Canada Revenue Agency Warns Late Filers

Description

If you’re late to file your 2019 taxes this year, you may want to do whatever you can to get them done. If you don’t file your taxes, you may not receive all the benefits for which you qualify from the Canada Revenue Agency (CRA).

The CRA has issued a warning advising taxpayers that the agency will delay benefit payments if taxpayers do not file their 2019 tax returns. The Canada Revenue Agency needs to process your tax returns before the beginning of September to avoid delays in payment.

Do you receive these CRA benefits?

Fortunately, late tax filing will not immediately affect payments from the Canada Child Benefit (CCB) and the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit. You will continue to receive these payments through September.

The CRA will use your 2018 taxes to calculate benefit amounts for the CCB and GST/HST for July, August and September of this year. Nevertheless, your October benefits could be delayed if you don’t file your taxes and give the CRA enough time to process them by September.

Are you late to file your 2019 taxes?

If you are late, don’t worry. E-file as soon as you can and sign up for direct deposit. The CRA will process your taxes more quickly if you file electronically. Paper returns take longer to process, especially in the age of social distancing.

If you are worried that the CRA will reduce your benefits after filing your 2019 taxes, worry more about repaying benefits for which you were not eligible. Canada Revenue Agency will recalculate benefits for July, August and September. If the CRA overpaid, they can take back any funds for which you were not eligible.

Seniors receiving the guaranteed income supplement (GIS) or allowance payments will receive their payments through the summer regardless of the status of their 2019 taxes. Yet, seniors need to file their taxes by October 1 to avoid delays in receiving their monthly benefits.

Want to save some of your CRA tax refund?

Bombardier, Inc. (TSX:BBD.B) might not be your best option. The COVID-19 pandemic hit this company hard.

Bombardier has suffered a substantial decrease in orders, particularly in its aviation business. Moreover, the firm manages a tremendous debt burden.

Now, management is divesting assets to pay down the debt. For these reasons, the stock was removed from the blue-chip index.

To make matters worse, the company is issuing a $17.5 million severance package to outgoing CEO Alain Bellemare. For a company with balance sheet problems, this payout is certainly generous.

Risking your tax return from the Canada Revenue Agency on this stock might not be wise.

The bull case for Bombardier?

The dividend yield is over 13% at the current share price of $6.45. Even if the company announces future dividend cuts, new shareholders may still receive a good dividend return.

It is also hard to imagine that this recipient of Canadian government bailouts would sustain permanent damage. If the past is any indication, this firm has public backing, whether or not that’s a strategy with which you agree.

Can the stock fall further? The stock could theoretically go down to zero. Still, it could also go up over the next year (albeit slowly). In the meantime, you’d collect a nice dividend.

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