CRA: Your Basic Personal Amount Tax Credit in 2021 Is Over $13,000

Description

Every tax credit and deduction that allows you to pay a lower tax bill is a benefit, and the higher the tax credit amount, the better it is for your wallet. And if you are a believer in“every dollar matters,” you might be pleased to know that the non-refundable tax credit related to the basic personal amount has been increased by $579 for 2021.

The BPA was $13,229 for 2020 and is $13,808 for 2021. The CRA allows all individuals who are earning $151,978 to avail this tax credit. This is the threshold for a 29% tax bracket. For individuals in the next tax bracket, i.e., 33%, the BPA is actually lower.

The tax credit can save you a bit over $2,000 if you fall in the 29% tax bracket. This is a decent amount, and in the right stock, it can grow into a decent-sized nest egg.

A venture capital stock

Real estate businesses have various niches. Most people don’t look deeper than the commercial and residential sections of the market, but even in these two different market segments, there are smaller segments. Take **StorageVault Canada** (TSXV:SVI) as an example. It’s a commercial real estate company that focuses on just one type of property, that is, storage.

The company owns 8.1 million square feet of land with 73,000 storage units and is constantly growing thanks to strategic acquisitions. StorageVault makes acquisition easier by facilitating self-storage owners and preparing the deal, allowing them to dominate the market in this specific niche.

StorageVault’s powerful market position comes with an overvalued price tag and robust growth potential. It has a 10-year CAGR of 38.68%, and while the growth has leveled out since the crash, but that doesn’t negate the fact that it’s still well positioned in the market and may start growing at the former pace again.

A commercial REIT

PRO REIT (TSX:PRV.UN) is a commercial REIT that includes a diverse array of commercial properties, including retail, industrial, mixed-use, and office properties. 65% of the portfolio is made up of the first two property types, and since retail was one of the real estate segments that took the hardest hit from the pandemic, it's easy to see why the REIT's stock fell by over 58% — and why still down 22% from its pre-pandemic high.

It's discounted, fairly valued, and comes with a very generous 7.56% dividend yield. While the payout ratio is not ideal at 130%, the company has gone through worse in the last five years. Before the market crash, the stock also offered decent capital growth opportunities, and since it's still in the recovery phase, the stock might add a bit of growth to your portfolio as well.

Foolish takeaway

When it comes to taking advantage of the tax credits and deductions, simply stashing away the cash you've saved from the taxes is not enough. You'd not even be able to keep pace with inflation if you are just relying on your interest rates. In stocks that are well positioned within their market spheres, your savings will have ample chances to grow to a sizeable nest egg.

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Date
2025/08/24
Date Created

2021/02/19
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