



## CRA: Do You Qualify for the \$2,295 Canada Caregiver Credit in 2021?

### Description

Having children is one of the greatest blessings in life. Unfortunately, it also brings more expenses. The [Canada Revenue Agency](#) (CRA) understands the challenges parents face and offer several tax-free cash benefits and tax breaks to parents of children under 18.

I will tell you about the cash benefit you can get and a lesser-known tax credit that you should know. Remember that these benefits are available only to the parents who file their income taxes regularly.

### Cash benefits for parents of children under 18

The CRA offers the Canada Child Benefit (CCB) to parents with children under 18. The benefits period is from July 2021 to June 2022, and the CRA calculates the amount based on your taxable income for 2020.

The CRA adjusts the CCB benefit each year indexed to inflation and hence increasing the benefits amount and income threshold. For 2021, you can get

- Up to \$6,833 per year in CCB for each child under six; and
- Up to \$5,765 per year for each child between six and 17 years.

Besides the cash benefit, the CRA is also allowing parents of children with dependents who are physically or mentally disabled a tax credit called the Canada Caregiver Credit.

### The Canada Caregiver Credit

The Canada caregiver credit is for parents who have dependents under 18 years old who are physically or mentally impaired. If you are in such a situation, you may be able to claim up to an additional \$2,295 for 2021 to save \$344.25 on your [tax return for this income year](#). Additionally, you can claim \$2,273 for 2020 for the previous income year when you file your taxes in April to save \$340.95 from your tax bill.

The Canada caregiver credit is a non-refundable tax credit. It means that you can reduce your tax bill by this amount but not receive a payout from the CRA. For infirm dependents 18 or older, the amount you can claim for 2021 is \$7,348. It means you can save \$1,102.20 from your tax bill the next time you file your taxes. The 2020 amount is \$7,276, and you can save \$1,091.40.

## Using your tax savings

Any money you can save through cash benefits and tax credits for your child care expenses might not seem much on its own. However, you can increase the value of the money you save by investing it in high-growth investments.

**Lightspeed POS** ([TSX:LSPD](#))(NYSE:SPD) can be an excellent stock to consider for this purpose. The tech sector has been booming in recent years, and Lightspeed POS is one of the top performers on the TSX in the sector.

The omnichannel solutions provider has seen its business grow significantly amid the pandemic. Its software sale has increased, because its customers are adopting several software-based solutions to adapt to the changing work environment.

The company suffered losses with the initial onset of COVID-19 and ensuing lockdowns. However, Lightspeed updated its offerings to customers so that it could cater to their changing needs during the pandemic. Its products and services are becoming increasingly popular, creating more revenue for the company.

## Foolish takeaway

Learning about tax-free benefits and tax credits is half the trick to ensuring a stronger financial future for your children. Investing the money to generate more wealth, in the long run, can help you guarantee financial freedom for your children.

Lightspeed POS is up by more than 600% from its valuation in March 2020. It means that if you invested even meagre savings in the stock at the time, the money could be worth six times as much as it was when you'd bought the stock.

The stock might have plenty more room to grow in the future, and it could still be an excellent stock to consider if you want to grow your wealth.

### CATEGORY

1. Dividend Stocks
2. Investing

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