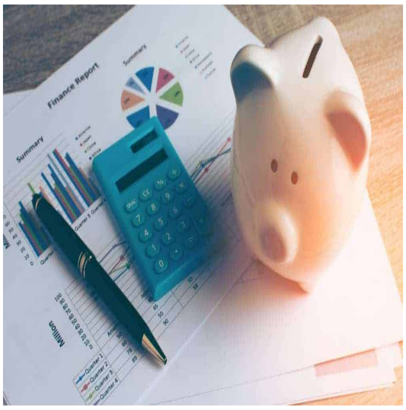

CRA: These Deduction Could Save You Thousands!

Description

If you haven’t done it already, it could be time to file your taxes with the Canada Revenue Agency (CRA). The earlier you file, the more time you have to dig through your finances over the past year and find ways to mitigate what you owe.

With that in mind, here are some of the ways you can shave thousands off your tax bill and what you can do with all your savings.

Moving expenses

During the pandemic, nearly everyone was working remotely. That means you probably didn’t have to move to work somewhere over the past year. However, if your job is essential or your employer needed you to be someplace, you could claim your moving expenses as a CRA tax credit.

Thousands of dollars spent on switching utilities, renting vans, moving furniture, and changing addresses could be written off your income for 2020. Don’t miss this deduction if you moved last year.

Childcare expenses

Another essential expense you could claim is childcare. Most parents already know they can claim official childcare costs as a CRA tax write-off. However, you may not know that other expenses such as overnight camps and summer day camps also qualify. Make sure you work with your accountant to claim these deductions.

Education and training

Introduced in 2019, the Canada training credit (CTC) allows you to claim up to $250 annually for training courses and professional work certifications. Any money you spend on upgrading your career could be used to lower your tax bill. In fact, this benefit accumulates over time. You could accumulate up to $5,000 for the CTC in a lifetime.

Use this credit wisely to propel your career forward.

How to invest your tax savings

If you qualify for some or all of the deductions mentioned above, you could potentially slash thousands of dollars from your tax liability for 2020. Investing this surplus cash in a robust, dividend-paying stock could be the best way to lower your taxes and create permanent wealth.

For instance, $1,000 invested in **Fortis** (TSX:FTS)(NYSE:FTS) delivers $36 in annual dividends . These dividends could be tax-free if invested through a Tax-Free Savings Account (TFSA).

Fortis's business of supplying electricity is so stable and predictable, that the management team can promise dividend increases several years in advance. In fact, they've boosted dividends every year for the past 46 years. Over the next five years, they could boost them by 5-7% annually.

In short, being savvy with your upcoming CRA tax-filing and investment decisions could put you on the fast lane to financial freedom.

Bottom line

The CRA offers several deductions and credits for necessary expenses. You could, for instance, claim the expenses of sending your child to day camp, connecting utilities if you moved to a new city for work or taking a work-related training course last year.

Potentially saving thousands on your annual tax bill and investing it in a robust stock like Fortis could be a strong first step towards financial freedom.

CATEGORY

1. Investing

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