CRA 2020: 2 Massive COVID-19 Tax Changes to Remember

Description

The COVID-19 pandemic has sent shock waves through Canadian society. Provinces are pursuing a gradual re-opening, but it will likely take years for the economy to fully recover. Fortunately, the federal government has worked to provide crucial financial relief during this historic crisis. There has been a whirlwind of changes and new programs for Canadian taxpayers. Today, I want to discuss two important developments to remember for your CRA 2020 review.

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CRA 2020: The tax deadline is coming up!

One of the first measures the federal government instituted was an extension on the filing date for Canadians. The date was pushed back to June 1, 2020, to give citizens a longer period to prepare. However, earlier this month, I'd discussed why some Canadians may not want to take advantage of this extension.

In truth, the next tax year may prove to be much more challenging for Canadians. That is when citizens will be forced to sift through the financial wreckage of 2020. For those who have lost their jobs or seen their work hours dramatically reduced due to COVID-19, the government has stepped in to provide aid.

CERB payments will run out for many Canadians

The Canada Emergency Relief Benefit (CERB) was introduced by the federal government in March, and applications opened in April. CERB is one of the most radical new programs in recent memory. It allows for each citizen to apply for a monthly payment of $2,000 a month. All applications were automatically approved to provide relief quickly. As of early May, over 11 million Canadians had applied for CERB payments.

Meanwhile, Prime Minister Justin Trudeau announced that the Emergency Wage Subsidy program would be extended beyond the month of June. However, CRA 2020 CERB payments are still cappedat a maximum of four months for benefits. Workers who have applied for CERB for four consecutive months starting from the first benefit period in March should take heed.

For those who have relied on CERB payments from the outset, now is the time to consider other options.

How to generate your own payments in 2020

As the economy begins to re-open, the government will look to unwind its radical spending programs in response to the COVID-19 pandemic. Fortunately, Canadians have attractive income generation options on the investing front.

Extendicare (TSX:EXE) is a stock worth paying attention to in the middle of 2020. The company provides care and services for seniors in Canada. Conditions in long-term-care facilities have been highlighted over the course of this crisis. Over 80% of COVID-19-related deaths in Canada have occurred in LTC facilities. In the first quarter, Extendicare saw increased operating costs and lower occupancy levels in its retirement communities.

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Revenue rose 2.3% year over year to $268 million at Extendicare. Moreover, this was driven by LTC funding enhancements and COVID-19 funding. Extendicare last declared a monthly dividend of $0.04 per share. This represents a hefty 8.5% yield. Moreover, the stock offers nice value with a price-to-earnings ratio of 15 at the time of this writing. This crisis has highlighted the importance of bolstering LTC facility quality. Extendicare and its peers should continue to see funding enhancements in the years to come in response to the COVID-19 crisis.

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