



## CRA Delayed the Tax Deadline: Did You Miss These 2 Tax Deductions?

### Description

The COVID-19 pandemic has disrupted people's lives in every way. There is a massive concern for personal safety and for our loved ones due to the global health crisis. Additionally, measures taken to curb the spread of disease are also resulting in changes to the very way we live our lives.

Social-distancing measures, mounting job losses, and a faltering economy are all pertinent issues that left Canadians little to no time to think about filing their taxes. However, two things in life are certain: death and taxes. No matter how bad the situation becomes, every Canadian has to play their part by paying their dues.

The government typically applies [heavy penalties](#) for filing taxes late or not paying them on time. However, the Canada Revenue Agency (CRA) moved the tax filing and payment deadlines to later dates this year, as a one-time exception courtesy of the pandemic.

### CRA update

Individual taxpayers had until June 1, 2020, to file their income tax returns, and the deadline for payment of owed taxes has been extended to September 1, 2020. Corporations also have the same deadline.

Have you missed the deadline? You may yet have time to make amends and work out your income tax filing affairs. An additional update the CRA announced means that no late-filing penalties would be charged for taxpayers as long as they meet the September 1st deadline to file and pay their taxes.

I would strongly urge using this time to work in the following tax deductions before you file ahead of the September 1st deadline.

### Childcare expenses

One of the latest problems Canadians face right now is childcare when they are working from home.

Childcare services are no longer operational to provide help to parents who desperately need it. With you staying at home with your children and taking care of them, make sure you take the opportunity to claim all childcare costs.

When you had the luxury of hiring childcare service providers in the past, you might have missed several costs. If you have to pay for something related to childcare, you can claim it on your tax deduction for childcare costs.

## Digital news tax credit

The CRA also introduced a completely new tax credit for Canadians. The current tax system offers several deductions and credits that cover most expenses that the government feels essential to lower your taxes.

Last year, the government announced the digital news tax credit. It is a 15% non-refundable tax credit on qualifying digital media subscriptions. The tax can be applied to up to \$500 worth of subscription fees to digital news sources. While the most it can save you is \$75, every penny helps when it comes to getting tax deductions.

## Investing for tax-free income

While you are working out your tax deductions to reduce the money you owe the CRA, you should also focus on creating tax-free income. An ideal method to do this is through a Tax-Free Savings Account (TFSA) holding a portfolio of dividend-paying stocks like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)).

The St. John's-based power and gas utility company has diversified assets, regulated revenue, and the kind of liquidity that can help it overcome a prolonged economic recession. The essential nature of its services can help Fortis continue earning and support its juicy 3.72% dividend yield.

At writing, the stock is trading for \$51.40 per share, and it is up almost 22% from its March 2020 low. While the stock has not been entirely shielded from the market volatility, it continues to display substantial numbers that can ease investors who hold its shares in their portfolios.

The company has no reason to cut down dividends. Its stable cash flow allows Fortis to keep hiking its dividends, when most other companies continue to slash or suspend dividends.

## Foolish takeaway

Leveraging the tax deductions can help you make meager savings. Creating a tax-free income source can help you earn passive income that continues to grow with each passing year. If you plan on building such a portfolio in your TFSA, I think Fortis is an ideal [long-term bet](#) to get started.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:FTS (Fortis Inc.)

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