



CRA Changes in 2020: 3 Tax Updates That Should Make You Happy

Description

Editor's Note: The original version of this article stated that "the government that will pay Canadian citizens laid off or unemployed due to the current economic shutdown \$2,000 per week for four weeks going up to 16 weeks." That has been corrected below.

COVID-19 has had a more significant impact on global economies than we could have predicted. As the pandemic continues to rattle the financial landscape across the world, the Canada Revenue Agency (CRA) has stepped in to provide Canadians with some relief.

An Angus Reid survey conducted in late March showed that more than 40% of Canadian households lost jobs or are experiencing layoffs due to the necessary shutdown of non-essential businesses. Unfortunately, the situation is only becoming worse as we approach the end of April.

According to Statistics Canada, over one million people lost jobs in March. It is likely to worsen, as the unemployment rate reached 7.8% from just 2.2% in February. Canada has not witnessed unemployment rates so low since April 1997. Younger Canadians in the private sector were the most affected by job losses.

The federal government has taken steps to provide the economy with a stimulus package to provide relief to suffering Canadians. I'll discuss three of the most prominent changes introduced by the CRA that can help Canadians through this challenging time.

Tax-filing deadline delay

The government has announced new deadlines for filing personal tax returns. The standard deadline to file your taxes was April 30, 2020. With the new deadline, the last date you can file your personal taxes has been extended to June 1, 2020.

The tax-filing deadline is going to allow Canadian businesses to file their tax returns by June 15, 2020. The CRA has also announced a delay in payment of taxes.

Tax-payment deadline extension

If you have a balance owing on 2019's tax returns last year, the final date for you to pay it off has been extended to September 31, 2020. The same deadline delay has been announced for corporations to pay their taxes as well. The Canadian government is covering all the delays in deadlines by the COVID-19 relief provisions announced earlier.

CERB payment of \$2,000

The CRA has also announced that it has started accepting applications for the Canadian Emergency Response Benefit (CERB) from April 6, 2020. CERB is part of the COVID-19 relief provisions by the government that will pay Canadian citizens laid off or unemployed due to the current economic shutdown \$2,000 per month for up to four months (or \$500 per week for up to 16 weeks).

Currently, the CRA is not asking individuals to provide documents to prove their income as part of the process to claim CERB payments. However, I think it is necessary to point out that you should exercise caution and carefully understand the qualifications that can make you [eligible for CERB](#).

What to do with the tax delay

As the tax delay gives you more time to think, it can be a good time for you to consider buying [defensive assets](#) to protect your capital. Nobody knows how long the lockdown will last. The market has begun to bounce back in recent weeks. Still, there is no telling if we will see a more bullish run any time soon.

To avoid making mistakes with your capital during this time, I think you should look towards defensive stocks. **Emera** ([TSX:EMA](#)) could be a fantastic stock to consider to this end. There is a significant fear of a full-blown recession between the COVID-19 and oil price wars.

With most stocks on the decline due to underlying companies being shut down, Emera could offer investors a likely option to tough out the recession. It is a utility operator that has both gas and electric utilities in Canada, the United States, and the Caribbean.

95% of Emera's revenues are regulated, and that makes it a reliable stock to consider. The company is amid a massive capital-investment program that will see \$7.5 billion invested in growing the company further. It is going to drive the rate base growth for Emera that will increase Emera's ability to distribute cash for the next few years.

Foolish takeaway

I think you should take advantage of the time you have on your hands and consider investing in a defensive stock like Emera. At writing, Emera is trading for \$55.50 per share with a juicy 4.41% dividend yield. It is 0.2% above the share price it started the year with, unlike most of the TSX.

It could be worth your while investing in a defensive stock like Emera to keep your capital safe through

the ongoing recession.

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