



Northern Residents Deductions for 2021

Use these instructions to complete Form T2222, Northern Residents Deductions for 2021.

Do you qualify for the northern residents deductions?

You qualify if you lived on a permanent basis, in a prescribed **northern** zone (**Zone A**) or prescribed **intermediate** zone (**Zone B**), for a **continuous period of at least six consecutive months**. This period can begin or end in the tax year specified in Step 1 of the attached Form T2222.

If you lived in a prescribed **northern** zone (**Zone A**), you can claim the **full** amount of the deductions. If you lived in a prescribed **intermediate** zone (**Zone B**), you can claim **one-half** of the deductions.

To find out the places located in the prescribed northern and prescribed intermediate zones, go to canada.ca/taxes-northern-residents or call 1-800-959-8281.

There are two northern residents deductions:

- a **residency deduction** (Step 2) for having lived in a prescribed zone
- a **travel deduction** (Step 3)

Deceased persons – A person who died in the year qualifies if they lived in a prescribed zone for six months or more before the date of death.

Moving – Your period of residency is not affected if you moved from one place in a prescribed zone directly to another place in a prescribed zone.

Absences from a prescribed zone – If you lived in a prescribed zone on a **permanent** basis, absences from a prescribed zone do not usually affect your period of residency.

To determine if you lived in the prescribed zone on a permanent basis, we consider the number of your absences from the prescribed zone, **and** the purpose and length of your absences.

If you have not lived in a prescribed zone for a **continuous period of at least six consecutive months** at the time you file your return, you do not yet qualify. File your return without making the claim. When you qualify, you can ask us to adjust your return. To do so, follow the instructions in the Federal Income Tax and Benefit Guide under the heading "How to change a return."

Step 1 – List your places of residence

Enter "**Zone A**" if you lived in a prescribed **northern** zone or "**Zone B**" if you lived in a prescribed **intermediate** zone. Also enter your address, your province or territory, and your period of residence.

Step 2 – Calculate your residency deduction (lines 1 to 13)

Complete the calculation in Step 2 for the prescribed zone(s) you entered in Step 1.

There are two parts to the residency deduction:

- a **basic residency amount** – Claim this amount for the number of days in the year that you lived in a prescribed zone.
- an **additional residency amount** – Claim this amount for the days you used to calculate your basic residency amount if you maintained and lived in a dwelling in the prescribed zone during that time **and** you are the **only** person claiming the basic residency amount for living in that same dwelling for that period.

If you are the only person in the household claiming the basic residency amount for a particular period and dwelling, you can also claim the additional residency amount.

To claim the deduction that most benefits your household, you should consider the taxable income of all the members of your household when deciding which one of you will claim the residency deduction.

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. It **includes** a house, an apartment, a mobile home, or another similar place of residence in which a person usually sleeps and eats. It **does not** include a bunkhouse, dormitory, hotel room, or room in a boarding house.

We consider you to have maintained and lived in a dwelling, even if your employer let you live there rent-free and paid all the utility, maintenance, and other costs related to the dwelling. Each person living in the dwelling can claim the basic residency amount as a deduction on their return. However, if more than one person claims the basic residency amount for a particular period and dwelling, no one in that household can claim the additional residency amount for that period and dwelling.

Special work site (lines 4 and 9)

If your principal place of residence is not in a prescribed zone, you may still qualify for all or a portion of the basic residency amount for living at a **special work site** provided that the site is located in a prescribed zone and you resided at the site for **at least six consecutive months**.

If you received non-taxable benefits for board and lodging at a special work site (shown in either box 31 of your T4 slip or box 124 of your T4A slip), your residency amounts will be reduced. Enter the amount of non-taxable benefits on line 4 or 9 **unless** the special work site is 30 kilometres or more from the nearest point on the boundary of any population centre that has a population of at least 40,000 individuals.

For more information about special work sites, see Archived Interpretation Bulletin IT-91R4, Employment at Special Work Sites or Remote Work Locations.

Step 3 – Calculate your travel deduction (lines 14 to 16)

To calculate your travel deduction, you can use either the value of the taxable travel benefit received from employment (if any) or, under proposed changes, a portion of the \$1,200 standard amount, whichever you choose. Complete the table in Step 3 to find out how much you can claim at lines 14 and 15.

You can claim the travel deduction for a trip for medical or other (such as vacation) reasons that started from a prescribed zone and was taken either by you or, under proposed changes, by an eligible family member. 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

Complete Chart A to identify the individuals (under proposed changes, you and any eligible family members) who lived with you during the period(s) indicated in Step 1 and to show how you allocated each individual's \$1,200 standard amount (if applicable). Complete Chart B to calculate your travel deduction.

