



CRA Tax Deductions: 2 Crafty Ways to Reduce Your 2020 Tax Bill

Description

The filing of income tax returns is a responsibility of all Canadian taxpayers even in the present health crisis. You can reduce your tax bill in 2020 if you [know the various tax deductions](#) and tax credits available to you.

The Canadian government, through the Canada Revenue Agency (CRA), has announced several [tax changes](#) due to the novel coronavirus outbreak — first up was the extension for the filing of income tax returns. Instead of April 30, 2020, the deadline is now June 1, 2020. For self-employed taxpayers, it's June 15, 2020.

Similarly, the payment of taxes owed to the government has been moved from May 1 to September 1 this year. Keep in mind, however, that the penalty-fee extension is until after August 31, 2020, only. Thus, you're given ample time to prepare.

Medical expenses

While staying at home during the lockdown, it's important to know the deductions and tax credits you can claim. You have an opportunity to save on taxes or get reimbursed for cash you're unaware you were entitled to.

If you spent for medical bills in 2019, you might be able to claim more than you think when you file your income tax return in 2020. There are medical expenses on the list provided by the CRA that are tax-deductible.

You can claim any medical expenses you or your spouse paid in any 12 months ending in 2019. Furthermore, you can claim eligible medical bills even if they were paid outside Canada.

Child care deduction

An extended lockdown will have a significant impact on parents. Hence, if you're a parent, there are

child care deductions you can claim. You can deduct up to a maximum of \$8,000 per year per child under six years old. For those with children aged seven to 15, the deduction is \$5,000.

The usual child care expenses are babysitters, daycare, nannies, and pre-school, among others. Be ready to present the proof of expenses to the CRA when you're claiming for child care deduction.

Rising unemployment

Based on the Bloomberg Nanos Canadian Confidence Index, consumer confidence in Canada is now at a record low. The extensive lockdown period is causing mass layoffs. In the airline and aviation industry, for example, **Transat AT** (TSX:TRZ) had to let go of 80% of its total workforce.

The travel restrictions left this \$378.22 million integrated tour operator fighting for life. Pre-corona, Transat was providing holiday travel services to about 25 countries. There is currently zero air travel in the usual 60 destinations.

Transat President and CEO Jean-Marc Eustache said letting people go brought great sadness. The drastic action was necessary to safeguard the company. But the company plans to use the Canada Emergency Wage Subsidy (CEWS) to rehire 4,000 laid-off workers.

As of this writing, the Transat stock is trading at only \$10.02 per share on the **TSX**. This industrial stock is losing by 37.1%. **Air Canada** might not pursue to acquire Transat anymore due to a very hazy business outlook.

Save on taxes

You have two crafty ways to save on taxes in 2020. Make an effort to know all other deductions and tax credits available to further lighten your financial burden.

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