Hooray! Pay Your Taxes Later With This 2020 CRA Emergency Change

Description

The COVID-19 outbreak has disrupted the tax season in Canada. Fortunately, the Canada Revenue Agency (CRA) promptly made emergency changes and moved the tax-filing and tax-payment deadlines for 2020.

However, the thankless task of preparing income tax returns is at hand. Canadian taxpayers are a few weeks away from the new CRA deadlines. If you're a taxpayer, you're duty-bound to meet the deadlines and avoid penalties due to late filing.

Friendly reminder

For the 2019 tax year, the new tax-filing deadline is June 1, 2020, instead of the usual April 30th schedule. This deadline applies to individual and corporate taxpayers.

With regards to taxes owed, the payment deadline has also been moved to September 1, 2020. For individuals who are paying by installments, it should include the June 15, 2020 installment. The same payment deadline applies to corporations paying taxes due after March 18, 2020, and before the new deadline.

Only the tax filing date of June 15, 2020, for the self-employed and their spouse or common-law partner, remains unchanged. The deadline for tax payment for the current tax year is the same as the September 1, 2020, deadline for corporate taxpayers.

The CRA will not charge taxpayers any penalty and interest for as long as tax payments are made by the extended deadlines of September 1, 2020. There will be relief on penalties and interest considerations on income tax balances, but only on a case-to-case basis.

Prompt filing

Expect delays in the processing of paper income tax and benefit returns too. Thus, the CRA is suggesting that you file your 2019 taxes online by June 1, 2020. If you're expecting a tax refund, register for direct deposit. The processing will be faster with no interruptions to benefit and credit payments.

Investments and coronavirus

Aside from tax concerns during the coronavirus pandemic, there are worries in the investment world. The global health issue is weighing heavily on the value of stock investments. There is heightened market volatility such that stock prices are declining.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD), for example, is also affected by the market sell-off. The shares of this prestigious Canadian bank are down almost 20% from its 2018 year-end price of $71.15. But holders of TD should still be receiving dividend payments.

The Canadian banking sector remains a reliable source of passive income. None of the Big Five banks are cutting or stopping the payouts. If you invest in TD today, you'll be purchasing the bank stock at a discount. At its current price of $57.04, the dividend yield is 5.54%.

TD is an ideal anchor during hard times. This $103.2 billion banking institution has shown its resiliency and stability during the harshest downturn and recent recessions. In the 2008 financial crisis, the bank stood as the only company that posted both revenue and profit growth.

For investors wishing to re-balance stock portfolios during this lockdown period, consider TD for investment safety.

Grace period

Taxpayers should be appreciative of the CRA's response to the pandemic. The tax date changes will lessen the burden. With the deadline extensions, there is sufficient time to prepare, file, and pay on or before the prescribed deadlines.

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