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

- either the taxable travel benefits you received from employment for the trip (see Note 1) or, under proposed changes, the portion of the \$1,200 standard amount for the person travelling (you or your eligible family member) that you allocate to the trip (enter the amount for whichever option you choose in Step 3, Chart B – column 3)
- the total travel expenses paid for the trip (enter the amount in Step 3, Chart B – column 4)
- the cost of 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** as listed in Note 3 on the next page (enter the amount in Step 3, Chart B – column 5)

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

If any individual (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 no one (including the individual) can use any part of that individual's \$1,200 standard amount in calculating a travel deduction claim for any trip taken by that individual in that year.

You **can** claim a travel deduction even if you are not claiming a residency deduction. For example, if your spouse or common-law partner claims both the basic and the additional residency amounts, you can still claim a travel deduction.

You **cannot** claim a travel deduction if **either** of the following applies:

- you or any member of your household (or, under proposed changes, you or your eligible family member) received or was entitled to receive **non-taxable amounts** as travel assistance, as a travel allowance, or as a reimbursement for travel expenses
- someone else has already claimed the travel deduction for this trip on their return

Number of trips

Under proposed changes, you can claim, for other (non-medical) reasons, up to two trips that you took and up to two trips taken by each eligible family member. You also can claim any number of medical trips taken by you or an eligible family member. However, no more than two non-medical trips taken by any individual (themselves or an eligible family member) in a year can be claimed by all taxpayers combined.

Note 1

You can use the value of taxable travel benefits provided by your employer in the calculation in Step 3 if you meet **both** of the following conditions:

- you are an employee dealing at arm's length with your employer
- you **had** to include in your income (in the same year you have the travel expenses) the **taxable** travel benefits that you received from your employment in a prescribed zone

If you take a trip that begins and ends in one year and you are reimbursed the following year, you cannot claim the travel deduction for that trip.

However, you can claim a travel deduction if you leave on a trip in one year and return the next year. For example, you may leave on a trip in December and come back in January. If you receive non-refundable tickets or travel vouchers, the taxable travel benefit should be included in your T4 or T4A slip for the year the trip begins.

Taxable travel benefits include:

- travel assistance, such as airline tickets or a trip on a company-owned airplane
- a travel allowance or lump-sum payment you received from your employer for **travel expenses** you incurred

Payments from your employer for travel that was not for employment purposes are generally considered taxable benefits. Box 32 of your T4 slip or box 028 of your T4A slip shows the taxable travel benefits you received in the year. This includes the benefits received specifically for medical travel, which are shown in box 33 of your T4 slip or box 116 of your T4A slip. You can use the benefit for medical travel in the calculation in Step 3, Chart B – column 3 only if the medical services were for you or an eligible family member and were not available where you lived.

If you received a benefit that was not for any particular trip, you have to split it reasonably between the trips you are claiming.

Note 2

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

To calculate meal and vehicle expenses, you may choose the **detailed** or **simplified** method. Your **total travel expenses** equal the total of the value of travel assistance provided by your employer and the travel expenses incurred by you. Include any travel expenses paid by your employer.

Detailed method – This method allows you to claim the actual amount that you spent. Keep your receipts in case we ask to see them at a later date.

Simplified method – This method uses a flat rate for meals and vehicle expenses. Although you do not need to keep detailed receipts for actual expenses if you choose to use this method, we may still ask you to provide some documentation to support your claim.

Meals – No matter which currency you used to pay your expenses, you can claim a **flat rate of \$23 Canadian per meal**, to a **maximum of \$69 per day** (sales tax included) per person, without receipts.

Vehicle expenses – Keep track of the number of kilometres driven during the tax year for the trip. To determine the amount you can claim for vehicle expenses, multiply the number of kilometres by the cents/km rate for the province or territory in which the travel began.

For more information about the detailed or simplified methods including the different rates, go to canada.ca/taxes-travel-costs or call 1-800-267-6999.

Note 3

The **lowest return airfare** available at the time of the trip means the lowest return airfare ordinarily available for regularly scheduled commercial flights (excluding promotions or discounts that are not ordinarily available) on the date that the travel began. It also includes any GST/PST/HST and airport taxes. Additional charges, such as flight cancellation insurance, meals, and baggage surcharges are not considered part of the lowest return airfare.

The lowest return airfare to be used to complete **column 5** is the cost quoted for a flight from the airport closest to your residence to 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.

Note 4

If you are claiming the expenses for a medical trip on this form, no one (including you) can claim them as medical expense on their return.

In cases of medical travel, if the patient needs an attendant while travelling, the attendant's travel expenses are included as part of the patient's total travel expenses, even if they are in the form of travel assistance your employer provided or actual expenses you incurred.

If the attendant was you or a an eligible family member:

Include the cost of the attendant's lowest return airfare in Step 3, Chart B – column 5, as part of the patient's expense for airfare. Include the cost of the attendant's travel expenses (excluding airfare) in column 4, as part of the patient's travel expenses.

If the attendant was not you or an eligible family member:

Do not include the cost of the attendant's lowest return airfare in column 5, as part of the patient's expense for airfare. Include the cost of the attendant's travel expenses (including airfare) in column 4, as part of the patient's travel expenses.

