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## Practice with case studies

# CRA and COVID-19

## Reporting COVID-19 benefits

### Pre-test question

Select **True** or **False**

COVID-19 emergency benefit payments are considered taxable income.

True

**That is correct**

These payments are taxable income and must be reported on an individual's tax return.

False

**Sorry, that is incorrect**

These payments are taxable income and must be reported on an individual's tax return.

## Instructions

1. Open the tax software
2. Review the **Background information** and **Required slips** (tax slips, receipts, etc.)
3. Provide all required information for the appropriate sections of the tax software
4. Once completed, compare your results with the solution provided
5. Afterwards, refer to the **Takeaway points**

## Background information

### Situation

Pierre worked at Great Services Inc. He applied for the Canada Recovery Benefit (CRB) and received payments in 2022. He also applied for and received the Canada Recovery Sickness Benefit (CRSB) in the same year.

### Identification information

<b>Name</b>	<b>Pierre Knowlton</b>
Social insurance number (SIN)	000 000 000
Address	123 Main Street City, Province X0X 0X0
Date of birth	October 9, 1990
Marital status	Single

**Required slips**

**T4A – Statement of Pension Plan, Retirement, Annuity, and Other Income slip (Canada Revenue Agency)**

Payer's name – Nom du payeur <b>Canada Revenue Agency</b>		Canada Revenue Agency / Agence du revenu du Canada	<b>T4A</b> Statement of Pension, Retirement, Annuity, and Other Income État du revenu de pension, de retraite, de rente ou d'autres sources
Payer's program account number / Numéro de compte de programme du payeur 061 <input style="width: 150px;" type="text"/>		Year / Année <input style="width: 50px;" type="text"/>	Pension or superannuation – line 11500 / Prestations de retraite ou autres pensions – ligne 11500 016 <input style="width: 50px;" type="text"/>
Social insurance number / Numéro d'assurance sociale 012 <input style="width: 100px;" type="text" value="00000000"/>		Income tax deducted – line 43700 / Impôt sur le revenu retenu – ligne 43700 022 <input style="width: 50px;" type="text" value="1,300.00"/>	
Recipient's program account number / Numéro de compte de programme du bénéficiaire 013 <input style="width: 100px;" type="text"/>		Lump-sum payments – line 13000 / Paiements forfaitaires – ligne 13000 018 <input style="width: 50px;" type="text"/>	
Recipient's name and address – Nom et adresse du bénéficiaire Last name (print) – Nom de famille (en lettres moulées): <b>KNOWLTON</b> First name – Prénom: <b>PIERRE</b> Initials – Initiales: 123 Main Street City, Province X0X 0X0		Self-employed commissions / Commissions d'un travail indépendant 020 <input style="width: 50px;" type="text"/>	
Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>		Annuities / Rentes 024 <input style="width: 50px;" type="text"/>	
Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>		Fees for services / Honoraires ou autres sommes pour services rendus 048 <input style="width: 50px;" type="text"/>	
Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>		Other information (see page 2) / Autres renseignements (voir à la page 2)	
Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>		202 <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text" value="12,000.00"/> 203 <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text" value="1,000.00"/>	
Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>		Box – Case      Amount – Montant      Box – Case      Amount – Montant <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 50px;" type="text"/>	
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T4A (21) Protected B when completed / Protégé B une fois rempli

**T4 – Statement of Remuneration Paid (Great Services Inc.)**

Employer's name – Nom de l'employeur Great Services Inc.		Canada Revenue Agency / Agence du revenu du Canada		<b>T4</b> Statement of Remuneration Paid / État de la rémunération payée	
Year / Année: <input type="text"/>		Employment income / Revenus d'emploi: 14 <input type="text" value="15,200.00"/>		Income tax deducted / Impôt sur le revenu retenu: 22 <input type="text"/>	
Employer's account number / Numéro de compte de l'employeur: 54 <input type="text"/>		Province of employment / Province d'emploi: 10 <input type="text"/>		Employee's CPP contributions – see over / Cotisations de l'employé au RPC – voir au verso: 16 <input type="text" value="637.78"/>	
Social insurance number / Numéro d'assurance sociale: 12 <input type="text" value="000 000 000"/>		Employment code / Code d'emploi: 29 <input type="text"/>		EI insurable earnings / Gains assurables d'AE: 24 <input type="text" value="15,200.00"/>	
Exempt – Exemption: 28 <input type="text"/>		Employee's QPP contributions – see over / Cotisations de l'employé au RRQ – voir au verso: 17 <input type="text"/>		CPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ: 26 <input type="text" value="15,200.00"/>	
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres moulées): <b>KNOWLTON</b> First name – Prénom: <b>PIERRE</b> Initial – Initiale: <input type="text"/> 123 Main Street City, Province X0X 0X0		Employee's EI premiums / Cotisations de l'employé à l'AE: 18 <input type="text" value="240.24"/>		Union dues / Cotisations syndicales: 44 <input type="text"/>	
		RPP contributions / Cotisations à un RPA: 20 <input type="text"/>		Charitable donations / Dons de bienfaisance: 46 <input type="text"/>	
		Pension adjustment / Facteur d'équivalence: 52 <input type="text"/>		RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB: 50 <input type="text"/>	
		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso: 55 <input type="text"/>		PPIP insurable earnings / Gains assurables du RPAP: 56 <input type="text"/>	
Other information (see over): <input type="text"/>		Other information (see over): <input type="text"/>		Other information (see over): <input type="text"/>	
Autres renseignements (voir au verso): <input type="text"/>		Autres renseignements (voir au verso): <input type="text"/>		Autres renseignements (voir au verso): <input type="text"/>	

