



Canada Revenue Agency: 1 Important Change to Watch in 2021

Description

Can Canadians expect more from the federal government after the massive spending to combat the COVID-19 pandemic? The Canada Revenue Agency (CRA) extended various emergency and [recovery benefits](#) to individuals and businesses in 2020. Seniors, parents, and students also received their fair share of aid in either one-time, weekly, or monthly payments.

The question now is whether changes are forthcoming in 2021 when [temporary social programs](#) like the Canada Recovery Benefit (CRB) end in the third quarter. It's the most important change to watch for, even if the Fall Economic Statement 2020 did not say so.

Proposed new measures

The Trudeau administration will continue to protect Canadians' health, jobs, and the economy. Among the proposed new measures in the recent fiscal update is increasing of the maximum Canada Emergency Wage Subsidy (CEWS) to 75%. It will take effect from December 20, 2020, to March 13, 2021.

To provide greater certainty to businesses and other organizations, Canada Emergency Rent Subsidy's current subsidy rates will extend to March 13, 2021. Middle- and low-income families will get up to \$1,200 for each child under the age of six this year. If a family's net income is \$120,000 or less, there'll be four tax-free payments of \$300 each.

The federal government has a \$447.5 million budget for the youth in 2021-22. The goal is to create an additional 40,000 summer job placements for young people. Likewise, the government will introduce a program to allow employers to hire youth outside of the summer. Part of the plan is for employers to claim up to 100% of the minimum wage value for each youth hired. The new support measures also allow employers to hire part-time workers more quickly.

New revenue streams for the government

Finance Minister Chrystia Freeland presented the fiscal strategy to cope with the ongoing COVID-19 pandemic and shape Canada's recovery. However, there was no mention of an extension of CRB and other emergency benefits. The programs will end on September 25, 2021.

Instead, the government is creating new revenue streams. In July 2021, the CRA will apply the Goods & Services Tax (GST) and Harmonized Sales Tax (HST) to digital platform-based short-term rentals like Airbnb.

Top Canadian brand

Rather than spend all their pandemic money, Canadians prioritized savings during the health crisis. Some became resourceful by investing in blue-chip stocks and top Canadian brands to earn passive income. Be risk averse and always stay on the safe side, because the market is full of uncertainties

If you have free money to use as seed capital, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is an excellent core holding. Canada's banking titan pays a decent 4.13% dividend. Market analysts forecast the price to appreciate by 21.5% to \$128 in the next 12 months.

RBC's president and CEO Dave McKay is proud of the bank's performance and amid the 2020 global pandemic. It was a demonstration of the strength and resilience of its franchise. McKay cites the combination of prudent risk management, a strong balance sheet and a diversified business model as the reasons for overcoming the challenging operating environment.

Fight against tax evasion

Notable in the Fall Economic Statement is the inclusion of the fight against international tax evasion. The government will spend \$606 million in the next five years for this endeavour. Canada hopes to collect \$1.4 billion in unpaid revenues.

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