CRA: You Still Have Until September 1 to Pay Your Taxes

Description

The pandemic and ensuing lockdown may have delayed the tax season, but it's not getting delayed again. You still have to pay your taxes by September 1. If you haven't made the necessary arrangements yet, you need to start working on that and make sure you can pay your dues before September 1.

Since you might've already filed your taxes, it's too late to say that you should file for every deduction or credit you are eligible for, so you can field a lighter tax bill. If you have received CERB payouts, you will need to report them on your next year's tax returns, so make sure to keep them in mind.

Other things you should keep in mind are your investment and its allocation, since that has an impact on your tax bill as well.

A lighter tax bill later

The TFSA is a great place to store decent growth stocks. It may not give you any tax benefit now, but your TFSA nest egg can help you manage your taxable income later, especially in your retirement years. You can draw from your TFSA coffer instead of taking out taxable income from your RRIF, at least nothing more than what you have to withdraw.

One of the stocks you can consider for your TFSA is **Interrent REIT** (TSX:IIP.UN), a decent growth stock and a Dividend Aristocrat with eight years of dividend growth under its belt.

Interrent's dividend yield of 2.15% is passable at best, and the dividend-growth rate is also not too high to bank on. But its payout ratio is highly stable at 8.9%. The best thing that the company offers is capital growth opportunities. Its historical growth has been impressive, to say the least, and even during its relatively static period (the past five years), the company yielded a CAGR of over 20%.

It has a well-diversified portfolio of over 10,000 suites across 15 cities in two provinces (Ontario and Quebec). According to the first-quarter result, the occupancy rate was 95.3% for the whole portfolio, thanks to which the company's net income was $37.9 million for the first quarter ($24 million more than

Q1 2019), and FFO increased by 24.7% for the quarter.

The company's dependable cash flows can ensure the relative safety of the dividends, and its strong management might help the stock keep going up, increasing your capital.

A lighter tax bill now

Your RRSP can help lighten your tax burden a bit. Since RRSP contributions are tax deductible, you can save thousands of dollars in taxes by contributing the allowed maximum of your RRSP. For someone earning $100,000 a year, that would be about $18,000. If you invest it in a dividend stock with a 7% yield, you will be accumulating about $105 in dividends every month. Currently, at least five Aristocrats are offering a 7% or higher yield.

Foolish takeaway

Having multiple income streams and a few nest eggs can help you in times like these. Investing in the right stocks, especially now when a lot of them are trading at a discount, can help you build those nest eggs. Even the investments outside your registered accounts (though we highly recommend filling them to the brim first) are treated preferentially for taxes.

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adamothman