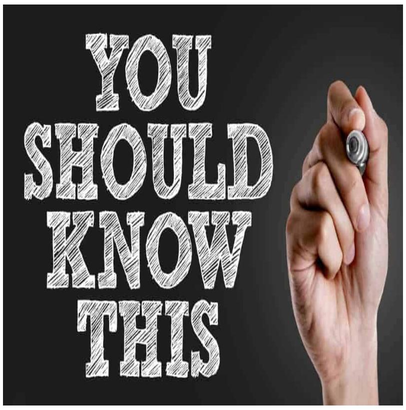

Canada Revenue Agency: Make Sure to Include These 3 Tax Deductions!

Description

The COVID-19 pandemic is a significant disruption, not only in home or office routines but also in tax preparations. This year's tax season isn't the usual because Canadian taxpayers must include all pandemic benefits received in 2020 as taxable income.

On the positive side, the Canada Revenue Agency (CRA) has a slew of tax deductions to reduce tax bills. If you're filing your taxes in April 2021 for the 2020 income year, don't miss three tax deductions if you're eligible.

1. Home office expense

Remote workers grew in number last year due to lockdown measures to prevent the spread of COVID-19. Many employers allowed their employees to work from home in 2020. If you're one of the thousands who used or converted spaces in the house as workstations, you could qualify for the home-office-expense tax deduction.

The claim process is simple and uses a new flat-rate method. You must have worked 50% of the time at home for four consecutive weeks to qualify. The tax deduction is $2 per day up to a maximum of $400 ($2 x 200 days). Just fill up Form T777S, and you're good to claim. In case your expenses are considerable, use the detailed but more cumbersome.

2. Moving expenses

Apart from the shift from the office environment to the home, many Canadians had to relocate to new work or business locations. Some enrolled as full-time students in post-secondary programs at various educational institutions. You can claim moving expenses in the circumstances named above. Make sure the distance to your new work, business, or school is at least 40 kilometres.

3. Digital news subscription

The Digital News Subscription Tax Credit (DNSTC) is a handy tax break available to digital news content subscribers. The temporary, non-refundable tax credit amount is $75 or 15% of the maximum $500 subscription expense with a qualified Canadian journalism organization (QCJO). You can claim up to $375 in five years, beginning in 2020 to 2024.

Immediate tax relief

Canadians can derive immediate tax relief by topping up their Tax-Free Savings Account (TFSA). For 2021, the annual contribution limit is still $6,000, the same as in 2019 and 2020. The income your contribution will generate is tax-free income, provided you don't over-contribute.

Among the popular investment options of TFSA investors during the health crisis is **NorthWest Healthcare Properties** (TSX:NWH.UN). This $2.53 billion real estate investment trust (REIT) is the only real estate stock in the cure sector. It owns and operates a portfolio of high-quality international healthcare facilities.

NorthWest is a leading global healthcare REIT, no less. It's also the largest non-government owner and manager of medical office buildings in Canada. This REIT is present in North America, Europe, and Australasia. NorthWest's partners in the international markets are mostly top healthcare operators.

Since the 189 income-producing properties consist of hospitals, clinics, and medical office buildings, the occupancy and rent collection rates are on the high side. If you invest today, the share price is $13.15, while the dividend yield is 6.08%. NorthWest Healthcare is an excellent dividend play that can offset a user's tax payable. Your $6,000 TFSA contribution will produce $364.80 in tax-free income.

Valuable tax deductions

The tax preparation in 2021 is more cumbersome because of the COVID-19 benefits. However, the various tax deductions available should compensate for your extra efforts.

CATEGORY

1. Dividend Stocks
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