



Hooray! This New CRA Adjustment Means Lower Taxes in 2020

Description

People frown on taxes regardless of the amount. Taxes are a burden to anyone, from employees to entrepreneurs and retirees. But the new adjustment by the Canada Revenue Agency (CRA) is good news. The lowering of taxes in 2020 should be a relief in some way.

Higher tax savings

A notable tax change in 2020 is the additional basic personal amount (BPA) of \$931. The first \$13,229 of your income is tax-exempt. You'll pay the income federal income tax beyond the BPA. The more good news is that the limit is gradually increasing and should peak to \$15,000 by 2023.

At least Canadians have extra to cover the basic needs. In total, about 20 million will benefit from lower taxes. The annual tax savings of individuals would reach \$300 once the CRA completes the full implementation.

Higher tax-free earnings

You can double the celebration if you can match your tax savings with [tax-free earnings](#). Purchase shares of dividend stalwarts such as **Telus** ([TSX:T](#))([NYSE:TU](#)) and **Whitecap** ([TSX:WCP](#)). Place the stocks in a Tax-Free Savings Account (TFSA), but make sure you have available contribution limit to avoid incurring taxes.

Telecom bigwig Telus is a no-brainer buy. Imagine earning a tax-free income of \$449 from a \$20,000 investment and a dividend yield of 4.49%. This \$31.63 billion is no longer an ordinary telecom provider.

The company is now into business security solutions, managed information technology, and healthcare solutions. Telus is earmarking \$16 billion investment in Alberta. The province will soon see 20,000 new jobs.

Another sector that Telus is fully supporting is healthcare. State-of-the-art mobile clinics are sprouting

in key cities courtesy of Telus. Frontline care is now available in several communities.

A compelling reason to pick Telus is the consistent dividend growth in the last 16 years. The company can afford to sustain the streak because it's operating in an industry that is almost a monopoly. Besides, Telus has been slowly tapping into other growth areas.

Whitecap is a dividend monster in the energy space. This stock is trading at an affordable price of \$4.95 per share, yet the dividend yield is super fantastic. With its 6.5% dividend, your \$20,000 investment in a tax-free account earns \$1,300.

While the size of Whitecap pales in comparison to energy giant **Enbridge**, it competes for investor attention given the lower price and lucrative dividend. One advantage of Whitecap is the low base declines of its light oil resource base in core operating areas. Production remains stable as a result.

Also, other costs like drilling are kept at reduced levels. The strategy enables Whitecap to withstand spikes in oil prices. Analysts are recommending a buy rating as the stock could potentially gain by as much 61.6% in a year. If you're not ready to dive into the volatile energy space, keep Whitecap in your watch list.

Boost your net worth

The CRA tax cut should give you spare money that you can save for investment later on. Once you have enough and are ready to [earn tax-free income](#), consider Telus and Whitecap. The dividends from the stocks should boost your net worth significantly.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)
3. TSX:WCP (Whitecap Resources Inc.)

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