To: All Canadian MVSers serving in the U.S. in 2020

From: Mennonite Mission Network

Date: February 24, 2021

Subject: Income Tax information

The following information is important and necessary to complete your 2020 income tax return with Canada Revenue Agency. This information applies to persons who are or were supported on a voluntary service basis by MVS anywhere outside of Canada. Questions may be directed to Kent Peters at 316-281-4392.

Every Canadian MVS supported participant should file a tax return. As defined by Canadian tax law, MVS support and allowances are benefits to the individual and are therefore taxable. Taxable income for Canadians includes: food and household, medical, transportation, student loan assistance and personal allowances. This amount has been calculated at **$16,223 CDN** per year of service with MVS. MVS support is not ‘earned income’ and therefore not eligible for calculating RRSP contributions, CPP or EI premiums and benefits. For those who served with MVS for only part of the year, all amounts, tax credits, and calculations are to be prorated by the number of days individuals were serving with MVS in the year.

Upon request, MVS will pay any “net income taxes” due exclusively to voluntary service income, less income tax credits, GST or child tax credits. “Net income taxes” means Canadian income taxes due after any federal or provincial tax credits. Should you request MVS to pay an amount of taxes arising from your volunteer stipend, the time proportionate GST Credit or Child Tax Benefit amounts would be expected to be remitted to MVS in recognition of that payment. We recommend you calculate the cost/benefit of any request for assistance as it may be to your advantage to pay your own taxes and retain your support payments.

MVS support is considered your ***first*** income for determining tax payable when requesting MVS assistance. Some of you may have income above and beyond your MVS support (e.g. investment income, rental income, salaried income prior to or after service, etc.). In such cases, in order to determine the amount of tax payable or credit due from MVS, you must make two tax calculations. In addition to processing your regular tax return, you would calculate a mock return (which is not be filed with Canada Revenue Agency) using only the MVS support and relevant deductions pertaining to the MVS income. It is important to note that MVS does not withhold any tax from the field allowances or RRSP contributions. Those receiving these payments will need to plan to pay some tax when the tax return is submitted.

The question at the top of the return asking for province of residency at December 31, 2020 should be the province where you last filed a tax return. Leave blank the line that asks “if you became or ceased to become a resident of Canada in 2020.” Remember, you remain a Canadian resident for tax purposes. As you will not be receiving a T4 or T4A statement, report your income amount on **line 13000**, saying “Volunteer Support” in the blank description area. Sales tax credits are available in certain provinces. You must indicate on your return that you wish to apply for the GST credit. You are eligible even though you are out of the country.

Tax returns are available at any Canadian post office or Canada Revenue Agency office or by filing online ([www.canada.ca/en/services/taxes.html](http://www.canada.ca/en/services/taxes.html)) and are due by April 30, 2021. If you are not able to obtain a Canadian tax return, or choose not to file electronically, please contact our office and we will arrange to have one sent to you.

Kent Peters

MVS Assistant

Mennonite Mission Network