



Canada Revenue Agency: 3 Ways the CRA Is Helping Canadians Amid COVID-19

Description

Prime Minister Justin Trudeau and the Canada Revenue Agency (CRA) have announced a slew of measures to help businesses and individuals get through the impact of the dreaded COVID-19 pandemic.

The Canadian government will [pump \\$82 billion](#) into the domestic economy. This will be done by providing \$27 billion in direct support to Canadian businesses and workers and \$55 billion via tax deferrals to help the liquidity needs of businesses and households.

Deadline extension for individuals filing taxes

The CRA has extended the tax-filing deadline for individuals to June 1, 2020. It will also “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.” These reliefs would apply to tax balances due as well as installments.

Further, CRA will not charge any interest or penalties on these amounts during this period, allowing households to have more money during the ongoing turbulent time. The deadline for self-employed taxpayers has been extended to June 15, 2020.

Tax deadline extension for businesses

The COVID-19 lockdowns are bound to have a massive impact on businesses. The current economic conditions are uncertain, which might very well result in a tightening of credit conditions. The CRA has extended the income tax deadline to August 31, 2020, for businesses providing them with increased liquidity in this period.

The CRA has also suspended collection activities on new debts temporarily. In the next four weeks, there will be no tax audits on small and medium businesses.

Interest-free moratorium on student loan payments

The CRA is implementing a six-month, interest-free moratorium on student loan payments for people who are still in the process of repaying these loans. [Canada's student debt](#) stood at \$28 billion at the end of 2018. Over \$19 billion is owed to the federal government with the average debt per student at \$26,819.

New measures were announced last week

While the CRA is trying to defer tax payments and increase liquidity in the short-term the Government of Canada recently announced additional measures to support families and businesses. These measures should help several businesses protect the jobs of Canadians.

The Government of Canada will

- Announce a 75% wage subsidy for qualifying businesses for up to a period of three months starting from March 15, 2020. This move will help businesses keep workers on their payroll;
- Allow businesses and self-employed individuals to defer GST and HST payments as well as custom duties on imports till June. This is the equivalent of providing businesses with interest-free loans of up to \$30 billion, while also helping them ease cash flow challenges; and
- Launch the Canada Emergency Business Account. This program will provide financial institutions up to \$25 billion, who will then allocate this amount in the form of interest-free loans to small businesses. These interest-free loans will help businesses tide over short-term liquidity challenges and allow them to pay rent and similar costs over the next few months.

Where do you invest in a volatile market?

While the CRA and the Canadian government are implementing several economic measures, where do investors allocate their savings in a market that is increasingly volatile? Well, one of the top bets is to consider investing the **iShares S&P/TSX 60 Index ETF** that is currently trading 25% below record highs.

This ETF has a forward yield of over 3.4%, which means an investment of \$50,000 will generate annual dividends of \$1,700. It is the most liquid ETF in Canada and has exposure to several Canadian large-cap companies, including **Royal Bank of Canada, Enbridge, Shopify, and Toronto-Dominion Bank.**

CATEGORY

1. Coronavirus
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Investing

Date

2025/08/24

Date Created

2020/03/31

Author

araghunath

default watermark

default watermark