



Canada Revenue Agency: How to File Your First Tax Returns at Age 19

Description

Did you turn 19 last year? Congratulations! You are now an adult who can file tax returns and get benefits from the Canada Revenue Agency (CRA). As this is your first time doing taxes, I have charted out a step-by-step guide for you. Now you may ask why you should file income tax returns when you didn't even earn any significant amount.

Why should you file income tax returns at age 19?

As you are 19, the CRA considers you as a financially independent individual. The CRA offers many refundable benefits to low and mid-income earners. And because your income is low in the early stages of your life, you can avail of the benefits in 2021 if you file your returns. For instance, you can get up to \$456 in Goods and Service Tax (GST) refund if your income is between \$38,000 and \$48,000.

The CRA will look at your tax returns to assess which benefits apply to you and credit the amount into your bank account registered with them.

Pre-requisites to filing your income tax returns

Before you jump to file your returns, answer these three questions:

- Do you have a Social insurance number (SIN) and a bank account?
- Did you do any work for which you got paid after your 19th birthday?
- Did you receive any COVID-19 benefits like the Canada Emergency Student Benefit (CESB) or the Canada Emergency Response Benefit (CERB)?

The government issues a nine-digit SIN to allow individuals to work in Canada or access government programs and benefits, including COVID-19 benefits.

How to file your first tax returns

The first step is to create a My CRA Account and update all your personal details, including your SIN. On My CRA account, fill out the income tax returns form and attach all the T4 [slips](#) you received.

- If you received any of the COVID-19 benefits, the CRA or Service Canada will give you a T4A or T4E slip, respectively. This slip will give you a summary of the benefit amount received and any benefit you repaid before December 31, 2020.
- If you worked somewhere, your employer will give you a T4 slip that will state your income and deductions, if any.
- Any withdrawals you made from the Registered Education Savings Plan (RESP) your parents created for you, will reflect in the T4 slip.
- You will also receive a T5 slip on investment income and withdrawals from a non- Tax-Free Savings Account (TFSA) account.

For 2020, you pay no federal tax if your total income, including benefits and investment income, is less than \$13,229. This is because the CRA gives a basic personal amount (BPA) tax credit. If you live in Ontario, you don't pay any provincial tax till the \$10,783 income. If your tax bill is not nil, you might want to look for other tax benefits for which you qualify. Some 2020 tax benefits include the home-office-expense [deduction](#) or the digital news subscription tax credit.

Once you have filled the form and calculated your tax, submit the form. For technical assistance, you can check out the CRA website or call the CRA helpline number. The last date to file your returns is April 30. Any delays will attract a 5% penalty plus a 1% interest for every month of delay.

Early investing can help you a long way

If you start filling your taxes early, you can also use the \$456 GST refund and a portion of your working income in the TFSA. The CRA will not tax your investment income or TFSA withdrawals if you contribute up to the \$6,000 limit. However, it will add your TFSA contribution to your taxable income.

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