CRA: Just 3 Days Left to Claim This 2020 Tax Credit!

Description

The one thing every Canadian can agree on is that it's not fun to pay taxes. Taxes are, of course, essential. However, it doesn't make it any more enjoyable when the Canada Revenue Agency (CRA) takes a chunk of your paycheck.

Luckily, though, there are ways we can reduce our taxes. The many tax credits and reductions do make filing your taxes difficult. However, they also allow Canadians to reduce the money owed to the CRA considerably.

It's therefore crucial that you spend the time to understand your taxes thoroughly and do what you can to maximize your after-tax income.

One of the best ways Canadians can do this is by investing in the Registered Retirement Savings Plan (RRSP).

CRA: Use the RRSP to invest

The RRSP offers several benefits for Canadians. One of the biggest benefits and the main reason why the RRSP is so popular is because of the benefits you get for contributing your savings to it.

First, you can receive a tax credit for contributing to the RRSP. Investors who contribute to their RRSP before March 1st, 2021, can still receive a tax credit from the CRA for the 2020 tax year if you're eligible.

In addition to saving on income tax, though, investors can also save on investment taxes in the RRSP. This means any capital gains, dividend, or interest you earn will be tax-free. This is crucial as the gains on your investments, especially over time, can be massive. So the taxes you save by investing in a registered account like the RRSP can be thousands of dollars over time.

This is why the CRA recommends investors consider using the RRSP. It's especially useful if you know you won't need the money any time soon.

If you think you may need the money again soon, a better option for you may be the TFSA. The TFSA allows Canadians to withdraw their money without penalty. That's different from the RRSP because investors are taxed on the cash they withdraw from their RRSP.

The only downside to the TFSA is that you don't receive a tax credit for contributing to the account.

A top stock to buy today

Whether you choose to invest in the TFSA or you choose the RRSP because you want the tax credit from the CRA, one of the best stocks to buy today is **Corus Entertainment Inc** (TSX:CJR.B).

Corus is a media and entertainment company offering investors incredible value. The company was in a years-long-turnaround when the pandemic hit, causing many investors to bail on their position and making Corus' stock one of the cheapest in Canada.

Because it's cheap, it offers incredible capital gains potential. So in order to protect those capital gains from the CRA, it's crucial to buy Corus in a registered investing account.

The stock experienced a massive selloff last spring as a result of the pandemic. However, it's already recovered by over 100%. Despite that incredible recovery, though, the stock is still well undervalued.

At current prices, Corus trades at a forward price to earnings ratio of just 6.9 times. Plus, its dividend, which has a payout ratio of just 33%, yields an impressive 4.65%.

One of the biggest accomplishments Corus has achieved over the last year is the retirement of another $230 million in debt. Debt was one of the biggest concerns for investors. So over the last year, the company weathered the storm extremely well, continued to earn incredible free cash flow, kept the dividend intact, and managed to pay down debt.

This shows just how impressive a company Corus is. And given its incredible value, it's one of the top stocks to buy today.

Bottom line

Canadians need to be as savvy as possible when it comes to their personal finances. In addition to finding high-quality stocks to grow your investments, you'll also want to minimize the tax you're paying to the CRA. That way, you can be sure you're optimizing your finances and growing your hard-earned money as efficiently as possible.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/21
Date Created
2021/02/26
Author
danieldacosta