



Tax tip

Northern residents deductions

Did you know...

...that if you are a resident of a northern region, you may be able to get tax relief based on your travel and living costs? That's right. The northern residents deductions allow those who have lived in a **prescribed northern zone** or a **prescribed intermediate zone** on a permanent basis for at least six months to take advantage of two types of deductions:

- a residency deduction for having lived in a prescribed zone; and
- a travel deduction for taxable travel benefits you received from employment in a prescribed zone.

Generally, if you lived in a prescribed northern zone, you can claim **full** northern residents deductions. If you lived in a prescribed intermediate zone, you can claim **one half** of the maximum northern residents deductions. To determine whether you lived in the prescribed zone on a permanent or a temporary basis, the Canada Revenue Agency considers the number of times you were absent from the prescribed zone **and** the purpose and length of your absences.

If you received travel benefits from your employer that would qualify as extra income, you may be able to claim travel expenses as a deduction. Travel expenses may include:

- air, train, and bus fares;
- vehicle expenses;
- meals;
- hotel costs and camping fees; and
- other expenses, such as taxi fares and ferry tolls.

You can claim the **lowest** of the following three amounts:

- the travel benefit reported in box 32 of your T4 information slip;
- your total travel expenses; and
- the lowest return airfare available at the time of the trip between the airport closest to your residence and the nearest designated city.

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

For more information on northern residents travel and residency deductions, go to www.cra.gc.ca/northernresidents.

