

Are you eligible?

If you have moved at least 40km and established a **new home** to be employed or run a business at a **new location**, you can deduct eligible moving expenses from the employment or self-employment income you earned at your new location.

Eligible moving expenses

Most moving expenses are eligible for a tax deduction. You must pay for the expenses by December 31 of the year you're claiming them as deductions. Specifically, they are as follows:

- Travelling expenses, including automobile expenses for you and your family
- Meals and accommodations on the way to the new residence
- Costs of moving your stuff (moving van, storage, insurance, and so on)
- Costs for up to 15 days for you and your family for meals and temporary stay
- Costs of cancelling your lease on the old residence
- Costs of selling your old residence (advertising, notary or legal fees, real estate commission, and mortgage penalty when the mortgage is paid off before maturity)
- Costs of maintaining your old residence when vacant (including mortgage interest and property taxes, insurance premiums, cost of heating and utilities) to a maximum of \$5,000
- Legal or Notary fees and land transfer fees paid in acquiring the new residence, as well as any taxes paid (other than GST) provided you sold the prior residence as a result of the move
- Fees for utility disconnection and hook-ups
- Incidental costs related to the move (for example, costs of changing your address on legal documents, and costs of acquiring new auto and driver's licences)

With respect to automobile and meal costs incurred while moving, the Canada Revenue Agency permits you to either claim the **actual costs** or use a **flat rate (simplified method)**. Where you use the flat rate, you don't need to retain receipts.

The flat rate for automobile travel varies by province or territory. If you don't use the flat rate, you need to track **all the costs of operating the car for a year** (gas, maintenance, insurance, interest on car loans, depreciation, and so on). You then prorate the total of these costs by taking the number of kilometres driven for the move over the total number of kilometres driven for the complete year.

The flat rates for automobile and meal costs change every year and are posted on the CRA website. In Sask, for 2021, the rate was **\$.515 per Km and \$23/meal to a maximum of \$69/day/person**, without receipts.

Employer-paid or -reimbursed moving expenses

You can deduct moving expenses only to the extent that the expenses were incurred by you. You cannot deduct expenses that were paid for by your employer, or that you incurred and were later reimbursed for by your employer. On the other hand, if your employer provided you with an allowance, this amount must be included in your income. Make sure you then claim any eligible moving expenses as a deduction.

When possible, always get your new employer to reimburse you for your moving expenses. This is advantageous for a number of reasons:

- You won't be out any money. Even in the top tax bracket, a tax deduction is worth less than 50 cents on the dollar. This means that for each dollar you deduct, you save less than 50 cents in tax. Isn't it better to have your employer give you back the full dollar? (The employer can claim a deduction for amounts reimbursed to you.)
- Some moving costs are not tax deductible. You definitely want to be reimbursed for these.
- You avoid the hassle of detailing all your moving expenses on your tax return, plus you are far less likely to have the CRA question your return. **The CRA usually asks for support for at least half of moving expense deductions taken.**
- You do not need to wait for a tax refund to get your money back.

The CRA has stated that your employer can provide you with a non-accountable allowance of up to \$650 as a reimbursement of moving expenses. The allowance will not be considered income provided you certify in writing that you incurred moving expenses of an amount at least equal to the allowance you received.