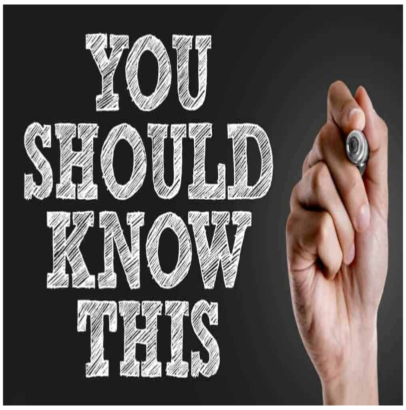

Canada Revenue Agency: What You Need to Know as the Tax Filing Deadline Approaches

Description

The COVID-19 pandemic has led to a few changes for taxpayers in 2020. The Government of Canada and the Canada Revenue Agency have introduced several measures to help the populace struggling in these uncertain times. Earlier this year, the federal government and the CRA extended the tax filing deadline for 2019.

According to the revised deadline, Canadians can file their taxes by June 1, 2020. Now that this deadline is upon us, here's what you need to know in case you haven't filed your 2019 taxes yet.

There will be no late penalties until September

Though the tax filing deadline is June 1, the Canada Revenue Agency will not levy late filing penalties until September 1. However, if tax filing is delayed beyond September 1, Canadians will be subject to CRA penalties.

Based on Canada Revenue Agency data, around 18 million tax returns have been received. This figure is well below the expected number of 30 million tax returns for 2019.

It's always better to file taxes before the deadline and avoid any penalties or fines. According to CBC's financial expert, filing early has certain benefits. In case you are eligible for certain refunds, you will receive them sooner. This amount can then be allocated towards your Tax-Free Savings Account (TFSA).

TFSA withdrawals are not subject to Canada Revenue Agency taxes

We know that the TFSA is a flexible investment account for Canadians. Any withdrawals in the form of capital gains or dividends are tax-free. The TFSA contribution limit for 2020 stands at $6,000, while the total contribution limit is $69,500. So, where do you invest your 2019 tax refunds (if any)?

As TFSA withdrawals are tax-free, it is an ideal option for growth or dividend stocks. You can look to buy stocks such as **Enbridge** (TSX:ENB)(NYSE:ENB) in your TFSA. Enbridge stock is trading at $44.78. This is 22% below its 52-week high. The current pullback has meant Enbridge investors can enjoy a dividend yield of 7.24%.

Enbridge is one of the largest energy companies in the world with a market cap of $91 billion. The recent weakness in oil prices has driven the stock lower. But Enbridge is not an oil producer. It's an integrated energy heavyweight and transports 25% of the oil produced in the United States and Canada.

While Enbridge remains immune to commodity prices, the company will be impacted by lower oil volumes. Oil production is largely unprofitable right now. Further, the lower than expected demand due to the COVID-19 pandemic has resulted in oversupply and will impact company top line.

However, Enbridge remains one of the top companies in Canada. It has a strong balance sheet and its dividend payout is safe. The energy giant sold $8 billion in non-core assets in the last two years, providing it with enough liquidity. Over 90% of company EBITDA is secured via long-term contracts.

Enbridge management has forecast cash flows between $4.5 and $4.8 per share in 2020. Compare this with its dividend per share of $3.24 and we can see that a dividend cut is unlikely. The coronavirus is likely to be a near-term headwind. This means Enbridge stock should move higher once normalcy returns, giving investors an opportunity to benefit from capital gains as well.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/09/17
Date Created

2020/06/01
Author
araghunath