



CRA: Top 3 Things That Can Lower Your Taxes in 2021

Description

Canadians pay an absurd amount of taxes. Every year, the [Canada Revenue Agency](#) (CRA) takes its pound of flesh. This year, even some of the government's generous benefits for those who lost their jobs during the crisis are tax eligible, which means you could pay part of your safety net back to the CRA.

Canadian taxpayers should take every opportunity to mitigate this burden. Here are the top three ways you can reduce your taxes for the upcoming filing.

1. BPA

The CRA has boosted the basic personal amount (BPA). This has nothing to do with the crisis. Instead, the boost brings the personal amount in line with inflation. For the year 2020, the BPA is set at \$13,229. That's \$931 more than the previous year. A higher personal amount means lower taxes for everyone, and you should certainly make sure you're claiming this in your next filing.

2. Training benefit

The CRA has been trying to boost the nation's talent pool by subsidizing training and education. This is why the Canada Training Benefit was implemented. The benefit is up to \$250 per year. That can tangibly reduce your taxes. However, the benefit could add tremendous value and expand your earning power over time, which is why it's best to use this to its full extent.

3. Work-from-home incentive

A special benefit implemented over the past year is the work-from-home tax credit. A majority of Canada's workforce was forced to work remotely last year. That means added expenses for utilities, furniture, equipment, and broadband. The CRA's \$400 tax credit for remote work should offset these costs and reduce your taxes.

Altogether, the three benefits mentioned above should reduce your tax payment by more or less \$1,000, depending on your situation. You could add that to your emergency savings fund or invest it to boost your wealth over time.

Invest your tax savings

A \$1,000 or so in tax savings isn't life changing. But if it's invested wisely, it could bolster your finances over the long term. My top pick is a robust dividend-growth stock like **Absolute Software** (TSX:ABT).

The company provides a cloud-based endpoint visibility and control platform. In simple terms, it helps corporations protect their employees' laptops, smartphones, and devices from hackers. Cyberattacks have surged since everyone has started working remotely. Your home wifi simply can't protect you like your corporate office's network.

This means demand for Absolute's software should steadily increase over time. Meanwhile, the company offers a relatively attractive 1.66% dividend yield. The stock price is up 167% over the past year. If you had saved \$1,000 in taxes last year and invested in Absolute Software, you'd have \$2,667 in a dividend-paying growth stock right now.

Consider adding Absolute to your watch list for 2021.

Bottom line

The top three ways to reduce your taxes this year are to use the basic amount and maximize training and work-from home benefits. The money you save from the CRA can be deployed in robust growth stocks such as Absolute Software.

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