



Canada Revenue Agency: \$400 GST Refunds

Description

Do you pay Goods and Services Tax (GST) or the Harmonized Sales Tax (HST) to the Canada Revenue Agency (CRA)? If so, you may be able to get a [tax credit](#) on the GST and HST payments depending on your income. The Canadian government will give you a \$400 emergency GST credit in 2020.

The COVID-19 pandemic has many Canadians strapped for cash. This health crisis has underscored the need for prudent financial management.

Save your money in a Tax-Free Savings Account (TFSA) or RRSP and get special tax benefits from the CRA. Now is a great time to invest in the **Toronto Stock Exchange**.

Invest your GST payments from the CRA

It is always a good idea to save your tax refunds from the Canada Revenue Agency. For example, the \$400 tax credit can buy some shares of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) stock. RBC pays a dividend yield of 4.54% at the current share price of \$95.05.

Canadian banks are some of the safest in the world. Further, analysts consider these stocks Dividend Aristocrats based on their reliable dividend histories.

Royal Bank stock is trading at 86% of its 52-week high market value. The stock has bounced back substantially from the initial March stock market sell-off. This is a good sign.

In addition to other programs through the CRA, many Canadians might be receiving relief on some of their mortgage payments this year due to the pandemic. Nevertheless, we are also seeing a good decline in consumer debt this year. People are spending less and using this time to pay off debt.

The bottom line? There might be some impact on bank stocks like RBC. But, remember that this is only temporary. The economy will return to normal and bank stocks have a stellar record.

Prepare for the end of CERB

Many Canadians are receiving money from the CRA as part of the Canada Emergency Response Benefit (CERB) program. CERB has already been extended for another eight weeks, and the payments won't last forever.

Now is the time to prepare your financial situation for the end of the CERB program. Investing in Dividend Aristocrats like the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is a great way to boost your finances.

CIBC issues a dividend yield of 6.26% at the current price of around \$93.29. The stock has been uptrending since the March stock market selloff. Now is the time to buy shares to gain on the upward momentum.

Exercise caution when investing CRA payments

CIBC had a [disappointing second fiscal quarter](#) of 2020. The company reported \$1.4 billion in provisions for credit losses (PCL). As a result, net income declined by 71% for the quarter over the same period last year.

Like other banks, CIBC is not unaffected by the mortgage payment deferrals. The bank provided deferrals on 108,000 mortgages. That's \$35.5 billion of deferrals during the second quarter.

The COVID-19 health crisis has also influenced revenue from business loans. The bank deferred payments on \$8.6 billion of business loans.

Should you invest in bank stocks?

There's risk in any investment decision. The good thing about the big Canadian banks is that none of them are going to go out of business. They've been around for hundreds of years and will continue to live on well after us.

That said, all of this is temporary. It will end, and when it does, bank stocks will rebound. Now is the time to place your bets to capitalize on the price appreciation.

Save some of that extra money you are receiving from the CRA.

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