Canada Revenue Agency: 2 Major COVID-19 Tax Breaks by the CRA

Description

We know that the Canada Revenue Agency (CRA) has extended the tax filing and tax payment deadline for individuals and businesses. As the COVID-19 pandemic continues to wreak havoc on the life of the general population, the federal government has had to step in and announce a slew of economic measures to boost Canada's fledgling economy.

The CRA has announced additional tax breaks to reduce the burden on Canadians. We'll look at two major tax breaks that will benefit millions of people.

Canada Revenue Agency announces CCB and GST/HST payments

Last month, the Canada Revenue Agency temporarily increased the Canada Child Benefit (CCB). This is a tax-free monthly payment administered by the CRA. The CCB aims to provide extra support to parents who have lost their jobs due to the COVID-19. It's a $2 billion package, and families that qualify for the CCB and have an eligible child in their care will get up to $300 extra per child.

If your adjusted family net income is below $31,120, you'll get the maximum payment for each child under the traditional CCB plan. The maximum payment for each child under the age of six is $6,639 per year. For children between the age of six to 17, the payment is $5,602 per year.

The Canada Revenue Agency is also providing a one-time special payment through the Goods and Services Tax Credit. This special payment intends to help low- and modest-income families. The average additional benefit for individuals stands at $400, while for couples it is around $600.

This additional benefit will impact 12 million low- and modest-income families in Canada. The one-time payment doubles the tax credit for the 2019-2020 benefit year.

How to supplement these incomes

The federal government and the Canada Revenue Agency are trying to boost disposable income via these additional payments. However, you can also take advantage of the market weakness and supplement the payments by investing in quality dividend stocks.

Stock prices and dividend yields move in opposition to each other. The ongoing market correction has driven dividend yields higher. Investors now have an opportunity to increase wealth through capital appreciation and dividend payments.

Innergex Renewable Energy (TSX:INE) is one such company that should be on the radar of long-term investors. This renewable energy giant is a solid pick due to its contracted business model that makes the firm immune to economic cycles. Innergex stock is up 33% in the last 12 months, despite losing 17% in the bear market since the start of this year.

Innergex has a diversified portfolio that includes wind farms, solar farms, and hydroelectric facilities. It has a net installed capacity of 2,558 megawatts. The company's 95% of sales are contracted to government-backed utilities. This ensures a stable stream of cash flows, making dividend payouts safe. With an annual dividend per share of $0.72, the company's forward yield stands at 4%.

Innergex is part of an expanding market. The shift to renewable energy should accelerate in the upcoming decade and any correction in Innergex stock price can be viewed as a buying opportunity.

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Date
2025/07/07

Date Created
2020/05/15
Author
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