Canada Revenue Agency: Did You Get the Extra $443 GST/HST Credit?

Description

The Canada Revenue Agency (CRA) issued an additional GST/HST credit payment in April to people already receiving this benefit. The one-time additional payment was calculated based on your 2018 tax return and aimed at helping residents during COVID-19.

What is the GST/HST credit?

According to the Canada Revenue Agency, the GST/HST credit is a non-taxable amount paid four times a year to individuals and families with low and modest incomes. This repayment helps to offset a part of the taxes they pay while purchasing goods and services.

You are eligible for the GST/HST credit if you're a single person with a net annual income of below $47,527. In case you are a single parent or married with two children your net family income should not exceed $56,547.

The maximum one-time additional GST/HST payment will be $443 for single individuals. This figure will rise to $580 if you are married. Further, you would have received an additional $153 for each child under the age of 19. For the first eligible child of a single parent, the one-time credit is $290.

If you're a married couple with one child, you would have received an extra $1,313 during the GST/HST payout in July.

Generate $450 per year without paying taxes to the CRA

The Canada Revenue Agency has disbursed billions of dollars in federal benefits to Canadians amid the pandemic. While the GST/HST extra credit is welcome, it will just provide temporary relief to residents. However, there is another way to generate $450 per year in tax-free income.

You can hold dividend stocks in your Tax-Free Savings Account (TFSA) and generate income that the CRA can't tax. The TFSA contribution room for 2020 is $6,000; if you invest this amount in the **Automotive Properties REIT**

(TSX:APR.UN), your annual dividend income will be $450, given the stock's forward yield of a tasty 7.5%.

The REIT acquires automotive dealership properties in urban areas zoned for the use of automotive retail. It is a defensive asset class and automotive sales are an integral part of Canada's total retail sales.

Automotive Properties sales rose 7.4% in Q3

Despite the ongoing pandemic, Automotive Properties has managed to grow sales at a stellar rate. In Q3, its rental revenue rose 7.4% to $18.6 million while sales were up 13.3% in the first nine months of 2020 at $56 million.

The REIT has a portfolio of 64 income-producing properties and one development property with a gross leasable area of 2.5 million square feet. It enters into long-term triple-net lease agreements with tenants, largely insulating the company from weak economic cycles.

The Canadian automotive dealership industry has grown at a steady pace. Retail sales have increased from $70 billion in 1999 to $165 billion in 2019, indicating an annual growth rate of 4.4%. However Canadian auto sales might fall by 30% in 2020, compared to last year due to COVID-19.

In order to tide over the current uncertainty, Automotive Properties is looking at preserving capital in the short-term instead of expanding its property portfolio.

Automotive Properties is just an example of a quality stock for your TFSA. You can identify similar dividend-paying companies to invest your money and benefit from consistent payouts.

CATEGORY

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