CRA Tax Deadline Extended: Remember to Get These 2 Tax Breaks

Description

The CRA extended the tax deadline for 2019-2020 to September 30. It was a generous extension and gave many Canadians enough time to get their finances in order to pay their taxes. But it's finally over now, and hopefully, most of you have already filed and paid your taxes and are not incurring any late-payment penalties.

But there is another benefit that an extended deadline can offer. With more time on your hands, you can look into more deductions you qualify for. This allows you to lighten your tax burden, and the money you save from your tax bill can go towards your investments. The more you can save and invest now, the better it will be for your future.

This year's taxes are behind us, but there is still next year. And if you can find out about all the tax breaks you can be eligible for, you can start making the necessary preparations (keeping the records and receipts straight, etc.) right now.

There are two breaks you might want to consider.

Deductible childcare expenses

This deduction is primarily for households with children. Such households already have several additional expenses, including childcare, which, based on your province, can be pretty expensive. Thankfully, you can write it off, and it can be a solid tax break. You can claim caregiver expenses, nursery fees, childcare facility expenses, and even part of the educational institution fee that's associated with childcare.

Childcare costs can go up to $14,000 a year. The national average in 2018 was $9,200, which is a hefty sum. And if you can deduct it from your taxes, you can save a sizable amount.

The medical expenses tax break

Even in a country with universal healthcare, some medical expenses can really become a burden on your monthly income. But they don't have to become a tax liability as well. All you have to do is keep a record and receipts of all your eligible consultation and dental visits, your pharmacy expenses, and, in some cases, even the medical equipment an elderly dependent might need.

For far-off visits (longer than 40 km one way), you can also claim a tax break for meal and hotel expenses.

Use your savings wisely

You can use the money you saved from your taxes for any number of routine expenses. But a better way to use it would be to invest it. If you managed to save $5,000 from your taxes, you could turn it into about $45 a month additional dividend income by investing it into **Slate Office REIT** (TSX:SOT.UN). The company is offering a dividend yield of 10.86%, with a payout ratio of about 80%, which is very stable compared to how far the stock has fallen.

Investing in an office-based REIT, especially when office properties are on a decline, might seem a bit dangerous. But if the company managed to keep up with its monthly dividends during the height of the pandemic, the chances are that it might sustain them when the country starts to open up. If the company manages to evolve and diversify its portfolio, it might have a bright enough future.

Foolish takeaway

Tax breaks can be a powerful way to simultaneously reduce your financial burden and save a portion of your income for better use. And the best part is that you may only have to do your research regarding these tax breaks once. After that, you can claim them on each year's returns (provided that you still qualify for them).

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