



The CRA Can't Take Away Your Extra \$400 GST Payment

Description

The Canada Revenue Agency (CRA) sprung into action with the onset of the COVID-19 pandemic. Employees at the CRA worked hard to get a \$400 emergency payment and the \$2,000 monthly Canada Emergency Response Benefit (CERB) to every Canadian taxpayer.

Yes, there were some goof ups initially. People were unsure if they are eligible for the CERB and applied either way. In April, the CRA processed as many CERB claims as possible. In haste, it even disbursed CERB payments to those who were not eligible. As things normalize, it is taking back the faulty CERB payments. As of June 3, it has received 190,000 repayments. This has put Canadians who have already spent the CERB payments in a fix.

While the [CRA can take back your CERB](#) payments, it cannot take back the emergency one-time goods and services tax harmonized sales tax (GST/HST) credit paid out in April.

Goods and service tax credit

The CRA pays out GST/HST credit to the low- and middle-income individuals and families. It is a partial or complete refund of the GST these individuals and families paid on taxable goods and services.

If you are a Canadian resident above 19 years of age, you are eligible for the GST/HST credit. The credit amount is calculated on your previous year's tax return and is based on your marital status and [the number of children](#).

You are eligible to receive a maximum credit of \$451 if you are single, with an adjusted family net income between \$20,000 and \$38,000 in 2018. By the end of June, you would have received \$451 in GST credit in four equal installments.

The CRA's extra \$400 COVID-19 tax break

The CRA had a surprise for you in April. If you check your account, you will see an extra \$400 in GST credit. This amount is over and above the \$451 the CRA paid you throughout June 2019-June 2020 benefit period. Your total GST credit for the benefit period has directly doubled.

The CRA gave you this extra tax credit to help you in the difficult times, as the pandemic has reduced most Canadians' working income. Those who didn't file their 2018 tax returns didn't receive the extra credit.

The CRA makes retroactive payments up to three years. This means you can still get up to \$800 in GST credit if you file your 2018 tax returns now. For a married couple, the GST credit can go up to \$1,160. You are eligible for the GST credit even if your 2018 tax bill is \$0.

Unlike the CERB, the CRA can't take back this one-time, tax-free GST credit. This is because it made no mistake in distributing these payments. If you received a GST credit in the 2019-2020 period, the CRA paid an equivalent amount as the one-time bonus.

A \$400 GST payment saved is \$400 passive income earned

A penny saved is a penny earned. The \$400 emergency payment came as a pleasant surprise. This surprise can become more pleasant if you invest this money in stocks that are in their early stage of growth. The coronavirus changed the way people work, study, shop, and pay. The shift to digitization led to the emergence of virus stocks. These stocks are the companies that benefitted from the pandemic and surged exorbitantly.

Stocks of many small companies that facilitate stay-at-home culture got the Midas touch. Anyone who identified these virus stocks early in April and invested the \$400 GST payment doubled and even tripled their money.

- \$400 invested in **Facedrive** (TSXV:FD) in April is now \$2,200.
- \$400 invested in **NexTech AR Solutions** in April is now \$1,000.
- \$400 invested in **Lightspeed POS** in April is now \$760.

Facedrive is in the ride-sharing business, which was severely impacted by the pandemic. In these challenging times, it found an opportunity and acquired the assets of food-delivery company Foodora Canada in May. The delivery service business is one of the beneficiaries of the pandemic, which turned the cards in Facedrive's favour, and the stock skyrocketed.

Investors: It's time to cash out

Right now, Facedrive stock is one very overvalued stock, trading at 1,900 times its sales per share. This level of valuation is alarming even for an early stage growth stock. Sell the stock, as the price is ripe. If its stock price corrects, it will come crashing down 30-50%

CATEGORY

1. Coronavirus
2. Investing

3. Tech Stocks

TICKERS GLOBAL

1. TSXV:STER (Facedrive Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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