



CRA's Emergency \$443 GST Refund: See if You Qualify

Description

This year, the COVID-19 pandemic saw the Canada Revenue Agency (CRA) in action. The agency implemented several emergency cash benefits that covered every Canadian, be it student, working professional, or retiree. Every benefit had many qualification requirements, and you had to apply for them. But there was one benefit that almost every low- and mid-income Canadian got, and that is the emergency Goods and Services Tax (GST) refund of up to \$443. Most Canadians got this refund into their bank account on April 5.

What is the \$443 emergency GST refund?

Canada adopts a progressive tax system, where it gives a lot of tax benefits to low- and mid-income earners. The CRA gradually phases out these benefits as the income bracket increases. The CRA gives GST refunds to low- and mid-income earners, as it believes that they pay a higher portion of their income for buying taxable goods and services.

It calculates the GST refund on three factors: marital status, number of children, and adjusted family net income. The CRA calculates the refund amount based on the taxable income in your previous year's tax returns. It then credits this refund into your account on the fifth date of every quarter (October, January, April, and July).

The CRA paid an emergency GST refund of \$443 in April 2020. This time frame falls under the June 2019-June 2020 GST period, for which the CRA looked at your 2018 income tax returns. The one-time GST refund was equivalent to your annual GST refund amount. The maximum GST refund for the 2019-2020 benefit year was

- \$443 for a single person and \$886 after adding the one-time payment;
- \$580 for a married couple and \$1,160 after adding the one-time benefit; and
- \$290 for the first eligible child of a single parent and \$580 after adding the one-time benefit.

Do you qualify for the GST refund?

You can get the GST refund if you are a Canadian resident for income tax purposes. To qualify for it, you should be above 19 years of age and have filed your income tax returns, even if you have no income. You don't have to apply separately for the GST refund. The CRA looks at your income tax returns. If you had applied for Canada Child Benefit, shown your status as married or single, it calculates your GST accordingly.

If you haven't filed your 2018 tax returns, you didn't get the GST refund and the emergency refund. It is because the CRA didn't have the information it needs to calculate your refund amount. But you can still get the emergency GST refund on a retroactive basis.

The CRA allows you to claim a [retroactive payment](#) for up to three years. This means you have until April 2021 to file your 2018 tax returns and claim the emergency GST refund.

How to monetize your CRA benefits

Apart from tax credits to low- and mid-income earners, the CRA encourages Canadians to save through many tax-saving instruments. One such instrument is the Tax-Free Savings Account (TFSA). The CRA allows you to contribute \$6,000 in TFSA in 2021, and any investment income you earn here is exempt from taxes. You can invest in stocks, bonds, and other instruments through a TFSA.

Those who filed their 2018 tax returns got the emergency \$443 GST credit on April 5. That was the time tech stocks, especially e-commerce stocks were picking up. One way of making money in stock markets is investing in stocks of companies around you. Now, by mid-April, the most popular stock, **Shopify**, was already trading above \$750, making it unaffordable. But a relatively new stock **Lightspeed POS** reported a 400% surge in e-commerce transactions. More people were using the Lightspeed platform to make payments.

Going by the rule, invest in companies that are around you. Those who followed this rule and bought Lightspeed stock in April at around \$20 per share converted their \$443 to \$2,021.

Investor takeaway

By the time you receive your retroactive emergency GST credit, Lightspeed stock will be out of the [Santa Claus Rally](#). The stock will see some correction. That will be a good point to buy this high-growth stock.

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