



CRA 2020: 3 Ways to Save Big on Your Taxes

Description

Late last month, I'd discussed three [big tips](#) for Canadians for this tax season. The COVID-19 pandemic has shaken up nearly every aspect of regular life, so it is no surprise that it has had an impact on the Canada Revenue Agency. Canadians have been granted some extra leeway in 2020 in order to combat this crisis. The new deadline for individual filers is on June 1, 2020. In addition to this extension, filers and businesses may defer payments until September 1, 2020.

Today, I want to look at three ways Canadians can save big on their taxes in 2020. It is a good idea to brush up on some basics before filing with the Canada Revenue Agency.

Canada Revenue Agency: Take advantage of new programs!

In response to the COVID-19 pandemic and the subsequent lockdowns, the federal government launched one of the most radical financial relief programs in modern history. The Canadian Emergency Response Benefit (CERB) allowed citizens to apply for quick financial relief through the Canada Revenue Agency website. Statistics Canada reported that more than seven million Canadians had taken advantage of the program as of late April.

The CERB has overshadowed [other forms of relief](#) that are worth consideration. For examples, the Liberals have followed through on a promise to increase the Basic Personal Amount (BPA) this decade. This mechanism allows for taxpayers to earn up to a set amount before paying any federal income tax. The BPA increased to \$13,229 in 2020.

Invest in a Tax-Free Savings Account

We hope that most Foolish readers are well acquainted with the TFSA. However, recent studies have shown that many Canadians are not using the TFSA to its fullest potential. Used correctly, the TFSA can help investors rack up massive capital gains without having to pay a dime in capital gains tax.

The March market crash was a tasty opportunity for investors who were flush with cash. Data has

shown that many Canadians are stashing large cash amounts in their TFSA. **Shopify** has been an explosive growth stock in recent years. Moreover, it has offered explosive growth since it succumbed to volatility earlier this year. Shopify stock fell below the \$500 mark in March. Shares closed at \$1,034.42 on May 6. Savvy TFSA investors had the chance to more than double their money in a short amount of time.

These kinds of gains are also a great way to pay for any money owing to the Canada Revenue Agency. Tax-free gains can be withdrawn from a TFSA with no penalty to the account holder.

Look out for tax credits!

Canadian taxpayers, especially those who are filing their own returns, should keep available tax credits in mind. This includes the Canada workers benefit, which is a refundable tax credit available to eligible individuals and families who work but earn low income. There is also the Canada Pension Plan (CPP) enhancement. Annual contribution rates are set to rise modestly over the next seven years.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

1. Business Insider
2. Msn

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2020/05/07

Author

aocallaghan

default watermark

default watermark