



## The CERB Will Expire, But These 3 CRA Tax Breaks Last Forever

### Description

For months, the CERB has provided financial support to Canadians in need. Introduced in April, it has paid out over \$60 billion so far. For Canadians who lost their jobs due to COVID-19, it was a much needed lifeline.

Now, however, the program seems to be winding down. According to *Canada.ca*, the CERB is still scheduled to expire on October 3. The program was extended in June, but that was an extension to the maximum coverage period, not the program's end date. Unless new extensions are announced, the CERB will end this fall.

If you're currently receiving the CERB, it's time to start [planning for life after it](#). With Canada's economy gradually re-opening, you may be able to find employment that can more than replace what you were getting from the CERB. Regular EI benefits may also be an option.

As for no-questions-asked \$1,000 bi-weekly payments, it seems those are soon to be a thing of the past. That doesn't mean, however, you still can't get money from the CRA. As you're about to see, there are many tax breaks you can claim that can reduce the taxes you owe the CRA.

These don't cut you a regular cheque like the CERB does, but could result in a larger refund after you've filed your taxes next year. The first is one you've probably heard about before—but may not be using to its full potential.

### RRSP contributions

RRSP contributions are the most obvious tax break available to working Canadians. You can contribute up to 18% of your income into an RRSP and get a full tax deduction on the money contributed. If you contribute \$10,000 and have a 30% marginal tax rate, you'll save \$3,000 in taxes.

This is a huge benefit, particularly if you're an investor. Let's imagine you wanted to buy shares in a company like **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)). Let's also imagine that RRSPs didn't exist. If that were the case, then you'd only be able to invest whatever was left after your employer deducted

income taxes.

However, we live in a world where RRSPs *do* exist. So you can contribute \$10,000 to one and make your taxable income \$10,000 lower. At a 30% marginal tax rate, you'd get an extra \$3,000 to invest because of this. You might not be able to invest the money immediately, but you'd get a tax refund that you could later invest.

## Dividend tax credit

The [dividend tax credit](#) is another generous tax break you can take advantage of. Similar to RRSP contributions, this tax break spares you taxes you'd otherwise have to pay. The dividend tax credit is a 15% tax credit on the "grossed up" value of your dividends.

To continue with the Fortis example, \$3,000 worth of dividends from that stock would be grossed up to \$4,140. Your tax credit on that amount would be \$621. That's a significant tax savings, and you can claim it on any eligible dividends you receive.

## Capital losses

Finally, we have capital losses. Any capital losses you incur can be used to offset capital gains you receive. So, for example, if you cash out a \$10,000 gain on FTS stock, and cash out a \$10,000 loss on another stock, you're left with no net taxable gain.

That can save you money come tax time. Do keep in mind, though, that you have to cash out your losses for this to work. If your shares are simply down and you're holding on in hopes of a recovery, you can't use this tax break.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

### PARTNER-FEEDS

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

### Category

1. Dividend Stocks
2. Investing

**Date**

2025/08/26

**Date Created**

2020/07/28

**Author**

andrewbutton

default watermark

default watermark