



CRA Changes: Make Sure You Didn't Miss These 2 Big Tax Breaks

Description

The pandemic has disrupted the lives of people around the world in several ways. People losing their livelihoods and businesses losing foot traffic is the most obvious effect of the pandemic. The CERB payout countered this disruption.

The CRA had to come up with more methods to help the people. Since some people were affected more than others, and the uniform CERB payments might not be sufficient enough for people with more financial responsibilities, the CRA introduced two new tax breaks for the year.

Padded CCB

One other way the virus disrupted the world is that it forced people to stay in their homes, especially children. The schools have been closed for months now, and in many provinces, they might stay closed for the rest of the year to stop the rampant march of the pandemic.

With children home full-time, parents might see some additional expenses. And to assist with some of the expenses, the CRA padded the CCB payment for May with an additional \$300. It caused the government about \$2 billion. And it's also increasing the CCB payment in general, starting July 2020. Now, children under the age of six will qualify for a payment of \$6,765 instead of \$6,639.

Additional GST/HST payment

Low- to modest-income families were the ones affected most by the financial implications of the pandemic and the lockdown. To help them out, the government offered a one-time GST/HST increase (costing the CRA about \$107 billion), which effectively doubles up the payment. So, single individuals who previously got \$443 had their payment increased to \$886.

A tax break to try for

One of the ironies of our financial reality is that the people who need savings the most are often without any savings. It's understandable that if you are living hand to mouth, it's typically hard to carve out a substantial piece of your income for saving and investing. But if you can do it and put it in an RRSP to grow tax-deferred, you can get a decent tax break.

It doesn't need to be much. If you can't invest a lot of money, then you can offset it (at least in part) by starting early, so that time is on your side. You can start with cheap stocks like **Xebec Adsorption** (TSXV:XBC), which is currently trading at \$4 per share (which is very overvalued, if we consider the price to earnings). The company has a market capitalization of \$355 million and debt of just \$5.5 million.

It's a Quebec-based company with operations across the border, Italy, South Korea, Austria, China, and Singapore. It's a global clean energy company, with 65 RNG installations and 250 Hydrogen installation globally. Xebec has been a great [growth stock](#), at least in the past five years. The five-year CAGR for the company is 118%. Xebec recovered from the March fall quite swiftly.

It's difficult to say if the company will manage to sustain that growth pace for long. If Xebec does, even small investments can turn into decent-sized nest eggs.

Foolish takeaway

If you consider how much the government has spent implementing these initiatives to help out the people, it's clear that it can't be [replicated time](#) and time again. So, you may want to build some safety nets for yourself. And one of the best ways to do that is to save and invest as soon as you can and as much as you can.

CATEGORY

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