CRA: 4 Tax Breaks Most People Miss

Description

The Canada Revenue Agency (CRA) has countless tax breaks available to taxpayers. However, most people miss the common ones. The tax deadline is near, so it would be best to know the often-missed tax deductions to lower your tax payables.

If you're eligible for these tax breaks, you'll have more money in the pocket when the tax season is over. The following are four tax breaks you might be missing during the past taxation years.

1. Medical expenses

Canadians are familiar with claims on medical expenses. However, like the private medical insurance premiums, a slew of them are tax-deductible, in case you don't know. You can also claim tutoring expenses for children with disabilities. If you need to do home renovation to improve mobility or access, the CRA allows you to claim such expense.

If you're seeking medical treatment in a clinic or hospital over 40 kilometres away, your travel expenses are tax-deductible too. Don't forget that you can also derive tax reliefs from prescription contact lenses or glasses, dentures, and dental implants.

2. Union or professional dues

Members of unions or professional organizations can claim union dues or professional fees at tax time. Be sure to keep the receipts as documentary evidence. Even certification or licensing exam costs for a profession may qualify as a tuition expense. The CRA clarifies that fees reimbursed by employers are not eligible expenses.

3. Interest on student loans

A non-refundable credit that taxpayers commonly overlook is the interest paid on a student loan.

However, a credit line or personal loan to fund studies don't qualify. Only student loans received under the *Canada Student Financial Assistance Act* and *Canada Student Loans Act* are eligible. You can carry such loan interest forward for up to five years.

4. Charitable donation tax credit

Generous Canadians derive tax breaks from charitable donations. You can claim the Charitable Donations Tax Credit if you donate to a qualifying donee. The tax credit could be up to 33% of the offering at the federal level. An additional 24% entitlement is possible depending on your province of residence.

For tax-conscious Canadians

Tax-conscious Canadians can reduce their tax burdens further by maximizing their Tax-Free Savings Account (TFSA). Your TFSA is an excellent tool to generate non-taxable income. Maximize your annual contribution limits every year if finances allow.

Brookfield Property Partners (TSX:BPY.UN)(NASDAQ:BPY) is a high-yield income stock that fits well in a TFSA. This real estate stock trades at $22.23 per share and pays a super-high 7.55% dividend. A $6,000 investment will produce $453 in tax-free passive income in a TFSA. Current shareholders are up 23.03% year-to-date.

The $20.66 billion diversified global real estate company owns and operates one od the world's largest property portfolios. The hard assets include offices, retail properties, multi-family, industrial, hospitality, triple net lease, student housing and manufactured houses.

Management's objective is simple and straightforward. The company acquires high-quality assets in resilient and dynamic markets. All investments should generate attractive long-term returns on equity (12% to15%). It aims to achieve the target through stable cash flows, asset appreciation and annual distribution growth in line with earnings growth.

Make your tax preparations worthwhile

Please make your tax preparations in 2021 worth it by not overlooking the four tax breaks under your noses.

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