



CRA Tax Credits: Don't Miss the \$500 Canada Training Credit in 2021

Description

The world is changing at a rapid pace. The technology is updating, and so should you. Not knowing is not an option. The Canada Revenue Agency (CRA) encourages you to upgrade your knowledge and move ahead in your career. Hence, it [introduced](#) the Canada Training Credit (CTC) in 2020.

What does it take to get the Canada Training Credit?

If you think the CTC is only for university students pursuing their bachelor's or master's, read further. Learning has no age. The CRA designed the CTC especially for the working professionals, but others can also avail this benefit.

If you are over 26 years of age and have an annual income between \$10,000 and \$150,000, you become eligible for the CTC. But remember, the CRA only gives benefits to those who file their tax returns. It measures your benefit eligibility based on the information in your tax filings.

How to avail of the \$500 Canada Training Credit

If you are eligible for the CTC, the CRA will credit \$250 every year for the next 20 years till you turn 65 in a notional account. Every eligible Canadian can get a maximum of \$5,000 in CTC. For 2021, \$500 has accumulated into your notional account if you have not claimed this credit in 2020.

You can access the CTC fund in your notional account by enrolling in a post-secondary or vocational course from an eligible university or educational institute. Check if the course you enroll for is covered under the CTC and has a tuition fee of over \$100. Please note that you can't access the CTC if your employer or any other government program reimbursed you for the course.

Now, when you file your 2021 tax returns in April 2022, you can claim 50% of your tuition fees or \$500, whichever is less. The CRA will give you this refundable CTC tax credit in two ways:

- If your tax bill is \$0 or less than \$500, it will not charge any tax and credit the balance CTC

amount into your bank account.

- If your tax bill is more than the CTC amount, it will reduce your tax bill by that amount.

The CRA will carry forward the unused CTC amount to the next year and add \$250 for that next year. You can claim the accumulated CTC anytime before you turn 65. After that, the CTC will lapse.

Convert your \$500 Canada Training Credit to \$5,000

The CRA wants to empower Canadians with knowledge. You can make use of the CTC to take financial planning courses. Or you can take up specialized courses that will help you climb the corporate ladder and increase your income.

Put some portion of your salary increment in your Tax-Free Savings Account (TFSA). Also, add the \$500 CTC into your TFSA. If you took up a portfolio management course, you can build your [well-balanced portfolio](#) of growth and dividend stocks depending on your risk appetite.

A good start can be the **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)**. You will agree with me that Canada is now on track to build and strengthen its technology sector. The 2030 decade will see the emergence of a new technology revolution with the rollout of 5G, virtual offices, cloud-based services, artificial intelligence, and autonomous cars. Unlike 2010, the current technology infrastructure is far more advanced and capable of converting futuristic technology into reality.

At present, e-commerce and communications platforms are flourishing. The XIT ETF has invested in 19 top **TSX** tech stocks, including hardware, software, and communications stocks. It actively monitors the tech sector and realigns the portfolio as per the trend. For less than \$50, the ETF gives you exposure to the tech upside and mitigates the downside through diversification.

Investor corner

If you invested \$500 in the XIT ETF five years back, you would now have \$2,950 in your TFSA. This is just the beginning of the tech age. The ETF has significant upside as the Toronto Stock Exchange creates its FAANG (**Facebook, Apple, Amazon, Netflix, Google**) stocks.

CATEGORY

1. Investing
2. Personal Finance
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TICKERS GLOBAL

1. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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Author

pujatayal

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