



Are You a Canadian Resident? You Can Claim the \$1,984 BPA Tax Credit

Description

Do you live and work in Canada? If so, you are living in the best country in the world. I don't say so; the [2021 Best Countries Report](#) does. For the first time, Canada took the first spot because of its top ranking in quality of life and social purpose. The Canada Revenue Agency (CRA) has played a big role in making this happen by offering many cash and tax benefits. It offered one of the most generous COVID-19 benefits of \$2,000/month to all qualified Canadian residents.

But there is one benefit for which the only qualification is a Canadian resident above 19 years of age with a valid Social Insurance Number. That benefit is called basic personal amount (BPA) tax credit.

The CRA's BPA tax credit leaves no Canadian behind

The CRA gives every Canadian who files their income tax returns the BPA tax credit. As the name suggests, the basic personal amount is what the CRA believes an individual needs to pay for food, utilities, medical, and other essentials.

For 2020, the BPA stands at \$13,229 after adjusting for inflation. The CRA calculates the minimum federal tax rate of 15% on the BPA, which comes to \$1,984, and reduces your federal tax bill by this amount. You can claim the full BPA tax credit if your 2020 net income was less than \$150,473. The CRA reduces your BPA credit if your income is between \$150,473 and \$214,368. But you will get a minimum of \$1,845 BPA tax credit, even if you are a millionaire.

This difference in BPA tax credit is because Canada follows a progressive tax system, under which the CRA charges tax depending on your income. The high-income earners pay more tax and get fewer cash benefits, while low- and mid-income earners pay less tax and get more cash benefits.

Some generic CRA benefits for low- and mid-income earners

Like the BPA, the CRA gives two cash benefits to every Canadian resident depending on their marital status, income, and the number of children. But these benefits are only for those who file their returns, even if their tax bill is zero.

If you are single and your 2020 adjusted family net income (AFNI) is below \$48,000, you can [get up to \\$456](#) in a Goods and Services Tax (GST) refund. And if you have a child below 18 years of age, you can get another \$157 in a GST refund.

Every parent can get the Canada Child Benefit (CCB). If your AFNI is less than \$32,028, you can get up to \$6,833 in CCB for a child below six. For 2021, you will also get a special CCB of \$1,200. If your child is between seven and 17 years of age, the regular CCB amount reduces to \$5,765, and there is no special CCB.

The best is yet to come. The CRA is giving a one-year interest relief to Canadians with less than \$75,000 income who received COVID-19 benefits. This means you can submit your 2020 returns by April 30, 2021, and pay the tax bill by April 30, 2022, without incurring any interest. You will also get the full cash benefits for which you qualify.

Make the most of being a Canadian

You can use all the benefits and save up in your Tax-Free saving Account (TFSA). Canadian companies are making a mark in the global market. **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) is the third-largest auto parts supplier in the world. **Enbridge** is the largest pipeline operator in North America.

These stocks have a bright future, and you can buy them from your TFSA. Magna is at the core of the automotive revolution of electric and automotive vehicles (EV/AV). It has partnered with many market leaders for EV/AV projects. It is going beyond auto parts and providing third-party auto manufacturing services to names like BMW and Mercedes.

Google's Waymo is leading the AV momentum, and Magna has its footprint even there. If **Apple** ever launches its EV or AV, Magna is most likely to become the Foxconn of Apple car. Magna stock is in a growth cycle, with its stock surging 30% year to date. It has significant growth potential in the 2030 decade.

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