



## Canada Revenue Agency: Don't Miss the \$456 GST Refund in 2021

### Description

Do you know it is important to file your income tax returns, whether you earn any income or not? You don't pay any tax for income below \$13,000 (\$1,100/month) as that is the [basic personal amount](#) the CRA believes an individual needs to meet daily needs. Then why file returns? Because the Canada Revenue Agency (CRA) uses income tax returns to remain updated about your age, income, family, and marital status. Canada adopts a progressive tax system, under which the low and mid-income earners get tax benefits and cash benefits. One of these benefits is the Goods and Services Tax (GST) refund.

### How does the GST refund work?

Irrespective of your income, you pay an indirect tax for most of the goods and services you buy. Low and mid-income earners land up spending a higher portion of their income on GST. The CRA looks at your income tax returns you file in April and accordingly calculates your benefits. It then returns a portion of the GST in the July to June period.

The CRA calculates the GST amount looking at your family net income, marital status, and the number of children, and credits the refund by the fifth of every quarter. If the quarterly refund is less than \$50, it credits the entire amount in July. As GST is a refund of the tax you paid, this cash benefit is tax-free.

Your tax return automatically enrolls you for the GST refund. Your child automatically is registered for the GST once you register his/her birth or claim the Canada Child Benefit. If your child turns 19 before April, the CRA automatically removes the child portion from your GST refund. Your child can separately get the GST refund when he/she files their tax returns, even if they are not earning.

### Don't miss your \$456 GST refund

If your 2020 family net income is below \$38,892 after including the CRA emergency and recovery benefits, you should file your income tax returns. At that income, you can get the [maximum GST refund](#) of \$456 if you are single. And if you are married, you can get a GST credit of \$598. And if you have a

child under 19 years of age, you will get an additional \$157 per child. A family of three (parents and a child) can get a maximum GST refund of \$755 in the July 2021-June 2020 period.

Last year, the CRA gave an emergency GST refund that matched your July 2019-June 2020 GST refund amount. A single person got up to \$886, a married couple got up to \$1,160, and a family of three got up to \$1,740 in GST refund. If you didn't receive the GST refund last year, it could probably be because you didn't file your 2018 returns.

I would suggest you take some time and file your last three years' pending income tax returns as you can get retroactive benefits. A family of three can get more than \$3,200 and a single person can get around \$1,800 in the three-year retroactive GST refund.

## Make the most of the CRA cash benefit

The CRA gives many more refundable tax benefits other than the GST. Moreover, it also encourages Canadians to start saving as early as 18 years of age. If you have just turned 18, you can open a Tax-Free Savings Account (TFSA) and put your pocket money or the money from the part-time work you did in the summer vacation in your TFSA. Even if your TFSA investment doubles or triples, you need not worry about the tax as the investment income and withdrawals are tax-free.

With your \$456 GST refund plus \$500 from a part-time job, you can convert \$1,000 to \$2,000 in two years by investing in high-growth stocks. A stock you might want to consider is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). The cloud-based point-of-sale (POS) platform has been growing at a rapid speed. The stock has already surged fivefold in two years since its initial public offering.

The past performance does not guarantee future growth. So I don't expect a fivefold surge in the next two years as investors have already priced in high growth. But Lightspeed has immense potential to scale organically and through acquisitions.

### CATEGORY

1. Investing
2. Personal Finance
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### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
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