



## CRA: 3 Big Changes Coming to 2023 Tax Breaks

### Description

Some big changes are coming to the Canada Revenue Agency's (CRA) tax breaks in 2023. In order to maximize your take-home income, you need to plan your taxes carefully, so you don't miss any breaks and deductions you're entitled to. In this article, I will explore three changes coming to the CRA's tax breaks in 2023, so you don't miss any when it comes time to file next year.

### TFSA contribution room increasing

The first big change to the CRA's tax breaks coming in 2023 is an increase in Tax-Free Savings Account (TFSA) contribution room. The TFSA is an account that gives you a 100% reduction in taxes on investments. When you hold investments in a TFSA, you literally pay zero taxes on them! The only catch is that the account has a limited amount of space.

Each year, the TFSA gets a certain amount of contribution room, which accumulates from the first year you're eligible to open one. So, if you turned 18 or immigrated to Canada four years ago, you get four years' worth of contribution room.

In 2023, the amount of TFSA contribution room is \$6,500. This is an increase in two senses:

1. It's a higher amount than last year's room (\$6,000).
2. For those who are eligible for a TFSA for multiple years, it increases the cumulative amount.

At this point, if you were eligible for a TFSA for its entire history, you have \$88,000 in accumulated space! This is great news if you hold stocks like **Enbridge** ([TSX:ENB](#)).

Enbridge is a [dividend stock](#) with a very high yield (6.5%). If you hold \$88,000 worth of ENB, you'll get \$5,720 worth of taxable dividend income every single year. At a cost of \$53.46 per share, you'd have to buy 1,642 shares to achieve that level of dividend income. In any non-TFSA account, that income is taxable. If your marginal tax rate is 50%, you could end up paying \$2,860 in taxes on \$5,720 in dividends (minus the dividend tax credit). If you hold your ENB shares in a TFSA, however, you pay no taxes at all. That's a huge win.

## Claim \$500 in work-from-home expenses

Another relatively new tax break in 2023 is the \$500 [work-from-home tax break](#). This break was introduced last year, but if you only started working from home this year, you can claim it for the first time. Self-employed Canadians have always been able to claim work-from-home expenses like office furniture, but, until recently, the conventionally employed at-home workers were left out. Not anymore. Now, if you work from home, you can claim a \$500 tax break, saving you up to \$250 depending on what your tax rate is.

## RRSP dollar limit rising

A final CRA tax break change coming in 2023 is a higher Registered Retirement Savings Plan (RRSP) dollar limit. The RRSP is an account you can hold investments in, you get a tax break on your income when you contribute to it. In 2023, the absolute maximum RRSP contribution is increasing to \$29,210. You're still limited to 18% of your total income, but if you're a high earner, the numerical amount you can contribute has gone up.

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