



Over 65? You Can Claim \$7,713 CRA Age Amount Tax Credit

Description

Did you turn 65 in 2020? If you did, you have reached the official retirement age according to the Canada Revenue Agency (CRA). At this age, you can unlock several cash and tax benefits available only to retirees.

You can continue working while claiming these benefits if you want. You can also delay some of the benefits until you turn 70 to get a higher payout later. If you turned 65 before December 31, 2020, you can claim a special tax credit during the 2021 tax season in April.

I will discuss the tax credit and how you can make the most of your savings in the next tax bill.

How the age amount tax credit works

When you turn 65, the CRA entitles you to claim a special tax credit called the age amount tax credit when you are calculating the federal tax. The standard rate is 15%. When you file your taxes in a few months for your 2020 tax returns, you can deduct up to \$7,713 from your taxable income as the age amount.

At the standard 15% rate, it means you can reduce your tax bill by a substantial \$1,156.95 from your tax bill. All the provinces except Quebec provide the age amount tax credit.

How to maximize your tax credit amount

If you can claim the maximum age amount tax credit to reduce \$7,713 from your taxable income for the 2020 income year, you can end up saving \$1,150. While you might feel tempted to use the \$1,150 as additional spending money, there is a better way to use the tax savings to your benefit.

Investing it in a high-growth tech stock like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) can allow you to grow the money into a more substantial amount. Lightspeed is a high-growth company that has enjoyed prolific growth in the last two years. Since the launch of its initial public offering on the TSX,

Lightspeed's valuation has increased by 354.18%.

At writing, the stock is trading for \$85.84 per share. Lightspeed does not provide its shareholders with [dividend payouts](#), but it makes up for it through capital gains. The company has immense growth potential, providing omnichannel solutions that allow it to manage several locations.

Lightspeed manages purchases, inventory, order booking, and marketing on its expanded platform. Before the pandemic, businesses using LSPD could have considered it as a technology that is more convenient. During the pandemic, LSPD's platform has become necessary for businesses to thrive. It can help companies operate several stores while maintaining social distancing.

The stock's valuation fell sharply with the onset of COVID-19. However, it rebounded quickly to climb 615% from its bottom on March 18, 2020, to reach its current valuation. Investors who bought LSPD shares when the stock was down managed to increase the value of their investment more than six-fold.

Foolish takeaway

Lightspeed's valuation is significantly higher than it was during the February and March 2020 [market crash](#). However, the company has plenty of room to grow due to the increasing importance of its platform. If you are saving a significant amount on your tax bill, investing it in a high-growth stock like Lightspeed could be a much better way to use the savings than using it for regular expenses.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:LSPD (Lightspeed Commerce)

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