



Want to Pay Less Taxes? Listen to This New 2020 CRA Tax Break

Description

Whether you view the new 2020 Canada Revenue Agency (CRA) tax cut as subtle or insignificant, it's [a welcome tax break for taxpayers](#) just the same. On the part of the CRA, the measure is "significant" because it will benefit 20 million Canadians.

For the 2020 tax year, the basic personal amount (BPA) is rising by \$931 to \$13,229. The tax-free annual income will slowly increase further until 2023 when it reaches \$15,000.

If the estimated annual tax savings are \$240, middle-income earners are motivated to save money enable the cash to grow. You can invest in moneymakers or income-generators such as **Inter Pipeline** (TSX:IPL) and **Morguard** ([TSX:MRT.UN](#)) to make good use of the tax cut.

Long runway for growth

Inter Pipeline is [a dividend titan in the energy sector](#). This \$9.19 billion oil and gas midstream company has raised dividends for 11 straight years. Retirees mostly favour the energy stock because of the generous dividend. With its 7.74% yield, whatever amount you invest will double in less than nine-and-a-half years.

You can say that Inter Pipeline is a CPP stock. Why would the CPP fund manager or the Canada Pension Plan Investment Board (CPPIB) invest in the stock if it has weak potentials to maximize long-term returns? Historically, the 10-year return is 264.64%.

In terms of actual business performance, Inter Pipeline is displaying superb growth in both revenue and cash flow. Revenue grew by 85.7% (\$2.6 billion) from 2013 to 2018.

During the same period, cash flow per share rose by 70%. Hence, there's no reason to doubt the company's ability to increase revenue moving forward.

Inter Pipeline's pioneering and one-of-a-kind Heartland Petrochemical Complex will begin operating by year-end 2021. When it does, the company would be selling polypropylene plastic, a high-profit-margin

product.

Cash cow

Similar to Inter Pipeline, Morguard is a reliable moneymaker. This \$764.47 million real estate investment trust (REIT) has been operating since October 1997. Since that time, it's been growing its real estate portfolio.

Morguard's portfolio currently consists of high-quality office properties in major urban centres, large enclosed full-scale regional shopping malls. Aside from its dominance in their respective markets, these high-quality assets generate significant free cash that enables this REIT to pursue more investment opportunities.

Revenue-wise, Morguard has consistently posted close to \$280 million over the last four years. Net income rose to \$73 million in 2018, although the 2019 run-rate is showing a significant drop.

Nevertheless, Morguard is a pure dividend play considering its super-fantastic dividend of 7.57%. An investment equivalent to your non-taxable income of \$13,299 can potentially reward you with \$1,001.44 annually.

Tax savings to earnings

The election promise of lowering taxes came true, and the new 2020 CRA tax break would somehow help Canadians cover the basic needs as well as cope with inflation. Also, you can be resourceful by putting the tax savings to good use and converting them to earnings.

Save the amount until you have the seed money to invest. High-paying dividend stocks like Inter Pipeline and Morguard can provide a financial cushion and boost your net worth this year.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:MRT.UN (Morguard Real Estate Investment Trust)

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