



Northern Residents Deductions

Do you qualify for the northern residents deductions?

To qualify for northern residents deductions, you must have lived, on a permanent basis, in a prescribed northern or intermediate zone for a continuous period of at least six consecutive months. This period can begin or end in the year specified on the attached Form T2222.

There are two northern residents deductions:

- a **residency deduction** for having lived in a prescribed zone; and
- a **deduction for travel benefits** you received from employment in a prescribed zone that were included in your income.

Publication T4039, *Northern Residents Deductions - Places in Prescribed Zones*, lists the places in the prescribed northern and intermediate zones.

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

Deceased individuals – A person who died in the year qualifies if he or she 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. If you lived in a prescribed zone for work-related reasons (while your principal place of residence was not in a prescribed zone), you may have lived in the prescribed zone on a **temporary** basis only and therefore may not qualify for the deduction.

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

Step 1 – Calculate your residency deduction

Complete Step 1 of Form T2222 for **Zone A** or **Zone B** as applicable. There are two parts to the residency deduction:

- **Basic residency amount** – You can claim the basic amount for the number of days in the year that you lived in a prescribed zone; and
- **Additional residency amount** – You can claim the additional amount for those days you used to calculate your basic 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 amount for living in that same dwelling for that period.

A **dwelling** means 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, apartment, mobile home, or other 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 taxpayer 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.

If only one person in a household claims the basic residency amount for a particular period and dwelling, that person 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 household member will claim the residency deduction.

You can claim the basic residency amount for living at a **special work site** in a prescribed zone, when your principal place of residence is not in a prescribed zone. Reduce your residency amount by the amount of the non-taxable board and lodging benefits you received for working in a special work site that are shown in box 31 of your T4 slip, or in box 124 of your T4A slip. For more information about special work sites, see Interpretation Bulletin IT-91, *Employment at Special Work Sites or Remote Work Locations*.

Step 2 – List your trips

Complete the chart in Step 2 of Form T2222 to list your trips. You can claim the **deduction for travel benefits** for expenses you incurred to travel or the value of travel provided by your employer if you meet **all** of the following conditions:

- you qualify to claim northern residents deductions (read "Do you qualify for the northern resident deductions?");
- you are an employee dealing at arm's length with your employer; and
- you have included in your income the taxable travel benefits received from your employment in a prescribed zone.

You **can claim** a deduction for travel benefits 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 deduction for **taxable** travel benefits you received. Taxable travel benefits include:

- travel assistance provided by your employer such as airline tickets or a trip on the company owned airplane; and
- a travel allowance or a lump-sum payment you received from your employer for travel expenses you incurred.

You **cannot claim** a deduction for travel benefits if:

- you or any member of your household received or was entitled to receive non-taxable amounts as travel assistance, a travel allowance, or as a reimbursement for travel expenses; or
- someone else has already claimed the deduction for travel benefits for this trip on their return.

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

To claim the deduction for travel benefits, you must receive the taxable travel benefits in the same year you have the travel expenses. For example, if you take a trip that begins and ends in one year and you are reimbursed the following year, you cannot claim the deduction for travel benefits for that trip.

However, you can claim a deduction for travel benefits 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.

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.

Note 1

To claim a deduction for travel benefits, you **must** have included in your income **taxable** travel benefits (in the same year you have the travel expenses) from your employment in a prescribed zone. You can **only** claim a deduction for travel benefits for a trip that you or your household members (who lived with you at the time of the trip) actually took and that started from a prescribed zone.

You can claim a deduction for **Other Travel** if you have an amount in box 32 of your T4 slip or box 028 of your T4A slip showing any taxable travel benefits you received in the year. The taxable travel benefits you received for **Other travel** is your total taxable travel benefits from box 32 of your T4 slip or box 028 of your T4A slip, **minus** any amount received for **Medical Travel** from box 33 of your T4 slip or box 116 of your T4A slip.

