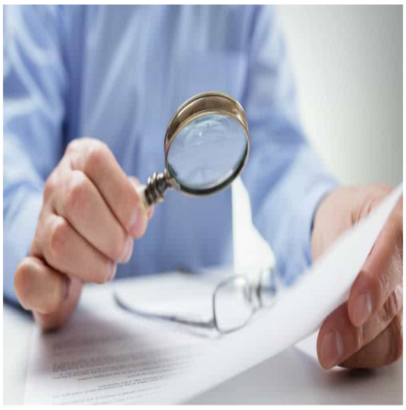

EXTENDED TAX DEADLINE: 3 Tax Breaks That Could Save You Money by September 30!

Description

Canada's extended tax-filing deadline is fast approaching. By September 30, you'll have to have your taxes filed and sent in to the CRA. That means that *now* is the time to find and identify all the tax breaks you're entitled to.

Canada's tax system has plenty of deductions and credits, some you may know about, others you may not. The best way to ensure you claim all the ones you're entitled to is to get started early. If you wait until the filing deadline to look up all the tax breaks you could get, you may miss some. With that in mind, here are three CRA tax breaks that could save you money by September 30.

Canada Worker's Benefit

The Canada's Worker's Benefit is a refundable tax credit that's new for the 2019 tax year. It's basically an updated version of the Working Income Tax Benefit. Like the Working Income Tax Benefit, you get it if your income is below a certain threshold. However, the CWB is easier to access and pays a higher amount. If you qualify for this benefit, you will get the money paid to you on your tax refund.

Employment expenses

Everybody knows that self-employed business owners can deduct employment-related expenses. What you may not know is that regular employees can claim some, too. If you have to pay union dues or professional licensing fees, you may be able to claim them. If you want the full rundown on what employment expenses you can deduct, speak with a CPA who will be able to help you find any you're entitled to.

RRSP contributions

Last but not least, we have RRSP contributions. This one probably isn't news to you, but it's always worth repeating. For every dollar you contribute to an RRSP (up to the limit), you get a dollar shaved off your taxable income. That saves you money — potentially a lot of money, if your marginal tax rate is high. For example, if you have a marginal tax rate of 50%, a $10,000 RRSP contribution saves you $5,000!

And the tax savings don't end there. In addition to giving you an up-front tax break, the RRSP also lets you grow your investments tax free. So, if you own an ETF like the **iShares S&P/TSX 60 Index Fund** (TSX:XIU), you pay no taxes on either the dividends or on the capital gains. If you accumulate a large position in an ETF like XIU, the tax savings could be substantial.

To illustrate this, let's imagine that you held a $100,000 position in XIU in an RRSP. According to **Blackrock**, XIU has a 3.3% dividend yield. That means you get $3,300 back annually on a $100,000 position. The RRSP spares you the taxes on those dividends, which otherwise could be fairly high (though the dividend tax credit would shave some off). Additionally, if you realize a capital gain on your XIU units, the RRSP would spare you the capital gains tax. So, you could be looking thousands in tax savings — *on top of* the tax break you get for contributing!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

PARTNER-FEEDS

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