**Takeaway points**

Steps to follow

1. Review their background information and required slips
2. In **Interview setup**, tick the box next to **Pension income, other income and split pension income, COVID-19 benefits (T4A, T4A(OAS), T4A(P), T4A-RCA, T4RSP, T4RIF, T1032)** in the **Pension** section
3. Click **T4A and pension income** in the left-side menu and click the + sign next to **T4A – Pension, retirement, annuity, and other income (COVID-19 benefits)** in the **Pension income** section
4. Enter the federal income tax deducted, if any, into field 22 and then select the appropriate option from the **Other information** drop-down menu to enter the amount reported on the T4A

The individual may be eligible to receive more than one type of COVID-19 benefit. However, only one T4A slip is issued and each type of benefit received is reported in its respective box. Although each amount is entered into the tax software individually, only the total amount of COVID-19 benefits is reported on **Line 13000, Other income**.

For more information, refer to [UFile instructions](#).

## Review your results

Tax return Summary for 2022 taxation year		UFile Taxpayer	
First name	Pierre		
Last name	Knowlton		
Social insurance number			
Date of birth	09-10-1990		
Province of residence	Ontario		
Marital status on December 31, 2022	Single		
Street	123 Main Street		
City	City		
Province	Ontario		
Postal code	X0X 0X0		
<b>Federal return</b>			
<b>Total income</b>		Taxpayer	
Employment income	10100		15,200 00
Other income	13000	+	13,000 00
Add lines 10100, 10400 to 14300, and 14700.	<b>This is your total income. 15000</b>	=	<b>28,200 00</b>
<b>Net income</b>			
Deduction for CPP and QPP enhanced contributions	22215	+	83 92
Add lines 20700 to 22400, 22900, 23100, and 23200.	23300	-	83 92
Line 15000 minus line 23300 (if negative, enter "0")	<b>This is your net income before adjustments. 23400</b>	=	<b>28,116 08</b>
Line 23400 minus line 23500 (if negative, enter "0")	<b>This is your net income. 23600</b>	=	<b>28,116 08</b>
<b>Taxable income</b>			
Line 23600 minus line 25700 (if negative, enter "0")	<b>This is your taxable income. 26000</b>	=	<b>28,116 08</b>
<b>Federal non-refundable tax credits</b>			
Basic personal amount	30000		14,398 00
CPP or QPP contributions: through employment	30800	+	553 86
Employment Insurance premiums	31200	+	240 16
Canada employment amount	31260	+	1,287 00
Add lines 30000 to 33200.	33500	=	16,479 02
Multiply the amount on line 33500 by 15%.	33800	=	2,471 85
Total federal non-refundable tax credits:	add lines 33800 and 34900. <b>35000</b>	=	<b>2,471 85</b>
<b>Net federal tax</b>			
Tax on taxable income	(C) 4,217 41		4,217 41
Add lines (C) and 40424.	40400		4,217 41
Enter the amount from line 35000.	35000		2,471 85
Add lines 35000 to 40427.		-	2,471 85
Basic federal tax (if negative, enter "0")	42900	=	1,745 56
Federal tax	40600	=	1,745 56
Line 40600 minus line 41600 (if negative, enter "0")	41700	=	1,745 56
<b>Refund or Balance owing</b>			
<b>Net federal tax:</b>	add lines 41700, 41500 and 41800. <b>42000</b>	=	<b>1,745 56</b>
<b>Provincial or territorial tax</b>	<b>42800</b>	+	<b>349 54</b>
<b>This is your total payable. 43500</b>		=	<b>2,095 10</b>
Total income tax deducted	43700		1,300 00
Canada workers benefit	45300	+	734 84
<b>These are your total credits. 48200</b>		-	<b>2,034 84</b>
Line 43500 minus line 48200		=	<b>60 26</b>
	<b>Refund 48400</b>		<b>0 00</b>
	<b>Balance owing 48500</b>		<b>60 26</b>
<b>Additional information</b>			
Marginal tax rate			20%
Average tax rate (total income taxes paid + total income)			4.8%
GST/HST credit			467 00

**Tax return Summary for 2022 taxation year**

	Taxpayer
Ontario Trillium benefit (OTB)	196 00
Ontario Senior homeowners' property tax grant	
Ontario climate action incentive	373 00
Total RRSP deduction limit - 2023	2,736 00