



Canada Revenue Agency: Just 1 More Day to Claim This Tax Credit!

Description

2020 was one of the most eventful years ever. A lot has gone on, and there continues to be much for investors to focus on and think about. And while the majority of investors will be most concerned with how their portfolio performed this year and how it's positioned for 2021, it's just as important to think about the taxes you may owe to the Canada Revenue Agency.

It's easy to forget about taxes and focus solely on your investment portfolio, especially after the year we've had. There are several opportunities to take advantage of. At the same time, however, there is a tonne of risk to be aware of. With all that's going on in the stock market and economy, it can be easy to forget administrative items you need to attend to at year-end, such as any [tax credits](#) you've yet to take advantage of.

These plans go far beyond just your investments and taxes, however. At this time of the year, it's also critical that Canadians look ahead for the full year and address any personal finance concerns you may have.

Canada Revenue Agency: Pay attention to year-end deadlines

If you're looking to make a big purchase in 2021 or need to withdraw cash for an emergency fund, now is the time to do it. The deadline to submit deregistration for Tax-Free Savings Accounts (TFSA) is Thursday, December 31, 2020.

This means if you withdraw the money from your account this year, the Canada Revenue Agency will allow you to re-contribute it all in 2021. However, if you wait until next week to withdraw the money, or anytime in 2021 for that matter, you'll have to wait until 2022 to replace that contribution room.

It's decisions like these that Canadians have to think about ahead of time. This way, you can keep your personal finances in optimal shape.

Another important aspect of your finances to consider is the taxes you may be entitled to pay on your investment gains in 2020. Luckily, the Canada Revenue Agency will allow you to offset these capital

gains with any capital losses you've suffered.

However, if this is the case, you don't have much time left to do it. To claim a capital loss for tax purposes in 2020, the order would need to be filled no later than the close of trading on Tuesday, December 29, 2020, in order for it to settle on time.

TSX stocks to watch this week

Tax-loss selling only applies to non-registered accounts. These accounts aren't tax-free investment accounts like the [TFSA](#). That's why the Canada Revenue Agency allows investors to offset the gains in those accounts.

However, just because you may not need to sell any stocks for the tax-loss doesn't mean the selling pressure can't affect you.

For example, if you are looking to buy a cheap stock like **Air Canada** or even **Cineplex** today, the stock's price may be trading flat or down due to the selling pressures of investors looking to claim the tax loss.

That's why it's important for investors to be aware of all tax rules. Even if you may not be directly affected by tax-loss selling, you could be indirectly impacted by the resulting actions in the markets.

When tax-loss selling ends after Tuesday, you can be sure there will be less downward pressure on these stock prices this week. There's now one less thing standing in the way of a major rally in the stock.

So, with one less negative impact to worry about and an economy that will be on its way to recovery in 2021, this may be the last chance to buy these stocks for this cheap.

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