



## Canada Revenue Agency: Did You Get These 2 Big Tax Breaks in 2020?

### Description

Canadians can get lucrative tax breaks and [reduce tax bills](#) for the income year 2020. The Canada Revenue Agency (CRA) is fully aware of taxpayers' financial burden due to fallout from COVID-19. Among the two big tax breaks are related to the changing work environment and the need to boost income.

Thousands working remotely or in the home's confines could claim the "workspace-in-the-home" deduction. Meanwhile, the new \$6,000 annual contribution limit to the Tax-Free Savings Account (TFSA) in 2020 is a welcome tax break for account users.

### **"Workspace-in-the-home" deduction**

The CRA expects the number of people claiming the "workspace-in-the-home" deduction to increase significantly. Many are turning a space in their homes into a makeshift office. You can do the same, provided you work from home more than 50% of the time.

If you have an employer, secure a certification that working from home is a condition of your employment. Based on CRA data for the 2018 tax returns, the average claim per person was \$1,561. Assuming you qualify for the deduction, you can claim a portion of household expenses such as utilities, cleaning, and rent.

### **More TFSA contribution room**

COVID-19 changed people's financial priorities, especially the need to create passive income. The \$6,000 TFSA is an all-important tax break because all earnings or profits in the account are tax-free.

Users who have reached their contribution limits in 2020 are eagerly awaiting the CRA's announcement of the 2021 TFSA limit. Aside from the tax-free money growth, the unique investment vehicle is a big help to lower tax bills. You can even withdraw the funds anytime without the fear of incurring taxes.

## Well loved by income investors

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)), a high-yield stock, is perfect as a core holding in your TFSA stock portfolio. With the energy stock's 9.08% dividend offer, your \$6,000 will deliver a \$45.40 monthly income. Annually, you get a tax-free income boost of \$544.80.

Pembina is among the high-dividend payers that cut a cheque every month, and it has been the practice for years. One thing to remember about this \$15.94 billion company is that it's a pipeline play, not an oil producer. Pembina operates an 18,000 km pipeline that transports crude oil, natural gas, and natural gas liquids (NGL).

The competitive advantages include integrated assets, commercial operations, and the hydrocarbon value chain. However, Pembina is an industry stalwart for its full spectrum of midstream and marketing services. Since cash flows are stable, the company has grown dividends at 6.3% CAGR over the last five years.

Pembina Pipeline is holding ground and displaying resiliency in 2020, despite the stiff competition from other industry players such as **Enbridge**, **Inter Pipeline**, and **Keyera**. Still, income investors love Pembina more because of the fantastic yield and recurring monthly payouts.

## Don't overlook the tax breaks

Because of COVID-19, 2020 became [the year of emergency and recovery benefits](#) as well as wage subsidies. You can include the CRA's leniency for extending the tax-filing and -paying deadlines.

However, the next tax season is only a few months away. It would help if you took advantage of tax breaks applicable to you and not forget to claim them to bring down your tax obligations.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**

2025/08/23

**Date Created**

2020/11/07

**Author**

cliew

default watermark

default watermark