



## CRA: You Can Convert Remote Working and Learning Into Tax Breaks

### Description

The COVID-19 pandemic changed the way people live, work, learn, and shop. The world suddenly shifted online and drove technology stocks to new highs. One of the biggest beneficiaries of this remote working and learning culture was **Zoom Communications**. Even you can benefit from this culture. The Canada Revenue Agency (CRA) offers two tax breaks:

- Workspace-in-the-home tax deduction
- Canada Training Credit

### Workspace-in-the-home tax deduction

Many Canadians have been working from home since mid-March when the Justin Trudeau government announced a nationwide lockdown. Many offices were temporarily closed, and companies like **Shopify** and **Lightspeed POS** moved their employees to remote working. Even schools were conducting online classes.

If you have been working from home full time since March, you have probably created a work desk with all the necessary equipment like a PC, printer, and webcam. A workspace brings additional expenses like higher electricity and heating cost. If your employer reimburses you this amount, then you need not worry. But if you are paying this extra expense from your pocket, the CRA allows you to deduct it from your taxable income. Here's how.

You can use the workspace-in-the-home tax deduction if you spent more than half your time working from home or used your workspace at home for regular client meetings. To claim the deduction, you have to calculate the percentage of your home you converted into a workspace. So, if you have five rooms, which include a hallway, kitchen, and bathroom, and you converted a room into your workspace, you can deduct 20% of all [expenses](#).

When you file your 2020 taxes, you can deduct 20% of electricity, heating, maintenance, property taxes, home insurance, and rent (in case of rented properties) from your taxable income. You can also deduct the money spent on office supplies like papers and printer ink. However, your expense can't

exceed your income from that employer.

## Canada Training Credit

It is not so that all Canadians were working from home. Many were at home because they lost their job temporarily or permanently. Most of them utilized this time to take up post-secondary/vocational courses that will enhance their skills and help them grow in their career. If you took up any such course from a qualified university or educational institution, the CRA will give you a tax credit.

Starting this year, you can claim a Canada Training Credit on 50% of the tuition fee or \$250, whichever is lower. Here again, the condition is that your employer should not refund you for the course. So, if you are between 26 and 65 years of age and have an annual income between \$10,000 and \$150,000, you can claim this credit over and above the tuition tax credit, which is the lowest percentage of the federal tax rate.

For instance, Jane enrolls in a four-month vocational course that has a tuition fee of \$1,000. She can claim \$250 in Canada Training Credit and \$150 in tuition tax credit.

## Make the most of these tax savings

Remote working and learning can save you hundreds of dollars in your 2020 tax bill. You can maximize these tax savings by investing them in a high-growth stock through your Tax-Free Savings Account (TFSA). What better place to invest these tax savings than tech stocks that facilitated remote working and learning?

The stock market went [bearish in September](#) over concerns around CRA cash benefits. The tech stocks that rallied to sky-high valuations fell significantly. The **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)** fell about 14% in the last two months after rising 59% between April and September 2.

The digital revolution has not faded, and Shopify's third-quarter earnings proved that. These tech stocks will rally again towards the year-end with the resurgence of COVID-19 cases. You can get exposure to this digital wave at less than \$50 through the XIT ETF. It has holdings in 19 tech stocks trading on the Toronto Stock Exchange. This diversification will minimize your risk, and exposure to the tech sector will give you double-digit growth.

In the next five years, your \$250 Canada Training Credit could become \$500 in TFSA, and the skill you developed from that course can increase your working income.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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