



Canada Revenue Agency: Before You Pay Your Taxes, Read This

Description

Today is the most dreaded day of the year for many Canadians. That's right, it's tax deadline day. You must submit your taxes to the Canada Revenue Agency today.

This year's tax deadline is a little different than most years, thanks to COVID-19 and its impact on the economy. Amid the many programs the federal government rapidly announced to help the nation deal with the virus was an announcement that many Canadians may have missed.

Rather than having to submit your taxes by April 30, taxpayers were given a one month extension. Your taxes are due on June 1 this year.

Procrastinators took the opportunity to avoid doing our taxes for another month. It isn't just procrastinators who take their time submitting their taxes. It's actually a smart strategy to wait until near the deadline to file if you know you'll be owing taxes.

Most folks would rather keep those dollars in their own pockets for as long as possible, rather than handing them over to the Canada Revenue Agency early.

If you're in such a position today, this article is for you. Here's why this year's tax situation is all topsy-turvy and one strategy you can use if you happen to have taxes owing.

A special one-time Canada Revenue Agency rule

Normally, if you owe taxes, the payment is due by the same date your taxes are due, April 30. If you haven't paid by that deadline, you'll be subject to late fees.

The April 30 deadline to pay is normally in place no matter when you file your taxes. So if your taxes are done by January 15 and you owe money, you have until April 30 to pay. In other words, the only way you get extra time to come up with the cash is if you get your [taxes](#) done early.

The year 2019's taxes are a little different. As I've already mentioned, taxpayers got extra time to file

their returns this year. We also have more time to pay the taxes owing. Instead of having to pay your taxes by the same date as the filing deadline, Canadians have an extra three months to come up with the cash. Any outstanding taxes owing won't be due until September 1.

Taking advantage of this offer

With a little innovative thinking, Canadian taxpayers can take advantage of this offer and use it to put a little extra cash in their pockets.

Say you owe \$10,000 in extra taxes. That cash can be invested for three months and you can pocket the interest. It might not seem like a whole lot, but every little bit adds up.

Say you put the cash in a high-interest savings account, which is about the safest investment out there. Many of these accounts are still paying at least 2% interest. That translates into \$200 on an annual basis, or \$50 if you put aside that \$10,000 for three months.

Some of these high-interest savings accounts offer bonuses for first-time clients, which could increase your reward even more.

One important thing I'd tell investors is to not take much risk with this cash. You know you're going to need it in just a few months. This means you'll want to avoid the stock market, even if you think there's a can't-miss opportunity out there. It just isn't worth the potential risk.

This includes many [boring blue-chip stocks](#) as well. While these names certainly have less risk than the average stock, that doesn't mean they're as safe as a savings account.

The bottom line

Remember, unlike most other tax years, there's no reason to give the Canada Revenue Agency their cash immediately. Feel free to stash it away until the end of August and earn a little interest on the money.

It might not seem like much, but every little bit helps — especially in a period of economic uncertainty like we're facing today.

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