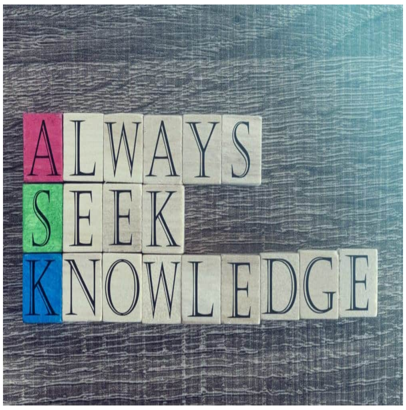

Canada Revenue Agency: Make Sure You Didn't Miss These 2 Tax Deductions in 2020

Description

The September 30 deadline to file and pay your income taxes for the 2019 income year has passed. The Canada Revenue Agency (CRA) took several measures to help Canadians during the pandemic. It also extended the filing deadline to ease the financial stress on millions of Canadians amid the confusion and chaos from COVID-19.

Many Canadians benefited from the extra time they had to sort out their taxes by working in vital tax deductions. If you missed out on the tax breaks that could help you save substantial amounts from your tax bill for the 2019 income, you might want to take advantage of them for 2020.

Today I will discuss two tax deductions that you should leverage for the 2020 income taxes you will file in the next tax season. Additionally, I will tell you an ideal way to use your tax savings to earn more money.

Child Care deduction

The extended lockdown affected Canadians in more ways than they could have imagined. If you are a Canadian parent, there is a tax deduction you can use to your benefit. The child care deductions that you can claim can possibly help you save up to $8,000 per year for each child below the age of six. For those aged seven to 15, you can reduce $5,000 from your tax bill.

Typically, the child care expenses are for paying babysitters, pre-school, nannies, and daycare. However, if you have also experienced a loss of income because you had to prioritize taking care of your child over your job, it can become a part of your tax deduction. Make sure you have the proof of expenses to present to the CRA to claim the tax deduction.

Digital News Tax Credit

The CRA has also started offering the Digital News Tax Credit for Canadians who subscribe to news sources that come under the Qualified Canadian Journalism Organization (QCJO). If you are someone who subscribes to a wide variety of paid news subscriptions for educational or professional knowledge, you can use it to reduce your tax bill.

The actual tax credit you can receive is based on the total amount you pay for the year. It is 15% of the amount you pay in subscriptions to QCJO outlets, and the maximum credit you can get is $75. While the tax credit may not be much, every penny counts during these challenging times.

Cheap stock to consider

The tax deductions can leave you with some extra cash that you no longer have to pay the CRA. While you can use it as extra spending money, it would be better to use it to earn more cash. Investing it in a cheap but reliable stock like the **Jamieson Wellness Inc.** (TSX:JWEL) can help you grow the tax savings through its substantial returns.

Jamieson Wellness is a vitamin, mineral, and supplement maker that is making massive strides in the stock market amid an increasing awareness for health and wellness products. The brand has established itself as a reputable source for health and wellness products, and business has been booming for Jamieson during the pandemic.

The stock is trading for $42 per share at writing, and pays its shareholders at a modest 1.19% dividend yield. The share price is up 76.10% on a year over year basis, and the stock does not show signs of slowing down. At its current valuation, Jamieson Wellness still looks like a bargain that could be useful for your investment portfolio.

Foolish takeaway

Tax bills in Canada are generally relatively high. However, there are plenty of ways you can reduce the tax bill. I hope you will use these tax deductions for your 2020 income year when you file your taxes in the next tax season.

Additionally, it would be wise to use your savings to invest in stocks with defensive qualities during these uncertain times. Jamieson Wellness is both a defensive and high-growth stock that could be ideal to this end.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:JWEL (Jamieson Wellness Inc.)

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Date
2025/08/27
Date Created
2020/10/12
Author
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