



Canada Revenue Agency: A \$2,071 Basic Personal Tax Credit for All Canadians

Description

As a Canadian or a resident of Canada, you get many benefits depending on your income, marital status, age, and the number of children. But there is one basic benefit for all Canadians, rich or poor or single or married. And this one benefit is the basic personal amount (BPA) tax credit.

Like all its benefits, the Canada Revenue Agency (CRA) adjusts the BPA tax credit for inflation and income. For 2021, the basic personal tax credit is \$2,071.

Are you eligible for the CRA's basic personal tax credit?

The CRA adopts a progressive tax system, where it charges higher tax to the wealthy and lower tax to low- and mid-income earners. But it does not charge any tax on essential goods like grocery and prescribed medicines. It also calculates the minimum amount a Canadian needs for essentials like utility bills and healthcare and exempts that amount from the 15% federal tax.

For 2021, the CRA [arrived](#) at a basic personal amount of \$13,808, which brings a tax credit of \$2,071. Now, I said the BPA tax credit is for the rich and poor, but the CRA has set the tax credit range of \$2,071 and \$1,863.

People earning above \$216,511 can claim \$1,863, and those earning below \$151,978 can claim \$2,071 in basic personal tax credit. If your 2021 net income is between \$151,978 and \$216,511, your BPA will reduce gradually.

How to use the basic personal tax credit

There is more to it than meets that eye. You can leverage the BPA tax credit to claim some CRA cash benefits it offers low- and mid-income Canadians.

- If your income is below \$48,000, you can get the Goods and Service Tax (GST) refund.

- As a parent, you can get the maximum Canada Child Benefit (CCB) of \$6,833 for a child below six if your income is below \$32,028. You will also get an additional CCB of \$1,200 only for 2021.
- A 65-year-old earning below \$79,845 can get the Old Age Security (OAS) of \$7,384.

Several tax benefits, like the BPA tax credit, will reduce your tax bill and encourage you to claim the above CRA cash benefits. For instance, Sam turned 19 this month. He is a student, and his overall income is around \$10,000. He can leverage the BPA tax credit to reduce his federal and provincial tax bill to zero and claim a \$456 [GST refund](#).

Enhance your CRA tax benefits

The real amount of the basic personal tax credit can be more than \$2,071, depending on how you use it. If you spend your tax savings, the tax credit is the above amount. But if you put this amount in the Tax-Free Savings Account, it can even double in two to three years.

You can invest the \$2,000 amount in growth stocks like **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). Magna is not an automaker but a supplier, engineer, consultant, and third-party manufacturer for most automakers and tech companies trying their hands with auto. With factories in the world's largest auto markets of China, Europe, and the United States, Magna gives you international exposure. Moreover, the company is at the core of the electric vehicle (EV) wave and is also preparing for the autonomous vehicle (AV) revolution.

Even the government policies are on Magna's side. America, Canada, and Europe are investing billions of dollars and bringing policies that encourage EV adoption. Both public and private transportation will switch to low-carbon vehicles. Magna will supply components and also manufacture EVs for automakers like **Fisker**. It also hopes to manufacture **Apple** car and Google's Waymo AVs in the future.

Magna stock has surged 37% year to date. The stock has completed its five-year growth in four months and is still growing. This is because it is in a long-term growth cycle. The earlier you jump the rally, the better. You have already lost \$75 income by not investing \$2,000 in Magna at the start of the year.

CATEGORY

1. Investing
2. Personal Finance

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Personal Finance

Date

2025/08/22

Date Created

2021/04/28

Author

pujatayal

default watermark

default watermark