2 Huge COVID-19 Tax Breaks the CRA Is Dishing Out

Description

The COVID-19 outbreak is causing pandemonium to the general populace. There is both a social and economic impact that needs an urgent response from governments. In Canada, tax-filing and tax-payment deadlines have been moved to give taxpayers extra time to prepare and file income tax returns.

Besides the tax date changes, the federal government, through the Canada Revenue Agency (CRA), is dishing out tax breaks as additional support. Two huge ones are the Canada Child Benefit (CCB) and special Goods and Services Tax Credit (GSTC) payment.

Enhanced childcare benefit

Canada has temporarily increased the CCB to help families affected by the novel coronavirus. The $2 billion package aims to provide extra support to parents who are unable to work or may have been laid off from jobs because of the pandemic.

With schools closed and parents are staying home, there are additional child-care responsibilities. Thus, if you're qualified, you'll receive a temporary increase of $300 per child. For those with two children and earning between $45,000 and $65,000 annually, the new total amount is $1,500 per month.

Double GST/HST payment

About 12 million low- and modest-income families will benefit from the one-time GST/HST special payment. According to the CRA, this coronavirus economic package is worth around $107 billion. Its rollout through the GST credit system already started in April 2020.

The one-time GST/HST payment doubles the tax credit for the 2019-2020 benefit year. It will effectively be a top-up of 100%. The absolute amount of financial assistance is $400 for singles and $600 for couples.

Supplement to the CCB and GSTC

Supplementing your CCB and GSTC during the pandemic is possible. Some companies continue to pay dividends to investors in the wake of the outbreak. **Savaria** (TSX:SIS), for example, hasn't suspended payouts.

The $579.37 million company that provides accessibility solutions continues to operate as an essential services business in these challenging times. Its manufacture and sale of service mobility and medical equipment for the disabled and elderly people are ongoing.

For investors, there's a passive-income stream from Savaria. The current dividend yield of 4.11% should be safe. On March 26, 2020, the company reported glowing numbers in its 2019 full-year financial results.

There was growth in revenue (30%), gross profit (34%), net earning adjusted (38%), and adjusted EBITDA (37%) versus the prior year. Management met all its expectations in 2019. Savaria was able to generate $374 million in revenue, which is an $88.3 million improvement from the 2018 figure.

Marcel Bourassa, Savaria's president, CEO, and chairman, remains optimistic about the business outlook in 2020 despite the coronavirus-induced financial disturbance in the market. The company is set to present its Q1 2020 (quarter ended March 31, 2020) earnings results on May 12, 2020.

Half-a-year duration

The federal government is doing all it could to prevent financial hardships. In return, they want people to cooperate. Canadian families in Canada should expect the self-isolation and social-distancing measures to be in place no more than six months from March 2020.

The enhanced CCB and one-time GSTC payment is part of Canada's COVID-19 Economic Response Plan. Be sure you're receiving the boosts during this public health emergency.

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