



## 75% Capital Gains Tax: Is This in Canada's Future?

### Description

The snap federal election is a few weeks away, and tax is again a major campaign issue to win votes. Candidates and their political parties are proposing several changes to the current [tax](#) schemes. The New Democratic Party (NDP), in particular, pledges to increase the capital gains rate to 75%.

NDP's proto-platform calls for levying higher taxes on the ultra-rich and large corporations. The proposal includes raising the top marginal rate to 35% for Canadians earning more than \$216,511 this year. A higher luxury goods tax is also on the table.

Prime Minister and Liberal Justin Trudeau, Conservative Erin O'Toole, NDP's Jagmeet Singh, Green Party's Annamie Paul, and Yves-Francois Blanchet from Bloc Québécois are vying for the PM post. Their lists of promises are long. Taxes, including a higher capital gains tax, could be in Canada's future.

On the investment front, the TSX continues to impress investors. Canadians can hold their investments in a Tax-Free Savings Accounts (TFSA) or Registered Retirement Savings Plan (RRSP) for tax-savings or tax-shelter purposes. But for lasting [income streams](#), **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **Imperial Oil** ([TSX:IMO](#))([NYSE:IMO](#)) are the logical candidates.

### Hands-down choice

Believe it or not, but Canada's oldest bank hasn't missed a dividend payment since 1829. BMO is the "King of Dividends" with its 192 years dividend track record. By 2029, the unbeatable feat will be two centuries. The country's fourth-largest bank started the practice of sharing a portion of profits with shareholders.

Investors describe BMO as the most investor-friendly stock on the TSX. The [blue-chip](#) asset's total return in the last 48.77 years is 27,417.48% (12.21% CAGR). Today, it trades at \$128.50 per share and pays a 3.30% dividend. BMO also outperforms the TSX, thus far, 2021 (+36.6% versus +19.35%).

Assuming you own \$75,500 worth of BMO shares in your TFSA, your quarterly tax-free income would be \$622.88. Once you buy the bank stock, you can hold it for life. Income streams will flow like

guaranteed pensions. The \$83.28 billion bank has been through the worst periods in history, yet it still stands tall in the 21st century.

## Dividend prince

Imperial Oil's dividend track record is equally impressive. The energy stock may not be the highest dividend payer (2.86%), but the payouts are safe. It's been paying dividends for more than 140 years and increased the payment for 25 consecutive years. As of September 7, 2021, the share price is \$33.97 — a year-to-date gain of 43.82%.

The \$23.93 billion company hails from Calgary and is Canada's second-largest integrated oil major today. Imperial Oil also manufactures and sells about 25% of the country's daily consumption of petroleum products. America's oil giant **ExxonMobil** has a 69.6% ownership stake in the Canadian petroleum refiner.

Retail brands like Esso and Mobil are integral parts of Imperial Oil's industrial and wholesale business segments. The latest buzz is that the company will soon construct a world-class renewable diesel complex at its Strathcona refinery near Edmonton, Alberta. According to its chairman, president, and CEO Brad Corson, the facility will be a significant value-generating, forward-looking project.

## New taxes should benefit the majority

The candidates in the coming elections made several tax-related promises before Canadian voters. Let's keep our fingers crossed that whoever wins, the new tax measures and programs will benefit the greater majority.

### CATEGORY

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2. Dividend Stocks
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2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BMO (Bank Of Montreal)
4. TSX:IMO (Imperial Oil Limited)

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