



## \$400 Emergency GST Credit: Are You Eligible?

### Description

How important is the Goods and Services Tax (GST) credit to Canadians? I am sure many people today are thankful there is GST credit. Any monetary benefit is helpful during the pandemic, especially if it is [non-taxable](#).

The good news is that the federal government is granting a \$400 emergency GST credit in 2020. Those who are presently receiving the GST will receive almost double the amount with this one-time top-up. If you're eligible, don't take the GST credit for granted.

### Progressive tax system

Canada implements a progressive tax system that maintains rising tax brackets. The fundamental principle is that people who earn more income pay more taxes. With the GST credit, low-income earners can offset sales tax expenses.

Whenever you buy goods and services in Canada, there's a built-in 5% value-added tax. The transactions can be retail purchases, personal services, or big-ticket items like real estate properties.

The GST is a form of rebate such that the government reimburses low-income households, partial or full, the federal portion of the sales tax. Your advantage is that the Canada Revenue Agency (CRA) does not consider the credit as a taxable income.

### Eligibility

By making the annual GST credit for the 2019-2020 benefit year part of Canada's [COVID-19 Response Plan](#), there is additional financial relief to Canadians. The special payment is automatic if you're already receiving the GST credit amount.

However, if you're not one of them, you can apply for the GST provided you have filed your 2018 tax return. Once you meet this condition, you may also get the \$400 one-time credit or an amount based

on net income (individual or family). The Canada Revenue Agency (CRA) computes the exact GST credit amount based on your tax return.

## Fatten your GST credit

You can fatten or supplement your GIS credit with investment income. A \$6,000 investment within a Tax-Free Savings Account (TFSA) is a good starting point. You would be maximizing your 2020 TFSA annual contribution room and earn tax-free income at the same time.

**Chemtrade Logistics** ([TSX:CHE.UN](#)), for example, is a dividend king and a pure dividend play with its 10.73% dividend offer. At the price of \$5.72 per share, you get paid generously in exchange. This \$529.68 million provider of specialty chemicals is underperforming in the stock market thus far.

The company admits the considerable impact of COVID-19 on revenue during the first quarter of 2020. There was a 4.77% decrease primarily due to lower volumes of sulphuric acid and lower prices for caustic soda and hydrochloric acid. Sales volume for water products were higher but were not enough to overturn the revenue drop.

Chemtrade operates a diversified business that provides industrial chemicals, although it's the largest supplier of sulphuric acid in North America. The company expects the slump to continue for the rest of the year but is somewhat optimistic of a rebound post-pandemic.

## Forced savings

Do not underestimate the earning potential of the GST credit. The payments come four times a year, so you have forced savings every time. If you're single, you can receive up to \$443 GST credit, not counting the \$400. Accumulate them to have money for investment.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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