



Canada Revenue Agency: 3 Under-the-Radar Tax Deductions

Description

Whether or not you agree with the notion that taxes are the price we pay for civilization, you have to pay them. It's an obligation that you can't get around, and if you look at taxes objectively and the facilities you get to enjoy because of them, you won't mind them so much.

Just because you *have* to pay taxes doesn't mean that you have to get the full blast. There are various deductions and tax credits that might allow you to reduce your tax bill. A lot of them are geared towards low-income individuals and households, but there are many tax deductions that a large number of people can benefit from.

Every individual should focus on learning about these deductions and utilizing them, because every dollar you can save from your tax bill can go towards your savings and investments. Here are three of [these deductions](#):

Home office tax credit

Many people are working from home nowadays, but this deduction might not be available to all of them. It's more focused on people who run a business or freelance from home. You might qualify for this credit if

- You spend most of your work time in a specifically designated workspace inside your home (more than 50%), and
- This space is used primarily for your work. This includes meeting clients, customers, or other people pertaining to your employment.

Even with these stipulations, you have to be reasonable in the deductions you are claiming. And you can save quite a bit of money in taxes, especially if you have invested in improving the workspace (but only the workspace).

Childcare expenses

This deduction is explicitly for households with children. If you and your spouse both work and you have to admit your child or children to a daycare facility (or hire a caregiver), that's an expense you can claim. You can claim this deduction for an eligible child under the age of 16 (though it doesn't apply in case of disability). You can claim up to \$8,000 for children under seven and \$5,000 for children between the ages of seven and 16.

RRSP tax deduction

This is one of the most straightforward deductions and is open for everyone. You can claim quite a substantial amount, especially if you are maxing out your contributions. One stock you might want to divert some of your RRSP contributions to is **TerraVest Industries** ([TSX:TVK](#)). It's a [diverse industrial](#) manufacturer and creates goods for a variety of different markets.

TerraVest's products include residential & commercial heaters, LPG/NGL storage and transportation equipment, and industrial gas storage unit. The low demand has reduced the growth of its revenues for the year, but the company is equipped to diversify its clientele and reduce its dependence on energy clients.

It pays dividends, and the yield is currently 2.7%. Its five-year CAGR of 23.88% (dividend-adjusted) would be a better reason to consider adding this company to your RRSP portfolio.

Foolish takeaway

Whether you are an individual or head of a household, filing with your spouse or common-law partner, you will be able to find a lot of deductions and credits that you are eligible for. Taking the time to understand these deductions can help you with a lighter tax bill, and staying up to date on tax changes might keep you informed regarding any new deductions you might qualify for.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TVK (TerraVest Industries Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

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