



## Increase Your Income and Reduce Your Tax With 2 CRA Tax Credits

### Description

Technology is changing the world at a fast pace. Most of the work is automated, creating the need for more skilled jobs. So, those who've upgraded their knowledge have increased their income. The brilliant software coders of the 80s and 90s are billionaires of 2020. The next knowledge upgrade is in artificial intelligence (AI).

### How to increase your income in the changing job environment

In 2017, billionaire investor Mark Cuban said, "Whatever you are studying right now if you are not getting up to speed on deep learning, neural networks, etc., you lose." He added, "We are going through the process where the software will automate software, automation will automate automation." This will change the desired skill sets in the workforce as technology automates mundane jobs.

The Canada Revenue Agency (CRA) is preparing Canadians for the next level. It is offering you tax credits to upgrade your occupational skills and stay abreast with the trends. Adapting to the fast-changing world will not only help you earn more but also save you tax. In 2020, it [introduced](#) two new tax credits:

- Canada training credit (CTC)
- Digital news subscription tax credit

### A brief on the CRA Canada training credit

Every year starting in 2020, the CRA will credit the \$250 CTC in a notional account for the next 20 years. Your CTC will start getting accumulated if you are 26-65 years of age, have an annual income between \$10,000 and \$150,000, and regularly file your tax returns.

You can withdraw the accumulated CTC in the year you enroll in a post-secondary or vocational course from an eligible university or educational institute. Before enrolling check if

- The course is covered under the CTC;
- The tuition fee is over \$100; and
- Your employer or the government doesn't reimburse you for the course.

You can keep claiming the CTC for over 20 years and up to \$5,000. You can claim 50% of your tuition fee or the accumulated CTC, whichever is less.

For instance, Jake took up a course in industrial psychology in 2025, for which he paid \$18,000. By 2025, the CRA accumulated \$3,000 in his CTC. He can claim \$3,000 in CTC. If his tax bill is \$1,000, the CRA will adjust CTC to the tax bill and credit the remaining \$2,000 in his bank account.

## A brief on the CRA's digital news subscription tax credit

Just doing a course is not enough. You should stay updated with what is happening around you so that you can contribute to the development. Hence, the CRA introduced a \$75 tax credit that you can avail of by buying up to \$500 of digital news subscriptions of a qualified Canadian journalism organization (QCJO).

A QCJO publishes originally written news in digital format and has no broadcasting licence. The CRA introduced this non-refundable tax credit for four years from 2020 to 2024 to help the digital news agencies.

## The two CRA benefits can enhance your income

You can make the most of the above two CRA credits. While you are studying, you can also subscribe to a financial newsletter and stay updated on the investing world. You can invest the \$250 CTC refund that you get on filing the 2020 tax returns in a stock that you have been reading about. By the time you start earning a higher income, your knowledge of investing would have also improved. Then you can create a portfolio depending on your risk appetite and financial goals.

A good start for investing would be [ETFs](#), and I would suggest investing in **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)**. The technology is changing the future, and this ETF has holdings in all major companies that are changing the future. **Shopify** and **Lightspeed** are changing the future of retail, and **BlackBerry** the future of endpoint security.

As I said at the start, the brilliant coders of the 90s are the billionaires of 2020. Similarly, the brilliant data scientists of 2020 could be billionaires of 2050. The XIT ETF invests in these future billionaires. In the last decade, the ETF grew 460% converting \$250 into \$1,400. If you had invested in this ETF using the Tax-Free Savings Account, the \$1,100 earnings would be exempt from taxes.

### CATEGORY

1. Investing
2. Personal Finance
3. Tech Stocks

### TICKERS GLOBAL

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

## **PARTNER-FEEDS**

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3. Msn
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