Canada Revenue Agency: 3 Tax Breaks That You Can Claim

Description

The Canada Revenue Agency (CRA) always brings new benefits and tax breaks to make lives comfortable for Canadians. In the COVID-19 pandemic, it played a major role in helping people who were out of jobs and companies who were out of business. This year, the CRA has introduced many changes to fit the pandemic economy. It has extended the 2019 tax filing deadline for the third time to September 30. The earlier extensions were June 1 and September 1.

Now that you have ample of time to file your returns, I suggest you check out some new tax breaks the CRA introduced last year. The CRA offers several tax breaks, deductions, and credits, some refundable and some non-refundable, on expenses it deems necessary to live a comfortable life. The core objective is to charge a tax on the income you earn over and above the necessities.

I will talk about some credits and deductions that can help you save some of your 2019 and 2020 tax bills.

Digital news tax credit

The CRA introduced the non-refundable digital news tax credit last year, to give you a 15% waiver of up to $75 on your paid news subscriptions. The agency is promoting digital news to help Canadians stay up-to-date with the latest news. You can claim the credit on up to $500 worth of subscriptions every year from the 2019 to 2025 tax year.

While a $75 savings might not look much, you can maximize these savings. Use this benefit to subscribe to financial and investment news subscriptions. The stock market and tax updates can help you invest in the right stocks that can grow your money multiple folds. These updates can improve your financial well-being.

Tax breaks for 2020

For the 2020 tax year, you can claim two more tax breaks. In the pandemic, many companies shifted their employees to work from home. According to Statistics Canada, 4.6 million Canadians were working from home in July, which is almost three times the average of 1.6 million. If you are among them, you might want to consider the work-from-home tax deduction.

Work-space-in-the-home deduction

When you work from home, the CRA allows you to deduct expenses related to your workspace at home. For a portion of your home to be called a workspace,

- You should have spent over 50% of the time working from home or
- You should have used the space to meet clients regularly.

If you have converted 25% of your home area into a workspace, you can deduct 25% of the expenses related to electricity, heating, maintenance, property taxes, home insurance, and rent. Broadband bills and mortgage are excluded from these deductions.

Your deduction cannot exceed the income you earn from your employer. Moreover, you can only claim this deduction if your employer didn't reimburse you the amount.

Canada Training Credit

Last year, the CRA introduced a new refundable Canada Training Credit. With this credit, it is encouraging employees to train for the next level and support them in their career growth. From the 2020 tax year, you can get a $250 tax break on the tuition fee of any post-secondary education you took.

Taxpayer's takeaway

The CRA gives you several tax credits to help you earn more. You can make each dollar you save on taxes count. Use the training credit to increase your knowledge and income, and the digital tax credit to stay updated in your field. Use the tax savings to invest in some good growth stocks through your Tax-Free Savings Account (TFSA).

You can invest $325 you saved on the digital news and training credit in **Lightspeed POS** (LSPD). The company offers a point of sales (POS) solutions to retailers and restaurants.

The stock was badly hit by the pandemic, but has now recovered to its pre-pandemic growth. Lightspeed launched its initial public offering in March 2019 and grew 95% that year. After falling 60% in March, the stock is up more than 220%. If you invest $325 in it now, it can grow to $700 in the next two-three years.

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