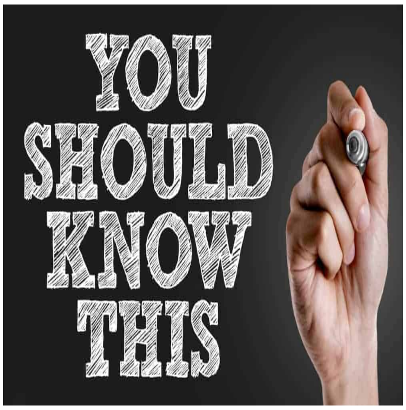

Canada Revenue Agency: 2 Programs Getting a Boost in 2021

Description

The Canada Revenue Agency (CRA) has had its work cut out for itself in 2020. Justin Trudeau and the ruling Liberals have introduced radical social spending programs to combat the knock-on effects of the COVID-19 pandemic.

default watermark

In March, the Canada Revenue Agency was tasked with rolling out the Canada Emergency Response Benefit (CERB). The federal government announced the expiry of the CERB in October and replaced it with a revamped Employment Insurance (EI) and three new specialized benefits.

New benefits may be soaking up all the headlines, but today I want to focus on two programs that are set to undergo change heading into 2021. Today, I want to look at what changes are happening in 2021. Moreover, I want to explore how Canadians can give themselves a boost with my favourite registered account.

Canada Revenue Agency: The Canada Pension Plan (CPP) enhancement

Last week, I'd discussed a change coming for the Canada Pension Plan (CPP) in 2021. Like the second program I will cover today, the CPP enhancement was part of an election promise from the ruling Liberals. On November 3, the Canada Revenue Agency revealed that the maximum pensionable earnings under the CPP will be $61,600 in 2021 – up from $58,700 in 2020.

The 2021 enhancement means that the CPP contribution rate will increase from 5.25% to 5.45% starting in January. Total CPP contribution that includes your employer contribution will rise to 10.9% – up from the previous 10.5% cap. Moreover, the Canada Revenue agency revealed that the maximum employer and employee contribution to CPP for 2021 will be $3,166.45. The self-employed contribution will be $6,332.90.

CRA: Basic Personal Amount (BPA) continues its growth

Another election promise that the Liberals are in the process of delivering is increasing the Basic Personal Amount (BPA). The federal government aims to increase the BPA to $15,000 by 2023. This non-refundable tax credit can be claimed by all individuals. Its purpose is to provide a full reduction from federal income tax to all individuals with taxable income below the BPA.

In 2020, the BPA increased from $12,298 to $13,229. This is expected to jump up to $13,808 in 2021, and $14,398 in 2022 until it caps out at $15,000 in the final year – 2023.

This account lets you duck the Canada Revenue Agency and collect tax-free gains!

Canada Revenue Agency workers have moved mountains over the course of this momentous year. Investors can avoid capital gains tax by investing through a Tax-Free Savings Account (TFSA). It is a fantastic vehicle for investors seeking maximum capital growth, steady income, or a more balanced approach.

default watermark

For those seeking the latter, they may want to consider **Scotiabank** (TSX:BNS)(NYSE:BNS) for their TFSA. This top bank stock has dropped 10% in 2020 as of close on November 17. However, its shares are up 10% month over month. Scotiabank boasts a large footprint in Latin America. Like some of its elite peers, it also has an immaculate balance sheet.

Shares of Scotiabank last had a price-to-earnings ratio of 10 and a price-to-book value of 1.2, putting this bank stock in favourable value territory. Moreover, it offers a quarterly dividend of $0.90 per share, which represents a strong 5.8% yield.

Whether its dividends or capital growth, investors don't have to worry about giving the Canada Revenue Agency their cut when they hold it in a TFSA.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Investing

Date
2025/08/12
Date Created
2020/11/18
Author
aocallaghan

default watermark

default watermark