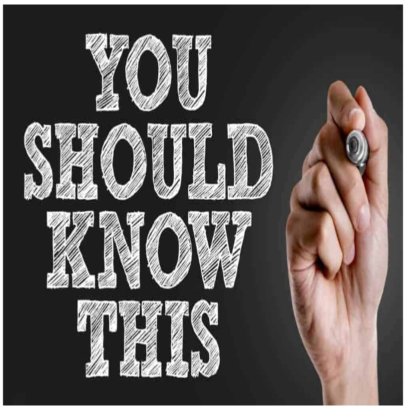

Claim These 3 Uncommon Tax Breaks on Your 2020 CRA Tax Return

Description

The tax season is approaching quickly. It is time that you educate yourself on a few methods to enjoy tax breaks on the income tax returns for your 2019 income year. I am going to discuss three uncommon tax breaks on your 2020 Canada Revenue Agency (CRA) tax returns that can help you save a significant amount and possibly receive a return from the CRA.

Employment expenses

I don't think many people know that the salaried or commission-based workforce can also enjoy tax breaks on their income. Many people know that self-employed professionals can deduct work expenses on their tax returns.

If you are a professional in someone else's company and your employer requires you to pay expenses to earn your income, you can deduct those costs from your tax returns. Your employer must issue a Declaration of Conditions of Employment form, so you can deduct the expenses you bear for your employment income.

Make sure you keep all the receipts and tickets if you travel for work.

Interest paid on your student loans

If you're still paying off your student loans and you received the loans under the Canada Student Loans Act, there are particular interest payments you can deduct from your tax returns. Student loans received under the Canada Student Financial Assistance Act or a similar territorial or provincial government law also qualifies you to leverage this tax break.

You cannot qualify for this tax break on interest paid on personal loans or lines of credit, even if the amount was used for education. Interest paid on student loans coupled with other types of loans is not deductible either. Interest paid on a student loan from another country is also not liable for the taxbreak.

You can claim the interest paid for student loans in the tax deduction for the current tax year and going back as far as the interest paid in the last five years.

RRSP contributions

The contributions you make to your Registered Retirement Savings Plan (RRSP) are also tax deductible. Contributions to the account are tax deductible, and you can contribute to your RRSP until you turn 71. According to the CRA, you can contribute up to 18% of your previous year's income to your RRSP.

If you have an income of $100,000, you can contribute $18,000 worth of assets to your RRSP. Only your income on the remaining $82,000 will be taxed instead of the entire $100,000.

You can use the tax break on RRSP contributions to save money and build an income-generating portfolio. You could consider investing in a stock like **Brookfield Renewable Partners**.

The stock could be an excellent option to consider. At writing, it trades for $73.25 per share and offers its shareholders a dividend yield of almost 4%. The stock is a player in the burgeoning renewable energy market, and it is up by nearly 82% from the same time last year. As the world shifts toward renewable energy, Brookfield could provide you the exposure to a potentially phenomenal market.

Few companies are trading on the TSX that focuses entirely on riding the green energy revolution. It is already a US$1 trillion industry with plenty of room to grow moving forward.

Foolish takeaway

It might be too late to leverage RRSP contributions for the tax break for the 2019 income this tax season. You still have tax breaks like interest paid on student loans and any employment expenses to leverage.

Save on your tax returns through these tax breaks this year. You can use the newfound knowledge to contribute in dividend-paying stocks like Brookfield for your RRSP. You can enjoy further tax breaks when the next tax season approaches.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/25
Date Created
2020/03/11
Author
adamothman