



CRA Tax Update: 2 Giant 2020 Changes You Should Know

Description

Coronavirus has changed everything. The whole world is adjusting to the new pandemic-driven reality. Governments across the globe are trying to manage the spread of the virus and control the situation as much as they can. And even if they can't completely fight off the economic crisis that has been worsening day by day, they are trying to offer some relief to their citizens.

The Canadian government is trying to help its people as well and has tasked the CRA with two important duties in this regard.

Tax deadlines

If it were any other year, people who usually delay filing and paying their taxes until the very last days would have been scrambling to meet the usual April 30 deadline. But this year is different. To offer some relief, the CRA extended the tax filing deadline to June 1 and the tax payment deadline to September 1.

Taxpayers now have four extra months to get their financial affairs in order and scrounge up enough funds to pay taxes. It's a much-needed relief for people and households that are suffering from a loss/lack of income due to the coronavirus. One important thing that people should take away from this pandemic is that they need to have savings or investments as some kind of a financial safety net.

Safety net

For example, if you had invested \$10,000 in **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) in April 2000 and chosen a reinvestment plan, you would now have over \$140,000 in total capital from this one investment. Your current number of shares would be about 2,666. Currently, Fortis is paying yearly dividends at \$1.91 per share, so 2,666 shares can earn you about \$5,092 in a year.

On its own, this sum is sizeable enough to pick up a significant portion of your tax bill. And I chose Fortis because it's one of those stocks that almost everyone understands. It's a long-standing dividend

aristocrat. It's from the utility sector, therefore resilient against market headwinds, and it's also a steady growth stock. Even in a volatile market, Fortis is a stock that investors can rely on.

Now that you have more time to prepare and pay your taxes, you should use that time to devise a saving and investment plan. You can start your portfolio with [a safe stock](#) like Fortis, but you must start. Investment is a long-term game, and the longer you stay in the game, the higher your chances of victory gets.

CERB

CERB (Canada Emergency Response Benefit) is another government initiative to help people whose livelihood has been snatched away by the pandemic. Those who qualify will get \$500 a week for 16 weeks (or \$2,000 a month for four months).

Service Canada and the CRA are both responsible for processing CERB applications and releasing payments. Applicants are directed [to apply](#) for CERB with only one entity, either Service Canada or the CRA.

One important thing to understand about CERB is that it is taxable income. So if you are unsure whether you will have enough funds in hand next year, you should try and keep some money aside now.

Foolish takeaway

Taxes are an important inevitability. When everything is in order, and you have a regular job or a thriving business, then taxes are just another part of life. But if your regular routine and finances get disrupted by factors beyond your control (like this pandemic), even the routine tax bill can seem like a calamity.

Once you are on the other side of it and have regained control of your finances, make sure to adopt some constructive money habits, and start building yourself a safety net to deal with future financial calamities.

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1. Coronavirus
2. Dividend Stocks
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