



CRA: Plan Your September Expenses Wisely to Avoid No Cash October

Description

September expenses

- You have to file your 2019 tax returns and pay the taxes before September 30 to avoid penalties.
- If you are still unemployed, you have to accelerate your efforts to start earning by October as the CERB will end in September.

You can claim the \$2,000 CERB after August 31, which will take care of your living expenses for September. However, if you are banking on the CERB alternatives for your October expenses, you might be left with no cash. This is because you will not receive the \$1,600 in Employment Insurance (EI)/Canada Recovery Benefit (CRB) before the end of October.

The government will make the EI/CRB payments in arrears, i.e. means after the end of the benefit period. Hence, it's important to spend wisely in September.

Minimize our 2019 tax bill in September

If you haven't yet filed your 2019 tax returns, this is your last chance to file it and get uninterrupted cash benefits that the CRA offers taxpayers. Make use of the following three tax breaks to reduce your taxable income.

- You can deduct the personal amount of \$12,069 from your federal tax, and provincial personal amount from your provincial tax.
- You can also deduct up to \$1,222 in the employment amount from your federal tax.
- The CRA has introduced a new [digital news tax credit](#) that can directly cut \$75 from tax bill if you've spent \$500 on qualifying digital news subscriptions.

There are other tax deductions you can use to reduce your tax bill in September:

- An age amount of up to \$7,494 for people over 65 years of age.

- A \$2,230 deduction for parents of children under 18.
- A maximum deduction of \$8,416 for people with disabilities.

For instance, John lives in Ontario and earns \$60,000 annually. He is 66 years old and is still working. He can reduce his tax bill from around \$13,300 to \$8,000 in September by using the above deductions.

Maximize your CERB

In addition to reducing your tax bill, you can maximize your CERB payments. If you saved \$400 every month from your previous five CERB payments, you would now have \$2,000 at your disposal. If you invested this \$400 every month in a virus stock like **Lightspeed POS** ([TSX:LSPD](#)) or **Cargojet** ([TSX:CJT](#)), they would have maximized your CERB.

It is advised that you invest this money through the Tax-Free Savings Account (TFSA), as you don't want to pay tax on these short-term investments.

Lightspeed has shown a perfect [V-shaped recovery](#) from the pandemic. The stock fell 67% in March as the company's omnichannel solutions catered to physical stores. Lightspeed platform helped retailers and restaurants manage multiple retail locations and also integrate their online and physical stores. The company expanded its solutions to help retailers sell online and also cater to their customers at physical stores while maintaining social distancing.

The new features increased the uptick of the Lightspeed platform and put it back to the pre-pandemic level. The stock surged over 220% between April and August.

Cargojet provides time-sensitive air cargo services through its fleet of 26 aircraft. The pandemic-driven lockdown grounded passenger planes and drove the demand for medical supplies and e-commerce orders. These factors played in Cargojet's favour and drove its second-quarter revenue 65% year over year, its highest revenue growth in five years. The stock surged 74% between April and August.

Investor corner

If you invested \$400 every month in Lightspeed since April, you would have \$3,000 in your TFSA at the start of September. And if you invested the same amount in Cargojet, you would have \$2,200 at the start of September. This money would take care of your October expenses while you search for a job.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
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