



CRA 2020 Tax Adjustment: Increase Your \$931 Tax Relief to \$20,000

Description

Any tax relief, no matter how small or insignificant, should be welcome news to all taxpayers. The [2020 tax adjustment](#) of the Canada Revenue Agency (CRA) might be negligible to high-net-worth individuals. But for the working class, it offers a golden opportunity to make money.

This year will see an increase of \$931 in the basic personal amount (BPA). Similarly, every year beginning this year until 20203, there will be annual tax reliefs to enjoy. Regular investors can make the most of tax reliefs by purchasing dirt-cheap [dividend gems](#).

Whitecap Resources ([TSX:WCP](#)) and **Diversified Royalty** ([TSX:DIV](#)) are trading at less than \$5 per share but average 7.14% in dividend. An investment amount equivalent to the 2020 enhanced BPA of \$13,229 should fetch an income of \$943.89 yearly. In six years, your capital would be worth \$20,003.93.

High-dividends plus capital appreciation

Mid-cap oil-weighted producer Whitecap is one of the most appealing energy stocks to income investors despite the industry's volatility. A 7.32% dividend is hard to resist in 2020.

So far this year, the stock is underperforming (-15.78%). Analysts covering the stock, however, are forecasting the price to climb to \$8 or a capital appreciation of 72.4% from its current price of \$4.64.

Whitecap is hoping crude prices to increase this year. Assuming West Texas Intermediate (WTI) price stabilizes at us \$60 per barrel, the company expects to produce a daily average of 72,000 barrels of crude.

At that production level, Whitecap can already generate \$310 million in free funds flow that should strengthen the balance sheet.

In case WTI prices are pegged lower at US\$55 per barrel, Whitecap can still generate adequate cash flow to plow back into the business. Also, the company should be able to keep the payout ratio at 85%

for 2020.

Loyal investors in royalty companies are growing in number. Diversified, for example, is a cash cow because of its mouth-watering 6.95% dividend.

The stock price of this company that holds the trademarks and other intellectual properties of some of the famous names in North America is only \$3.33 per share.

The trademarks of Air Miles, Mr. Lube, Mr. Mikes, and Sutton belong to this million multi-royalty corporation. Air Miles is known to have the most extensive coalition loyalty program in Canada.

The said program engages 67% of households in the country. Mr. Lube is the frontrunner in the quick-lube-service business.

Also, Mr. Mikes turns in about \$85 million of annual sales by operating 42 casual steakhouse restaurants in western Canadian. Sutton is a top residential real estate brokerage franchisor.

Throughout the years, Diversified has been acquiring royalties from multi-location businesses and franchisors in North America.

The ever-increasing royalty streams from royalty partners enable Diversified to sustain and make dividend payouts. Analysts see this royalty stock to end the year at \$5.63, or a gain of 69%.

More money to your pocket

The broad-based tax changes in 2020 should add to your investment fund. If you have an investment account like the TFSA, you can derive substantial tax-free gains from inexpensive but high-yield stocks like Whitecap Resources and Diversified Royalty.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:DIV (Diversified Royalty Corp.)
2. TSX:WCP (Whitecap Resources Inc.)

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