CRA Changes Tax Deadline: Will It Happen Again in 2021?

Description

In its own way, the Canada Revenue Agency (CRA) has done a lot to help Canadians through a difficult year. The benefit payments, supplementing existing payments, and shifting tax deadlines have helped people with their financial situation. The tax deadlines (both filing and submission) lengthened the 2019 tax-term, and as a consequence, the next tax-term would be a bit shorter. That doesn't mean you'd be taxed"for a different/shorter period.

The question now is this: Will the CRA change the tax deadline again in 2021? There hasn't been any news in this regard, but that would depend upon many different factors.

Tax deadline 2021

The tax deadline moving ahead in 2021 depends mainly on the situation of the pandemic and its effect on the job market and economy in general. There is good news on the vaccine front that it might become available by December. And even if it takes time to vaccinate most of the population, it will get things moving in the right direction.

If the vaccine is delayed, the tax deadlines might be swayed if another wave hits the country. We are already dealing with a second wave, and provinces are looking into tiered lockdowns so that the economy can stay afloat, even in these troubled times. If the economy shuts down again, unemployment will go up again. This will force the government to put more into the benefits, inevitably increasing the deficit.

Right now, chances are that the government will not change the deadlines again.

A tax deduction

Rather than focusing on the deadline, think about how you can lighten your tax burden. There are plenty of deductions and tax credits you may or may not qualify for, but one that's open for everyone is the RRSP. And fully contributing to your RRSP helps you build a sizeable retirement fund; it also helps with a smaller tax bill.

One of the companies you may want to consider adding to your portfolio is **SmartCenters REIT** (TSX:SRU.UN). The real estate aristocrat is having a hard time dealing with the retail industry's pandemic's decimation. But since Walmart anchors a lot of SmartCenter's locations, the company isn't faring as bad as other retail-dependent REITs.

The payout ratio is dangerously high (288%), but it seems unlikely that the company would risk losing its aristocratic status by slashing its monthly dividends. It doesn't offer a lot of capital growth, which has its benefits if you consider reinvesting the dividends. If you had invested about $10,000 in the company five years ago and chose to reinvest the dividends, your total capital growth for the time would just be a paltry $839.

But you'd also be more affluent in the number of shares, by about 144 shares. And with about 500 shares in the company, your monthly dividends would be $75. If it can imitate its pattern, the company can become a generous passive income stream in your RRSP.

Foolish takeaway

You can't do a lot about tax deadlines, and if you plan right from the beginning, you won't have any trouble meeting the deadlines even if they aren't moved.

The smart thing to do would be to proceed with the assumption that the deadlines won't be extended, so even if they are, you would be prepared, won't delay filing your taxes, and you won't be penalized.

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