

## NORTHERN RESIDENTS DEDUCTIONS AND TRAVEL BENEFIT

You qualify if you have lived on a permanent basis, in a [prescribed northern zone \(Zone A\)](#) or a [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 [Form T2222, Northern Residents Deductions](#).

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

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 qualify for the deduction. For more information about special work sites, go to [Special work site](#).

**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

### What are the northern residents deductions?

The northern residents deductions consist of a deduction for:

- living costs (the residency deduction);
- and travel benefits.

### Can you claim the residency deduction?

You, and all the members in your household, can claim the residency deduction if you have lived 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 a tax return is being filed.

If you lived in a **northern** zone, you can claim the basic amount of \$11 for each day that you lived in this zone.

If you lived in an **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 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, 2018. Yellowknife, Northwest Territories is listed as a prescribed **northern** zone based on the list available.

Katie and John **lived in the prescribed zone for a continuous period of at least six consecutive months** (March 15, 2018 to December 31, 2018 = 8.5 months [292 days]). Therefore, Katie and John are each entitled to claim the basic residency amount for 292 days in 2018. However, John does not need to claim the northern residents deductions for 2018 because he did not have taxable income in 2018.

Katie can claim \$11 for each day that she lived in Yellowknife (292 days) and an additional residency amount of \$11 per day because she maintained and lived in a house (which is considered a dwelling) during the 8.5 months and she is the only person in her household claiming the basic residency amount. Katie will complete the “**Zone A**” section.

### Example 2

Assume the same facts as in Example 1, however Katie and John move to **Vanreana, Alberta** instead. Vanreana, Alberta is listed as a prescribed **intermediate** zone based on the list available at [Line 255 - Places located in prescribed zones](#). Therefore, Katie and John are each entitled to claim the basic residency amount for 292 days in 2018 as Katie and John **lived in a prescribed intermediate zone for at least six consecutive months**. Katie can claim \$5.50 for each day that she lived in Vanreana (292 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 8.5 months and is the only person in her household claiming the residency deduction. Katie will complete the “**Zone B**” section.

### Can you claim the deduction for travel benefits?

If you received travel assistance (such as airline tickets or a trip on the company owned plane) from your employer or a travel allowance or a lump-sum payment from your employer and you actually incurred expenses for travel for **other reasons**, you can claim a travel benefits deduction for that travel. You can only claim this deduction for a trip that you or your household members (who lived with you at the time of the trip) actually took for vacation, family or medical reasons and that started from a prescribed zone. You cannot claim this deduction for travel required by your employer or related to your employment.

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, 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 travel deduction for that trip.

However, you can claim a deduction for travel 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

In addition to living in a prescribed northern or intermediate zone for at least six consecutive months, in order to claim the deduction for travel benefits, **you and your employer cannot be related and you must**

**have included the travel benefit amount received** from your employment in the prescribed zone in your income. 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. **Other Travel** means travel for vacation or family reasons (**maximum of two trips per year by each household member**).

**Note** - To calculate meal and vehicle expenses only, 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 costs paid by your employer.

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

**Simplified Method** - You do **not** need to keep receipts.

- **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 taxation 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.

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

- the value of the travel benefit received from your employer;
- the actual amount that you spent on your trip; and
- 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 (the **nearest designated cities** are: 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, NL).

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.

### **Example 3**

Katie and John moved from Vancouver, British Columbia to their new house in **Yellowknife, Northwest Territories** on March 15, 2018.

Katie started working at Smith Co. in **Yellowknife** and received a travel allowance from Smith Co. of \$5,000 in 2018. The \$5,000 travel allowance is included in box 32 of Katie's 2018 T4 slip from Smith Co. On November 1, 2018, Katie flew back to Vancouver, British Columbia to visit her mother and spent \$1,500 on travel expenses. Katie took a trip in 2018. 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 deduction for travel benefits. 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; and

The \$5,000 allowance received from Smith Co. is included in Katie's income

The deduction for travel benefits amount is calculated as the **lowest of the three amounts**:

The **value of the allowance** received from Smith Co.: **\$5,000** (Column 3)

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 airport closest to her house, which is Yellowknife, and the nearest designated city to that airport, which is Edmonton: **\$400** (Column 5)

As Yellowknife, Northwest Territories is listed as a prescribed **northern** zone based on the list available at [Northern residents](#), Katie will enter **\$400** under the "**Zone A**" Column in Step 3.

**Do you have all your receipts and other supporting documents?**

- Have all your supporting documents in hands (including the lowest return airfare available at the time of the trip)
- 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.