CRA: Claim a New $250 Canada Training Credit in 2020

Description

This year, many Canadians lost their jobs, and many students couldn't get summer internships. The job market will only get more competitive, as the pandemic reiterates the need for optimization. Many companies are reducing costs through job cuts. To stay in a job, it is necessary that employees upgrade their knowledge for the next level. During this pandemic, many people took online courses from renowned universities to make themselves employable. Keeping up with the job dynamics, the Canada Revenue Agency (CRA) has introduced a new tax credit, the Canada Training Credit, in 2020. With this, the agency is encouraging Canadians to keep learning and growing.

Analytical Research Cognizance expects the e-learning market to grow at a CAGR of 9.5% to $398.15 billion between 2017 and 2026.

How does the Canada Training Credit work?

The Canada Training Credit is for every Canadian aged 26-65 who has an annual income between $10,000 and $150,000. This credit is like an education fund the CRA is creating for you. Every year, it will credit $250 to this fund. This amount will keep accumulating for 20 years (or $5,000 maximum). You can claim this credit when you enroll for a post-secondary or vocational course from an eligible university or educational institute.

You can claim 50% of your tuition fees or the accumulated amount in this fund, whichever is lower, as training credit. For the 2020 tax year, you can reduce your tax bill by $250 by claiming the Canada Training Credit. Now, the Canada Training Credit is refundable, which means that if your 2020 tax bill comes to $0, the CRA will credit the $250 amount into your account.

For instance, Anna (age 32) takes up a vocational course on business analytics from an eligible university in 2023. The tuition fee is $3,000. By that time, she will have $1,000 accumulated in the Canada Training Credit. Half of her tuition fee is $1,500, but she only has $1,000 in her training credit. She can claim the entire credit that year and reduce her 2023 tax bill by $1,000 or get this amount from the CRA.

Make the most of the Canada Training Credit

If you have not yet enrolled in a program, you can do so now. While looking for the courses, ensure the tuition fee is above $100 and your employer or any other government program doesn't reimburse you for the course. Also, ensure that the course is covered under the Canada Training Credit. The knowledge you gain will help you earn more.

In the meantime, the $250 credit will grow in your Tax-Free Savings Account (TFSA) if you put it in the right stock. One such share is **Enghouse Systems** (TSX:ENGH), which has benefitted from remote learning and working culture.

Enghouse offers software and services for the contact centre, transportation, telecom, and geographic information systems. It acquired visual communication companies Vidyo and Dialogic and video services company Espial last year. These acquisitions paid off in the COVID-19 pandemic. Its revenue surged 30% year over year in the second quarter.

Enghouse operates as a private equity firm and relies heavily on acquisitions. These acquisitions increase its recurring revenue stream, help it diversify its product portfolio, and expand its global presence and customer base.

Just focusing on four verticals, Enghouse has increased its revenue and adjusted EBITDA at a CAGR of 7% and 11%, respectively. In the long term, it plans to expand into other verticals to boost growth. This consistency in revenue growth helped the stock rise at a 20% CAGR in the last five years. It will continue to grow 12-15% in the coming years.

Investor corner

Enghouse stock surged 55% last year and 36% this year. If it maintains its current growth rate, it can double your $250 in the next five to seven years.

CATEGORY

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