2 Rare Tax Breaks to Claim on Your 2021 Tax Return

Description

Canadian taxpayers will file their returns in a pandemic environment for the second straight year. The Canada Revenue Agency (CRA) encourages everyone to go digital. Online filing means faster issuance of the notice of assessment (NOA). It might take 10 to 12 weeks if you were to submit a paper return.

About 90% of the tax and benefit returns last year were online filings. Sign up for MyAccount to access the CRA's digital services and simplify the process. But before you complete your tax return, check if you qualify for two rare tax breaks to lower your tax bill further.

For digital news subscribers

Did you spend for online access to a newspaper in 2020 to get updates on current events? You might qualify for a non-refundable tax credit for the online version of a newspaper or magazine if you did. The latest federal tax credit offering is the Digital News Subscription Tax Credit (DNSTC).

Taxpayers can claim a tax credit on digital news subscriptions between 2020 and 2024. However, your subscription must be with a media outlet that carries a qualified Canadian journalism organization (QCJO) status to be eligible. Check the receipt to confirm, because it indicates the QCJO code or number.

The CRA will base your credit on the lowest personal income tax rate (15% in 2020), times the actual subscription amount, up to $500. Thus, a $500 expense means the tax credit is $75. If you maintain the subscription for five years, the cumulative DNSTC is $375.

For students

A taxpayer who paid for an eligible post-secondary school in Canada gets tax relief. The Canada training credit is new as well, and a federal tax credit exclusive to students. This credit reduces the tuition tax credit a student can claim, transfer, or carry over.

The amount can be your Canada training credit limit for the tax year or 50% of the eligible tuition and fees paid to an eligible educational institution. For each year you report at least $10,000 in income, you earn $250. For the first $250 you will claim for the income year 2020, the CRA's basis is your income in the 2019 tax return.

Time-honoured asset

Canadians who haven't been maximizing the Tax-Free Savings Account (TFSA) should start in 2021. The investment is a lifetime tax-savings tool, no less. Any interest, gains, or dividends inside your TFSA is non-taxable income. The only time the CRA will tax you is if you mismanage the account.

Most TFSA users pick assets they can own for the long haul. A time-honoured income stock is **Enbridge** (TSX:ENB)(NYSE:ENB). The $74.82 billion pipeline titan belongs in the volatile energy sector, but its highly regulated business shields it from economic downturns.

This top-tier company's cash flows, nearly 98%, comes from low-risk, take-or-pay, fixed fee, or cost-of-service contracts. Enbridge has secured growth projects ($16 billion) on top of the $1.6 billion worth of projects it's currently putting into service. If you were to invest today, the share price is $36.77, and the dividend yield is a weighty 7.15%.

Direct deposit

Besides the electronic filing, the CRA suggests you sign up for direct deposit, too. The direct deposit is faster, secure, and convenient. You'll get your benefit payments sooner than later.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/07/03
Date Created
2021/04/09
Author
cliew