



Novel Coronavirus (COVID-19)

Business Law

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CRA allows non-taxable reimbursement for computer equipment during COVID-19

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The transition to a work-at-home environment during COVID-19 has resulted in increased expenses by individuals on computer equipment in order to properly fulfill their employment duties while at home. As such, employers may choose to reimburse their employees or provide their employees with allowances to acquire personal computer equipment.

Under normal circumstances, a reimbursement or allowance for personal computer equipment will be considered a taxable benefit to an employee. The Canada Revenue Agency (the “CRA”) is generally of the view that an employee will be deemed to have received an economic benefit when the employee is reimbursed, in whole or in part, for the purchase of an asset, of which the employee retains ownership, despite the fact that such asset is used for employment-related purposes.

Notwithstanding the above, the CRA recently announced that it recognizes that the unique circumstances of COVID-19 has caused many individuals to purchase necessary computer equipment to facilitate working remotely for their employers. Consequently, the CRA will accept that a reimbursement or allowance of up to \$500 (coupled with supporting documentation) during COVID-19 will not be a taxable benefit provided that: (i) the cost of acquiring personal computer equipment is to enable the employee to immediately and properly perform the employee’s work; and (ii) the expenditure is primarily for the employer’s benefit.

Taxpayers may also be interested in understanding whether any home office expenses can be claimed on their tax returns. **[Read more on this here.](#)**

Please do not hesitate to contact a **member of our team** with your questions about the impact of COVID-19 on your tax compliance obligations. For more information about dealing with COVID-19, please visit our **COVID-19 Resource Center**.

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