



CRA Cash: Turn Your \$400 GST Refund Into \$8,000

Description

The Canada Revenue Agency (CRA) has disbursed three emergency cash benefits to Canadian taxpayers as part of the COVID-19 Response. In April, the agency gave an additional \$400 in a Goods and Service Tax (GST) refund to singles with an adjusted family net income between \$20,000 and \$38,000. On the face of it, \$400 might look like a small amount. But you can convert this into \$8,000 in 10 years.

The \$400 extra GST refund you got from the CRA is tax-free. Unlike the Canada Emergency Response Benefit (CERB), the CRA cannot take this \$400 back from you. If you are earning less than \$38,000, and have still not received the \$400 extra GST refund, [you can get a retroactive payment](#) by filing your 2018 tax return.

Maximize your \$400 GST refund

If you don't have any urgent expenses coming up, you can put this money into a growth stock and give it time to grow. One such stock is **Cargojet** ([TSX:CJT](#)). The company is in air cargo services and offers time-sensitive, premium, overnight packages through its fleet of 26 aircraft. The logistics business is resilient to the economy, as people will continue to consume goods.

Many know that **Shopify** is the poster child of the COVID-19 pandemic, as all the traffic of physical stores was redirected to e-commerce stores. According to [Statistics Canada](#), e-commerce sales rose 112% YoY (year over year) in May.

Apart from Shopify, logistics companies that made order fulfillment happen also benefitted from the e-commerce boom during the pandemic. Supply chain management software **Descartes Systems** saw a surge in demand from e-commerce customers.

Cargojet: A beneficiary of the e-commerce boom

Cargojet benefitted from the e-commerce boom in two ways. Firstly, it saw an increase in e-commerce

orders. Secondly, a sharp decline in passenger flights shifted their cargo customers to Cargojet. Apart from e-commerce sales, Cargojet also saw a surge in transit of personal protective equipment and other medical supplies from Asia to Canada.

The sudden surge in demand for air cargo services drove Cargojet's revenue 65% YoY to \$196.1 million. Its adjusted EBITDA rose 143% YoY to \$91 million. Cargojet CEO Ajay Virmani expects the strong growth in international air cargo to continue in the short and medium term. Such rock-solid earnings drove Cargojet stock 15% to its all-time high.

This TSX stock can convert your \$400 into \$8,000

If you look at Cargojet stock's momentum, it has broadly shown upward movement in the last 10 years. It's gathered strong momentum in the last two years, rising 83% year to date and 53% last year. If you had invested \$400 in Cargojet in early August 2010, your money would have grown to \$8,800 by now.

Even if you remove the pandemic boom and look at the normal growth of Cargojet stock, your \$400 would convert to over \$5,500 in 10 years. The stock is currently in the growth stage. The pandemic has given a kickstart to the e-commerce trend, and this momentum will only grow in the next decade.

Canada is home to the world's second-largest e-commerce platform Shopify. Cargojet is well placed to benefit from the e-commerce boom. The stock can grow another 1,000% in the next 10 years.

Investor corner

Investing in Cargojet can earn you handsome returns, but you will have to pay tax on these returns to the CRA. You can protect your investment income from the CRA's claws by opening a Tax-Free Savings Account (TFSA). You can contribute up to \$6,000 this year in your TFSA and use it to invest in stocks, bonds, ETFs, and other securities.

A smart way is to invest in all high-growth and high-dividend stocks through your TFSA. This way, your investment income will grow tax-free, and you will be able to withdraw the \$8,000 after 10 years without showing it in your taxable income.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

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