



CRA: 3 Massive Changes for Taxpayers in 2021

Description

The tax filing date is back to the usual this year, or April 30. There's no extension announcement so far from the Canada Revenue Agency (CRA) despite a more complicated tax preparation due to the COVID-19's impact. The federal government introduced several benefits that count as [taxable income](#).

Fortunately, some changes could [lower tax bills](#) and compensate for the taxpayers' stress. The CRA declared Monday, February 22, 2021, as the official start of the 2021 tax season. You can do the paperwork once you have all the tax slips and file your 2020 tax return electronically.

1. BPA increase

The basic personal amount (BPA) increased as scheduled and not as an offshoot of the pandemic. For the 2020 taxation year, the new BPA is \$13,229 instead of \$12,298, a \$931 tax break. Individual taxpayers claim the full non-refundable tax credit if their net income in 2020 is less than \$150,743. Next year, the BPA is \$13,808, which means a \$579 tax break.

2. New Canada training benefit

The Canada Training Benefit came about because of the disruption in the labor force and advances in technology. A worker could be eligible for up to \$250 per year. You must be 26 years old and not over 65 to qualify for the refundable tax credit. The income requirement is a minimum of \$10,000 to a maximum of \$150,000.

The government intends to lower the barrier to professional development and reduce tuition and training fees. You can check your notional account balance from the Notice of Assessment that the CRA gives out after filing your income taxes.

3. More TFSA contribution room

A third valuable tax break is the new \$6,000 Tax-Free Savings Account (TFSA). The additional room enable users to contribute for tax-free money growth and earn non-taxable income. Likewise, there's no tax penalty when you cash out your money. Among the best investment choices in 2021 is **Absolute Software** (TSX:ABT), a growth-oriented firm.

The \$863.96 million company provides a cloud-based endpoint visibility and control platform and is now the leader in Endpoint Resilience solutions. Absolute Software capitalizes on opportunities in the remote working and distance learning environment. The tech firm's Endpoint Resilience solutions are embedded in over half a billion devices. It's the only undeletable defense platform in the industry.

In Q2 fiscal 2021 (quarter ended December 31, 2020), Absolute Software reported a 16% increase in total revenue over Q2 fiscal 2020. For the full-year fiscal 2021, management forecasts revenue growth between 12% and 14% (\$117 million to \$119 million). The tech stock also pays a modest 1.73% dividend. The current share of \$17.59 is 88% higher than it was a year ago.

Interest relief for COVID benefit recipients

Canadian taxpayers must file their 2020 income and benefit return by the due date to avoid the late-filing penalty. The CRA charges 5% on top of the taxes you must pay. There's an additional 1% interest per month, up to a maximum of 12 months. Interest starts after April 30, 2022, on any amount due for the 2020 tax year.

However, if you filed your 2020 taxes and received at least one COVID benefit, the CRA provides interest relief. Apart from the two conditions, your 2020 taxable income must be \$75,000 or less, and you have a tax balance in your 2020 taxes.

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