Step 4 – Calculate your northern residents deductions (lines 17 to 19)

Add line 17 (**residency deduction**) and line 18 (**travel deduction**). Enter the amount from **line 19** on **line 25500** of your return.



Northern Residents Deductions for 2021

Before you complete this form, read the attached instruction sheet.

If this claim is for a year before 2021, go to canada.ca/cra-forms to get a previous version of this form.

Attach your completed Form T2222 to your return, but do not send your other documents. Keep them in case we ask to see them later.

Step 1 – List your places of residence (attach a separate sheet of paper if you need more space)

Enter Zone A or Zone B	Enter your street address or a description of the location of the property such as a lot and plan number. This may be different from your mailing address.	Enter the province or territory.	Period of residence Enter the date that you started to live in a prescribed zone for a continuous period of at least six consecutive months . This period can begin or end in 2021.					
			From	Year	Month	Day	To	Year

Step 2 – Calculate your residency deduction (if you lived in a prescribed zone for a continuous period of at least six consecutive months)

Zone A – Residents of prescribed northern zones

Basic residency amount

Enter the number of days you lived in a prescribed northern zone in 2021.

$\times \$11.00 =$ 1

Additional residency amount

Enter the number of days you qualify for the additional residency amount in 2021.

$\times \$11.00 =$ 2

Line 1 plus line 2

67490 = 3

If you worked at a special work site, enter the amount from box 31 of your T4 slip, or from box 124 of your T4A slip, that represents the non-taxable benefits for board and lodging at the special work site **unless** the special work site is located 30 kilometres or more from the nearest point on the boundary of any population centre that has a population of at least 40,000 individuals.

67507 – 4

Line 3 minus line 4 (if negative, enter "0")

= 5

Zone B – Residents of prescribed intermediate zones

Basic residency amount

Enter the number of days you lived in an intermediate zone in 2021.

$\times \$5.50 =$ 6

Additional residency amount

Enter the number of days you qualify for the additional residency amount in 2021.

$\times \$5.50 =$ 7

Line 6 plus line 7

67520 = 8

If you worked at a special work site, enter the amount from box 31 of your T4 slip, or from box 124 of your T4A slip, that represents the non-taxable benefits for board and lodging at the special work site **unless** the special work site is located 30 kilometres or more from the nearest point on the boundary of any population centre that has a population of at least 40,000 individuals.

67529 – 9

Line 8 minus line 9 (if negative, enter "0")

= 10

Line 5 plus line 10

= 11

Enter your net income from line 23600 of your return.

$\times 20\% =$ 12

Enter the amount from line 11 or line 12, **whichever is less**.

Residency deduction

13

Step 3 – Calculate your travel deduction (attach a separate sheet of paper if you need more space)

Complete Chart A if you qualify for this deduction and you are allocating a portion of your or your eligible family member's \$1,200 standard amount for a trip. Example 4 on Information Sheet RC4650, Northern Residents Deductions for 2021 demonstrates how to complete Chart A. Complete Chart B to calculate your travel deduction.

Chart A

		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.				
B	Name 1				
	Amount 1				
	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.				

Chart B

	Column 1	Column 2	Column 3	Column 4	Column 5	
Instructions	Enter the name of the person who took the trip. See Step 3 in the instructions.	Enter the purpose of the trip. Other travel (vacation, family reasons) or medical travel.	Enter either the taxable travel benefit or the portion of the individual's \$1,200 standard amount for the trip.*	Enter the amount of travel expenses for each trip taken. See Notes 2 and 4 in the instructions.	Enter the cost of the lowest return airfare.**	Enter the lowest amount from column 3, 4, or 5 in the column for the prescribed zone(s) you resided in at the time of the trip.
Other travel	Trip 1					Zone A (Prescribed northern zones)
Other travel	Trip 2					+
Medical travel	Trip 1					+
Medical travel	Trip 2					+
Medical travel	Trip 3					+
Medical travel	Trip 4					+
Medical travel	Trip 5					+
Medical travel	Trip 6					+
Medical travel	Trip 7					+
Medical travel	Trip 8					+
Medical travel	Trip 9					+
Medical travel	Trip 10					+
Medical travel	Trip 11					+
Medical travel	Trip 12					+
Medical travel	Trip 13					+
Medical travel	Trip 14					+

* This can be either the portion of the individual's \$1,200 standard amount that you allocated to the trip or the taxable travel benefit you received from employment for the trip (if any). See Note 1 in the instructions.

Total = (A) = (B)

** This is the cost of 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. See Notes 3 and 4 in the instructions.

Enter the total from box (A).

14

Enter the total from box (B).

67560 × 50% = 15

Line 14 plus line 15

Travel deduction = 16

Step 4 – Calculate your northern residents deductions

Enter the amount from line 13 in Step 2.

Residency deduction = 17

Enter the amount from line 16 in Step 3.

Travel deduction = 18

Line 17 plus line 18

Northern residents deductions = 19

Enter this amount on line 25500 of your return.

See the privacy notice on your return.