



## CRA Update: 2019 Tax Filing Deadline Extended Again

### Description

## The CRA tax breaks

Now that you have some time in your hand to file your taxes, you might want to consider different tax breaks and deductions that can lower your 2019 tax bill. The CRA offers many tax breaks on expenses which it deems necessary to live a comfortable life. You pay two types of income tax: federal tax and provincial tax.

There are three non-refundable tax breaks that you can deduct from your 2019 taxable income.

## Personal amount

Every year, the federal and provincial governments set a minimum basic personal amount on which no tax is charged. For 2019, the federal personal amount is \$12,069, and Ontario's amount is \$10,582.

I will explain this tax break with an example. John is a salaried employee from Ontario and is earning \$44,000 annually. Based on his income, he has to pay \$8,800 in income tax (15% federal tax and 5.05% provincial tax). He can deduct the personal amount from his taxable income, which will reduce his tax bill to around \$6,500. If you think a \$2,300 reduction is good, read ahead.

## Canada employment amount

The CRA allows salaried employees an employment deduction of up to \$1,222. It provides this deduction for the work-related expenses they bear, such as home computers, uniforms, and supplies. This deduction is only applicable to the federal tax.

Continuing my previous example, John can further deduct \$1,222 from his taxable income, thereby reducing his tax bill by another \$183 to around \$6,300.

## Digital news tax credit

The CRA introduced [digital news tax credit](#) last year, which allows you to claim 15% on your digital news subscriptions of up to \$500. If John spent \$500 on qualifying digital news subscriptions, he can reduce his tax bill by another \$75 to \$6,220.

The above three tax credits and deductions apply to every Canadian, single or married, earning an employment income. The CRA offers other deductions based on your age, health, and family size.

- It offers an age amount of up to \$7,494 for people over 65 years of age.
- For parents, it allows a \$2,230 deduction for each dependent child under 18.
- For those with a disability, it offers a maximum deduction of \$8,416.

## Make the most of your CRA tax savings

Taking the previous example, John saved \$2,600 in his tax bill, just from the above three non-refundable tax breaks. You can save more on your tax by investing some amount in your Registered Retirement Savings Plan (RRSP). The RRSP allows you to claim tax benefits on your present contribution, and pay tax on your future withdrawals.

If you are at the peak of your career and earning a high income, an RRSP is a good choice. Your taxable income will reduce after retirement. Hence, any RRSP withdrawals will give you a nominal tax bill. One stock that is perfect for your RRSP is **Constellation Software** ([TSX:CSU](#)).

The company works as a private equity firm. It acquires smaller software companies that offer mission-critical software in niche markets and earn stable cash flows. It benefits from merger synergies. Constellation has acquired over 260 companies since its inception. It serves

Constellation stock has grown 3,900% since January 2010. If you had invested \$10,000 in the stock in January 2010, your money would have grown to \$400,000. It still has the potential to grow your money multiple folds in the next 10 years.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

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