Canada Revenue Agency: 3 Important Tips for the 2020 Tax Year

Description

The final deadline for income tax filing is dead ahead on June 1, 2020. This has been a whirlwind year for taxpayers, and it will be up to the Canada Revenue Agency to sift through the wreckage. Fortunately, the 2019 tax year will not present the same challenges. The same goes for Canadian taxpayers. With the 2019 tax year about to be in the rear-view mirror for most Canadians, now is a good time to think about how to tackle 2020.

Canada Revenue Agency: Be careful with CERB payments

Earlier this month, I'd asked whether changes could be coming to the Canada Emergency Response Benefit (CERB). Over eight million Canadians had received payments for the CERB program by the beginning of May. However, the program is still only set to stretch for four months in order to provide financial relief to those in need.

The Canada Revenue Agency has said that it will conduct a massive review of applicants in 2021. This is expected to be a long and arduous process. However, those who have failed to meet eligibility could be subject to stiffer-than-usual penalties. Canadians who have opted for the CERB should exercise caution and make sure they meet eligibility.

For those whose are looking for alternative ways to churn out monthly income, there is **Shaw Communications**. Telecoms have seen usage rates soar in this crisis, so Shaw is a stable bet for investors in 2020. The stock last paid out a monthly dividend of $0.09875 per share. This represents a strong 5.1% yield.

Expect a return to normal

The federal government has introduced radical programs like the CERB in 2020, while also providing other means of financial relief to taxpayers. This pandemic has sparked the worst economic crisis since the Great Recession. One of the ways the Canada Revenue Agency responded was to extend the filing date for Canadians for the 2019 tax year. However, for those who are expecting credits and other breaks, it may be wiser to file early.

Canadians should not expect this same leniency for the 2020 tax year. On the contrary, experts expect that governments will look to aggressively make up lost revenue due to the COVID-19 pandemic. A return to normalcy could also bring a tax crunch.

Take advantage of existing programs

New Canada Revenue Agency programs like the CERB have provided big relief when citizens needed it most. However, there are existing programs that can also be a huge help to taxpayers. When this year began, I'd focused on changes to the Basic Personal Amount (BPA).

The federal Liberals vowed to bring the BPA to $15,000 by 2023. This mechanism allows for Canadians to pay no federal income tax up to a certain amount to start the year. In 2019, an individual taxpayer can earn up to $12,069 before paying any federal income tax.

Canadians should not forget the benefits of existing registered accounts either. The Tax-Free Savings Account (TFSA) can provide fantastic flexibility for those seeking growth and income. Going back to Shaw Communications, a $20,000 investment could net a TFSA investor roughly $85/month in tax-free income. That is a very solid boon to rely on in the long term.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/24
Date Created
2020/05/29
Author
aocallaghan