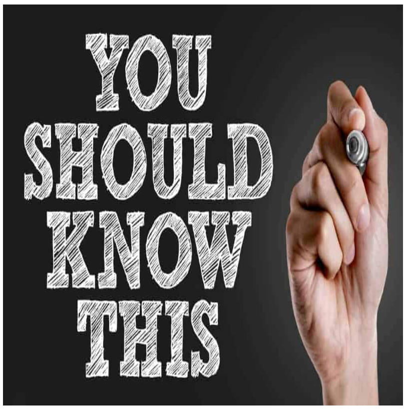

CRA: You Have Until the Year-End to Claim the $443 Emergency GST Refund

Description

This New Year's Eve, everyone was happy that 2020 has finally come to an end. That year created a situation of global crisis as the COVID-19 virus spread worldwide. To fight this crisis, the Canadian government was on its toes and introduced some immediate cash benefits.

One of the benefits that most low- and mid-income Canadian got was an emergency Goods and Services Tax (GST) refund of up to $443. The Canada Revenue Agency (CRA) credited this tax-free emergency refund on April 5, 2020. Those who didn't get this refund can claim it till December 2021.

About the GST refund

The CRA gives GST refunds to those who file their income tax returns, even if they are not liable to pay any tax. It assesses your income tax returns that you submit in April every year and accordingly calculates your GST refund. Based on your previous year's income, marital status, and the number of children, it credits a GST refund on the fifth day of every quarter from July to June period.

The April 5, 2020, emergency GST refund fell under the June 2019-June 2020 GST period. The CRA calculated the GST amount for this period based on your 2018 income tax returns. As part of the COVID-19 Emergency Response program, it doubled the annual GST amount. Hence, a single person who could get a maximum of $443 in GST refund for that period got $886 after adding the emergency payment.

You have until December 2021 to get the emergency GST refund

The CRA allows you to claim retroactive benefits for up to three years. As the CRA calculated the emergency GST payment on the 2018 tax return, you have until December to file your returns before the three-year limitation expires. Once you file your 2018 returns, the CRA will calculate your GST refund and make a retroactive payment.

If you have filed your 2018 and 2019 returns and still not got the refund, then it could be because:

- Your bank details or marital status changed, or
- The CRA reassessed your return and adjusted any unpaid dues.

Apart from the emergency refund, the CRA will credit normal GST refund on January 5. To get the credit, you must be 19 years of age and have filed 2019 income tax returns. The CRA gives this refund to low and mid-income earners who paid a GST to buy taxable goods and services.

Spend your GST refund wisely

Once you get your quarterly GST refund of around $100 on January 5, you can invest that money in stocks through your Tax-Free Savings Account (TFSA). The GST refund is tax-free, and investments in TFSA become tax-free. You can buy more than five stocks of **RioCan REIT** (TSX:REI-UN) for $100. This retail REIT took a significant hit in the pandemic. The stock fell almost 40% from the pre-pandemic level.

There is no denying that the stock has some risks. In December 2020, it announced a 33% dividend cut for the first time in over 20 years of its dividend history. Although the REIT has not increased its dividends at regular intervals, it maintained its dividend per share during the 2009 Financial crisis. Hence, the recent dividend cut spells trouble for the REIT.

Until May 2020, RioCan CEO Ed Sonshine was confident it can withstand the crisis without a dividend cut. The REIT also posted strong third-quarter earnings. Its stock surged as much as 27% in November 2020 on vaccine news. But then Prime Minister Justin Trudeau announced that vaccine could be made available to every Canadian by September. This prolonged vaccine period made Sonshine conservative, and he decided to preserve cash.

Investor corner

Even though RioCan REIT has cut its dividend, the 40% decline in stock price has made its dividend yield attractive at 8.8%. If the pandemic situation normalizes and the retail industry recovers, the stock could surge as much as 65%. Your $100 can become $165 in three to four years while you enjoy an $8.5 annual dividend.

On the flip side, the stock could fall 14% to $14 if the REIT reports disappointing fourth-quarter earnings in February. RioCan is slightly risky for a dividend stock but low risk for a growth stock.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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