Canada Revenue Agency: 3 Tax Breaks That Will Reduce Your 2021 Tax Bill

Description

While there is still some time to file your taxes for 2021, it makes sense to look at the tax breaks that will help you reduce the total liability to the Canada Revenue Agency this year. There are multiple moving elements that will impact your tax bill for 2020. Alternatively, the CRA also has a slew of tax breaks or deductions that will help lower your tax bill.

We'll look at some of the common tax deductions that should be leveraged by Canadians while filing their taxes.

Basic Personal Amount

All Canadian taxpayers [can claim a non-refundable tax credit] known as the Basic Personal Amount (BPA). The BPA is adjusted annually. In 2020, this figure stands at $13,229. The federal government allows taxpayers to claim 15% of their non-refundable tax credits.

So, your tax bill for 2020 can be reduced by $1,984.35 (15% of $13,229) if you claim the BPA.

Digital news tax credit

The digital news tax credit allows Canadians to get a 15% waiver on paid news subscriptions. You can now claim a maximum tax credit of $75 on $500 worth of news subscriptions. The Canada Revenue Agency introduced this non-refundable tax credit for the period between 2019 and 2025 to encourage the consumption of digital media in Canada.

RRSP

The final and probably the most important tax break for Canadians is the RRSP (Registered Retirement Savings Plan) contributions. The RRSP is a registered account and you can contribute up to 18% of your net income each year. So, if you have earned $75,000 in 2020, you are eligible to contribute $13,500 towards your RRSP.

The RRSP contribution deadline for 2021 is March 1, 2021. As this is a retirement account, it makes perfect sense to buy and hold stocks that have the potential to generate exponential returns over the long term.

One of the top stocks for investors to buy right now is **Score Media and Gaming** (TSX:SCR). This TSX stock has been one of the top-performing stocks in the last five years and has returned a massive 1,500% in this period.

For the three months ended November 2020, the company achieved a year-over-year gaming handle growth of 535% on the ScoreBet. The betting industry in North America is still at a nascent stage providing Score with enough opportunities to expand its footprint in this market.

In the fiscal Q1 of 2021, Score Media and Gaming reported sales of $10.6 million compared with $9.2 million in the prior-year period. The company is now focused on expanding into other states south of the border including Colorado, Indiana, and Iowa pending regulatory approvals.

According to the company management, the total addressable market for online gaming could expand to between US$3.8 billion and US$5.4 billion in annual gross gaming sales.

The Foolish takeaway

SCR stock is valued at a market cap of $1.5 billion, indicating a forward price-to-sales multiple of 42, which is steep. However, the company is forecast to increase sales by 71.7% to $36 million in fiscal 2021 and by 79% to $63.75 million in 2022.

Its high valuation is supported by stellar growth expectations. However, if the market remains volatile, investors can expect SCR stock to underperform the broader indexes.

CATEGORY

1. Investing
2. Personal Finance
3. Tech Stocks

PARTNER-FEEDS

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

Category

1. Investing

2. Personal Finance
3. Tech Stocks

Date
2025/08/21
Date Created
2021/03/01
Author
araghunath