



CRA: Tax Break is 3rd Important Measure vs. COVID-19

Description

The federal government of Canada has rolled out an \$82 billion rescue package for Canadians affected by the COVID-19 pandemic. The banking community has offered six-month deferrals of mortgage payments and other flexible solutions. Meanwhile, the Canada Revenue Agency (CRA) is also playing a [crucial role](#).

Tax deadline and payment extensions

A major move by the CRA in response to the COVID-19 outbreak is the extension of the tax filing and payment deadlines. The filing deadline for personal income tax and benefit returns has been moved to June 1, 2020, instead of April 30, 2020. The payment deadline for any tax owing on the 2019 tax year has also been moved, to September 30, 2020.

For self-employed individuals (and their spouses or partners who are also self-employed), the deadline to pay any balance on individual income tax and benefit returns is September 30, 2020. The tax-filing deadline, however, is still June 15, 2020.

If taxpayers want to better manage their tax concerns, the CRA recommends using the agency's suite of secure digital services. Aside from tracking refunds or making changes in tax returns, taxpayers can also view their Registered Retirement Savings Plan (RRSP) limits.

Wage support

Besides the tax breaks, the CRA is extending wage support to small businesses. There is a subsidy equal to 75% of the remuneration or salary paid between March 18 and June 20, 2020. Rather than receive a CRA cheque, small businesses can reduce the amount of payroll deductions to the tax agency.

A company with five employees will receive a maximum subsidy of \$6,875 or \$1,375 per employee. The CRA stresses that companies that are closed or do not pay wages or bonuses to employees

between March 18 and June 20, 2020, are not eligible to receive the subsidy.

Protect your RRSP

RRSP users are running scared because of the pandemic. The stock market is experiencing a crash like no other. A prolonged market crash or [a recession can affect long-term financial goals](#). In turbulent times, having a utility stock in your RRSP will allow you to wait for a recovery worry-free.

Algonquin Power ([TSX: AQN](#))([NYSE:AQN](#)) provides indispensable services in Canada and the United States. This \$9.2 billion company has a portfolio of regulated and non-regulated utility assets. It generates and sells electrical energy and clean energy.

The company's renewable energy portfolio consists of hydroelectric, solar, wind, and thermal facilities. The gross generating capacity of the entire portfolio is about 1.5 gigawatts. The company provides rate regulated electric, natural gas, water distribution, and wastewater collection to over 768,000 connections in the United States.

Algonquin's recession-resistant characteristics are noticeable in the current market downturn. As of this writing, the utility stock is trading at \$17.56 per share. While some top names in the financials and energy sectors are falling by double-digits, AQN is down by just 4.4% year-to-date.

RRSP users with Algonquin in their portfolios are also benefitting from the 4.52% dividend yield. That money growth is tax-free until withdrawn from the plan.

The real enemy

COVID-19 is the enemy in this crisis, not the CRA. Taxpayers should welcome the agency's tax breaks and wage support in these trying times.

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1. Coronavirus
2. Dividend Stocks
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