



Canada Revenue Agency: Did You Claim the \$1,355 Canada Workers Benefit Tax Credit?

Description

According to the Canada Revenue Agency, the Canada Workers Benefit (CWB) is a refundable tax credit. The CWB aims to provide tax relief for low-income individuals and families.

How much can you get from the Canada Workers Benefit?

In order to be eligible for the CWB, you need to be a resident of Canada above the age of 19 as of December 31. However, you are ineligible if you are a full-time student for over 13-weeks in a year.

If you are a single individual without a child you can apply for the CWB if your net income is below \$24,111. This amount is different for three Canadian provinces. For residents of Quebec, the net income threshold is \$23,458 while for people living in Nunavut and Alberta it is \$47,875 and \$25,308.

The maximum payment you may receive via the CWB is \$1,355 for individuals and \$2,355 for families. The payment will gradually reduce (by 12% of the surplus income) when your net income is over \$12,820 and is completely withdrawn when it crosses the threshold of \$24,111. For families, the CWB payment is gradually reduced for family income over \$17,025 and is not paid above the threshold limit of \$36,483.

For example, Jessica has a net income of \$20,000, which is \$7,180 above the minimum threshold limit of \$12,820. So, the CWB will reduce by \$861 or 12% of \$7,180, which means Jessica is eligible to claim \$494 via this benefit.

How to generate \$484 in annual tax-free income?

While the CWB is a good benefit, there is another way to generate over \$480 in tax-free income every year. You can hold blue-chip dividend stocks such as **Pembina Pipeline** in your Tax-Free Savings Account (TFSA).

Any withdrawals from the TFSA are exempt from CRA taxes. The TFSA contribution limit for 2020 is \$6,000 and if you invest this amount in Pembina stock, you can generate \$484 in annual dividend payments.

Pembina is a diversified midstream energy company. While oil producers have been decimated amid the pandemic, Pembina's [EBITDA in Q3 rose by](#) 8% year-over-year to \$796 million. This increase was attributed to Pembina's acquisition of **Kinder Morgan Canada** and the Cochin Pipeline, partially offset by lower margins in crude oil and NGL sales.

The company [expects to generate between](#) \$3.25 billion and \$3.3 billion in EBITDA in 2020. Pembina's contract-based business model allows it to generate stable cash flows across economic cycles making the company relatively immune to oil prices. Further, company management said that 75% of exposure is with investment-grade and split rated counterparties. Pembina also ended Q3 with \$2.5 billion in liquidity.

The company has paid investors a dividend since 1998 and has increased payouts for nine consecutive years. Pembina pays a monthly dividend of \$0.21 per share indicating a yearly payout of \$2.52 per share. Its predictable cash flow ensures a dividend cut is unlikely, and the company can continue to raise payouts when oil prices recover in the next few quarters.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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