			
	Amount 3				
C	Enter the total of all amounts in row B. This total cannot be more than \$1,200.	\$0	\$1,200	\$1,200	

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 six 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.

What if 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 **cannot** provide the information on time, contact the CRA to request an extension.

What if 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 **cannot** 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 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.

Have you 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 the CRA letter.

Frequently asked questions

Question 1

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

Answer 1

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

Question 2

Can I claim the residency deduction and travel deduction if I lived in a prescribed zone from January 31, 2021, to April 15, 2021?

Answer 2

No, you must have lived in a prescribed zone for a period of time that was continuous and lasted **at least six 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, 2021. Can I claim the residency deduction on my 2021 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 six 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 2021 tax year you lived in a prescribed northern zone for one month. Therefore, at the time you file your 2021 tax return you do not yet qualify. File your 2021 tax return without claiming the residency deduction. When you qualify (May 31, 2022), you can ask us to adjust your 2021 tax return to allow a residency deduction of \$352 [$\11×32 days – November 30, 2021, to December 31, 2021] for the time you lived in the prescribed zone in 2021.

To adjust your 2021 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 (for example, vacations, medical leave or temporary work assignments) do not usually affect the continuity of your qualifying six-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 an absence lasts, the more that it indicates that it 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, and so forth
- Your residence in the prescribed zone was available for your use throughout the absence period (that is, 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 processing of your tax return.

Place of residence

- I have lived in one or more prescribed zones for a continuous period of **at least six consecutive months** beginning or ending in the year for which my tax return is being filed.
There are two kinds of prescribed zones: **northern** and **intermediate**. 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).

Travel deduction

- I have provided the **names and addresses of all individuals (or, under proposed changes, all eligible family members)** who lived in my residence during the period(s) and for whom I am claiming a travel deduction.
- The **taxable travel benefit** received from employment for the trip(s), if any, has been included in my income from employment.
- I have all the **receipts and other documents** to support the travel expenses paid for each trip. Travel expenses include air, train, or bus fares, vehicle expenses, meals, hotel or motel accommodations, camping fees, and other incidental expenses such as taxis and road and ferry tolls.
- I have the cost of the **lowest return airfare available at the time of each 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 2021.
- Go to canada.ca/taxes-northern-residents or call **1-800-959-8281**.