



Canada Revenue Agency: Top 2 CRA Changes Amid COVID-19 for 2020

Description

The COVID-19 outbreak has [had investors in a spin](#). With consumer spending spiraling downwards, governments have had to step in and infuse billions of dollars into the economy. Several central banks have cut interest rates in these uncertain times to boost spending.

However, with employees staying home and the lockdown impacting a number of small businesses, let's take a look at some of the measures taken by the Canadian government to help residents in these turbulent times.

Last week, Prime Minister Justin Trudeau announced some economic measures that aim to stabilize the economy. According to the Canada.ca website, "Government of Canada's COVID-19 Economic Response Plan, will provide up to \$27 billion in direct support to Canadian workers and businesses."

We'll take a look at the support provided for individuals.

Income support

The Canadian government has proposed to provide a one-time special payment by the first half of May 2020 to about 12 million low- and modest-income families. These residents would require additional help with their finances, and they can benefit under the Goods and Services Tax credit (GSTC).

The average increase in payment will be about \$400 for individuals and \$600 for couples, which will inject \$5.5 billion into the economy. The government has estimated that 3.5 million families with children will also require additional support, which will lead to an increase in the Canada Child Benefit payment amounts by \$300 per child. These enhancements will provide a single parent (in the low- to modest-income category) with two children up to \$1,500 in short-term support.

Another way the government is looking to reduce financial burden on Canadians is by placing a six-month interest-free moratorium on repayment of student loans and by reducing minimum withdrawals from Registered Retirement Income Funds) by 25% for 2020.

Flexibility for taxpayers

The Canada Revenue Agency (CRA) will provide flexibility to Canadians and has deferred the filing due date for tax returns of individuals to June 1, 2020. However, the CRA has encouraged individuals who are availing the benefits under the above mentioned GSTC and Child Benefit programs to avoid delay in filing returns.

The Canada.ca website states, "The Canada Revenue Agency will allow all taxpayers to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020."

The CRA will also temporarily recognize e-signatures for filing tax returns, as people are experiencing social-distancing and self-quarantine during these difficult times.

Do you invest in a turbulent market?

While the markets are extremely volatile, it also presents an opportunity for long-term investors to take advantage of low valuations. The bond yields have fallen significantly and are trading close to record lows. Equity markets have created massive wealth over a period of time, and investors can consider the **iShares S&P TSX Index Fund**.

This ETF has exposure to Canada's largest companies and is trading 36% below record lows. With a dividend yield of 4%, investing \$10,000 right now will result in annual dividends of \$400.

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