



CRA: Deadline Approaching for the \$400 GST Tax Credit!

Description

There were a number of benefits and credits handed out this year by the Canada Revenue Agency (CRA). However, while there have been a lot of changes on their end, it's likely there were a lot of changes on yours as well.

Canadians have had to become a teacher for their children, find new jobs with business closures, all while trying to stay safe and socially distanced in this pandemic. You may have been making a strong \$50,000 per year before, and suddenly that's reduced to half.

If that's the case, the GST/HST tax credit could be a program you weren't aware of before. Meanwhile, you may have taken the CRA's offer to delay payments and filing of your 2019 tax return. If that's the case, you could be missing out on this tax credit, as well as the \$400 one-time payment that comes with it.

What *is* the GST/HST tax credit?

This credit is offered to low and modest-income families as payments made four times a year through cheque or direct deposit. Back on April 9, 2020, the government issued a one-time top-up payment of \$400 to this credit. This was based on the 2018 tax return, and about 12 million Canadians received the payment.

If you didn't, it's likely that's because you didn't file your 2018 return. Don't worry, you can still [file](#) it and receive the payment but not for long! Most credits will be eligible until Jan. 15, 2021 to claim. After that, you could be out of luck. To be sure, call up the CRA and check if you can apply.

But if your circumstances have changed this year, it may be months before you see another top-up payment. Meanwhile, you can still use what you have saved to work for you.

Get defensive

There's never a better time to save during an economic downturn. Unless you're at completely reduced means, hopefully you can put aside even 10% of your pay cheque towards savings. If that's the case, put it in a Tax-Free Savings Account (TFSA) and put it to work. Even if your stock choices don't make money right away, you can choose dividend stocks that will pay out no matter what happens in the next few months.

A strong option to consider is bank stocks. The Big Six Banks are great, but they're pricey. Instead, consider a bank like **Canadian Western Bank** ([TSX:CWB](#)). This bank is still at a strong discount because of the economy, but with a solid 4% dividend yield as of writing. Shares trade at a fraction of its Big Six Bank brethren, making it a solid stock to pick up for very little cash.

And the bank isn't doing badly either! During its recent earnings report, revenue remained stable year over year, and will likely rebound when the economy does. Meanwhile, it has had decades of [solid](#) dividend payouts. If you put just \$15,000 into this stock, you could bring in \$600 in passive income every year!

Bottom line

Put your cash to work by doing two things: Take advantage of every credit and benefit you can during this pandemic. You need it. Second, put that cash to work in a TFSA. Invest in strong stocks, and strong doesn't have to mean expensive.

What it should mean is offering dividends that you can use to pay your bills, or reinvest to come out the other end of this pandemic in the black.

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