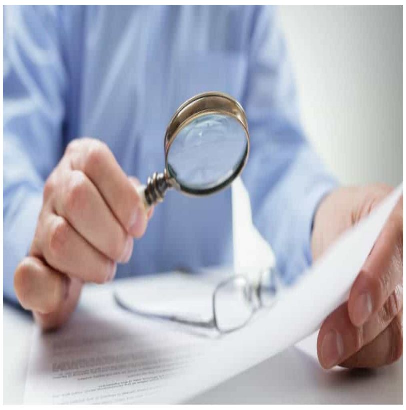

Canada Revenue Agency: 1 Big Change to Watch Out for in 2020

Description

The pandemic has changed many things for Canadians. It’s hurt our health, our loved ones, and our way of life. But it’s also taken an enormous toll on our finances. It’s why millions of Canadians flocked to the Canada Emergency Response Benefit (CERB) when it was released last April by the Canada Revenue Agency (CRA).

It also had many Canadians wondering if the CRA should take a step further. That step would be to introduce a Basic Personal Amount (BPA), or basic income. Now that CERB is gone, those who still need assistance but don’t qualify for the other benefits could certainly use the BPA. And it looks like the CRA agreed.

What it is

The BPA was created with the goal to make sure Canadians have enough to cover their basic needs. This ranges widely from place to place, but a number was reached that is now to come into effect starting this year. The BPA is a non-refundable tax credit that can be claimed by anyone. It provides a full reduction from federal income tax to anyone with taxable income below the BPA. It also provides a partial reduction for taxpayers who have taxable income that is above the BPA.

In short? It reduces the amount you owe the CRA, or increases your refund.

As of 2020, the maximum BPA increased to $13,229 for any individual with net income that came to $150,473 or less. Each year until 2023, this number will gradually increase to $214,368. Then the BPA will increase between now and 2023 to $15,000, and from then on it will be indexed for inflation.

As for wealthier Canadians, the BPA will eventually be phased out. Right now, wealthy Canadians above that $150,473 will claim the original BPA. However, eventually, this number will be reduced to zero to bring government money to Canadians that need it most.

Supplement the BPA

Whether you receive more BPA or not, we can all use extra cash right now. Rich or poor, everyone can take advantage of passive income today. You simply have to look in the right spot, and today that has to be in the healthcare industry — specifically, healthcare real estate.

Real estate investment trusts (REITs) must pay out 90% of taxable income to shareholders. This is usually done in the form of dividends. So, if a company is doing well, you want to be able to take advantage of that. Healthcare isn't just booming due to the pandemic; it's also seeing a rise in government investment. It's been years since this level of investment in healthcare has been seen, and governments are realizing that more healthcare is needed.

That makes **Northwest Healthcare Properties REIT** (TSX:NWH.UN) the perfect investment. The company has an international presence, ranging from healthcare office space, to hospitals, and everything in between. Its occupancy rate is at 98.8% as of writing, and rising. Meanwhile, these leases and rentals are signed on a long-term basis. So, revenue is stable for at least the next several years.

Investors can also look forward to a solid 6.88% dividend yield as of writing. This dividend has grown at a compound annual growth rate of 6.3% over the last five years. If you were to invest $6,000 today, you would receive $417.60 in annual passive income.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing

Date
2025/09/11
Date Created

2020/10/22
Author
alegatewolfe