CRA Emergency Tax Delay: New Tax Deadline Is June 1

Description

Times are getting tough for people around the world due to the forced economic shutdown implemented to curb the spread of COVID-19. The pandemic has brought the world to its knees. At writing, more than 1.9 million people have contracted COVID-19, and almost 120,000 worldwide have died.

Essential businesses are still operational, and some nonessential businesses continue to operate online. The switch is not possible for all businesses, and it is a challenge to accommodate a remote workforce, even for an organization like the Canada Revenue Agency (CRA).

The government is making efforts to help Canadian citizens and businesses during the hostile economic environment the pandemic is creating. It has announced a relief package that might saturate the CRA with requests and assessments of relief applications. It is not an easy path to navigate for an agency already facing the challenge of tax season.

The CRA has announced a measure to help tackle the issue. It has extended the tax filing date to June 1, 2020, and the payment date for taxes owing to September 1, 2020.

How to save on taxes

A tax bill can be a burden on anybody. There are measures you can take to reduce your tax bill. One of the best things you can do to reduce taxes is maximizing your Registered Retirement Savings Plan (RRSP) contributions.

A contribution of 18% of your annual income can save you more than $9,300 in taxes. That could bring your tax bill down to $26,868 if your tax bill was $36,000. If you're a first-time home buyer, you can get a tax break of up to $750. If your health care benefits do not cover all your medical costs, you can claim the expenses in your tax deductions as well. If you make donations or have any charitable expenses, you can earn a tax break with them.

Using your tax savings

With the tax savings you make, you might have plans to use the money. Instead of buy something or saving it as cash, I recommend using the money as capital for investment. Invest in assets with the potential for decent long-term growth that will also generate income for you through dividends.

The **TECSYS Inc.** (TSX:TCS) stock could be an excellent pick to this end. It is a stock with a market cap of $251.33 million at writing and trades for $19.21 per share. The company began in 1983, and its primary focus is on providing supply chain solutions to more than 1,000 corporate clients.

Tecsys operates across North America, Europe and Australia through 1,500 major sites that run the applications provided by the company. The stock is down 13.43% from its January 2020 peak. Before the ongoing market meltdown, the company increased its share price by 129% with a fantastic compound annual growth rate (CAGR) of 16.7%.

The stock is not yet on the Canadian Dividend Aristocrat list, but it has a five-year dividend growth streak with a 100% growth rate.

Foolish takeaway

Companies that provide essential services are still up and running. Beyond that, only organizations that can continue to work remotely are operable. Software companies like Tecsys are making it work. While the demand for its services is significantly lower, it can continue to operate even during the crisis.

I think it would be wise to use your tax savings to invest in a long-term option like Tecsys to capitalize on potential gains and its dividends to earn passive income through the recession.

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