Canada Revenue Agency: Claim the $1,355 Canada Workers Benefit in 2020

### Description

Two months back, when you paid your 2019 tax bill, did you claim the Canada Workers Benefit (CWB)? If not, don't make the same mistake again. The Canada Revenue Agency (CRA) is giving low-income Canadians a refundable tax credit. If your net income is between $3,000 and $24,111, you can claim CWB of up to $1,355.



Many Canadians lost their jobs because of the pandemic. Many who didn't lose their jobs took a pay cut, which impacted their 2020 net income. The CRA released several COVID-19 benefits like the Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB) to help Canadian return to work.

If you have been collecting the CERB and CRB since March 15 and earned nothing more, your 2020 taxable income will add up to $19,400, making you eligible for CWB.

## How does Canada Workers Benefit work?

The CRA allows you to deduct up to $1,355 in CWB if your income is between $3,000 and $12,820. Beyond this, your benefit amount will reduce by 12% of the surplus income up to $24,111. If you earn more than $24,111, you can't claim the CWB.

For instance, Jerry had a net income of $20,000, which is $7,180 above the threshold of $12,820. Hence, his CWB will reduce by $861 (12% of the $7,180 surplus income). Jerry can claim $493 in CWB.

Now, as the CWB is refundable, Jerry can reduce his tax bill and claim the cash if anything is left. For instance, Jerry's 2020 tax bill is $0. He can claim 50% of the CWB amount, or $247, in cash.

If your income is less, you can claim many non-refundable tax breaks like the basic personal amount to reduce your tax bill to $0. And you can encash the refundable tax breaks.

# Make the most of the Canada Workers Benefit

A $250 cash benefit can go a long way. Many low-income earners have difficulty starting savings. Hence, you can use this CWB to start your savings in a Tax-Free Savings Account (TFSA). There are some good growth and dividend stocks under $75. Depending on your risk appetite you can choose one. The higher the risk, the higher the returns.

If you are willing to take a risk, **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) is a good stock under $75. The stock just broke the $50 mark and is likely to sustain this stock price until the next earnings in January 2021. The company is relatively new, with IPO launched on Toronto Stock Exchange in March 2019. In 19 months, it has grown from $18 to $51. This means anyone who put $200 in Lightspeed IPO now has $530.

Lightspeed is in its early growth stage, with revenue growing at a 50% run rate. The company provides omnichannel solution to retailers and restaurants. It earns money through subscriptions and commission on transactions. It is growing its revenue through acquisition, the latest acquisition being ShopKeep, and broadening its customer base to include golf clubs. The stock still has the potential to double your money in the next two years.



## A low-risk option to start savings

If you are not comfortable taking risks, then you can consider a low-risk, high-dividend stock like **RioCan REIT** (TSX:REI.UN). The stock has been beaten down 45% over pandemic concerns, which has increased its dividend yield to 9%. The stock price is not volatile and only makes significant movement in macro-level crisis. The last time the stock dipped 40% was during the 2009 financial crisis. But one thing that makes the stock attractive is its regular dividends coming from rental income.

If you invest $250 in RioCan stock, it will give you $22.5 in annual dividend for a lifetime. When the real estate market recovers along with the economy, the stock will surge 80% to its pre-pandemic level of $27. Your $250 will convert to $450. This could be a good start for your savings.

**CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

**TICKERS GLOBAL**

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:REI.UN (RioCan 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. Dividend Stocks
2. Investing
3. Tech Stocks

**Date**
2025/08/23
**Date Created**
2020/11/13
**Author**
pujatayal