Canada Revenue Agency: Do Not Miss This CRA Tax Deadline Today!

Description

The Canada Revenue Agency (CRA) has extended the tax deadline to help Canadians file and pay their taxes amid the COVID-19 chaos. While the tax-filing deadline was June 1, the payment deadline was first extended to September 1 and then to September 30.

This means you can pay your taxes on or before September 30 to avoid penalties from the Canada Revenue Agency. Generally, Canadians pay late-filing penalties if they miss the deadline. However, this year the CRA will not levy a penalty for late filing, as long as you have filed your taxes by the payment deadline.

So, in a nutshell, September 30 is the de facto tax-filing and tax-payment deadline that you shouldn't miss. So, if you are someone who hasn't filed taxes yet, the upcoming deadline is big news. You can avoid paying a penalty to the Canada Revenue Agency and also review your financials by applying the relevant deductions and lower your tax liability.

Accelerate tax-free earnings under a TFSA

You cannot escape taxes and have to pay what you owe to the federal government sooner or later. However, Canadian investors can generate income under a Tax-Free Savings Account (TFSA) without having to pay taxes to the Canada Revenue Agency.

The TFSA was introduced in 2009. It is a tax-sheltered, registered account. All TFSA withdrawals or earnings in the form of capital gains, dividends, or interests are exempt from CRA taxes.

This makes the TFSA an ideal account to hold quality dividend stocks such as **Fortis** (TSX:FTS)(NYSE:FTS). Dividend stocks have the ability to generate returns via quarterly dividend payouts as well as capital appreciation over the long term.

The COVID-19 pandemic has hit several sectors, resulting in an unprecedented sell-off in the first half of 2020. While the markets have recovered in 2020, there is a chance for another market crash due to negative GDP growth and high unemployment figures.

This suggests you need to recession-proof your portfolio by adding utility stocks such as Fortis. Utility companies are defensive plays that do not generate market-thumping returns. However, they are low-beta stocks that help you generate predictable returns given their steady cash flows.

Fortis is a Canadian utility giant that has a forward yield of 3.71%. The stock has returned 47% in the last five years and is up 120% in the last 10 years. We can see the stock has generated double-digit growth in the last decade after accounting for dividend yields.

Over 93% of the company's business is derived from the transmission or distribution of electricity or gas. Further, 99% of Fortis assets are regulated, which means its cash flows will be consistent, making a dividend cut highly unlikely.

The Foolish takeaway

Fortis recently outlined a $20 billion capital plan, which will help the company grow its dividend at an annual rate of 6% in the next five years. This means if you invest $10,000 in Fortis stock today and hold it under a TFSA, you will generate $371 in annual tax-free dividend payments. This figure will rise to close to $500 at the end of five years.

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Date
2025/09/13
Date Created
2020/09/30
Author
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