



Canada Revenue Agency: Big Changes Coming to the GST Refund in 2021

Description

The 2020 income tax-filing deadline is nearing. Even if you don't have any significant income and you are above 19 years of age, file your returns before April 30. This will unlock many benefits for you as a Canadian resident. The Canada Revenue Agency (CRA) gives its taxpayers, who are in the low- and mid-income bracket, several cash benefits based on their age, income, family, and marital status. The Goods and Services Tax (GST) refund is one such benefit, and you can get it if your 2020 adjusted family net income (AFNI) is below \$63,000.

If you are single, you can get an average GST refund of \$299, even if you are not earning and a maximum of \$456 if your AFNI is between \$20,000 and \$38,000. Does this refund sound interesting? Here is everything you need to know about it.

The CRA's GST refund workflow

The GST is an indirect tax you pay to the government whenever you purchase a taxable good or service. Most goods and services are taxable. The CRA has devised a GST refund [chart](#) based on its estimates of the percentage of income an individual spends on taxable goods or services.

For instance, a single parent of a child pays more GST than a single person with the same income and is therefore entitled to a higher refund. The CRA updates this chart every year after adjusting for inflation.

After you file your returns by April 30, the CRA assesses your income and other details, as stated in the returns and calculates your GST returns. If there are any unpaid taxes, the CRA will deduct that from your GST refund and give you the remaining refund, if any, by the fifth of every quarter in the July-June period. If the quarterly refund is less than \$50, it will credit the entire amount in July.

Big changes coming to the GST refund in 2021

The CRA has tweaked this GST refund in 2021 in light of the pandemic. Last year, it paid generous

COVID-19 benefits and delayed the tax-filing deadline to September 30, 2020. In seven months, the next tax deadline is here. Moreover, the job market is still cold, leaving many Canadians dependent on the CRA benefits.

In such an economy, the tax bill will add to the financial worries of Canadians. Hence, the CRA is giving you one-year time (April 30, 2022) to pay your taxes. File your income tax returns before April 30, and the CRA will not deduct any unpaid income tax from your GST refund. But this tax relief only applies if your taxable income is \$75,000 or less and you have received at least one COVID-19 benefit like the Canada Recovery Benefit.

For 2021, the CRA has set the GST refund as follows:

- Every adult can get an average of \$299 if they don't have significant earnings.
- On top of this, you can get \$157 if you are single. This brings the maximum GST refund for a single to \$456.
- If you are married, you can get \$598.
- For every child, the parent can get \$157.

A married couple with a child can get a maximum GST refund of \$755 (\$598+\$157) in the July 2021-June 2020 period. They can also [get](#) a Canada Child Benefit of up to \$8,033 if they register their child's name with the CRA.

Make the CRA benefits count

The GST refund might look small, but it can become big when invested in the right growth stock. Always use the Tax-Free Savings Account (TFSA) for growth stocks, as the CRA exempts this investment income from taxes.

Those who invested their 2018-19 GST refund of \$440 in **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock in April now have \$1,150 in their TFSA. The stock is currently undergoing a correction as the pandemic cycle completes a 360-degree turn. Moreover, it raised US\$676.2 million in a public offering in February, and CEO Dax Dasilva sold some of his shares. Both these events triggered a pullback, creating a perfect buy opportunity. The stock has immense growth potential, as the company grows its revenue at a 55% rate.

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