



Living and Working in Canada? You Likely Qualify for This \$1,810 Tax Credit

Description

Nobody likes taxes, and almost everyone who knows and understands them loves tax credits and deductions. Any dollar you do not send over to the CRA is a dollar saved. Even though, as 2020 has taught us quite clearly, the money we pay in taxes do eventually help the government make our lives and the lives of others relatively easier. Without the CRA's CERB, millions of Canadians would have suffered.

Still, tax credits are great, especially if you vow to invest whatever you save. One tax credit that you should know about is the Basic Personal Amount (BPA). It's the "income threshold" for which you don't owe any taxes. For 2019, the amount was \$12,069. If someone earns that or less than that for the year, they don't owe any taxes to the CRA.

For people who earn more than that, the tax credit is calculated by multiplying this amount by the lowest tax bracket. So \$12,069 multiplied by 15% is \$1,810. It's a decent enough amount and can become quite potent in the right stock.

An alternative financial company

goeasy ([TSX:GSY](#)) is one of the [most generous](#) dividend growers currently trading on the TSX. Since 2016, it has grown its payouts from \$0.125 per share to \$0.45 per share. That's a 360% increase in the payouts and the consecutive five-year growth also earned it a spot on the aristocrat list. This Mississauga based financial firm offers personal loans of up to \$45,000.

It has been in business for 28 years and has an impressive footprint of 400 locations in 164 cities. The best part is that despite being a rare and powerful combination of dividends and capital growth, it's not quite as expensive. The price-to-book ratio is 3.3, and the price-to-earnings ratio is 15. The current yield is 2%, and the 10-year CAGR is 30%. The stock seems to have the potential to keep growing at a steady pace for a long time still.

A Big Five bank

If you are hunting for [better yield](#), you may want to go with **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). This aristocrat of nine years is currently offering a 5.2% yield, and it has finally recovered from the March crash and is trading at its start-of-the-year valuation. This institution is more than 150 years old and has deep roots in the country and a decent international presence.

It's a mature bank and a mature stock, and it doesn't offer a lot of capital growth potential, especially if we consider the last five years. But if we go back further in history, the stock has a 10-year CAGR of 8.8% (dividend adjusted), which might not be too powerful but is still better than the complete stagnation of the stock.

Foolish takeaway

The Basic Personal Amount isn't the only credit worth noting and utilizing, though it is one of the more sizeable ones. A few more tax credits and deductions can lighten your tax obligation even more. But to avoid the time-consuming back and forth and being reprimanded by the CRA for claiming a tax credit you are not qualified for, be sure to go through the details of each tax credit thoroughly.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/15
Date Created
2020/12/15
Author
adamothonman

default watermark

default watermark