Canada Revenue Agency: 2 Significant Tax Breaks You Can't Miss in 2020

Description

We all know that the Canada Revenue Agency (CRA) extended the deadline for individuals and businesses to file and pay their taxes. The COVID-19 pandemic has made life challenging for people worldwide. As it continues to infect more people worldwide, the federal government has stepped up efforts to provide Canadians with economic relief.

Among its slew of economic measures is the introduction of tax breaks that can reduce the burden on Canadians during the global health crisis. I will discuss two significant tax breaks that the CRA has introduced in light of the novel coronavirus lockdown.

CCB and GST/HST payments

The CRA increased the Canada Child Benefit (CCB) payments last month. CCB is a tax-free monthly amount that the CRA pays Canadian families to support parents who have lost their jobs due to the pandemic. It is a massive $2 billion package aimed to help the families that qualify to receive the benefit and have an eligible child in their care with up to an additional $300 per child.

If your family's overall net income is below $31,120 per year, your family qualifies to receive the maximum payment for each of your children under the CCB plan. The maximum amount you can receive for children six years old or younger is $6,639 per year. For children older than six years to seventeen, the maximum payment is $5,602 per year.

Apart from the CCB, the CRA is providing Canadians with another temporary measure to help them during the current tax season through the Goods and Services Tax Credit. This is a specialized payment plan designed to help families with low or modest income. The additional benefit for individuals is $400, and for couples, it is $600.

Between these two tax benefits, Canadian families can enjoy relative financial security amid the pandemic-induced economic shutdown.

Supplementing these tax-free incomes

The government and the CRA are taking these measures to boost disposable income for Canadian families. These payments might not be enough to cover all your expenses during this time, and there is a way you can supplement the tax-free income by creating another tax-free income stream of your own.

You can leverage the market's weakness in purchasing shares of dividend-paying stocks and storing them in a Tax-Free Savings Account (TFSA). The ongoing market crisis has increased the dividend yields of several high-quality stocks.

You can use this as an opportunity to grow your wealth through capital gains once the market recovers and earn tax-free income through dividends.

Remember that it is crucial to find high-quality stocks trading for a discount that can continue paying you reliable dividends through the crisis. Ideally, you need to pick companies from sectors relatively insulated from the effects of the market crash. To this end, **Telus Corp.** (TSX:T)(NYSE:TU) could be an excellent pick to add to your TFSA.

Telus is one of Canada's most significant telecom companies. It is often called one of the Big Three telecom companies in Canada, along with **BCE** and **Rogers Communications**. Telus is more than simply a mobile service provider.

The company also offers extensive internet and TV services to customers across the country. It is also expanding its operations in the healthcare sector through Telus Health. While most of its peers focus on entertainment and media, Telus has developed an interest in providing innovative solutions for the healthcare sector.

With the release of 5G, Telus has serious potential for providing its customers more value. In turn, the stock can offer its shareholders more value with capital growth as it continues to expand.

Foolish takeaway

At writing, Telus is trading for $23.66 per share, and is up 18.72% from its price during the market crash low in March 2020. At its current price, the stock is on an upward trajectory along with the market. It is paying shareholders dividends at a juicy 4.92% yield.

You should consider taking advantage of these tax breaks and add another tax-free income stream through your TFSA. Telus could be an ideal starting point for such a TFSA portfolio.

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