CRA: Working From Home? Here's $400 Extra!

Description

Nearly every professional has been compelled to work from home this year. For millions of Canadians, this is the first time they've worked completely remotely and faced the challenges of working in an environment that wasn't built for it. Fortunately, the Canada Revenue Agency (CRA) has offered a $400 incentive to ease this burden for working Canadians.

If you've spent much of this year working from a desk a few feet away from your bed or trapped in a tiny condo, here's what you need to know about this generous tax rebate.

CRA work-from-home tax credit

Not having to commute to work saves time and money. However, working from home isn't cost-free. You've probably spent more money to buy equipment, devices, and furniture to accommodate your remote work this year. Your heating and electricity bills are also probably higher, since you've spent more time at home than ever before.

For professionals who worked remotely before the pandemic (like me), the CRA allowed us to claim expenses related to our work situation. Self-employed individuals could claim specific work-related expenses, while employers had to fill out a T2200 form to allow staff to claim these, too.

This year, the CRA has loosened the rules on this segment of the tax code and bumped the rebate amount up to a maximum of $400. The process has been simplified so that you can claim expenses "without the need to track detailed expenses, and [without the need to] provide a signed form from their employers," according to the government's Fall Economic Statement this week.

The total amount of tax credit you can claim depends on your personal situation and the nature of your work. It may be fair to assume that you'll be able to write off more expenses this year than ever before.

Use your tax credit

Saving up to $400 on taxes could help you boost your investment fund as we enter 2021. Even a tiny amount like this could make a massive difference to your personal finances — assuming it's invested in the right growth stock.

$400 invested in **Well Health Technologies** (TSX:WELL), for example, in 2016 would now be worth over $24,800. Over the past five years, WELL Health has emerged as a leading telehealth and medical data provider. Early investors have enjoyed a windfall, but the company still has plenty of room to expand.

This year, the company raised fresh funds from Hong Kong billionaire Li Ka-Shing, who's already a major shareholder. Part of these funds were used to acquire a telehealth startup in the United States. That gives Well Health a foothold in the American market.

Over the next five years, I expect the company to gain significant traction. It could multiply its user base many times over and hit an inflection point for positive cash flow. The company is currently worth $1 billion, while the market opportunity for virtual healthcare and medical data is measured in trillions of dollars.

WELL Health stock is probably my prime target for the $400 tax credit the CRA offers me next year. If you're eligible for the tax credit too, I encourage you to seek out similar growth opportunities. No investment or saving is ever too small.

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Category

1. Investing

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