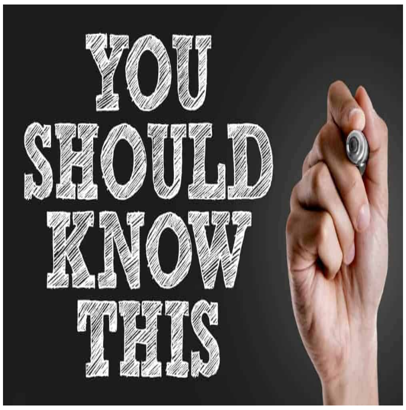

CRA: 3 Things You Need to Know About the Extra $400 Emergency GSTC Payment

Description

The Canada Revenue Agency (CRA) emerged as a saviour for most Canadian taxpayers in the COVID-19 pandemic. It paid out temporary benefits to help people who lost their jobs. The agency also paid out an extra $400 in Goods and Service Tax Credit (GSTC) on April 9. This extra payment benefitted over 12 million low- and modest-income Canadian families.

The CRA gave this emergency payment to cover Canadians who did not qualify for the Canada Emergency Response Benefit (CERB). A student, a senior, or a freelancer might not have met the CERB requirement of having at least $5,000 in working income in the last 12 months from the date of application. For them, a $400 amount would be significant.

The amount of the emergency payment was double the GSTC you received for that benefit year. For instance, if you received $290 in GSTC in the 2019-2020 benefit period, the CRA credited another $290 into your account in April.

If you have received the $400 emergency GSTC payment

You need to know three things if you have received the $400 emergency GSTC payment.

- The GSTC amount you received is a one-time credit the CRA is giving under the COVID-19 response. Don't expect any more bonuses.
- This emergency payment is non-taxable, which means you need not add this amount to your 2019 taxable income.
- The CRA can't take away this one-time payment from you because it was calculated on your 2018 tax return. For this emergency payment, you need not file your 2019 tax returns. But you have to file the returns to continue to receive basic GSTC for the 2020-2021 benefit period.

If you haven't received the $400 emergency GSTC payment

You need to know three things if you haven't received the $400 emergency GSTC payment.

- The CRA paid this emergency credit only to those who have filed their 2018 tax return. Some individuals who were previously not entitled to the GSTC also received the emergence payment because they filed their 2018 tax return.
- You can still claim your one-time $400 emergency payment by filing your 2018 tax returns now. The CRA allows up to three years of retroactive payments.
- You should file and pay your 2019 tax returns before the September 1 deadline, to receive basic GSTC for the July 2020- June 2021 benefit period.

Triple your $400 emergency payment

You should file your tax returns even if you do not fall under the tax bracket. This is because you will be eligible for many such tax-free cash credits the CRA offers low and mid-income individuals. Once you have collected your $400 one-time GSTC payment, you can either spend it or save it.

If you don't have any immediate expense to meet, you can invest this $400 in high-growth stocks through your Tax-Free Savings Account (TFSA).

One such high growth stock is **NexTech AR Solutions** (CSE:NTAR), a hidden gem in Canada's technology mine. The company makes augmented reality content for e-Commerce, education, entertainment, video conferencing, and virtual events. It is one of the key beneficiaries of the COVID-19 pandemic.

In the pandemic-driven lockdown, businesses, schools, and retailers moved to virtual meetings, classes, and online shopping. The surge in the consumption of digital content created the need for immersive user experience.

In May alone, NexTech reported revenue of $1.3 million, which is more than half its first-quarter revenue of $2.5 billion. Its revenue is growing at a rate of $170%. This surge in revenue reflected in its stock price, which increased by 256%. If you had invested the $400 of your emergency payment in NexTech in April, your money would have more than tripled to $1,400.

Investors' caution

Such high returns come with high risk. NexTech is a small-cap stock, which is very volatile. In June, its trading volume surged threefold. Since then, there have been days when trading volumes surged significantly. However, the juicy reward is worth the risk.

NexTech is still a good stock to buy as e-commerce and video conferencing companies are investing in high-quality content and immersive experience.

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