



Canada Revenue Agency: Big Changes for Taxpayers in 2021

Description

The Canadian Revenue Agency (CRA) might not be very popular among many Canadians because of all the taxes the agency collects. It appears the CRA will not be announcing any deadline extensions to file and pay your taxes like it did last year.

However, the CRA had [made a change in 2021](#) that might make Canadian taxpayers appreciate the government agency a little more than they do. The tax cut it announced in 2015 went very well with Canadians because over nine million Canadians paid lower taxes as a result.

The CRA enhanced the Basic Personal Amount (BPA) in 2021, allowing Canadian taxpayers to save \$570 from the incoming tax bill. The medium-term plan is to reduce taxes to the extent that 1.1 million Canadians may no longer need to pay taxes by 2023.

A broad-based tax change

The CRA began making amendments to the *Income Tax Act* last year. Individual taxpayers were already saving \$931 last year when the CRA raised the BPA to \$13,229. With the BPA increasing to \$13,808 in 2021, a taxpayer who claims this non-refundable tax credit can save as much as \$579 this year.

If your income this year does not exceed \$151,978, you can make up to \$13,808 before you have to pay federal taxes. The amount will be lower if you earn more than \$151,978 but less than \$216,511. However, the government has reduced the BPA for people with an annual income of over \$216,511.

This broad-based tax change is focusing on reducing taxes for middle-class Canadians and hardworking Canadians aiming to become part of the middle class. Living expenses constantly keep increasing, and families are in dire financial straits. These BPA enhancements can help to bridge the gap by allowing individual taxpayers to save more on their tax bills while the wealthiest Canadians will see a minute change.

Additional tax savings for Canadian taxpayers

Canadian taxpayers will like what the CRA has in store for them in the next two years. The government agency plans to increase the BPA by \$590 and \$602 in 2022 and 2023. Once the CRA implements these changes, around 20 million Canadians will have to pay lower taxes. By 2023, the BPA will be \$15,000.

Millions of Canadians will be able to keep more from what they earn as the CRA tax changes come into effect.

Use your tax savings wisely

Using your [Tax-Free Savings Account](#) (TFSA) can allow you to maximize the value of your tax savings. Getting to take \$579 off of your tax bill might make you think that you have additional spending money. However, investing the amount in a high-growth tech stock like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) could make those savings worth a lot more.

The omnichannel commerce-enabling software company recently increased the number of shares available in its latest stock offering from seven million to 8.4 million common shares. The total number of shares available in this deal could increase to 9.66 million given the 15% over-allotment option granted to underwriters.

There is a significantly high demand for Lightspeed stock and its customer base continues to grow quickly. Its payment volumes are also increasing at a rapid pace. The company's recent acquisition of Upserve and ShopKeep has also accelerated its revenue growth. The company's focus on innovating new products is positioning it well to capture a higher market share.

Foolish takeaway

Lightspeed's valuation is up by almost 670% at writing from its March 2020 bottom, with plenty more room to grow. Investing in the stock could help you leverage its capital gains to increase the value of your tax savings if its current growth trend continues.

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