



## CRA: Tax Season Will Be Insanely Busy — File Your Taxes Early!

### Description

The Canada Revenue Agency (CRA) posted a deadline summary for the 2021 filing dates on February 12, 2021. As much as the pandemic benefits will make it insanely busy for all, [the tax agency did not mention an extension](#). Thus, it's back to the usual April 30 deadline for filing and payment for the income year 2020.

Individual taxpayers have two months to prepare their tax returns and pay the taxes due on April 30, 2021. For self-employed individuals and their cohabiting spouse or common-law partner, the tax payment deadline is the same. The tax filing deadline is June 15, 2021.

### Timely filing

The CRA encourages all individual taxpayers to file on time or as early as February 22, 2021, if possible. Whether you're employed or self-employed, it would be best to meet the prescribed deadline. By filing on time, you ensure the tax agency can promptly issue or grant whatever refunds, benefits, or credit payments you're entitled to receive.

### Avoid a late filing penalty

Since the tax payment deadline is the same for all individual taxpayers, the CRA will charge late-filing penalties (1% for each month of delay) and interest if tax returns are not in by April 30, 2021. Self-employed individuals must also pay their taxes by the deadline as the CRA will apply interest to the balance as of April 30, even if the tax filing deadline is until June 15.

A late-filing penalty is a needless expense. If you owe \$5,000 in income tax and you file four months late, the penalty is 9% or \$450. The CRA adds the 1% per month penalty to the compound daily interest that begins accruing on the balance on its due date. If you don't have funds to pay your tax bill, one tip is to file your tax return on time still. You avoid the late filing penalty, and the CRA will only charge interest as your taxes going forward.

## Save on taxes yearly

Canadian taxpayers have a way to save on taxes or minimize its impact by creating tax-free income through their Tax-Free Savings Account (TFSA). The CRA did not change the contribution limit, so it's also \$6,000 for 2021. The same amount invested in **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) will generate \$453 in tax-free income.

The energy stock trades at less than \$50 per share and pays an over-the-top 7.55% dividend. Most TFSA users have Enbridge as their core holding because of its dividend aristocrat status. Similarly, you have an easy way to reduce your tax bill every tax season as long as you keep the stock in your TFSA. Enbridge is [a reliable income provider](#) primarily due to its pipeline network.

Its business model will generate stable cash flows in good or bad times. The company's oil and natural gas transportation contracts are all long-term. Nearly 99% of total revenue comes from investment-grade energy and utility companies.

Whatever amount you invest in Enbridge will double in nine-and-a-half years. Also, if you buy today, you don't have to sell, ever.

## Abnormal tax season

The 2021 tax season is far from ordinary because of the pandemic benefits. However, taxpayers must still comply with the CRA's deadline. Early preparation and filing will save you the trouble of paying penalties and interest. In return, the CRA will pay refunds, benefits, and credits promptly.

### CATEGORY

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### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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