



## Canada Revenue Agency: Did You Claim the New Tax Credit?

### Description

The energy sector is changing. The oil and gas industry has slumped for the better part of a decade, and there are many economists doubting a return to glory days. Sure, the companies will thrive again. However, it's unlikely that there will be an entire 180-degree turn back to carbon-fueled countries.

Today, governments like Canada are creating incentives to bring Canadians on board with renewable energy. It's this sector that's likely to get government funding in the future. In fact, it already is, and each and every Canadian can benefit. This benefit comes in the form of a tax credit for electric vehicles.

### The incentive

The Canada Revenue Agency (CRA) declared the Zero-Emission Vehicles (ZEV) tax break back in 2019. The incentive is aimed at supporting a shift to electric vehicles rather than carbon-producing, gas-fueled cars. Transportation is the second-largest source of greenhouse gas emissions in Canada, according to Transport Canada. This is equivalent to a quarter of total greenhouse-gas emissions — hence wanting the shift towards Zero-Emission Vehicles.

The credit works as follows. If you purchased a ZEV after Mar. 28, 2019, and get it before 2024, you can receive a number of credits. If you purchase a battery-electric, hydrogen fuel cell, longer-range ZEV, you can receive \$5,000. If you purchase a shorter-range ZEV, the incentive is \$2,500.

But there's more! You can receive a 100% write-off for ZEVs before 2024. After that, the incentive starts to fall until 2028, when it is hopefully not needed any more. This measure applies to ZEVs that cost below \$55,000 plus federal and provincial taxes. With many ZEV companies looking to bring costs down and make the everyday consumer afford one, this definitely seems a solid number for those looking for a new car!

### Buy a car or a stock!

If you need a new car, and you likely will before 2028, this incentive is for you. You could receive

\$5,000, plus write off the tax paid on your new car! That's definitely something to consider when purchasing your next vehicle.

But let's say you want to get in on this action now without buying a vehicle. That's definitely possible by investing in a company like **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)). Lithium Americas mines for, well, lithium! This is the main mineral needed when creating batteries that power ZEVs. So, if there's one industry set to [explode](#) in the next few years to a decade, it's the lithium industry.

And this stock has already been doing well, even during an [economic downturn](#). The company slumped when the virus put a pause on production. But now, the company is trading with a one-year return of 240%! Meanwhile, it has a 10-year compound annual growth rate (CAGR) of 11%! As more and more countries move towards ZEVs and other forms of renewable energy, companies like Lithium Americas are going to soar in share price and revenue.

## Bottom line

No matter what angle you choose, renewable energy could be the next big thing. You can get in on the action by purchasing a new car, with money back from the government. And, you can also invest in a company like Lithium Americas and see your returns skyrocket over the next decade. Either way, you win!

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