Other Travel means travel for vacation or family reasons. You can claim a **maximum of two trips per year** for **Other Travel** for each member of your household.

You can claim a deduction for **Medical Travel** if you have an amount in box 33 of your T4 slip or box 116 of your T4A slip showing any taxable travel benefits you received in the year.

There is no limit on the number of trips for Medical Travel you can claim for each member of your household.

The medical services had to be for you or a member of your household and must not have been available where you lived.

If you are claiming a deduction for Medical travel on this form, no one else can claim it as a medical expense on his or her return.

Note 2

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. Ensure that you have included any travel expenses paid by your employer.

Detailed Method – You must keep your receipts and claim the actual amount that you spent.

Simplified Method – This method uses a flat rate for meals and vehicle expenses (as described below). 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** – You can claim a **flat rate of \$17/meal**, to a **maximum of \$51/day** (Canadian or US funds) per person, without receipts.
- **Vehicle Expenses** – You must 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 begins.

For more information on the detailed or simplified methods including the different rates, go to www.cra.gc.ca/travelcosts, or call **1-800-267-6999**.

Note 3

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. 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 (even if you did not actually travel by air or to that city).

Note 4

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, whether they are in the form of travel assistance your employer provided or actual expenses you incurred.

If you or a member of your household was the attendant:

In Column 5, include the cost of the attendant's lowest return airfare as part of the patient's expense for airfare. In Column 4, include the cost of the attendant's travel expenses (excluding airfare) as part of the patient's travel expenses.

If you or a member of your household was not the attendant:

In Column 5, **do not include** the cost of the attendant's lowest return airfare as part of the patient's expense for airfare. In Column 4, include the cost of the attendant's travel expenses (including airfare) as part of the patient's travel expenses.

Step 3 – Calculate your deduction for travel benefits

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

- the taxable travel benefits you received from your employer for the trip (Form T2222: Step 2 – Column 3);
- the total travel expenses paid for the trip (Form T2222: Step 2 – Column 4); or
- 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** (Form T2222: Step 2 – Column 5).

Note: See the list of designated cities on Form T2222.

Step 4 – Calculate your northern residents deductions

Add lines 13 (**residency deduction**) and line 18 (**deduction for travel benefits**) on Form T2222. Enter the amount from line 21 (on Form T2222) on **line 255 of your return**.

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 *General Income Tax and Benefit Guide* under the heading "After you file".



NORTHERN RESIDENTS DEDUCTIONS

Attach a copy of this form to your return.

Read the attached information sheet for more information on claiming these deductions.

Use this form to calculate your northern residents deductions if you lived in a prescribed northern zone (**Zone A**) or in a prescribed intermediate zone (**Zone B**) for a continuous period of at least **six consecutive months**. The list of prescribed zones are available in Publication T4039, *Northern Residents Deductions – Places in Prescribed Zones*. To get a copy, go to www.cra.gc.ca/forms or call 1-800-959-2221.

Do **not** attach your supporting documents to your return. However, keep them in case we ask to see them. Supporting documents can include travel receipts, rent receipts, statements from your landlord, municipal taxes bill, and utility bills.

State your period of residence

State the period (of at least **six consecutive months**) during which you lived in a prescribed zone. This period can begin or end in the tax year you state at the top of this form.

Zone A	Period of Residence						Zone B	Period of Residence					
	Enter the date that you started to live in the prescribed northern zone (Zone A) for a period of at least six consecutive months.							Enter the date that you started to live in the prescribed intermediate zone (Zone B) for a period of at least six consecutive months.					
	From			To				From			To		
Year	Month	Day	Year	Month	Day	Year	Month	Day	Year	Month	Day		

Step 1 – Calculate your residency deduction (for having lived in a prescribed zone for a continuous period of at least six consecutive months)

Zone A – Residents of prescribed northern zones

Enter the **location** where you lived on a permanent basis. **Place:** _____ **Prov./Terr.:** _____

Basic residency amount

Enter the number of days you lived in a prescribed northern zone between **January 1 and December 31** in the **tax year** you state at the top of this form.

