



DON'T FORGET! 1 More CRA Deadline Is Coming

Description

It's been a heck of a year, with money troubles front and centre for most Canadians. The COVID-19 pandemic swooped in, and there are two worries for everyone: staying healthy and financially afloat. Almost all Canadians have reported that the pandemic continues to affect them financially. Luckily, the Canada Revenue Agency (CRA) came out with a few new deadlines to ease the burden.

These new CRA deadlines came in every shape and size. The main one that most people focused in on was the filing deadline of June 1. It meant that you no longer had to figure out both how to stay safe and healthy and still file taxes back in April. So, great, that deadline is gone.

But there is another CRA deadline many people also may have forgotten about, and it's the *payment* deadline. This is arguably more important; if you don't pay your taxes, you can be penalized — even during a pandemic. This new deadline is slated for Sept. 30, 2020. As of now, that's about a week or so away.

Pay it NOW

The last thing anyone needs right now is to owe the government more money. The best thing you can do for your own finances is pay your taxes immediately. The CRA will not be cancelling penalties on taxes owed, and interest will also be included if you owe those taxes. However, given the pandemic, the CRA has stated existing tax debt will not grow during this time.

The main reason the CRA needs these taxes, besides the obvious, is to calculate your own credits and benefits. If you have Old Age Security payments, Canada Child Benefit payments, or any type of benefit, these could *stop* by October 2020. You could even be asked to pay back what you were given in July through to September of this year.

It can be hard to pay all this cash during a trying time, so help yourself out in the future. If you don't already, start putting your cash aside in a Tax-Free Savings Account (TFSA).

Earn returns tax free

The TFSA has \$69,500 in contribution room as of this year. The last increase in contribution room was \$6,000 in January. So, there is plenty of room for you to put cash aside, watch it grow, and use it to pay down your taxes when the time comes.

If you're looking to make the most of that cash, invest in dividends stocks that have a [solid future](#). Right now, the energy sector is struggling. But it will rebound eventually. What you want to find is a diversified stock that is likely to rebound ahead of the rest of the sector. In this case, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is the perfect option.

Suncor stock is trading well below fair value at the moment at about \$18 as of writing. That's an almost 70% potential upside according to the average economist estimates. It gets this major estimate as the company is Canada's largest [fully integrated energy company](#). It focuses mainly on petroleum resources in the Athabasca oil sands, but it also markets that crude oil through its Petro-Canada brand. It's even started investing in clean energy products, making this a stock you could have even if oil and gas go to the wayside.

Meanwhile, the company's compound annual growth rate (CAGR) for its dividend is a whopping 14.2% over the last decade. That's even after coming down during the current economic crisis. Right now, you'll receive a dividend yield of 4.77%. However, back in March, that hit a whopping 11%. This could be the case again should the company return to normal dividend payments after the crisis ends, leaving you with a strong stock and sky-high dividends.

Bottom line

Pay your tax return now, and see exactly how much money you have to invest for the next year. As the markets continue to drop during the fall, buy a stock like Suncor and hold it long term. You can then use the dividends to pay off your tax return next year. Investing \$30,000 in Suncor today would bring in \$1,400 in dividends this year.

CATEGORY

1. Coronavirus
2. Investing

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Date

2025/09/10

Date Created

2020/09/19

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