Canada Revenue Agency: Do Not Miss This CRA Deadline for 2020

Description

The Canada Revenue Agency (CRA) has pushed tax-filing deadlines for Canadians to help them cope with the COVID-19 pandemic. The Justin Trudeau-led government had first set the tax deadline date as September 1, which was then extended to September 30. This means you have three more days to file your taxes for income earned in 2019.

The Canada Revenue Agency has confirmed that the previously extended filing due dates for individuals, corporations, and trust income tax remains is unchanged.

The TFSA can help you generate tax-free income

While the tax payment deadline has been extended in 2020, you still need to pay your dues. However, there is a way for Canadians to generate income that cannot be taxed by the Canada Revenue Agency. This can be achieved by holding dividend-paying stocks in a Tax-Free Savings Account (TFSA).

The TFSA was introduced back in 2009 and is a flexible tax-sheltered registered account. While the contributions towards your TFSA are not tax deductible, any income earned in the form of dividends, capital gains, or interests is exempt from Canada Revenue Agency taxes.

The TFSA is an ideal account to hold blue-chip dividend-paying stocks such as **Emera** (TSX:EMA). When it comes to safe and growing dividends, Emera is a stock you need to add to your TFSA portfolio.

Emera is one of Canada's utility heavyweights, making it a recession-proof investment. The stock has a beta of 0.2, which means it is not vulnerable to market swings compared with technology and other high-beta stocks.

While Emera stock is down 3% year to date, it has reported profits in each of the last few quarters, despite the ongoing pandemic. Earlier this month, it also increased dividends by 4.1% from $2.45 to $2.55 per share, indicating a forward yield of 4.5%.

This means investors will earn $0.6375 per share on a quarterly basis. If you buy 500 Emera shares, you can generate $1,275 in annual dividend payments. Further, if you hold this utility giant in a TFSA, these dividends withdrawals will be tax-free.

Since 2015, Emera has increased dividends at an annual rate of 6.3%. The company confirmed it will continue to increase these payouts at an annual rate of between 4% and 5% until 2022.

Emera stock has gained 24% in the last five years

Investors can benefit from capital gains as well by investing in Emera. The stock is up 24% in the last five years and 93% in the last 10 years, which means the stock has gained by double digits annually after accounting for its dividend yield.

Emera has $32 billion in assets and serves over 2.5 million customers in Canada, the U.S., and the Caribbean. It has a portfolio of high-quality utilities and the company is also investing in cleaner and renewable sources of energy, which will help it generate cash flows in the upcoming decade.

As of March 2020, Emera stock generated annual returns of 12.4% in the last 20 years. Comparatively, the TSX Utilities Index and PHLX Utility Index returned 10.2% and 9.5%, respectively.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)

PARTNER-FEEDS

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

Category

1. Investing

Date
2025/07/25
Date Created
2020/09/28
Author
araghunath