



## CRA: 2 Useful Tax Breaks Could Save You Thousands

### Description

Taxes are an inevitable reality of life. You can't avoid or delay them, lest you get penalized and have to pay even more than you were originally required to. This is why it's smart to keep your tax obligation in mind from the very start of the fiscal year, especially if you are a business owner or self-employed. It's a good practice to set aside 25% to 30% of your income for taxes.

But there are ways to lighten your tax burden. Educate yourself about tax breaks and deductions you may be eligible for. Similar to an RRSP, some of the deductions can be claimed every year, while some tax credits and deductions are applicable only if certain conditions are met.

### Home accessibility credit

If you have to make your home more senior-friendly or make changes to accommodate a disabled individual, you can claim a decent tax credit. Qualified individuals are seniors themselves who can apply for this tax credit if they have made specific changes to their primary residence to make it more accessible or safer for them.

If you are taking care of a senior — let's say your parents — you may apply for this tax credit on their behalf.

You'd be considered an eligible person applying on behalf of a qualifying individual. The total tax credit you can earn is \$10,000 a year. So you get to save \$1,500 ( $\$10,000 \times 15\%$ ) from your tax bill. These renovations can include chair lifts, wheelchair ramp, etc.

You will get a provincial tax credit too. Even better — some home accessibility renovations qualify as medical expenses, so you can apply for a medical expense tax credit as well.

### RRSP deductions

An even more substantial tax break you can claim is RRSP deductions. It can reduce your taxable

income significantly and save you thousands of dollars in taxes.

An individual earning \$100,000 a year in Ontario can save over \$6,000 by making full contributions (\$18,000) to their RRSP. Apart from earning you a tax break, that amount invested in a good company can help you grow a sizeable nest egg in a tax-deferred environment.

One of the companies you may consider investing inside your RRSP is **Altus Group** ([TSX:AIF](#)). This \$1.71 billion market cap company is a software, data-solution, and expert services company that cater specifically to commercial real estate clients.

It [has a strong](#) and globally diversified client portfolio, including some of the largest commercial real estate industry companies.

It offers dividend (\$0.15 per share per quarter), and the current yield comes out to 1.4%. A better reason to invest in this company is its growth.

Its five-year returns are over 150%, and the 10-year CAGR is 18.69%. Another decade at this pace will turn your \$18,000 investment into a \$100,000 nest egg.

## Foolish takeaway

Even if you can afford *not to claim* all the [deductions and tax credits](#) you are eligible for, it makes more financial sense to do so. And it's not just about a lighter bill. The money you save from your taxes can be put to better use, like an investment.

That's especially relevant when you can claim deductions and credits worth thousands of dollars.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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1. TSX:AIF (Altus Group Limited)

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