_____ × \$8.25 = _____ 1

Additional residency amount

(Read the T2222 Information Sheet to determine if you qualify.)

Enter the number of days you qualify for the additional residency amount between **January 1 and December 31** in the **tax year** you state at the top of this form.

_____ × \$8.25 = _____ + _____ 2

Add lines 1 and 2.

6749 = _____ 3

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 a special work site.

6757 – _____ 4

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

= _____ 5

Zone B – Residents of prescribed intermediate zones

Enter the **location** where you lived on a permanent basis. **Place:** _____ **Prov./Terr.:** _____

Basic residency amount

Enter the number of days you lived in a prescribed intermediate zone between **January 1 and December 31** in the **tax year** you state at the top of this form.

_____ × \$4.125 = _____ 6

Additional residency amount

(Read the T2222 Information Sheet to determine if you qualify.)

Enter the number of days you qualify for the additional residency amount between **January 1 and December 31** in the **tax year** you state at the top of this form.

_____ × \$4.125 = _____ + _____ 7

Add lines 6 and 7.

6752 = _____ 8

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 a special work site.

6759 – _____ 9

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

= _____ + _____ 10

Add lines 5 and 10.

= _____ 11

Enter your net income from line 236 of your return.

_____ × 20% = _____ 12

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

Residency deduction _____ 13

Continue on next page.

Step 2 – List your trips (Read the T2222 Information Sheet)

Column 1: Enter the name of the person who took the trip.

Column 2: Enter the purpose of the trip (vacation, family reasons, or medical).

Column 3: Enter the amount of taxable travel benefits you received in the year from employment.

Other travel: box 32 of your T4 slip, and/or box 028 of your T4A slip, **minus** any amount received for Medical travel.

Medical travel: box 33 of your T4 slip, and/or box 116 of your T4A slip

Column 4: Enter the amount of travel expenses for each trip taken.

Column 5: Enter 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 in the following chart:

Designated Cities:

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

Column 6: Enter the **lowest** of the amounts from either Column 3, 4, or 5 in the appropriate column for the prescribed zone(s) where you resided when your trip began.

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	
	Enter the name of the person who took the trip and Zone A or Zone B. (See Note 1 on the Information Sheet)	Purpose of trip	Amount of taxable travel benefit <i>Other travel:</i> T4 slip - box 32 and T4A slip - box 028 <i>Medical travel:</i> T4 slip - box 33 and T4A slip - box 116	Amount of travel expenses (See Notes 2 and 4 on the Information Sheet)	Quote the lowest return airfare (See Notes 3 and 4 on the Information Sheet)	Enter the lowest of the amounts from either Column 3, 4, or 5 in the appropriate column below for the prescribed zone(s) where you resided.	
	T R I P					Zone A	Zone B
OTHER TRAVEL	#1						
	#2					+	+
	#1					+	+
	#2					+	+
	#1					+	+
	#2					+	+
	#1					+	+
	#2					+	+
	#1					+	+
	#2					+	+
MEDICAL TRAVEL						+	+
						+	+
						+	+
						+	+
						+	+
						+	+
						+	+
						+	+
Total						=	14 = 15

Attach a separate sheet of paper if you need more space.

Step 3 – Calculate your deduction for travel benefits

Enter the amount from line 14 in Step 2.

6754 16

Enter the amount from line 15 in Step 2.

6756 × 50% = + 17

Add lines 16 and 17.

Deduction for travel benefits = 18

Step 4 – Calculate your northern residents deductions

Enter the amount from line 13 in Step 1.

Residency deduction 19

Enter the amount from line 18 in Step 3.

Deduction for travel benefits + 20

Add lines 19 and 20.

Northern residents deductions = 21

Enter the amount from line 21 on **line 255** of your return.