



CRA COVID-19 Updates: 3 Big Tax Changes You Should Know

Description

The coronavirus outbreak was terrible timing as it coincides with the tax season in Canada. Fortunately, the federal government was aware of the pressure and financial hardship it will inflict on taxpayers. The Canada Revenue Agency (CRA) has the green light to make significant tax changes in 2020.

As taxes are considerable expenses in a given year, taxpayers shouldn't miss out on the [several reliefs](#) and enhanced benefits the CRA is providing.

Tax date extensions

The tax filing and tax payment deadlines for the income year 2019 should have been April 30, 2020, and June 15, 2020, respectively. Now, taxpayers have sufficient time and greater flexibility because of deadline extensions.

For individual and corporate taxpayers, the new tax filing deadline is June 1, 2020. The self-employed, however, the deadline is still June 15, 2020. As to the tax payments, September 1, 2020, is the deadline for all taxpayers. The CRA will not charge late-filing penalties and interest but will do past these new deadlines.

Tax deferral on emergency support

The Canada Emergency Response Benefit (CERB) is available to fully-employed, part-time, contract, and seasonal workers. If you were laid-off or displaced by the pandemic, you can receive \$500 weekly for up to 16 weeks.

The CERB is economic support but a taxable benefit. There will be no upfront tax deduction when the CRA pays you. However, you must include the CERB as income for the income year 2020 when you file your tax return in 2021.

The tax-free benefit to parents

The CRA is implementing a one-time increase in the Canada Child Benefit (CCB) payment in May 2020. Families with an eligible child in their care as of this month will receive \$300 per child (under 18 years old) on top of the regular CCB payment in May.

Canadian families receive, on average, receive about \$6,800 in CCB payments yearly. The enhancement of this tax-free benefit is very timely. Parents will have extra money while lockdown measures are in place. If you want to continue to get your benefits and credits for 2020-2021, file your 2019 taxes.

Prioritize tax-free earnings

Taxpayers can add more to the CRA's tax reliefs by prioritizing the Tax-Free Savings Account (TFSA). Many TFSA users are holding on to their **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) shares. Although the value has fallen by 31.7% year to date, this bank stock is paying a hefty 6.33% dividend.

Assuming you have \$50,000 worth of BMO shares in your TFSA, the bank stock will deliver a tax-free income of \$263.75 monthly. As of May 7, 2020, BMO is trading at \$67.10 per share. Passive income seekers should find the price [too cheap to ignore](#).

The fourth-largest bank in Canada is a rich dividend play. Aside from being the first-ever Canadian company to pay dividends, the dividend history is now 191 years. BMO will continue paying during the pandemic, but is likely to freeze lending for small commercial property acquisitions.

BMO will be presenting its Q2 2020 results on May 27, 2020.

Looming deadline

The CRA has given enough leeway to taxpayers in the wake of the pandemic. Its only request is for taxpayers to be responsible and comply with the deadlines.

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