



CRA: Over 65? You Can Get an Age Amount Tax Credit of \$7,637

Description

The Canada Revenue Agency (CRA) has once more set the base amounts of [non-refundable personal tax credits for 2021](#). Line 30100 of the tax return is most important to seniors 65 years old and above because it pertains to the Age Amount Tax Credit. If you're in this age bracket, you'll enjoy additional tax credits depending on income.

Income thresholds for 2020

- For the 2020 taxation year, seniors can claim up to \$7,637 in age amount tax credit, provided the net income was, \$38,508 or less (declared in Line 23600) on December 31, 2020.
- The amount reduces if net income is over \$38,508 but not over \$89,422.
- However, the tax credit is zero if a senior's net income exceeds \$89,422.

The CRA allows a senior to deduct the age amount tax credit from the federal tax bill. Assuming your net income does not exceed \$38,508, you can claim a credit of up to \$1,145.55 (15% federal tax of \$7,637).

Change in income thresholds for 2021

The CRA adjusts the income threshold for the age amount tax credit every year. Again, pay particular attention to Line 30100. The same manner of computation applies depending on the senior's net income.

- For the 2021 taxation year, seniors can claim up to \$7,713 in age amount tax credit, provided the net income is \$38,893 or less (declared in Line 23600) on December 31, 2021.
- The amount reduces if net income is over \$38,893 but not over \$90,313.
- However, the tax credit is zero if a senior's net income exceeds \$90,313.

Pension-like investment income

Retirees looking for stable income sources besides the CPP or OAS pensions can consider investing in **Savaria Corp.** ([TSX:SIS](#)). The shares of the global leader in the accessibility industry rallied big-time following the coronavirus-induced market crash in March 2020.

From a COVID-low of \$7.21 on March 23, 2020, Savaria closed the year at \$14.42 or 100% higher. Thus far, in 2021, the year-to-date gain is 18.5%. In the first nine months of fiscal 2020, revenue fell by 5% versus the same period in fiscal 2019. However, adjusted net earnings increased by 20.8% to \$21.7 million.

According to Marcel Bourassa, Savaria's President and CEO, the recent financial result proves the company's strength amid the global pandemic. The demand for accessibility solutions for the physically challenged is ever-increasing. Savaria's competitive advantage is its comprehensive product line, including accessibility equipment for home and commercial use.

If you purchase Savaria shares today, the dividend yield is a respectable 2.81%. The best part is that the dividend payouts are monthly, just like the CPP and OAS payments for retirees.

Looking after the financial well-being of seniors

The federal government in Canada looks after the plight and financial well-being of seniors in their golden years. As Canadians work past age 65, the CRA extends an age amount tax credit. Fortunately, several tax credits and benefits are tailor-fitted for people in the 65 and over age bracket.

Aside from the Old Age Benefit (OAS) at 65, seniors can split up to 50% of eligible pension with spouses to [bring down tax payables](#). If you reported qualified pension, superannuation, or annuity payments on your tax return, the pension income amount claim is up to \$2,000. For seniors needing tax management assistance, visit the CRA's online services.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:SIS (Savaria Corporation)

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