$400 Work-From-Home CRA Tax Break: 4 Steps to Qualify

Description

2020 has been a strange year full of changes for everyone. Most people fortunate enough to have jobs that allowed remote work were obliged to work from home during the pandemic.

The newfound work-from-home (WFH) trend provided some relief to Canadians in terms of saving money and time commuting to work. However, it also came with a few drawbacks. If you have been working from home, there is a chance you are spending more on electricity and the internet, or perhaps you have had expenses to revamp your workspace at home.

The Canada Revenue Agency (CRA) is offering several emergency payments and tax incentives to Canadians during this time. There is also a tax credit for Canadians who found themselves in the WFH situation and its financial burdens.

CRA work-from-home tax benefit

The CRA has introduced a $400 tax benefit for Canadian professionals who have been working from home during the pandemic. You can claim this tax benefit on your personal income tax return. The CRA will not provide you with a $400 payment. Instead, you will get a $400 deduction on your total taxable income for the 2020 income year.

Convenience is a priority in providing eligible Canadians with this tax deduction. You do not need to provide the CRA any supporting documents. However, there are a few conditions you need to meet to qualify for this tax deduction.

Steps to qualify

Here are the four crucial steps that you need to fulfill to qualify for the $400 WFH tax break:

- You worked from home in 2020 due to the COVID-19 pandemic.
- You worked more than 50% of the time from home for at least four consecutive weeks in 2020.

- You are only claiming home office expenses and not any other employment expenses.
- Your employer did not reimburse you for all your home office expenses.

Best way to use any tax benefits

The CRA is offering the WFH tax break among several other tax benefits to Canadians amid this unprecedented crisis. If you claim all the tax breaks, emergency payments, and other savings in cash, you can invest the amount to generate returns that can grow your account balance.

Consider investing your tax savings in a high-growth tech stock like **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD). LSPD has proven itself to be a fantastic tech stock to hold during the pandemic. The coronavirus-related uncertainties in the market led to increasing lockdown measures.

When COVID-19 restrictions were at their peak in the summer, LSPD's omnichannel commerce-enabling software allowed it to generate a significant increase in its revenue. The company's revenue increased by 51% year over year in the June quarter. Its sales grew by 62% year over year in the September quarter.

It is one of the reasons that allowed Lightspeed POS to more than double in 2020. Lightspeed's valuation is $77.72 per share at writing. It is trading at almost 110% higher than it did at the beginning of the year.

Foolish takeaway

Investing in a portfolio of reliable high-growth stocks with your tax savings through the CRA tax credit can help you turn the meagre savings into a substantial amount in the long run.

Not many companies have managed to grow through the pandemic amid the ongoing uncertainties and lockdowns. However, a high-growth tech stock like Lightspeed can be an excellent investment for you to consider for this purpose.

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