



CRA: Child Care Benefits Are Being Upgraded!

Description

The Canada Revenue Agency (CRA) offers special benefits for parents. This scheme is perhaps one of the most effective ways the government helps ordinary families across Canada. These families faced extraordinary circumstances last year during the crisis. Fortunately, the CRA stepped in and expanded the program to bolster the safety net.

Here are all the major changes to the Child Care Benefit (CCB) and how much you can expect to get in 2021 if you're a parent.

CRA expands CCB

Nine out of 10 Canadian families receive the CCB. This program is a critical part of the nation's safety net. Prime Minister Justin Trudeau announced that the CCB would be raised in July 2021. That means more money in the hands of Canadian families.

Families with children also received [bonus payments of roughly \\$300](#) last year to top up their CCB. This year, the benefit is being topped up again. The CRA will offer \$300 more in CCB every quarter of 2021 for eligible families.

Altogether, a family earning less than \$32,028 can get up to \$6,833 for a child under six. They could also receive \$5,765 for a child between the ages of six and 17.

CRA tax deduction

Besides direct benefits, the CRA also offers indirect benefits to mitigate the costs of raising a child. Parents can claim up to \$8,000 in tax deductions if they paid for childcare. This childcare write-off can reduce the amount of tax you have to pay this year.

The CRA has also added a childcare component in the Good and Service Tax (GST) refund. Depending on your household income, you could get up to \$157 in GST refund for every child below the age of 18 as a GST refund.

Altogether, most parents should expect to save thousands of dollars this year. Most of these savings will inevitably be consumed by childcare, clothes, toys, and medicines. However, if you save and invest some portion of this cash, you could help secure your child's future.

Invest the savings

Investing spare cash from CCB or tax write-offs could help secure your child's future. A robust stock like **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is a top pick.

Magna is a one of the world's largest auto parts suppliers. It's also a contract manufacturer. In other words, most cars driving around the streets have at least some components that were developed by Magna.

Auto sales have held up remarkably well, despite the pandemic. Now, with government stimulus and the economic reopening, vehicle sales could surge much higher. Meanwhile, Magna has partnered with some of the largest carmakers in the world to develop proprietary self-driving and electric vehicle technologies.

This future-proof stock is trading at 36 times earnings per share and offers a 3% dividend yield. The stock has *tripled* over the past year. That's what makes Magna an ideal pick for your CCB tax savings.

Bottom line

The CRA has offered expanded childcare benefits and tax write-offs in 2021. Invest some of this spare cash in dividend-growth stock Magna International.

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