



How to Turn Your \$116 GST Refund Into \$1,000

Description

These are tough times, and any income is a welcome gift. If you filed your 2021 tax returns, the Canada Revenue Agency (CRA) disbursed a Goods and Service Tax (GST) refund on July 5. If you are single and your 2021 adjusted family net income was below \$38,000, the CRA could give you a [maximum GST refund](#) of \$467. This refund will be paid in four instalments of \$116.75. It may look like a small amount in the current inflationary environment, but you can make every dollar count.

Investing in a recession

Economists [warn](#) of a global recession as early as the end of 2022 or early next year. This means the stock market could see a gradual decline throughout the year. The TSX Composite Index could dip more than 40% in the worst-case scenario. (It is currently down 15% from its high.) A recession leaves little disposable income in the hands of an average household. Hence, the majority of retail investors don't buy stocks at the dip.

The recession presents an opportunity to buy the dip and double your money during the recovery rally. But the recession is also a time when many weak stocks with heavy debt burdens go bankrupt or fall into a long-term downturn. The 2008 recession pushed **Bombardier** deep into the red. Even after 14 years, it couldn't return to the pre-2008 level. Therefore, investing in the right stock is very important in a recession.

A safe way to make the most of a recession is by investing in [ETFs](#). A company may go bankrupt, but an industry with significant growth potential won't. A recession is the economy's way of making companies stronger and more efficient. When the economy recovers, it has a more efficient business ecosystem with strong players. Hence the recovery rally is quick, and the following economic growth higher.

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You may be skeptical about putting money away for five to seven years when the cost of living is rising.

You can use your GST refund to invest in ETFs. The CRA will distribute the GST refund in four tranches on July 5, October 5, January 5, and April 5. I suggest buying an equity ETF in small amounts throughout the year, as the market downturn will help you reduce the average cost.

iShares S&P/TSX Capped Information Technology Index ETF ([TSX:XIT](#)) has dipped 46.8% in the tech stock selloff that began in September 2021. The ETF is trading at the pre-pandemic level. It has almost 50% of its holdings in **Constellation Software** and **Shopify**.

Constellation is known for making the most of a downturn. The company's management acquires several vertical-specific software companies and integrates them into its umbrella of subsidiaries. It could use the selloff to accelerate its investments. When it emerges from the recession, it could drive the XIT ETF to new highs.

Similarly, Shopify stock corrected from the pandemic bubble and has fallen below its pandemic low. The dip comes, as slowing consumer demand has slowed Shopify's revenue-growth rate. As an e-commerce company, its growth is directly proportional to buying activity. The stock could see more downside during a recession. When consumer demand returns, the stock could double your money.

The XIT ETF has more high-growth stocks in its portfolio. Regular investing in it throughout the [downturn](#) could more than double your money in five years. It could convert your \$467 GST into \$1,000 in five years.

Another investment option for your GST refund

If you want better returns than the ETF, you can consider buying **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). Unlike Shopify, Lightspeed has an asset-light model and little leverage on its balance sheet. It also has a better global presence than Shopify. It caters to discretionary retailers and restaurants, which could take the biggest blow in a recession.

Lightspeed is taking this time to expand vertically into the supply chain with a platform that connects suppliers to retailers. This means that one purchase can earn double revenue: half from the retailer and half from the supplier. The economic recovery could double its growth.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
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3. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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