Are You Eligible for the $456 GST/HST Refund in 2021?

Description

The Canada Revenue Agency (CRA) offers refundable tax credits to Canadians who file their income tax returns. One such tax credit is the Goods and Services Tax/Harmonized Sales Tax (GST/HST) refund.

This tax credit is a tax-free quarterly payment that aims to help individuals and families with low and modest incomes. According to the CRA, the GST/HST impacts lower-income families which results in a decline in disposable income and hence refunds a portion of these taxes to residents.

Are you eligible for the GST/HST refund?

In case you file your income tax returns every year, the CRA will consider you for this tax-credit if your net annual income is below the threshold limit. You need to be a Canadian resident above the age of 19 and the refund amount depends on multiple factors including your marital status and the number of children (if any) below the age of 19.

In order to receive the GST/HST refund, you will need to fill Form RC66 in case you have children and RC151 if you don't have any children. If the combined adjusted net income of your family is below $38,892, you will get up to $456 if you are single.

In case you are married the refund amount increases to $598. Further, you will also get $157 for each child under the age of 19. So, a couple with one child will be eligible for a maximum GST/HST refund of $755.

In case your adjusted family net income is over $38,892 the refund amounts will begin to phase out.

Invest these savings in blue-chip Canadian stocks

The CRA aims to lower the financial burden on lower-income Canadian households. However, residents should also use these refunds and other tax credits to buy blue-chip Canadian stocks such as **Enbridge** (TSX:ENB)(NYSE:ENB) and benefit from long-term gains.

Enbridge is one of the largest Canadian companies and is a well-diversified energy infrastructure giant. The ENB stock currently sports a forward dividend yield of 7.13% which means an investment of $5,000 in Enbridge will help you derive $356.5 in annual dividend payments.

Enbridge's contract-based business model makes it relatively immune to commodity prices allowing it to generate a steady stream of cash flows across economic cycles. Despite a volatile 2020 and falling oil prices, Enbridge's distributable cash flow (DCF) increased from $4.57 per share in 2019 to $4.67 in 2020, allowing the company to increase dividends by 3% this year.

Dividend paying stocks are one of the safest bets for investors. These companies generate steady and predictable earnings that allow them to sustain and even increase dividends over time. Further, investors will also benefit from capital gains allowing them to beat the broader market returns more often than not.

The energy heavyweight has managed to increase its dividends at an annual rate of 10% since 1995 and has been one of the top wealth creators for long-term investors.

Enbridge is looking to invest between $3 billion and $4 billion each year to expand its portfolio of cash-generating assets. It expects to increase DCF by 5% and 7% each year through 2023, which will allow it to support higher dividend payments going forward.

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