



Canada Revenue Agency: Another \$400 Emergency GST Payment?

Description

This year has been hard on everyone. People lost their jobs, businesses closed down, the government and the CRA had to stretch their coffers to their limits, and the country is already in deficit. Fortunately for Canadians, the government is trying very hard to ensure that everyone is provided for during this challenging time. And for financially challenged households, the government didn't stop at the regular benefits.

Canadians who usually receive GST/HST credit got an additional \$400 along with their regular payment in the month of April. The concept was that households with modest incomes could use a little extra help in these trying times.

The original additional \$400 GST payment has already been distributed. You may or may not have received it, based on your eligibility and whether or not you filed your 2018 tax returns. But will there be another \$400 GST bonus in the future?

Another GST bonus?

Most likely, there won't be another additional GST payment in the future. There might be, but so far, the government hasn't made any comment on that. The bad news on the "GST" front is that there might be increased to recover the government's losses.

The government may announce another additional GST payment, but that depends on the economic situation and how hard it is for low-income families to survive in the recovering economy next year.

If another wave of the pandemic requires another phase of lockdowns, then the \$400 additional GST alone might not be enough, and the government will either have to broaden the scope of CRB and the EI or announce a different benefit plan.

Smart use of \$400

Whether you got it in April, or if you get another in the future, one smart use for the \$400 you didn't account for would be investing it. While it might not be a very sizeable amount, investing it in a growth stock, and forgetting about it is better than using it for non-essentials.

For example, in a [growth stock](#) like **Toromont Industries** ([TSX:TIH](#)), your \$400 can turn into almost \$18,000 in 20 years if the company keeps growing at the rate of 20.95% a year, its current five-year compound annual growth rate (CAGR).

Toromont is also a [Dividend Aristocrat](#). Though already very diminutive, its yield wouldn't do much good with just such a limited capital. Still, its growth is reason enough to buy the company, and being a Dividend Aristocrat also gives Toromont a reputation for consistency.

Foolish takeaway

While the extra GST payment was an unexpected gift from the government, that's not something you can rely on for the long term. If you start saving and investing now, you may have enough funds or reserves that you can tap into for emergencies that you won't have to wait for the government to come to your financial rescue.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TIH (Toromont Industries Ltd.)

PARTNER-FEEDS

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Date

2025/08/16

Date Created

2020/10/23

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