



## CRA Update: New Tax Deadline Extension!

### Description

The Canada Revenue Agency initially extended its tax deadline to September 1. Recently, the CRA announced [a second extension](#) to September 30, 2020. This move will give individuals and businesses another 29 days to file their tax documents.

If the COVID-19 pandemic wasn't enough, its effects upon the world were destabilizing. Global mass protests and stock market crashes weakened the economy further.

Jim Cramer says that the coronavirus brought on a historic massive wealth transfer from small businesses to big corporations. Small businesses had to close their doors, as they were no longer considered essential. In response, governments gave people extensions to pay their taxes.

## Canada Revenue Agency deadlines

This is good news for taxpayers who expect to owe money when they file their tax returns this year. The CRA will not impose fines if you file your taxes late this year.

Nevertheless, it is important to note that if you expect a tax return, then you may want to file as quickly as possible. Your tax return does not earn interest with the government, whereas it could be earning returns in a Tax-Free Savings Account or Registered Retirement Savings Plan.

Luckily, your tax debts will receive an interest-free grace period this year as well. The CRA will not charge interest on the tax owed from April 1 to September 30, 2020. Moreover, any goods and services tax or harmonized sales tax owed to the Canadian government did not accrue interest between April 1 and June 30, 2020.

## File early to receive tax credits

There's one caveat to the extension for late filing. You really want to get your taxes done as soon as you are able. Your tax return is crucial for the CRA to calculate certain government benefits correctly.

The CRA may delay [some benefit payments](#) if you do not file your 2019 tax returns.

Fortunately, you will continue to receive the Canada Child Benefit (CCB) and the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit through September. For the months of July, August, and September, the CRA will use your 2018 taxes to calculate CCB and GST/HST benefit amounts.

After September, you might miss out on some payments if you continue to delay your tax paperwork. Try to e-file as soon as possible to help the CRA expedite the processing of your taxes.

## Invest your savings wisely

Rushing in with large investments might make you regret your choices later. Instead, buy small positions in these companies over time. That way, if the stock price falls in value, you can take advantage of dollar-cost averaging. Otherwise, you may miss some better buying opportunities in the future.

If you are expecting benefits or a tax refund from the CRA, try to file your tax documents as soon as you can. Make your savings work for you. Don't take too many risks with your investments.

There are great stocks to buy on the **Toronto Stock Exchange**. Look at historical price performance against the **S&P/500 TSX Composite Index**. If the stock reliably beats index-level returns, the asset might be a good investment.

If your investment does later fall in value, remember that the stock market has its ups and downs. Downturns tend to be shorter than the upside. So, the fall in value in your investments is only a short-term occurrence. It will go back up again.

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