



Canada Revenue Agency: 3 Hidden Tax Deductions You Can Claim

Description

Managing your taxes is important, regardless of a global crisis. If you are a taxpayer in Canada, you might not appreciate all the taxes the Canada Revenue Agency (CRA) collects. Canadian taxpayers can pay the government a significant chunk of their income between the federal and provincial taxes.

However, [proper tax management](#) can help you reduce your tax bill to save a lot of money. Many people often overlook several tax credits that they can claim and cannot save much when it comes to their tax bills.

I will discuss some of the hidden tax deductions you should claim in the next tax season and reduce your bill. Additionally, I will talk about how you can maximize the savings by using it as capital to invest in a stock like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

Childcare expense

If you and your spouse work with nobody to provide full-time care to them, you are likely paying significant amounts for daycare expenses. Chances are one of you might have to stay at home or work fewer hours to take care of the kids. If this is the case, the parent with the lower income can claim these expenses on their returns.

You can claim up to \$8,000 a year for a child seven years or younger and \$5,000 for children from seven to 17 years old.

Any medical expenses not covered by insurance

Your medical insurance might cover several expenses, but not all of them. If you or someone who depends on you incurs medical expenses not covered by the insurance, you can claim them on your tax returns to reduce your tax bill. You can claim the entire amount of the expenses on your income tax returns to save a huge chunk, depending on the medical bills.

Home Office Tax Credit

Many Canadians are eligible to claim Home Office Tax Credit without even realizing it. Employers are allowing their workforce to work remotely. If you are using your home as a makeshift office, you can claim it in your next tax return.

You can deduct the home office expenses depending on the space or portion of the house you are using as an office. Suppose that 15% of the total area of your house is an office space for you. You can claim 15% off on insurance, mortgage interest, utilities, and property tax through this tax credit.

Maximizing your tax savings

Between the three tax deductions, you can save a substantial amount on your next tax bill. You might feel tempted to use that amount as additional spending money. However, using it as capital to invest in a dividend stock like Fortis can help you increase the value of that money.

Fortis is a utility company that has operations spanning across Canada, the U.S., and the Caribbean. It is a staple addition to investment portfolios due to its reliable and constantly growing dividends. The utility operator can continue generating predictable and stable income that it can use to finance its growing dividends.

While many businesses face a substantial decline in earnings due to challenging economic environments, Fortis can retain a solid cash flow. It provides an essential service that people cannot remove when they are trying to reduce their expenses. Additionally, the company is constantly investing its profits in improving its services and increase its profits.

Foolish takeaway

Capitalize on these hidden tax deductions, so you can save substantial money on your next tax bill. Instead of using the savings as extra spending money, you should consider investing it in a dividend stock like Fortis.

Fortis is a Canadian Dividend Aristocrat with almost 50 years of dividend growth. It can help you turn your tax savings into a substantial amount over the years through its capital gains and [passive income](#) through its dividends.

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1. Dividend Stocks
2. Investing

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