Your GST/HST Credit Comes With an Expiry: Here's How to Maximize its Benefits

Description

The Canada Revenue Agency (CRA) has taken prudent steps and announced several emergency plans to add an extra bit of cash in citizens' wallets amid this difficult time. Among the other benefits, the CRA's Canada Emergency Response Benefit (CERB) came as a big boon, enabling Canadians who were left unemployed due to the pandemic to bridge the income gap.

While the extension of CERB was a welcome move, the CRA's other emergency relief plans, like the Goods and Services Tax (GST) and Harmonized Sales Tax (HST) credit, are helping individuals and families with low and modest income. So, if you pay GST or HST, you're eligible to get a tax credit from the CRA depending on your eligibility criteria.

However, both CERB and GST/HST credit are not permanent, and you cannot depend on these benefits for long, as all of these emergency financial relief programs come with an expiry date. It's prudent to create your own secondary source of income that will pay you regularly and continue to grow.

Maximize your GST/HST credit by investing

So, if you do not have urgent financial needs, then investing the $400 GST credit in quality TSX stocks that offer steady income and capital appreciation could help you in maximizing the benefits. While there are a plethora of quality TSX stocks to choose from, I would suggest you invest in the shares of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **Enbridge** (TSX:ENB)(NYSE:ENB) for regular income and capital appreciation along the way.

Why Toronto-Dominion Bank?

Toronto-Dominion Bank is among the top lenders in Canada and remains well positioned to generate strong top- and bottom-line growth, as the economic activities pick up the pace.

The bank's ability to drive growth in its interest-bearing assets and solid deposits base should support its growth in the coming years. Besides, Toronto-Dominion Bank regularly rewards its shareholders through dividend hikes. Investors should note that its dividends have grown at an annual rate of 10% over the past 20 years, while it offers an attractive dividend yield of 5.1%.

With the gradual recovery in the economy, the bank should be able to generate robust earnings growth once again and boost investors' returns through higher payouts.

Why buy beaten-down Enbridge stock?

Enbridge offers an eye-popping forward yield of 7.8%, which is secure. Besides, the decline in its stock provides a good entry point for long-term investors. Its low-risk and diversified revenue streams, contractual arrangements, and strong competitive positioning should help the company to deliver stable cash flows in the future.

While investors earn regular dividend income, Enbridge also offers strong capital growth potential. Despite the near-term headwinds, the long-term demand for energy remains intact, which should support its growth. A pickup in economic activities should drive its stock higher.

Bottom line

Even a small amount of $400 invested in both these TSX stocks can go a long way and help you generate strong returns in the future. Both companies have strong growth potential and are Dividend Aristocrats, implying investors can expect higher dividend payouts in the future.

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