



Canada Revenue Agency: 3 Lesser-Known Tax Credits You're Probably Eligible for

Description

Taxes are something that no one wants to pay, but they provide us with many essential services. And what's just as frustrating as having to pay taxes to the Canada Revenue Agency each year is the hassle of having to do them.

It can be so complicated; there are so many rules, and the regulations change each year. Plus, if you make a mistake, there could be consequences, and resolving the issues could create even more headaches.

As frustrating as this might be, the unfortunate truth is that they matter a lot. It is not just a means for the government to have the revenue to fund all the services we enjoy. It's also really important for individuals to see what kind of savings you can find.

The same convoluted system that makes taxes so difficult is the same process that allows people to find huge savings and benefits to take advantage of. That's why it's so crucial that Canadians take their time when doing taxes and understand all the rules and regulations.

Here are three popular tax credits to help reduce your tax bill to the Canada Revenue Agency.

Home office tax credit

The first tax credit you may be eligible to receive from the Canada Revenue Agency is a home office tax credit. This is something that most people don't usually qualify for, but with tonnes of people working from home for at least part of this year, it's worth checking if you can write off any expenses you've incurred.

If you do qualify, you can deduct expenses for the employment use of a workspace in your home. A common example is the increase in internet usage you may have noticed since the start of the pandemic.

Part of the qualifications require you to use the workspace more than 50% of the time you do your work, or use the space only to earn your employment income.

The Canada Revenue Agency could subsidize your home improvements

This is one of many tax credits that's available for seniors over the age of 65. The Home Accessibility Tax Credit is specific to home improvement expenses.

Canadians can get a 15% credit from the Canada Revenue Agency for any qualifying home improvements up to a total of \$10,000 in a single year. These include mostly accessibility improvements such as adding wheelchair ramps and widening doors.

It's important to note that this is a credit only, so it can be used to reduce your taxes, but it won't convert into a refund.

Defer taxes owed to the Canada Revenue Agency with an RRSP tax deduction

An RRSP deduction is the set amount that you can invest in a retirement account in a given year. What's more important, though, is that you can also deduct that cash from that year's income tax. Generally, the maximum you can contribute is 18% of the previous year's income.

An RRSP deduction is a great way to defer taxes and invest your money for retirement. It's even advantageous for [young investors](#), as the rules allow you to pull money out for the first purchase of a home.

So, if you want to invest money but owe taxes to the government, you can take some of that cash you own and contribute it to your RRSP. This not only reduces your taxes but now you can take that money and buy top long-term investments such as **Algonquin Power and Utilities**.

[Algonquin](#) is ideal for an RRSP, because it's a great long-term stock. Its utility business gives it a tonne of stability; meanwhile, its renewable energy segment provides it with significant long-term growth potential.

Bottom line

It's up to Canadians to do whatever you legally can to reduce your tax bill owed to the Canada Revenue Agency. Not only is there no need to pay more than what's required, but when you can take that extra money and invest it for future growth, you'll be taking advantage of a wonderful opportunity.

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