



Will the CRA Delay Tax Deadlines in 2021?

Description

The Canada Revenue Agency (CRA) implemented several [emergency measures](#) to help Canadians during the unprecedented crisis due to the global pandemic. Taxes were one of the last things on everybody's minds, as worldwide lockdowns resulted in income loss.

The government launched several programs, like the Canada Emergency Response Benefit (CERB), to help millions of unemployed Canadians. However, funds like these require a lot of money, and that has to come from somewhere. Paying your taxes is crucial.

Tax-deadline delays in 2020

The CRA delayed the tax-filing and -payment deadlines significantly to help Canadians figure out their finances before paying their taxes. The traditional April deadline was pushed back to September. Businesses and individuals received ample time to file their taxes and make their payments to accommodate for the confusion amid the pandemic.

With no visible end to the pandemic, Canadians are wondering what the tax-deadline situation will look like in 2021. There have been no announcements regarding tax deadlines in 2021, but everybody must be thinking about it.

Expectations for 2021

Until the CRA announces anything, we cannot expect any deadline delays for the 2020 income tax year. However, there is a chance that the government might decide to provide some flexibility.

Considering the fact that the government allowed Canadians to pay taxes by the end of September, five months after the original deadline, the government may extend the courtesy next year. I think that it all depends on how the situation develops with COVID-19, the state of the economy, and the world in general.

Tax breaks to be aware of for tax season 2021

Whether or not the government delays tax deadlines is speculative right now. However, you can prepare for the next tax season and get discounts on your tax bill using several tax breaks, including

- Workspace-in-the home expenses;
- Basic personal amount; and
- Registered Retirement Savings Plan (RRSP) contributions.

Using tax savings

Using tax breaks can help you reduce the tax bill. Additionally, you can use your Tax-Free Savings Account (TFSA) to further offset the money you might have to pay from your active income.

Creating a portfolio of dividend stocks like **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) and [storing it in your TFSA](#) can help you generate substantial wealth through the payouts. You can use the passive income to foot the tax bill and reduce the financial pressure on yourself by letting your money earn more cash for you.

Fortis is an ideal stock to begin building a dividend-income portfolio. The stock is a Canadian Dividend Aristocrat that has been increasing its payouts for almost 50 years. It means that investing in the stock does more than providing you with consistent returns. Fortis provides you with continually increasing income on your investment to help you keep pace with inflation.

The Fortis stock is trading for \$54.56 per share at writing. At its current valuation, the stock is paying its shareholders at a decent 3.70% dividend yield.

Foolish takeaway

Holding a portfolio of dividend-paying stocks in your TFSA can help you generate substantial passive income by letting your capital do the work for you. You can withdraw the amount necessary to pay the tax bill from the dividends in your TFSA without letting the taxes affect your active income.

Between the tax breaks and passive income, you can significantly reduce your tax bill. Whether the CRA decides to extend the deadline, you can have the peace of mind that you can conveniently pay your taxes.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)

2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/09/11

Date Created

2020/10/27

Author

adamothonman

default watermark

default watermark