CRA Cash Tips: How to Grow Your Tax Return by 10X

**Description**

Tax-filing deadlines have been delayed. Many investors are looking for ways to increase their tax refund or lessen their quickly approaching tax burden.



There are a number of great strategies available to most investors. In this article, I'm going to cover three such strategies related to one's investment portfolio.

## Take those tax losses now

If you're an investor who has experienced capital depreciation of any core investment positions, take tax losses now. This could be a great way to lessen your upcoming tax burden. Consider this approach if you have a company like **Enbridge** in your portfolio. Such companies are absolutely fantastic long-term buy-and-hold stocks. However, they have underperformed of late.

Sell your stake. Take a temporary loss for tax purposes. Then buy back your position at a lower price. This approach is worth it, especially for investors with significant investments in non-registered accounts.

It's important to remember that great companies sometimes fall off the radar of investors when sentiment changes. Sticking with a solid longer strategy, despite variations in market sentiment, is an important way to retain one's long term exposure and avoid making mistakes.

Taking tax losses should not be confused with divesting an underperforming position. Cutting losses is sometimes necessary. However, in the case of companies like Enbridge, continuing to hold (while temporarily selling for tax reasons) can be very advantageous in the short term.

## Ramp up those RRSP investments

The tax deduction we receive from our Registered Retirement Savings Plan (RRSP) contributions should always be looked at as a primary way to reduce one's tax burden. Investing in a lump sum prior to tax season is one way of taking such a benefit, This route ought to be considered, particularly by those who have not yet made a contribution and still have room.

Of course, putting together a monthly contribution of a small amount you can afford is a good way to go. This can help to lessen the blow of such a lump sum contribution every year. Paying yourself first and putting money away for retirement consistently is also a faster way to grow your wealth over time. You will also then gain the advantage of compounding over the course of the year.

Taking your refund and reinvesting said refund into an RRSP or other registered account immediately is a great way to grow one's wealth and generate taxable benefits for the next fiscal year. For those with the means to do so, engaging in a three-pronged approach is one of the best ways to limit the taxes you need to pay each year while growing one's nest egg for those golden years on the horizon.

## Look for tax-advantaged stocks and investment strategies

There are a number of stocks with flow-through benefits and other tax-related upside that are often overlooked by investors. A dividend tax credit for high-yielding stocks is another example of ways to directly benefit on taxes from a given investment.

I would encourage investors to do more research on the tax implications of one's investments before diving in. Contacting a certified financial planner or accountant on this matter can be helpful.



Canadian investors ought to be aware of various tax-related hurdles placed by foreign investments in certain accounts. Some U.S. investments, for example, may not be eligible for the dividend tax credit. This would lessen one's overall return. Making note of these intricacies and nuances of investing is important. Also important is having a strategy with respect to which investments are made in which accounts.

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