Canada Revenue Agency 2020 Update: Pay Your Taxes Later Now!

Description

Income tax is a burden to many taxpayers, and COVID-19 is aggravating the situation in 2020. The Canadian government, however, understands the constraints during the pandemic. To mitigate the economic fallout, the Canada Revenue Agency (CRA) is pushing back the tax payment deadline anew.

Individual and corporate taxpayers have until September 30, 2020 to pay taxes owed to the government in 2019 (2019 or 2020 for corporations or trust returns). In case you receive a Notice of Assessment from the CRA stating April 30, 2020, or September 1, 2020, as the tax payment deadline, you can disregard the notice.

Concern for taxpayers

Canadian Taxpayers Federation director Aaron commends the government for its flexibility and care for taxpayers. The reprieve is most welcome because it also applies to installment payments. More important, the CRA will waive arrears and penalties on tax debts from April 1, 2020, to September 30, 2020.

Besides the tax payment extension, audit interaction with taxpayers and representatives is on temporary suspension. Similarly, in the next four weeks, the CRA will not initiate any post-assessment on GST/HST or income tax audits on small and medium businesses.

Disruption of benefits and tax-free credits

People who have yet to file their tax returns for the income year 2019 are at a disadvantage. The CRA continues to encourage Canadians to file taxes as soon as possible to avoid disruption of benefit payments. The tax agency needs to receive and assess tax returns by early September.

Your non-compliance will result in a stoppage of income-boosters like the Canada Child Benefit (CCB) and the GST/HST credit Goods & Services Tax and Harmonized Sales Tax (GST/HST) credit. For seniors receiving the Old Age Security (OAS) and Guaranteed Income Supplement (GIS), you must turn in your returns not later than October 1, 2020.

Another income-booster

Aside from government benefits and tax credits, there are other income-boosters available to Canadians. Earning investment income after the pandemic can prepare you better for future crises or financial calamities. Utility company **Capital Power** (TSX:CPX) offers excellent value, pays a high dividend, and is pandemic-proof.

You're not investing for the sake of making money. Capital Power is for risk-averse income investors. In the pandemic era, this $3 billion independent power producer is reporting solid numbers. In the first half of 2020 (ended June 30, 2020), revenue and adjusted EBITDA grew by 26.9% and 14.8%.

At $28.85 per share and a 7.03% dividend, an initial investment of $25,000 will produce $1,757.50 in passive income. You can expect future dividend growth as Capital Power grows with the completion of several wind energy projects. Only recently, the board of directors approved a 6.8% increase in dividends.

You have a winning investment in Capital Power. The power producer in North America is growth-oriented and a defensive stock. It will power on and deliver a recurring income stream to would-be investors.

Big plus

The CRA has always been strict in tax filing and tax payment deadlines but is extra accommodating in the 2020 pandemic environment. All taxpayers must take advantage of the tax agency's leniency, including a waiver of penalties. Furthermore, it's a big plus if you don't miss out on the government benefits and credits available to you.

CATEGORY

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2. Investing

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1. TSX:CPX (Capital Power Corporation)

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