



## Planning a Baby? You Can Get \$7,000 in Tax-Free CRA Benefits in 2021

### Description

Are you a new parent or expecting a baby in 2021? A newborn brings many changes, and many parents learn parenting on the go as the baby grows. A baby also brings more expenses. The Canada Revenue Agency (CRA) understands these changes and offers several tax-free cash benefits and tax breaks to parents of children under 18.

When the baby arrives, you may be left with little time and energy to claim the benefit. Hence, it better you read and learn about the various benefits the CRA offers now. These benefits are only for those parents who file their income tax returns regularly.

### The CRA 2021 cash benefits for parents of children under 18

The CRA offers two cash benefits, Canada Child Benefit (CCB) and Goods and Service Tax (GST) credit, to parents with children under 18. The benefits period is from July 2021–June 2022, and the CRA calculates the amount based on your 2020 taxable income. Hence, you can only avail of these benefits if you file your income tax returns regularly.

Every year, the CRA [adjusts](#) the benefit amount for inflation, thereby increasing the maximum benefits amount and the income threshold.

For 2021, you can get:

- up to \$6,833 (\$570/month) in CCB for a child under six
- Up to \$5,765 (\$480/month) for a child between six and 17 years of age.

You are eligible for the maximum CCB if your adjusted family net income (AFNI) is \$32,028 or below. The CRA will credit the CCB on the 20th of every month if you have registered for it. You can register for CCB when you make a birth certificate for your child.

The other benefit is the GST credit. You can get an additional \$157 per child in GST credit for the 2021-2022 period if your AFNI is \$38,892 or below. The CRA will credit the GST amount of \$39.25 on the

5th of every quarter if you file your 2020 returns.

Note that you don't have to add the above cash benefits to your taxable income.

## The CRA 2021 tax benefits for parents of children under 18

Apart from cash benefits, the CRA offers tax benefits to parents of children under 18. For 2021, it allows you to claim a Canada caregiver amount of \$2,295, which will reduce your federal tax bill by \$344.25.

The CRA also allows you to deduct [child care expenses](#) up to \$8,000 per child under the age of seven and \$5,000 per child in the seven to 16 age group. With this deduction, you can reduce your taxable income. You can claim this expense when the caregiver is not related to you. The caregiver can be a third-party child care service, nursery, daycare, or boarding school. Don't forget to collect a receipt from the caregiver.

## Invest in your child's future

The CRA gives parents many cash benefits and tax breaks to help them raise their children. It also encourages parents to invest in their child's future through the Registered Education Savings Plan (RESP). You can contribute to the RESP for up to 31 years, and your child can withdraw from the RESP when he/she turns 21 and up to the age of 36. The CRA allows you to deduct your RESP contributions from your taxable income.

When looking for RESP investment options, you might want to consider **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). The pipeline operator has been paying incremental dividends for the past 26 years, even during a macroeconomic crisis. Enbridge spends a huge amount on building pipelines.

Projects often get delayed, are over budget, or stuck in litigation. But once the project is online, Enbridge collects a tariff from utilities for transmitting oil and natural gas for many years.

Enbridge has a resilient business model, as it has the largest pipeline infrastructure that is earning it tariff money. Its cash flow won't be significantly affected till a natural or man-made disaster damages its pipelines or oil and natural gas demand falls significantly for eternity. Enbridge stock will continue to build new pipelines and increase its dividend per share or another decade or two.

### CATEGORY

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### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
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