5 Tax-Saving Tips for Canadians

Maximize your RRSPs

Registered Retirement Savings Plan (RRSP) contributions are tax deductible. So, the more you contribute to your RRSP (up to the maximum annual contribution limit), the more you can deduct from your taxable income and lower that tax bill.

Make the most of your TFSAs

While your contributions to a Tax-Free Savings Account (TFSA) will be post-tax income, all interest, dividends, and capital gains earned in the account, as well as withdrawals from the account, are tax-free.

Claim medical expenses

You can claim medical expenses that you or your spouse paid (and for which you were not and will not be reimbursed) for yourself, your spouse, and your children (if they are under 18 years of age at the end of the tax year).

Income splitting

At its most basic, income splitting is when a higher-earning spouse transfers a portion of their income to their lower-earning spouse. If your spouse is in a lower tax bracket than you, you may want to consider a few things: splitting pension income, lending money to your spouse, or making contributions to your spouse's RRSP.

File on time

This may seem obvious, but CRA will charge you a late-filing penalty if you file late and have a balance owing. The late filing penalty is 5% of your balance owing, plus an additional 1% for each full month you file after the due date, for up to 12 months. And, this amount could be even higher if you were charged a late-filing penalty on your return in any of the three previous years.

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