



Canada Revenue Agency: Get Your \$250 Canada Training Credit Before December 31

Description

The year 2020 gave the world a glimpse of how competitive the market is becoming. The job market is getting tougher. Companies are automating mundane tasks to improve efficiency and reduce cost. They are hiring humans for more complex work that can't be done by technology. Learning and training for the next level is now a necessity instead of an option. Keeping up with the changing trends, the Canada Revenue Agency (CRA) introduced the Canada Training Credit in 2020. But you have to act before December 31 to claim this [benefit](#).

What is the Canada Training Credit?

Starting in 2020, the CRA will create an education fund for all qualified Canadians and credit \$250 to this fund every year. This amount will keep accumulating in the fund for 20 years up to a maximum of \$5,000.

You can access this fund by enrolling in a post-secondary or vocational course from an eligible university or educational institute. When selecting the course, look at three things:

- The course is covered under the Canada Training Credit;
- The tuition fee is above \$100; and
- Your employer or any other government program doesn't reimburse you for the course.

You have to ensure you enroll for the course before December 31. When filing your 2020 tax returns in April 2021, you can claim 50% of your tuition fees or \$250, whichever is lower, as training credit. This benefit is refundable, which means that the CRA will credit the remaining balance if your 2020 tax bill is below \$250.

Do you qualify for the Canada Training Credit?

Now that you know about the Canada Training Credit, your next question will be whether you qualify for this credit. See if the below points describe you.

- You are in the 26-65 age group and a resident of Canada.
- Your annual income is between \$10,000 and \$150,000.
- You have filed your tax returns for that year.

If you qualify for the Canada Training Credit, you can claim this refundable credit. Even if you didn't claim this credit in 2020, you can claim it anytime before you turn 65 as the CRA will carry forward the credit every year.

Let me take the example of William, a 30-year-old software developer who wants to learn a new coding language. He takes up a course, which has a \$4,000 tuition fee, in 2023. By then, he will have \$1,000 accumulated in his education fund, and he can claim this entire amount under the Canada Training Credit.

Optimize your CRA benefit

If you study the CRA benefits, you can get a great head start in your taxes and finances. You can claim a tax credit for improving your skills. The knowledge that you gain from these courses will help you increase your income. You can use this tax credit to make some investments in your Tax-Free Savings Account (TFSA).

One stock that you can [consider](#) is **Enghouse Systems** ([TSX:ENGH](#)). The company grows its revenue and profits by acquiring software companies in contact centres, telecom, transportation, and geographic information systems segments. Its 2019 acquisitions of video conferencing software companies, especially Vidyio, accelerated its revenue. In fiscal 2020, its revenue and adjusted EBITDA surged 30.6% and 53%, respectively, higher than fiscal 2019 growth of 13% and 9%. The fiscal 2020 growth was driven by the remote working and learning trend.

Enghouse stock surged 20% this year, in line with its 20% CAGR between 2015 and 2019. The company is also looking to acquire companies beyond the four segments. The coming decade will see the rollout of 5G and self-driving cars, which will boost the segments Enghouse operates in. It will continue to grow through acquisitions.

If Enghouse stock maintains its 20% average growth rate, your \$250 can become \$600 in five years.

CATEGORY

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